



**MINISTRY OF HEALTH**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2023**

**MINISTRY OF HEALTH**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

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**MINISTRY OF HEALTH**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

**DIRECTORY**

**Minister**

Honourable Vainetutai Rose Toki-Brown  
Minister of Health

**Head of Ministry / Title**

Bob Williams  
Secretary of Health

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**Auditor**

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**Banker**

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**Solicitor**

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**MINISTRY OF HEALTH**

**STATEMENT OF RESPONSIBILITY**

In terms of Section 30 of the Ministry of Finance and Economic Management Act 1995-96, We are responsible for the preparation of the Ministry of Health's financial statements and the judgements made in the process of producing those statements.

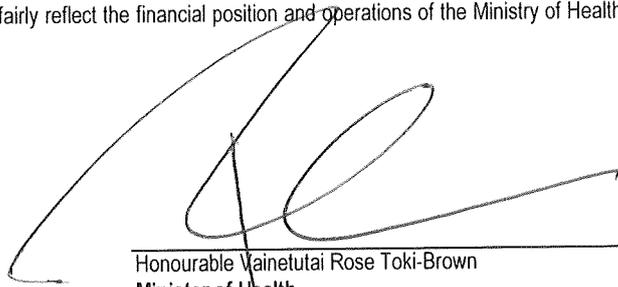
We have the responsibility of establishing and maintaining internal controls. We have established and maintained a system of internal control procedures that provide reasonable assurance as to the integrity and reliability of financial reporting.

In our opinion, these financial statements fairly reflect the financial position and operations of the Ministry of Health for the year ended 30 June 2023.



\_\_\_\_\_  
Bob Williams  
Secretary of Health

\_\_\_\_\_  
28 November 2025  
Date



\_\_\_\_\_  
Honourable Wainetutai Rose Toki-Brown  
Minister of Health

\_\_\_\_\_  
28 November 2025  
Date



# Cook Islands Audit Office

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## Independent Auditor's Report

To the readers of the financial statements of the Ministry of Health for the year ended 30 June 2023.

### Report on the audit of the financial statements

#### Unmodified Opinion

In my opinion, the accompanying financial statements of the Ministry of Health ("the Ministry") on pages 7 to 25:

- i. present fairly in all material respects the Ministry's financial position as at 30 June 2023 and its financial performance and cash flows for the year ended on that date; and
- ii. comply with generally accepted accounting practices as defined by the Ministry of Finance and Economic Management Act 1995-96 and International Public Sector Accounting Standards (IPSAS) issued by the International Public Sector Accounting Standards Board.

I have audited the accompanying financial statements which comprise:

- the statement of financial position as at 30 June 2023;
- the statement of financial performance, the statement of changes in equity and cash flow statement for the year then ended; and
- notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

My audit was completed on 28 November 2025. This is the date on which my opinion is expressed.

The basis for my opinion is explained below. I outline the responsibilities of the Secretary and my responsibilities for the financial statements and audit of the Ministry. I also comment on other information.

#### Basis for opinion

I carried out my audit in accordance with International Standards of Supreme Audit Institutions (ISSAI), which incorporate ISSAI 130 Code of Ethics issued by the International Organization of Supreme Audit Institutions (INTOSAI Code of Ethics). My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of this report.

I have fulfilled my responsibilities in accordance with ISSAI. Other than in my capacity as auditor I have no relationship with, or interests in, the Ministry. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Responsibilities of the Secretary for the financial statements

The Secretary on behalf of the Ministry is responsible for:

- the preparation and fair presentation of the financial statements in accordance with IPSAS;
- implementing necessary internal control to enable the preparation of a set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.

The Secretary is also responsible for overseeing the Ministry's financial reporting process.

#### Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements of the Ministry as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes my opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAI will always detect a material misstatement. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions readers make based on the financial statements of the Ministry.

As part of an audit in accordance with ISSAI, I exercise professional judgement and maintain professional skepticism throughout the audit. Also:

- I identify and assess the risks of material misstatement of the financial statements of the Ministry, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, because fraud can involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control used by the Secretary to prepare the financial statements of the Ministry.
- I evaluate the appropriateness of accounting policies used, and the reasonableness of accounting estimates and related disclosures made by the Secretary.
- I conclude on the appropriateness of using the going concern basis of accounting that has been used by the Secretary to prepare the financial statements of the Ministry, up to the date of my auditor's report, based on the audit evidence I have obtained.
- I evaluate the overall presentation, structure, and content of the financial statements of the Ministry, including the disclosures, and whether the financial statements of the Ministry represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Secretary, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that I identify during my audit.

I am responsible for expressing an independent opinion on the financial statements of the Ministry and reporting that opinion to you based on my audit. My responsibility arises from the Public Expenditure Review Committee and Audit Act 1995-96.

### Other Information

The Secretary is responsible for the other information. The other information comprises the information included on pages 1 to 25 but does not include the annual financial statements of the Ministry and my auditor's report thereon.

My opinion on the financial statements of the Ministry does not cover the other information and I do not express any form of audit opinion or assurance conclusion on that information.

In connection with my audit of the financial statements of the Ministry, my responsibility is to read the other information. In doing so, I consider whether the other information is materially inconsistent with the financial statements of the Ministry, or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on my work, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

### Independence

While carrying out this audit, my staff and I have complied with ISSAI 130 Code of Ethics issued by the International Organization of Supreme Audit Institutions (INTOSAI Code of Ethics), and we have fulfilled our other ethical responsibilities in accordance with these requirements.



Desmond Wildin  
Director of Audit  
Rarotonga, Cook Islands



MINISTRY OF HEALTH

STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 30 JUNE 2023

In New Zealand Dollars	Notes	Actual 2023 \$	Budget 2023 \$	Actual 2022 \$
<b>Revenue</b>				
Funding from the Crown	2	17,701,962	17,701,962	17,392,062
Trading Revenue	2	511,367	350,000	492,607
Aid Revenue	10	1,407,065	577,350	2,250,678
Other Revenue	2	565	-	48,285
<b>Total Revenue</b>		<b>19,620,959</b>	<b>18,629,312</b>	<b>20,183,631</b>
<b>Expenditure</b>				
Personnel Expenses	3	12,110,979	12,033,011	12,249,061
Litigation Settlements		74,000	-	-
Change in Provision for Doubtful Debts		80,064	-	17,821
Depreciation and Amortisation Expenses	11, 12	1,575,619	1,570,000	1,401,922
Bad Debts Written Off		1,828	-	3,518
Aid Expenses	10	1,320,349	577,350	731,505
Other Expenses	4	4,107,115	4,448,951	5,081,687
<b>Total Expenditure</b>		<b>19,269,953</b>	<b>18,629,312</b>	<b>19,485,515</b>
<b>Operating Balance before Gains and Losses (OBEGAL)</b>		<b>351,006</b>	<b>-</b>	<b>698,116</b>
<b>Other Gains / (Losses)</b>				
Gain/(Loss) on Disposal of Obsolete Inventory		(352,065)	-	(342,990)
<b>Total Other Gains / (Losses)</b>		<b>(352,065)</b>	<b>-</b>	<b>(342,990)</b>
<b>Net Surplus / (Loss)</b>		<b>(1,059)</b>	<b>-</b>	<b>355,126</b>

Explanations of major variances against the budget are provided in Note 19.

The accompanying notes should be read in conjunction with these Financial Statements

**MINISTRY OF HEALTH**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2023**

In New Zealand Dollars	Notes	Actual 2023 \$	Actual 2022 \$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Equivalents	5	11,221	10,616
Trust Accounts		317,583	351,896
Inventory	6	2,385,163	3,495,427
Debtors and Other Receivables	7	7,131,810	4,653,738
<i>Total Current Assets</i>		<i>9,845,778</i>	<i>8,511,677</i>
<b>Non-Current Assets</b>			
Property, Plant, and Equipment	11	7,044,239	7,749,957
Intangible Assets	12	-	-
<i>Total Non-Current Assets</i>		<i>7,044,239</i>	<i>7,749,957</i>
<b>Total Assets</b>		<b>16,890,017</b>	<b>16,261,634</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Creditors and Other Payables	8	6,963,045	4,606,474
Aid Liabilities	10	329,413	392,917
Employee Entitlements	9	1,179,711	1,064,712
Payments on behalf of Crown Liability for Pharmaceuticals		505,647	874,961
<i>Total Current Liabilities</i>		<i>8,977,816</i>	<i>6,939,064</i>
<b>Total Liabilities</b>		<b>8,977,816</b>	<b>6,939,064</b>
<b>Net Assets</b>		<b>7,912,201</b>	<b>9,322,570</b>
<b>Equity</b>			
Contributed Capital		14,360,016	14,032,340
Accumulated surplus / (deficit)		(6,447,815)	(4,709,770)
<b>Total Equity</b>	13	<b>7,912,201</b>	<b>9,322,570</b>

The accompanying notes should be read in conjunction with these Financial Statements

**MINISTRY OF HEALTH**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2023**

In New Zealand Dollars	Notes	Actual 2023 \$	Actual 2022 \$
Balance at 1 July		9,322,570	9,594,347
Net Surplus / (Deficit) for the Year		(1,059)	355,126
Capital funding from the Crown		297,969	980,975
Covid-19 Medical Response Funds from Crown	18	29,707	204,728
Depreciation payable to the Crown		(1,575,619)	(1,570,000)
Excess trading revenue to be repaid to Crown		(161,367)	(242,607)
<b>Balance as at 30 June</b>	13	<b>7,912,201</b>	<b>9,322,570</b>

The accompanying notes should be read in conjunction with these Financial Statements



MINISTRY OF HEALTH

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2023

In New Zealand Dollars	Actual 2023 \$	Actual 2022 \$
<b>Cash Flows From Operating Activities</b>		
Funding from the Crown	17,455,926	17,046,716
Receipt from Clients	609,493	397,044
Receipts from Aid Donors	(33,690)	117,580
Interest Received	-	47,720
Aid Revenue	1,343,561	2,376,454
Payments to Employees	(11,995,980)	(12,043,073)
Payments for Interest	(1,828)	(3,518)
Aid Expenses	(1,320,349)	(731,505)
Payments to Suppliers	(3,274,126)	(4,402,413)
Net Cash Flows from / (used in) Operating Activities	2,783,007	2,805,003
<b>Cash Flows from Investing Activities</b>		
Purchase of Property, Plant and Equipment	(840,194)	(2,208,973)
Net Cash Flows from / (used in) Investing Activities	(840,194)	(2,208,973)
<b>Cash Flows From Financing Activities</b>		
Capital funding from Crown	297,969	980,975
Funds Returned to Crown	(1,575,619)	(1,570,000)
Cash Recalled by Crown	(698,871)	89,755
Net Cash Flows from / (used in) Financing Activities	(1,976,520)	(499,270)
<b>Net Increase/(Decrease) in Cash and cash equivalents</b>	<b>(33,707)</b>	<b>96,761</b>
Opening Cash Balances	362,512	265,752
<b>Closing Cash Balance</b>	<b>328,805</b>	<b>362,512</b>
<b>Reconciliation of Closing Cash Balance</b>		
Cash at Bank	11,221	10,616
Aid Trust Account	317,583	351,896
<b>328,805</b>	<b>362,512</b>	<b>362,512</b>

The accompanying notes should be read in conjunction with these Financial Statements

**MINISTRY OF HEALTH**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

In New Zealand Dollars	Actual 2023 \$	Actual 2022 \$
<b>Reconciliation of net surplus / (deficit) to net cash flows from operating activities</b>		
<b>Reported Surplus</b>	(1,059)	355,126
<b>Add / (less) Non-cash items</b>		
Depreciation and Amortisation Expense	1,575,619	1,401,922
Change in Employee Entitlements	79,078	148,193
Change in Provision for Doubtful Debts	80,064	17,821
Change in Cash Recall	698,871	(89,755)
Depreciation Repayable	1,575,619	1,570,000
<i>Total Non cash items</i>	4,008,191	3,403,307
<b>Add / (less) movements in statement of financial position items</b>		
(Increase) / decrease in Accounts Receivable	17,496	(103,336)
(Increase) / decrease in Crown Receivables	(1,821,655)	(1,915,346)
(Increase) / decrease in Prepayments	-	12,912
(Increase) / decrease in Cash Recall	(698,871)	89,755
(Increase) / decrease in VAT Receivable	(55,107)	99,970
(Increase) / decrease in Inventory	1,110,263	589,597
Increase / (decrease) in Accounts Payable	598,168	(39,115)
Increase / (decrease) in Aid Liabilities	(63,504)	125,776
Increase / (decrease) in VAT Payable	21,417	17,609
Increase / (decrease) in Payroll Accruals	35,921	57,795
Increase / (decrease) in POBOC Liability	(369,314)	466,077
<i>Net movements in working capital items</i>	(1,225,184)	(598,306)
<b>Net Cash Flows from Operating activities</b>	<b>2,783,007</b>	<b>2,805,003</b>

The accompanying notes should be read in conjunction with these Financial Statements

**MINISTRY OF HEALTH**  
**STATEMENT OF APPROPRIATIONS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

In New Zealand Dollars

<b>Year Ended 30 June 2023</b>		<b>Note</b>	<b>Appropriation Voted Original</b>	<b>Appropriation Voted Final</b>	<b>Revenue/ Expenditure Actual</b>	<b>Surplus / (Deficit)</b>
Output 1:	Public Health		2,824,173	2,824,173	2,085,374	738,799
Output 2:	Oral Health		1,151,411	1,151,411	972,719	178,692
Output 3:	Primary Care		2,759,881	2,759,881	3,567,342	(807,461)
Output 4:	Hospital Health		9,187,057	9,187,057	9,925,841	(738,784)
Output 5:	Planning and Funding		2,129,440	2,129,440	1,750,393	379,047
		2	18,051,962	18,051,962	18,301,669	(249,707)
Included in the Appropriation Vote:						
	Trading Revenue		350,000	350,000	511,367	161,367
	Other Revenue		-	-	565	565
	Net Aid Revenue		-	-	86,716	86,716
<b>Net Surplus / (Loss)</b>						<b>(1,059)</b>

<b>Year Ended 30 June 2022</b>		<b>Note</b>	<b>Appropriation Voted Original</b>	<b>Appropriation Voted Final</b>	<b>Revenue/ Expenditure Actual</b>	<b>Surplus / (Deficit)</b>
Output 1:	Public Health		2,749,973	2,749,973	2,589,543	160,430
Output 2:	Oral Health		1,151,411	1,151,411	770,326	381,085
Output 3:	Primary Care		2,759,881	2,759,881	4,681,627	(1,921,746)
Output 4:	Hospital Health		8,901,357	8,901,357	9,429,204	(527,847)
Output 5:	Planning and Funding		2,079,440	2,079,440	1,626,301	453,139
		2	17,642,062	17,642,062	19,097,000	(1,454,938)
Included in the Appropriation Vote:						
	Trading Revenue		250,000	250,000	492,607	242,607
	Other Revenue		-	-	48,285	48,285
	Net Aid Revenue		-	-	1,519,173	1,519,173
<b>Net Surplus / (Loss)</b>						<b>355,126</b>

For details on the movement in Appropriation Voted refer to Note 2.

The accompanying accounts should be read in conjunction with these Financial Statements

**MINISTRY OF HEALTH  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023**

**Note 1: Statement of Accounting Policies**

**Reporting Entity**

These financial statements are for the Ministry of Health which is considered to be a Ministry of the Crown. It has therefore designated itself a public entity for financial reporting purposes.

**Statement of Compliance**

These financial statements have been prepared in accordance with the Ministry of Finance and Economic Management Act 1995-96 and the International Public Sector Accounting Standards issued by the International Public Sector Accounting Standards Board (IPSASB).

**Measurement Base**

The financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the period.

These financial statements have been prepared using the historical cost method to report results, cashflows and the financial position of the Ministry of Health. The financial statements have been prepared under the accrual basis of accounting and are presented in New Zealand dollars rounded to the nearest dollar.

**Summary of Significant Accounting Policies**

Significant accounting policies are included in the notes to which they relate. Significant accounting policies that do not relate to a specific note are outlined below.

**Income Tax**

The Ministry of Health, as an agency of the Crown, is exempt from the payment of income tax in terms of the Income Tax Act 1997. Accordingly, no charge for income tax has been provided for.

**Foreign Currencies**

Foreign currency transactions are recorded at the exchange rates in effect at the date of the transaction. Monetary assets and liabilities arising from trading transactions or overseas borrowings are translated at closing rates. Gains and losses due to currency fluctuations on these items are included in the Statement of Financial Performance.

## MINISTRY OF HEALTH

### Other Gains/

#### Note 1: Statement of Accounting Policies (continued)

##### Commitments

Future expenses and liabilities to be incurred on contracts that have been entered into at balance date are disclosed as commitments to the extent that there are equally unperformed obligations.

##### Statement of Cash Flows

Operating activities include cash received from all income sources of the Ministry of Health and record the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition, holding and disposal of fixed assets and investments.

Financing activities comprise capital injections by, or repayment of capital to, the Crown.

##### Value Added Tax (VAT)

Items in the financial statements are presented exclusive of VAT, except for receivables and payables which are presented on a VAT - inclusive basis. Where VAT is not recoverable as input tax, it is recognised as part of the related asset or expense. The net amount of VAT recoverable from or payable to Revenue Management Division (RMD) is included as part of receivables or payables in the statement of financial position.

The net VAT paid or received from RMD, including the VAT relating to investing and financing activities is classified as a net operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of VAT. All statements of account are exclusive of VAT as the Ministry is VAT registered due to the annual trading income being above the threshold.

##### Budget figures

The budget figures are derived from the Cook Islands Government Budget Appropriation 2022/2023 and the Cook Islands Government Budget Estimates 2022/2023 as approved by the Minister of Finance at May 2022.

##### Critical accounting estimates and assumptions

In preparing these financial statements, the Ministry has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

> useful lives of property, plant and equipment and intangible assets - refer to Note 11 & 12

##### Changes in Accounting Policies

The Cook Islands Government Financial Policies and Procedures Manual was updated (June 2022, Part D Section 5 - Year End Accounts Preparation), in addition, instructions were submitted on 3rd June 2022 for the new accounting treatment for cash recall.

**MINISTRY OF HEALTH  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023**

**Note 2: Revenue**

**Accounting policy**

The specific accounting policies for significant revenue items are explained below.

**Revenue under non-exchange transactions**

**Funding from the Crown**

The Ministry is primarily funded from the Crown. This funding is restricted in its use for the purposes of the Ministry meeting the objectives specified in its founding legislation and the scope of the relevant appropriations of the Crown. The Ministry provides services to the Crown in the form of the production of certain outputs as disclosed in the Statement of Appropriations.

The funding is recognised as revenue at the point of entitlement. This is considered to be the start of the appropriation period to which the funding relates.

The fair value of revenue from the Crown has been determined to be equivalent to the amounts due from the funding arrangements.

**Attendance to overseas externally funded workshops and conferences.**

All cost associated with attending workshops or conferences which are funded by the host are not recognised as revenue or expenditure by the Ministry.

**Trading Revenue: Provision of Public Health, Oral Health, Primary Care and Hospital Health Services**

Revenue is measured at fair value of consideration received or receivable for the services provided in the ordinary course of operations. Revenue is stated exclusive of Value added Tax and is recognised when a service is provided. The Ministry earns revenue in the form of patient fees when services are provided to the public on non-commercial terms and are recognised as revenue upon consultation with a medical or dental practitioner.

**Breakdown of Revenue**

	Actual 2023 \$	Actual 2022 \$
<b>Funding from the Crown</b>		
Crown Appropriation - Voted	17,701,962	17,392,062
Transfer of Personnel Funding to Operating Funding	(800,000)	-
Transfer of Personnel Funding to Operating Funding	800,000	-
<b>Total Funding from the Crown - Final</b>	<b>17,701,962</b>	<b>17,392,062</b>
<b>Revenue under non-exchange transactions</b>		
<b>Trading Revenue</b>		
Patient Fees	511,367	492,607
Other Revenue	565	48,285
<b>Total Trading Revenue</b>	<b>511,932</b>	<b>540,892</b>

**Note 3: Personnel Expenses**

**Accounting Policy**

**Superannuation schemes**

The Ministry contributes to the Cook Islands National Superannuation Fund and Government Fund. Which is accounted for as a defined contribution scheme and is expensed in the surplus or deficit as incurred.

**Minimum Wage Adjustment**

The increase (government-wide) of the minimum wage to \$8.50 per hour effective 1st July 2022.

**2023 Income Tax Amendment No. 03**

From 1 July 2023 the maximum Standard Supplement Deduction (tax exemption) for individuals living in the Pa Enua increased from \$14,600 to \$60,000 per tax year. As this increase has been introduced halfway through the current tax year the maximum tax exemption for the 2023 tax year will be \$37,300. For the 2024 tax year the full tax exemption will apply to \$60,000. This means that from 1 July 2023 any employee who resides in the Pa Enua and earns less than \$1,151 in salary or wages each week should not have any PAYE tax deducted from their salary or wages. However, if PAYE tax has been deducted due to payroll systems still undergoing reprogramming, then adjustments will be made when those people residing in the Pa Enua file their 2023 income tax return.

**Breakdown of Personnel Expenses**

	Actual 2023 \$	Actual 2022 \$
Salaries and wages	11,051,475	11,286,463
Defined contribution plan - employer contributions	293,515	297,456
Increase / (decrease) in employee entitlements	765,988	665,143
<b>Total Personnel Expenses</b>	<b>12,110,979</b>	<b>12,249,061</b>

MINISTRY OF HEALTH  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022

**Note 4: Other Expenses**

**Breakdown of Other Expense**

	Actual 2023 \$	Actual 2022 \$
Legal Fees	65,160	55,220
Communication	196,323	273,614
Expensed Assets	120,909	166,566
Freight and Postage	55,438	93,087
Repairs and Maintenance	526,246	457,098
Fuel and Oil	82,039	97,978
Medical Consumables	897,524	2,012,889
Office Stationery	99,627	94,239
Electricity	648,380	567,566
Entertainment	29,452	55,482
Professional Services	71,006	210,181
Travel	76,900	58,252
Human Resources and Training	153,667	128,797
Advertising, Marketing, and Promotion	10,254	19,813
Uniforms	4,038	10,029
Subscription	140,046	117,501
Kitchen Supplies	76,757	117,761
Cleaning Supplies	187,272	127,785
General Practitioner Training Programme	-	21,985
Health Specialists Visits	589,104	330,969
Other	76,972	64,876
<b>Total Other Expenses</b>	<b>4,107,115</b>	<b>5,081,687</b>

**Note 5: Cash and Equivalents**

**Accounting Policy**

Cash is considered to be cash balances on hand and current accounts in banks, net of bank overdrafts and trust accounts with original maturities of three months or less.

**Breakdown of Cash and Equivalents**

	Actual 2023 \$	Actual 2022 \$
Cash at bank (Australia and New Zealand Banking Corporation)	271	(334)
Petty Cash	10,950	10,950
<b>Total Cash and Equivalents</b>	<b>11,221</b>	<b>10,616</b>

**Note 6: Inventory**

**Accounting Policy**

Inventories are recorded at the lower of cost or current replacement value. Appropriate allowance has been made for obsolescence where it is deemed necessary.

**Breakdown of inventory**

	Actual 2023 \$	Actual 2022 \$
Pharmaceutical Inventory	1,853,133	2,220,761
Laboratory Inventory	455,474	887,247
Dental Inventory	76,557	63,152
Inventory in transit	-	324,267
<b>Total Inventory</b>	<b>2,385,163</b>	<b>3,495,427</b>

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**Note 7: Debtors and Other Receivables**

**Accounting Policy**

Short-term receivables are recorded at the amount due, less any provisions for uncollectability.

A receivable is considered uncollectable when there is evidence the amount due will not be fully collected. The amount that is uncollectable is the difference between the amount due and the present value of the amount expected to be collected.

**Breakdown of Debtors and Other Receivables and Further Information**

	Actual 2023 \$	Actual 2022 \$
<b>Receivables under non-exchange transactions</b>		
Accounts Receivable (gross)	494,708	512,205
Less: Provision for doubtful debts	(152,030)	(71,965)
Accounts Receivables (net)	342,679	440,240
Cash Recall	786,157	87,286
VAT Receivable	55,107	-
Crown receivable	5,947,867	4,126,212
<b>Total Debtors and Other Receivables</b>	<b>7,131,810</b>	<b>4,653,738</b>
Inter-ministry receivables included above to Crown Agencies	93,034	110,343

The aging profile of accounts receivable at year end is detailed below:

	2023			2022		
	Gross	Provision	Net	Gross	Provision	Net
Not past due	-	-	-	-	-	-
Past due 0 - 30 days	54,402	(1,104)	53,299	103,496	(905)	102,591
Past due 31 - 60 days	3,067	(1,918)	1,149	7,172	(2,359)	4,813
Past due over 60 days	437,239	(149,009)	288,230	401,537	(68,702)	332,836
	494,708	(152,030)	342,678	512,205	(71,965)	440,240

All receivables greater than 30 days in age are considered to be past due.

The assessment for uncollectability is performed on an individual basis, based on past collection history and write offs. All above debtors have been assessed as collectable as all past debts have been collectible and none have been written off.

**Provision Movement**

**Movements in the provision for uncollectability of accounts receivables are as follows:**

	Actual 2023 \$	Actual 2022 \$
Balance as 1 July	(71,965)	(54,144)
Additional Provisions made during the year	(153,858)	(73,994)
Debtors and Other Receivables written off during the year	1,828	2,029
Provisions reversed during the year	71,965	54,144
<b>Balance as at 30 June</b>	<b>(152,030)</b>	<b>(71,965)</b>

MINISTRY OF HEALTH  
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**Note 8: Creditors and Other Payables**

**Accounting Policy**

Short-term payables are recorded at the amount payable.

**Breakdown of Payables and Further Information**

	Actual 2023 \$	Actual 2022 \$
<b>Payables under exchange transactions</b>		
Accounts Payable	784,172	186,004
Value Added Tax (VAT) Payable	39,026	17,609
<i>Total payables under exchange transactions</i>	823,199	203,613
<b>Payables under non-exchange transactions</b>		
<b>Crown Payable</b>		
Depreciation Payable	5,412,296	3,836,677
Surplus Payable	566,184	323,577
Excess Trading Revenue	161,367	242,607
<i>Total payables under non-exchange transactions</i>	6,139,847	4,402,861
<b>Total Creditors and Other Payables</b>	<b>6,963,045</b>	<b>4,606,474</b>
Inter-ministry payables included above to State-Owned Enterprises (SOE's)	58,412	80,877
Inter-ministry payables included above to Crown Agencies	25,851	13,555

**Note 9: Employee Entitlements**

**Accounting Policy**

Employee benefits are due to be settled within 12 months after the end of the financial year in which the employee provides the related service and are based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned but not yet taken at balance date, and time off in lieu.

A liability and an expense are recognised for bonuses where there is a contractual obligation or where there is past practice that has created constructive obligation and a reliable estimate of the obligation can be made.

**Breakdown of Employee Entitlements**

	Actual 2023 \$	Actual 2022 \$
Accrued salaries and wages	513,313	477,393
Annual leave	666,397	587,320
<b>Total Employee Entitlements</b>	<b>1,179,711</b>	<b>1,064,712</b>

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**Note 10: Aid Revenue and Expenses**

**Accounting Policy**

Aid monies received are recorded in the Statement of Financial Performance as they are utilised. Revenue is recognised at the same time the equivalent expense is incurred. Any unused aid money is held as an Aid Liability until such time as it is used and/or any applicable conditions attached to the funding are satisfied.

**Breakdown of Aid Revenue and Expenses**

	Actual 2023 \$	Actual 2022 \$
<b>Aid Revenue Received:</b>		
New Zealand Aid	123,679	204,236
UND-0067 Western Pacific Multi Country Integrated HIV TB Programme	297,465	
Other United Nations Aid	759,790	697,666
Other Aid	226,131	1,348,776
<b>Total Aid Revenue Received</b>	<b>1,407,065</b>	<b>2,250,678</b>
<b>Aid Expenses Incurred:</b>		
New Zealand Aid	93,093	121,842
UND-0067 Western Pacific Multi Country Integrated HIV TB Programme	297,465	
Other United Nations Aid	694,084	599,796
Other Aid	235,707	9,868
<b>Total Aid Expenses Incurred</b>	<b>1,320,349</b>	<b>731,505</b>
<b>Capital Expenditure Funded by Aid</b>		
New Zealand Aid	30,586	82,394
United Nations Aid	65,706	97,871
European Union Aid	-	-
Other Aid	(9,576)	1,338,908
<b>Net Surplus</b>	<b>86,716</b>	<b>1,519,173</b>
<b>Aid Liability Reconciliation:</b>		
<b>Balance as at 1 July</b>	392,917	267,141
Plus: Funding received from Development Coordination Division	79,679	68,110
Plus: Funding received from Donors	362,144	476,711
Plus: Other funding received	-	-
Less: Aid Expenses less donated stock issued	505,327	419,045
<b>Balance as at 30 June</b>	<b>329,413</b>	<b>392,917</b>

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NOTES TO THE FINANCIAL STATEMENTS  
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**Note 11: Plant, Property, and Equipment**

**Accounting Policy**

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses.

**Additions**

The cost of purchased plant, property, and equipment is the value of the consideration given to acquire the assets and the value of other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended service.

Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at date of acquisition. An asset acquired below the threshold set by the Cook Islands Government Policy and Procedures Manual is assessed on a case by case basis, and if the asset provides economic benefit for more than one financial year, it will be recognised as an asset.

Cost incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the additional cost will flow to the Ministry and that the cost of the item can be measured reliably.

The cost of day to day servicing of property, plant and equipment are expensed in surplus or deficit as they are incurred.

**Disposals**

Gains and losses on disposals are determined by comparing the sales proceeds with the carrying amount of the asset.

**Depreciation**

Depreciation of plant, property, and equipment is provided on a straight line basis so as to allocate the cost of assets to their estimated residual value over their estimated useful lives. Typically, the estimated useful lives are:

Computer Equipment	3 - 4 years	25 - 33%
Motor Vehicles	5 years	20%
Furniture and Fittings	4 - 10 years	10 - 25%
Office Equipment	5 years	20%
Buildings	10 years	10%
Plant and Equipment	5 - 15 years	7 - 20%

**Impairment of property, plant and equipment**

The Ministry does not hold any cash generating assets. Assets are considered cash generating when their primary objective is to generate a commercial return.

Non-cash generating assets

Property, plant and equipment held at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable service amount. The recoverable service amount is the higher of an asset's fair value less cost to sell and value in use.

Value in use is the present value of an asset's remaining service potential. It is determined using an approach based on either a depreciated replacement cost approach, a restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

If an asset's carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit.

MINISTRY OF HEALTH  
NOTES TO THE FINANCIAL STATEMENTS  
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**Note 11: Property, Plant and Equipment (continued)**

Breakdown of Property, Plant and Equipment and further information  
Movement for each class of Property, Plant and Equipment are as follows:

	Computer Equipment \$	Furniture & Fittings \$	Motor Vehicles \$	Plant & Equipment \$	Buildings \$	Work in Progress \$	Total \$
<b>Cost</b>							
Balance as at 1 July 2021	594,898	382,988	1,786,006	9,583,997	376,791	2,374,394	15,099,075
Additions	-	25,532	431,867	2,985,557	66,586	1,031,517	4,541,059
Transfer from work in progress	-	-	-	-	-	(2,127,358)	- 2,127,358
Disposals	2,560	1,000	-	194,301	-	-	197,861
Balance as at 30 June 2022	592,338	407,520	2,217,874	12,375,252	443,377	1,278,553	17,314,914
<b>Accumulated depreciation and impairment losses</b>							
Balance as at 1 July 2021	576,623	314,695	1,252,790	5,882,977	333,813	-	8,360,897
Depreciation	12,169	16,346	201,888	1,136,155	35,365	-	1,401,922
Accumulated depreciation on disposals	2,560	1,000	-	194,301	-	-	197,861
Impairment losses	-	-	-	-	-	-	-
Balance as at 30 June 2022	586,232	330,040	1,454,678	6,824,830	369,177	-	9,564,958
<b>Carrying Amount</b>							
As at 30 June 2022	6,106	77,480	763,196	5,550,422	74,200	1,278,553	7,749,957
<b>Cost</b>							
Balance as at 1 July 2022	592,338	407,520	2,217,874	12,375,252	443,377	1,278,553	17,314,914
Additions	48,043	-	-	132,538	-	689,319	869,901
Transfer from work in progress	-	-	-	-	-	-	-
Disposals	-	-	78,574	-	-	-	78,574
Balance as at 30 June 2023	640,381	407,520	2,139,300	12,507,791	443,377	1,967,873	18,106,241
<b>Accumulated depreciation and impairment losses</b>							
Balance as at 1 July 2022	586,232	330,040	1,454,678	6,824,830	369,177	-	9,564,958
Depreciation	6,031	18,352	247,549	1,258,566	45,121	-	1,575,619
Accumulated depreciation on disposals	-	-	78,574	-	-	-	78,574
Impairment losses	-	-	-	-	-	-	-
Balance as at 30 June 2023	592,264	348,392	1,623,652	8,083,396	414,298	-	11,062,003
<b>Carrying Amount</b>							
As at 30 June 2023	48,117	59,127	515,648	4,424,394	29,079	1,967,873	7,044,239

Certain amounts in prior period have been reclassified between classes to correct this disclosure.

**Capital commitments**

There were no property, plant and equipment commitments at year end (2022:nil).

MINISTRY OF HEALTH  
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**Note 12: Intangible Assets**

**Accounting Policy**

**Software acquisition**

Computer software licenses are capitalised on the basis of costs incurred to acquire and bring to use the specific software. Staff training costs and cost associated with maintaining computer software are expensed when incurred. Cost associated with development and maintenance of the Ministry website are expensed when incurred.

**Amortisation**

The carrying value of an intangible asset with a finite life is amortised on a straight line basis over its useful life. Amortisation begins when the asset is available for use and ceases on the date that the assets is derecognised. The amortisation charge for each financial year is expensed in the surplus or deficit.

The useful lives and associated amortisation rates have been estimated as follows:

Acquired computer software	3-4 years	25-33%
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**Impairment of intangible assets**

Refer to the policy for impairment of property, plant and equipment in Note 11. The same approach applies to impairment of intangible assets.

**Breakdown of intangible assets and further information**

Movement for each class of intangible assets are as follows:

	<b>Acquired Software \$</b>
<b>Cost</b>	
Balance as at 1 July 2021	92,638
Additions	-
Disposals	-
<b>Balance as at 30 June 2022</b>	<b>92,638</b>
<b>Accumulated amortisation and impairment losses</b>	
Balance as at 1 July 2021	92,638
Depreciation	-
Accumulated amortisation on disposals	-
<b>Balance as at 30 June 2022</b>	<b>92,638</b>
<b>Carrying Amount</b>	
As at 30 June 2022	-
<b>Cost</b>	
Balance as at 1 July 2022	92,638
Additions	-
Disposals	-
<b>Balance as at 30 June 2023</b>	<b>92,638</b>
<b>Accumulated amortisation and impairment losses</b>	
Balance as at 1 July 2022	92,638
Amortisation	-
Accumulated amortisation on disposals	-
<b>Balance as at 30 June 2023</b>	<b>92,638</b>
<b>Carrying Amount</b>	
As at 30 June 2023	-

**Capital commitments**

There were no intangible asset commitments at year end (2022:nil).

MINISTRY OF HEALTH  
NOTES TO THE FINANCIAL STATEMENTS  
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**Note 13: Equity**

**Accounting Policy**

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- > contributed capital
- > accumulated surplus / (deficit)

**Depreciation and amortisation payable to the Crown**

The higher of the actual depreciation and amortisation or the budgeted depreciation and amortisation for the year will be repaid to the Crown and is recognised directly in the statement of changes in equity.

**Return of surplus to the Crown**

The surplus of total liquid assets over total liabilities at the end of each financial year will be repaid back to the Crown if no approval for carry forward has been given and is recognised directly in the statement of changes in equity.

**Excess Trading Revenue to be repaid to Crown**

Any gains received from the sale of an asset is to be repaid to Crown, excess trading revenue earned and unused capital funds to be repaid to Crown.

**Breakdown of Equity**

	Actual 2023 \$	Actual 2022 \$
<b>Contributed capital</b>		
Balance as at 1 July	14,032,340	12,846,636
Covid-19 Medical Response Funds from Crown	29,707	204,728
Capital Contribution	297,969	980,975
<b>Balance as at 30 June</b>	<b>14,360,016</b>	<b>14,032,340</b>
<b>Accumulated surplus / (deficit)</b>		
Balance as at 1 July	(4,709,770)	(3,252,289)
Surplus / (deficit) for the year	(1,059)	355,126
Depreciation Payable to the Crown	(1,575,619)	(1,570,000)
Excess Trading Revenue to be Repaid to Crown	(161,367)	(242,607)
Asset Transfer Out	-	-
<b>Balance as at 30 June</b>	<b>(6,447,815)</b>	<b>(4,709,770)</b>
<b>Total Equity</b>	<b>7,912,201</b>	<b>9,322,570</b>

**Note 14: Related party transactions**

The Ministry of Health is a wholly owned entity of the Crown, however, the Government protects it through its legislation from undue influence and significant control.

The Crown provides the Ministry of Health with significant funding in the form of an annual appropriation to assist the Ministry of Health in discharging its duties and obligations.

The Ministry also enters into transactions with other Government ministries, Crown agencies and State Owned Enterprises in an arms-length basis.

The key management personnel are members of the senior management group.

The aggregate remuneration of members of the senior management group and the number of individuals determined on a full time equivalent basis receiving remuneration within this category are:

**Key management personnel compensation**

	Actual 2023	Actual 2022
Remuneration	402,550	384,400
Full-time equivalent members	5	5

**MINISTRY OF HEALTH  
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**Note 15: Financial Instruments**

**Accounting Policy**

**Financial assets**

All financial assets are classified as Loans and Receivables. Loans and receivables are measured at fair value plus transaction cost on initial measurement and subsequently at amortised cost. Interest income and interest expense is recognised in the surplus or deficit.

**Financial liabilities**

All financial liabilities are classified as Other Liabilities. Other liabilities are measured at fair values less transaction cost on initial measurement and subsequently at amortised cost. Interest income and interest expense is recognised in the surplus or deficit.

**Financial instrument categories**

The carrying amounts of financial assets and liabilities in each of the financial instrument categories are as follows:

	Actual 2023 \$	Actual 2022 \$
<b>Loans and receivables</b>		
Cash and equivalents	11,221	10,616
Debtors and Other Receivables	7,131,810	4,653,738
<i>Total loans and receivables</i>	7,143,031	4,664,355
<b>Other Liabilities</b>		
Creditors and other Payables	6,801,678	4,606,474
Employee entitlements	1,179,711	1,064,712
<i>Total other liabilities</i>	7,981,389	5,671,186

**Financial Instrument risks**

The Ministry's activities exposes it to a variety of financial instrument risks, including market risk, credit risk, and liquidity risk.

**Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign currency rates. The Ministry does not have any foreign currency transactions and therefore there is no currency risk.

**Liquidity risk**

Liquidity risk is the risk that the Ministry will encounter difficulty raising liquid funds to meet commitments as they fall due. The Ministry manages liquidity risk by continuously monitoring forecast and actual cash flow requirements.

**Market Risk**

Market risk is the risk that changes in market prices (such as foreign exchange rates, interest rates and equity prices) will affect the Ministry income or value of its financial instruments. The Ministry has no financial assets or liabilities that are affected by changes in market prices and therefore there is no market risk.

**MINISTRY OF HEALTH  
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**Note 15: Financial Instruments (continued)**

**Credit Risk**

In the normal course of business, the Ministry of Health incurs credit risk from trade debtors and transactions with financial institutions. The Ministry has a credit policy, which is used to manage this risk. As part of this policy, limits on exposure with counter parties had been set and are monitored on a regular basis.

The Ministry of Health has no significant concentrations of credit risk. It does not require any collateral or security to support financial instruments due to the quality of financial institutions and trade debtors dealt with.

**Fair Values**

The estimated fair values of the Ministry of Health's financial assets and liabilities are their carrying values.

**Note 16: Contingencies**

**Accounting Policy**

Contingent assets and liabilities are disclosed at the point which the contingency is evident.

**Contingent Liabilities**

The Ministry has no contingent liabilities at balance date (2022: nil).

**Contingent assets**

The Ministry has no contingent assets at balance date (2022: nil).

**Note 17: Events after balance date**

There are no significant events after balance date which require attention.

**Note 18: Significant Events**

There are no significant events after balance date which require attention.

**Note 19: Explanation of major variances against the budget**

Explanations for major variances from Ministry of Health budgeted figures are as follows:

**Statement of Financial Performance**

**Other Expense**

Actual other expense was higher than budgeted by \$341,836 amongst other costs incurred during the year. Factors that contributed to this overspend are explained below

**Litigation Settlement Agreement dated 18 day of April 2023**

As noted in the Solicitor confirmation FY2021/2022, there is one litigation matter involving the Ministry. This relates to a claim brought by Mr Barrett. As signed dated 18 day of April 2023, a resolution agreement was made and a litigation settlement agreement was signed with the total costs to the Ministry of \$83,940. The Ministry has covered this costs out of its operations.

**Re-commencement of the Health Specialist Visits Program**

Re-commencement of the health specialist visit program to catch up on the back log, given the delay over the 2 years due to COVID status, border restrictions and availability of specialists.

**Obsolete Stock**

TMO had accumulated as at 30 June 2023 expired stock at a value of \$352,065 (\$283,206 of which are donated expired stock). The significant expired stock is due to:

- a) Short shelf life - this is beyond TMO control due to the nature of the items
- b) Stock availability - inventory item cannot be purchased in singular item. Inventory items are available in specific pack sizes and this is beyond TMO control.
- c) COVID-19 testing consumables for specific testing platforms donated during COVID-19 preparation period in which become dormant due to the upgraded later versions available. The later platform and consumable versions had quick turnaround reporting time abilities. These expired consumables were specific to different testing platforms and could not be used in the later version of testing platforms.
- d) Changes to COVID-19 testing regimes
- e) Changes to prescribing practice by Medical Officers following best practice methods for continuity of patient health care also noting the availability of approved medicines and consumables in the market.
- f) Minimum stock levels has to be maintained for all inventory items, however due to unexpected fluctuations of demand for laboratory tests by clinicians certain stock items were left unused and have reached their expiry date.

**Personnel Expense**

Actual personnel expense was higher than budgeted by \$77,968

Factors that contributed to the variance in the Personnel Budget line are:

- Vacancy positions are still being filled (competitive recruitment activity due to shortage and high demand of health workforce globally and high turnover of health workforce, and competing remuneration packages). TMO expected high duties, domestic locum covers and specialist locum covers to cover workforce gaps and to provide opportunities to TMO workforce for refresher trainings, training and developments and to use leave entitlements during the fiscal year.
  - TMO notes the increase in Notice of Cessation of Employments as staff leave for better remuneration packages overseas.
  - The overtime rate effected at 20 December 2021 at 1.5. In reference to Crown Law Office (CLO) Advice File Ref: 2111.23, Letter No: 114/21 Re: TMO Overtime and the application of the CIGOV Remuneration Policy. TMO expected overtime for TMO staff to ensure delivery of health services and recommencement of HSV programmes, given the vacancies.
  - Annual leave liability as at 30 June 2023 \$600k. TMO notes that workforce gaps, and assurance of delivery of health services with recommencement of HSV programmes has affected the ability of staff to take leave.
- Subsequently, TMO rephased its cashflow and moved personnel savings to cover operating expenses to mobilise TMO as it re-focus its priority to primary care from tertiary.

**Aid Revenue**

Aid Revenue exceeded budget by \$829,715 while aid expense exceeded budget by \$742,999. Aid Surplus (variance between Aid Revenue and Aid Expense) is recorded at \$86,716.

This was mainly due to the Ministry receiving additional assistance from donors through donation of inventory, property plant and equipment and expensed assets.