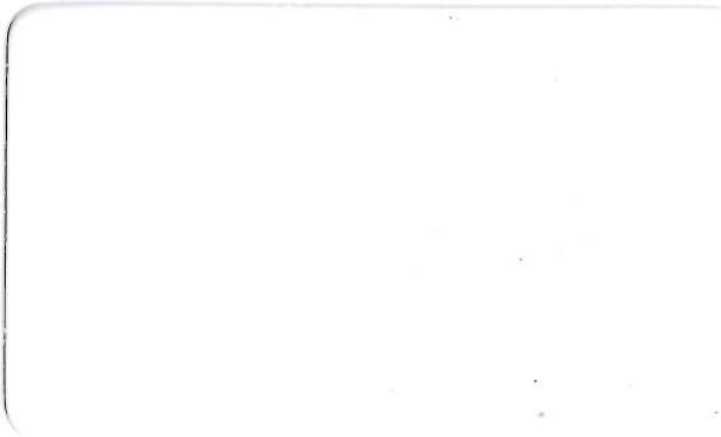




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**Project "Energy Efficiency Improvement in
Commercial and High-Rise Residential
Buildings (EECB) in Vietnam"
(Project ID: 92225)**

Report of factual findings

Period from 1 July 2016 to 30 September 2017



Mr. Le Trung Thanh
National Project Director
Director General - Department of Science, Technology, and Environment
Ministry of Construction (MOC)
Room No.2, 1st floor, CDC building
37 Le Dai Hanh street, Hai Ba Trung district,
Hanoi, Vietnam

Hanoi, 23 January 2018

To: Mr. Le Trung Thanh

**Re: Project "Energy Efficiency Improvement in Commercial and High-Rise Residential Buildings (EECB) in Vietnam" (Project Id. 92225)
Report of Factual Findings for the period from 1 July 2016 to 30 September 2017**

We have performed the procedures agreed with you and enumerated below with respect to the programme disbursements related to Project "Energy Efficiency Improvement in Commercial and High-Rise Residential Buildings (EECB) in Vietnam" (Project Id. 92225) for the period from 1 July 2016 to 30 September 2017, set forth in the accompanying management letter. Our engagement was undertaken in accordance with International Standard on Related Services ("ISRS") 4400 applicable to agreed-upon procedures engagements. The procedures were performed solely to assist you in evaluating the validity of accounting records that support cash transfers from (agency) and are summarized as follows:

1. Compare documentation obtained describing the Implementing partner (IP)'s financial management internal controls against the most recent micro assessment from the corresponding programme cycle. Document any changes or inconsistencies.
2. Inquire of IP management whether there have been any changes to internal controls since the prior micro assessment from the current programme cycle. Document any changes identified.
3. Obtain a listing of all programme related expenditures during the period from 1 July 2016 to 30 September 2017 for the agreed-upon procedures engagement and perform the followings:
 - Randomly select a sample of expenditures amounting to a 20% percentage of total expenditures. Provide a detailed listing of expenditures selected as samples.
 - For each sample selection perform the following procedures:
 - ✓ Verify that documentation exists to support the expenditure in accordance with the applicable rules and procedures and agreements with UNDP.
 - ✓ Verify that the activity related to the expenditure is in accordance with the work plan.
 - ✓ Verify that the expenditure has been reviewed and approved in accordance with the applicable rules and procedures and agreements with UNDP.
 - ✓ Verify that the expenditure was reflected on a certified FACE form submitted to UNDP.
 - ✓ Verify that the expenditure was reflected in the IP's accounting records (official book of accounts) and bank statement.
 - ✓ Verify that supporting documents are stamped "PAID".
 - ✓ Verify that the FACE form was submitted consistent with the periodicity-of disbursement requirement (10 days).
 - ✓ Verify the price paid for goods or services against United Nations agreed standard rates (i.e. the applicable UN-EU Guidelines for Financing of local Costs in Development Co-operation with Vietnam).

4. Obtain statements and reconciliations of the separate bank account for the UNDP funded projects and perform the following procedures:

- Verify that the activity per the bank statements agrees with that reflected in the accounting records. Document any variances noted; and
- Confirm that a bank reconciliation was completed and the balance has been reconciled to the accounting records. Document any variances noted.

We report our findings below:

- (a) With respect to item 1 we noted that there were no significant issues to report.
- (b) With respect to item 2 we noted that there were no significant issues to report.
- (c) With respect to item 3 we noted that there were no significant issues to report.
We randomly selected at least 10% of each budget lines, which were high value items.
Therefore, total coverage was higher than 20% as expected in TOR.
- (d) With respect to item 4 we noted that there were no significant issues to report.

Because these procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance on the programme disbursements for the period from 1 July 2016 to 30 September 2017.

Had we performed additional procedures or had we performed an audit or review of the financial statement in accordance with International Standards on Auditing International Standards on Review Engagements (or relevant national standards or practices), other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information. It is not to be used for any other purpose or to be distributed to any other parties. This report relates only to the items specified above and does not extend to any financial statement of the implementing partner, taken as a whole.

Yours sincerely,



Nguyen Viet Nga
Deputy General Director

Project "Energy Efficiency Improvement in Commercial and High-Rise Residential Buildings (EECB) in Vietnam"
(Project Id. 92225)

Annex: Spot Check Work Plan

Period from 1 July 2016 to 30 September 2017

Programme title:	"Energy Efficiency Improvement in Commercial and High-Rise Residential Buildings (EECB) in Vietnam"
Project title:	"Energy Efficiency Improvement in Commercial and High-Rise Residential Buildings (EECB) in Vietnam" (Project Id. 92225)
Name of IP:	Department of Science, Technology, and Environment, Ministry of Construction (MOC)
Location of IP/programme:	Room No.2, 1st floor, CDC building, 37 Le Dai Hanh street, Hai Ba Trung district, Hanoi, Vietnam
IP contact person and position:	Mr.Le Trung Thanh – National Project Director; Tel: 0942015290; Email: letrungthanhmoc@gmail.com
Start/end date of spot check	19 December 2017
Dates covered by FACE form selected for testing	Period from 1 July 2016 to 30 September 2017
Date of last spot check	Not applicable. This is the first spot check of the Project.
Member(s) of the spot check team	<ul style="list-style-type: none"> • Ms. Nguyen Viet Nga - Partner • Ms. Nguyen Thu Phuong - Manager • Ms. Phung Thi Luong - Senior • Mr. Pham Thi Khanh Hoa - Assistant • Mr. Nguyen Thi Thuy – Assistant
IP staff whom the spot check team met and worked with during the spot check	<ul style="list-style-type: none"> • Mr. Le Trung Thanh – National Project Director • Mr. Nguyen Cong Thinh – Deputy Project Director • Ms. Hoang Thi Kim Cuc – Project Manager • Ms. Nguyen Thi Thu – Project Accountant

Project "Energy Efficiency Improvement in Commercial and High-Rise Residential Buildings (EECB) in Vietnam"
(Project Id. 92225)

Annex: Spot Check Work Plan

Period from 1 July 2016 to 30 September 2017

Internal Controls: Complete the following table covering specific procedures regarding internal controls

	Procedure	Findings
1	Compare documentation obtained describing the IP's financial management internal controls against the most recent micro assessment from the corresponding programme cycle. Document any changes or inconsistencies identified.	Not applicable. The Project did not have any micro assessment and spotcheck.
2	Inquire of IP management whether there have been any changes to internal controls since the prior micro assessment from the current programme cycle. Document any changes identified.	Not applicable. The Project did not have any micro assessment and spotcheck.

Samples of expenditures:

Project "Energy Efficiency Improvement in Commercial and High-Rise Residential Buildings (EECB) in Vietnam"
(Project Id. 92225)

Annex: Spot Check Work Plan (continued)
Period from 1 July 2016 to 30 September 2017

No.	Sample expenditure description and voucher number	Sample expenditure amount reported (VND) (*)	Documentation exists to support accordance with IP's applicable rules and procedures and agreements with the agency? (Y/N)	Activity is related to expenditure in accordance with work plan? (Y/N)	Expenditure has been reviewed and approved in accordance with IP's applicable rules and procedures and agreements with the agency? (Y/N)	Expenditure was reflected on a certified FACE form submitted to the agency and accounting records and bank statement? (Y/N)	Supporting documents are stamped "PAID", indicating which agency funded the transaction? (Y/N)	FACE form was submitted consistent with the periodicity of disbursement requirement in the HACT framework (within two weeks) (Y/N)	Price paid for goods or services against United Nations agreed standard rates (if readily available)	Findings
1	E-ticket for local trip/Mr.Pouk	6,260,000	Y	Y	Y	Y	Y	Y	Y	None
2	Taxi for local trip/Mr.Poul, international expert/inception workshop	1,108,000	Y	Y	Y	Y	Y	Y	Y	None
3	The meeting room, 01 tea break	59,095,000	Y	Y	Y	Y	Y	Y	Y	None
4	Printing materials for the inception workshop	7,794,000	Y	Y	Y	Y	Y	Y	Y	None
5	Salary August/2016/Mr.Tuan Anh	30,662,000	Y	Y	Y	Y	Y	Y	Y	None
6	DSA for local trip (18-20/2016)	3,799,920	Y	Y	Y	Y	Y	Y	Y	None
7	Stationery Q3/2016	9,392,800	Y	Y	Y	Y	Y	Y	Y	None
8	Translator/Draft inception reports and presentations for PSC meeting	17,625,452	Y	Y	Y	Y	Y	Y	Y	None
9	Gross December salary/Mr.Tuan Anh, NTS	33,112,000	Y	Y	Y	Y	Y	Y	Y	None
10	International return ticket to participate COP22/Mr.Thinh	55,455,000	Y	Y	Y	Y	Y	Y	Y	None
11	Perdiem for Phu Quoc trip	3,446,296	Y	Y	Y	Y	Y	Y	Y	None
12	DSA for local trip to HCM/Mr.Tuan Anh	3,791,850	Y	Y	Y	Y	Y	Y	Y	None
13	Taxi to the airport and for meetings/Mr.Tuan Anh	1,239,000	Y	Y	Y	Y	Y	Y	Y	None
14	Sofa set to serve meetings	13,181,818	Y	Y	Y	Y	Y	Y	Y	None
15	Cordless handset telephone	1,635,455	Y	Y	Y	Y	Y	Y	Y	None
16	Meeting chairs	13,000,000	Y	Y	Y	Y	Y	Y	Y	None
17	Vacancy announcement PM and NTS/ Labor Newspaper	5,318,182	Y	Y	Y	Y	Y	Y	Y	None

Project "Energy Efficiency Improvement in Commercial and High-Rise Residential Buildings (EECB) in Vietnam"
(Project Id. 92225)

Annex: Spot Check Work Plan (continued)
Period from 1 July 2016 to 30 September 2017

No.	Sample expenditure description and voucher number	Sample expenditure amount reported (VND) (*)	Documentation exists to support expenditure in accordance with IP's applicable rules and procedures and agreements with the agency? (Y/N)	Activity is related to expenditure in accordance with work plan? (Y/N)	Expenditure has been reviewed and approved in accordance with IP's applicable rules and procedures and agreements with the agency? (Y/N)	Expenditure was reflected on a certified FACE form submitted to the agency and accounting records and bank statement? (Y/N)	Supporting documents are stamped "PAID", indicating which agency funded the transaction? (Y/N)	FACE form was submitted consistent with the periodicity of disbursement requirement in the HACT framework (within two weeks) (Y/N)	Price paid for goods or services against United Nations agreed standard rates (if readily available)	Findings
18	Gross March salary/Ms.Thu	18,958,000	Y	Y	Y	Y	Y	Y	Y	None
19	Gross February salary/Mr.Tuấn Anh	33,112,000	Y	Y	Y	Y	Y	Y	Y	None
20	DSA for the 08-11/03 trip to HCM/ Tuấn Anh	5,588,249	Y	Y	Y	Y	Y	Y	Y	None
21	Taxi to the airport and to meetings/Mr.Tuan Anh	1,174,000	Y	Y	Y	Y	Y	Y	Y	None
22	Gross January salary/Ms.Thu	18,958,000	Y	Y	Y	Y	Y	Y	Y	None
23	Cleaning project office quarter I/2017	3,000,000	Y	Y	Y	Y	Y	Y	Y	None
24	Bank fees 01/2017	396,000	Y	Y	Y	Y	Y	Y	Y	None
25	Equipment (projectors and screens, laser pen, integrated set -English and Vietnamese)	1,909,091	Y	Y	Y	Y	Y	Y	Y	None
26	Translation of the final report and related project documents/Ms.Loc	11,100,803	Y	Y	Y	Y	Y	Y	Y	None
27	Gross June salary/Ms.Cuc	37,868,000	Y	Y	Y	Y	Y	Y	Y	None
28	Local return e-tickets to HCM (14-22/6/2017)	32,800,000	Y	Y	Y	Y	Y	Y	Y	None
29	DSA to HCM from 16-17/5/Mr.Loi	2,165,962	Y	Y	Y	Y	Y	Y	Y	None
30	Taxi to the airport in 02 missions in HCM (15-17/5; 18-21/6)/ Mr.Poul	1,800,000	Y	Y	Y	Y	Y	Y	Y	None
31	Local return e-tickets to HN to participate the signing ceremony 16/6/2017/Trinh Thi Hong	6,560,000	Y	Y	Y	Y	Y	Y	Y	None

No.	Sample expenditure description and voucher number	Sample expenditure amount reported (VND) (*)	Documentation exists to support accordance with IP's applicable rules and procedures and agreements with the agency? (Y/N)	Activity is related to expenditure in accordance with work plan? (Y/N)	Expenditure has been reviewed and approved in accordance with IP's applicable rules and procedures and agreements with the agency? (Y/N)	Expenditure was reflected on a certified FACE form submitted to the agency and accounting records and bank statement? (Y/N)	Supporting documents are stamped "PAID", indicating which agency funded the transaction? (Y/N)	FACE form was submitted consistent with the periodicity of disbursement requirement in the HACT framework (within two weeks) (Y/N)	Price paid for goods or services against United Nations agreed standard rates (if readily available)	Findings
32	DSA to HN to participate the signing ceremony/Ms.Hong/Nam Linh	1,702,800	Y	Y	Y	Y	Y	Y	Y	None
33	Design and printing backdrop for the 16/6 MOU signing ceremony	1,288,000	Y	Y	Y	Y	Y	Y	Y	None
34	Tea break for the MOU signing ceremony	863,637	Y	Y	Y	Y	Y	Y	Y	None
35	Courier from 09/2016 to 06/2017	2,865,560	Y	Y	Y	Y	Y	Y	Y	None
36	Ink, cartridge and other printing machine components quarter II/2017	3,850,000	Y	Y	Y	Y	Y	Y	Y	None
37	Bank account management and transaction fees 06/2017	517,000	Y	Y	Y	Y	Y	Y	Y	None
38	Advertising fee for 02 packages EECB-03, 06/Construction newspaper	7,272,727	Y	Y	Y	Y	Y	Y	Y	None
39	Gross July salary/Mr.Tuan Anh	33,112,000	Y	Y	Y	Y	Y	Y	Y	None
40	Gross August salary/Ms.Cuc	37,868,000	Y	Y	Y	Y	Y	Y	Y	None
41	Advertising fee for package EECB-11/Construction newspaper	300,000	Y	Y	Y	Y	Y	Y	Y	None
42	Advertising fee for 02 packages EECB-11/Construction newspaper	3,636,364	Y	Y	Y	Y	Y	Y	Y	None
43	Local return e-ticket for Mr.Vinh, MEP expert (04-06/9/2017)	6,560,000	Y	Y	Y	Y	Y	Y	Y	None
44	DSA to HCM from 24-27/9/2017/Mr. Tuan Anh	5,578,433	Y	Y	Y	Y	Y	Y	Y	None
45	Taxi to the airport and to meetings from 24-27/9/2017/ Tuan Anh	1,418,000	Y	Y	Y	Y	Y	Y	Y	None

No.	Sample expenditure description and voucher number	Sample expenditure amount reported (VND) (*)	Documentation exists to support expenditure in accordance with IP's applicable rules and procedures and agreements with the agency? (Y/N)	Activity is related to expenditure in accordance with work plan? (Y/N)	Expenditure has been reviewed and approved in accordance with IP's applicable rules and procedures and agreements with the agency? (Y/N)	Expenditure was reflected on a certified FACE form submitted to the agency and in IP's accounting records and bank statement? (Y/N)	Supporting documents are stamped "PAID", indicating which agency funded the transaction? (Y/N)	FACE form was submitted consistent with the periodicity of disbursement requirement in the HACT framework (within two weeks) (Y/N)	Price paid for goods or services against United Nations agreed standard rates (if readily available)	Findings
46	Taxi to the airport in the 24-27/9/2017 mission to HCM city, Yannick	900,000	Y	Y	Y	Y	Y	Y	Y	None
47	Consulting fee for supporting procurement procedure of the project/1st payment	14,942,070	Y	Y	Y	Y	Y	Y	Y	None
	Total sample expenditures:	563,981,469								
	Total expenditures during period under spot check:	1,968,204,164								
	Percentage coverage:	29%								

Note:

(*) : We randomly selected sample expenditure.



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