

**State Institution
“The Republican Scientific and Practical
Center of Medical Technologies,
Informatization, Management and
Economics of Public Health”**

**MANAGEMENT LETTER
of FBK-Bel LLC**

based on the results of performing an independent audit
of financial statements under
**Loan No. 8663–BY for the Project “Modernization
of the Healthcare System of
the Republic of Belarus”**
for the period from January 1, 2021
to December 31, 2021

Minsk, 2022

FBK-BEL LLC

Reg. No 05-02/68 of May 13, 2022

**State Institution "The Republican Scientific and
Practical Center of Medical Technologies,
Informatization, Management and
Economics of Public Health"**

Director Dmitry Y. Ruzanov

7-A, P. Brovki St.
220013, Minsk
Republic of Belarus

Dear Mr. Ruzanov,

In accordance with Contract No CS4.1/3 of March 22, 2022 from April 19, 2022 to May 13, 2022 we conducted the audit of the financial statements under Loan No. 8663-BY for the Project "Modernization of the Health System of the Republic of Belarus" (hereinafter – the Project) from January 1, 2021 to December 31, 2021.

We would like to express our gratitude to you and the employees of the State Institution "The Republican Scientific and Practical Center of Medical Technologies, Informatization, Management and Economics of Public Health" (hereinafter – RSPC MT) for assistance during the audit of the financial statements under Project for the period from January 1, 2021 to December 31, 2021.

This Management Letter is intended solely for information and use of the Management of RSPC MT.

We would be pleased to discuss comments and recommendations listed below at any time convenient for you.

Sincerely,

Director of FBK-Bel LLC



Alexey G. Reneisky

Contents

1. INTRODUCTION.....4

2. GENERAL INFORMATION.....6

3. FACTUAL FINDINGS.....7

4. CONCLUSIONS AND RECOMMENDATIONS.....8



1.1. Information on Auditing Organization:

The audit was conducted by FBK-Bel Limited Liability Company.

Legal address: 201-11- 22A Logoisky highway, 220090, Minsk, Belarus.

FBK-Bel LLC was registered by the Minsk City Executive Committee on February 6, 2009 in the Unified State Register of Legal Entities and Individual Entrepreneurs under No. 690398039.

Taxpayer's identification number is 690398039.

FBK-Bel LLC is a member firm of Nexia International, a leading, global network of independent accounting and consulting firms. Nexia International Network is not responsible for any actions or lack thereof on the part of its member firms, as well as for their obligations.

Specialists involved in the audit:

No.	Name, surname	Position / Position of specialist in the group	Credentials
1.	Alexey G. Reneisky	Head of Engagement Team, Director / Quality controller	Qualification certificate of the auditor No. 0001374 of 29.05.2006, reg. No. 1319; IAB June 2011.
2.	Renata V. Kirslite	Head of Engagement Team / Deputy Director	Qualification certificate of the auditor No. 0002131 of 02.10.2013, reg. No. 1947; Full member of ACCA; DiplFR ACCA, issued on 09.12.2010; IAB December 2010.
3.	Volha A. Rukan	Auditor	Qualification certificate of the auditor No. 0002136 of 02.10.2013, reg. No. 1952; IAB June 2014.
4.	Aliaksandr S. Shulhin	Assistant Auditor	

1.2. Information on Audited Organization:

State Institution "The Republican Scientific and Practical Center of Medical Technologies, Informatization, Management and Economics of Public Health" was registered by the Minsk City Executive Committee on June 23, 1992 in the Unified State Register of legal entities and individual entrepreneurs under No. 100185223.

Legal address: 7-A, P. Brovki St., Minsk, 220013, Republic of Belarus

TIN: 100185223.

Head	Director Y.N. Ruzanov
Person responsible for preparation of the financial statements	Chief Accountant N.A. Zaharevich

2. GENERAL INFORMATION

In the course of the audit we applied the International Standards on Auditing (ISAs) published by the International Federation of Accountants with a special reference to ISA 800 (Special Considerations – Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks) and the related manuals of the World Bank.

While planning and performing the audit we took into account the status of the internal control system in the sphere of accounting and financial reporting.

Our special attention was paid to the following aspects:

- all external monetary funds are being used in accordance with the General Conditions, the related financial agreements, paying attention to economy and efficiency, and only for the purposes for which the funding has been intended;
- financed goods and services were procured in accordance with the General Conditions, the related financial agreements;
- all the necessary supporting documents, accounting reports on all the transactions held in respect of the Project, are being properly maintained;
- the designated account under the Project is used and maintained in accordance with the General Conditions, the related financial agreements;
- the financial statements under the Project has been prepared in accordance with the generally accepted accounting principles and the respective manuals of the World Bank, and give a true and fair view of the financial position of the Project.

Audit procedures were not aimed at identifying all existing errors or weaknesses related to the internal control. In this Management Letter we bring to your notice the information on the violations revealed in the course of a spot check.

We planned and performed our audit so as to obtain reasonable assurance about whether the financial statements under the Project are free of material misstatements.

3. FACTUAL FINDINGS

3.1. Accounting and Internal Control System

While planning and performing the audit we analyzed the status of the system of accounting for expenses for preparation of the financial statements under loan No. 8663–BY for the Project "Modernization of the Health System of the Republic of Belarus" as well as of the internal control system of RSPC MT. Project management department of RSPC MT is responsible for administration and performance of the accounting and internal control system.

We considered the performance of the accounting and internal control system exceptionally to determine the scope of work required to prepare the Auditor's Report on reliability of the financial statements. The work performed during the audit engagement does not mean carrying out a full and overall audit of the accounting and internal control system of RSPC MT for determining all possible deficiencies.

Over the course of the audit, we revealed the following violation.

Cases of overdue payments with accountable persons when sending them on official business trips.

In accordance with Order No. 124-I of 30.08.2021, employees with service numbers VB10, VB15, VB62 were sent to Molodechno on September 1, 2021, to Smolevichi on September 2, 2021, to Borisov on September 3, 2021. The advance in the amount of daily allowance and travel expenses have not been paid to employees. The settlement with them was made on September 23, 2021. The settlement with them was made on September 23, 2021, due to the untimely receipt of orders for a business trip to the financial support sector of the Project Management Department and the inability to issue an advance to employees in case of poisoning on business trips.

This is not the only case of such a violation.

Requirements of regulatory acts

According to part 2 of Article 95 of the Labor Code of the Republic of Belarus, during business trips, the employer is obliged to issue an advance and reimburse the employee for the following expenses:

- 1) travel to the destination of the business trip and back;
- 2) rent for residential premises;
- 3) living outside the place of residence (daily allowance);
- 4) other expenses incurred by the employee with the permission or knowledge of the employer.

In accordance with part 1 of paragraph 5 of the Regulation on the Procedure and Amounts of Reimbursement of Expenses, Guarantees and Compensations for Official Business Trips, approved by Resolution of the Council of Ministers of the Republic of Belarus No. 176 of 19.03.2019 (hereinafter referred to as Regulation No. 176), the employer is obliged to issue an advance to the employee on business and (or) ensure the availability of funds in the account to which a bank card is issued, in Belarusian rubles and (or) foreign currency and reimburse the following expenses:

travel to the destination of the business trip and back;

rent for residential premises;

living outside the place of residence (daily allowance);

other expenses incurred by the employee with the permission or knowledge of the employer.

The amount of the advance payment to be issued to the seconded employee against the expenses listed in the first part of paragraph 5 of this Regulation is calculated taking into account the amount of reimbursement of expenses in accordance with Annexes 1 and 2, as well as taking into account the expenses specified in the first part of paragraph 25 of this Regulation (paragraph 6 of Regulation No. 176).

Conclusions and recommendations

Thus, when sending employees on business trips, the employer is obliged to issue an advance in accordance with the established standards.

We recommend timely transmitting copies of orders to the financial Support sector of the Project Management Department for timely settlements with accountable persons.

The described violation, according to the auditor's estimates, did not affect the reliability of the financial statements.

3.2. Procedure of Preparation of Financial Statements under the Project

In the course of the audit we analyzed the procedure of presentation and disclosure of information in the following financial statements under loan No. 8663–BY for the Project "Modernization of the Health System of the Republic of Belarus" as at the reporting date:

- Project Sources and Uses of Funds Statement for the period from January 01, 2021 to December 31, 2021;
- Uses of Funds for the period from January 01, 2021 to December 31, 2021;
- Designated Account Statement for the period from January 01, 2021 to December 31, 2021;
- Current Account Statement for the period from January 01, 2021 to December 31, 2021;
- Withdrawal Statement for period from January 01, 2021 to December 31, 2021;
- Notes to the financial statements under the Project for the period from January 01, 2021 to December 31, 2021.

In the course of the audit we did not reveal material violations of the order of presentation of the financial statements.

3.3. Use of Funds Received from External Sources

In the course of the audit we determined that funds from external sources were used in compliance with the terms of the respective financial agreements and the disbursement letter with due attention to their economy and efficiency and only for the intended purpose. We did not reveal any significant errors or violations.

3.4. Procurement of Goods and Services

In the course of the audit we verified the procurement procedure of goods and services. We did not reveal any significant errors or violations.

3.5. Availability of Source Supporting Documents

In the course of the audit there was determined that all accounting records are supported with the necessary documents and the supporting documents are reported. There is a clear relationship between the data of accounting registers and the reports submitted to IBRD. We did not reveal any significant errors or violations.

3.6. Use of Designated Account

In the course of the audit we determined that the designated account in the currency of the loan and the transit account in the local currency were used in compliance with the General Conditions, corresponding financial agreements and the disbursement letter. We did not reveal any significant errors or violations.

3.7. Statements of Expenditure

In the course of the audit we verified availability of all the required documents and accounting records in respect of all the expenditures incurred under the procedure of withdrawal of funds using Statements of Expenditure which had been selected for the audit.



4. CONCLUSIONS AND RECOMMENDATIONS

We believe that in the course of our audit we have obtained sufficient and appropriate audit evidence to provide a reasonable basis for our opinion.

In our opinion, the financial statements under the Project fairly in all material respects represent data on received and used Project funds for the period from January 01, 2021 to December 31, 2021, in accordance with the International Public Sector Accounting Standard "Financial Reporting under the Cash Basis of Accounting" developed by the International Public Sector Accounting Standards Board of the International Federation of Accountants. The funds under the Project were used in compliance with the terms of the respective financial agreements and the disbursement letter with due attention to their economy and efficiency and only for the intended purpose.

Engagement Partner,
Director of FBK-Bel LLC
Head of Engagement Team,
Auditor
Auditor



Alexey G. Reneisky

Renata V. Kirslite

Volha A. Rukan

Date of signing the Management letter is May 13, 2022.

The Management letter was received on May 13, 2022.

Full name, job title Director, Dmitry K. Ruzanov Signature _____

