



Project's Statements and auditors' report

United Nations Development Programme  
Vietnam Country Office

Project Award ID 00050577: Support for Formulation of Socio-  
Economic Development Strategy 2011-2020

Implementing partner: Ministry of Planning and Investment -  
Development Strategy Institute

For the year ended 31 December 2009

# Contents

	<b>Page</b>
Report of the Project Management Board	1
Auditors' report	3
Combined Delivery Report	5
Statement of Assets and Equipment	8
Statement of Cash position	10
Notes to the statements	11
Findings and Recommendations	15

# Report of the Project Management Board

The Project management presents this report together with the audited Combined Delivery Report for the year ended 31 December 2009 and Statements of Assets and Equipments and Cash position as at 31 December 2009 (hereafter collectively referred as “the Statements”) of Project Award ID 00050577: Support for Formulation of Socio-Economic Development Strategy 2011-2020 (“the Project”) for the year ended 31 December 2009.

## **The Project's background**

The Project Award ID 00050577: Support for Formulation of Socio-Economic Development Strategy 2011-2020 started in 2008 and will end in 2010.

The overall objective of the Project is to contribute to the formulation of the National Socio-Economic Development Strategy 2011-2020 (“SEDS 2011-2020”) and realization of the United Nations One Plan 2 - Outcome 1. It will directly contribute to the One Plan 2 - Output 1.14.

The Project will primarily support the Government of Vietnam to (i) get access to the relevant good quality international knowledge, expertise and experience to define feasible, evidence-based strategic development visions and break-through options/measures for SEDS 2011-2020, (ii) mobilize public contribution to and build national consensus around the defined visions and options, and (iii) coordinate and manage inputs provided by international community for SEDS formulation.

The Projects has two majors outputs:

- SEDS 2011-2020 developed based on sound evidence and best international experience and knowledge
- SEDS 2011-2020 formulated in a participatory and consultative manner

The total budget of the project is US\$ 1,998,400, including US\$1,000,000 from UNDP and US\$998,400 from One Plan Fund.

### **The Project Management Board**

Members of the Project Management Board during the year and as at date of this report are:

Mr. Cao Viet Sinh	National Project Director
Mr. Ngo Doan Vinh	Deputy National Project Director

### **Auditors**

The Statements of the Project Award ID 00050577: "Support for Formulation of Socio-Economic Development Strategy 2011-2020" for the year ended 31 December 2009 have been audited by Grant Thornton Ltd., Vietnam.

### **Responsibility of the Project Management Board in respect of the Statements**

The Project Management is responsible for the preparation of the Statements which give a true and fair view of the cash position and assets and equipments position of the Project as at 31 December 2009 and of its expenditure for the year ended 31 December 2009. In preparing the Statements which gives a true and fair view, the Project Management is required to follow provisional guidelines on project management for National Execution projects.

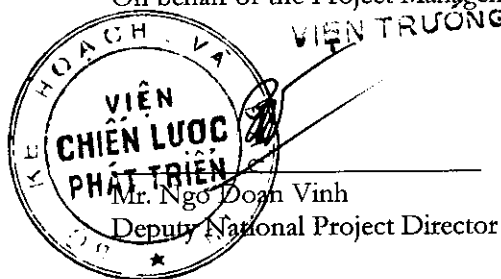
The Project management is responsible for ensuring that proper accounting records are kept which enable the Statements to be prepared in compliance with the basis of accounting set out in Note 2 to the Statements. The Project Management is responsible for ensuring the completeness of information concerning assets and goods belonging to the Project. The Project management is also responsible for safeguarding the assets of the Project and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Project management assumes the responsibility to provide, and has provided, the auditors with all accounting records, supporting and other documents, minutes, and any other pertinent information and explanations, either orally or in writing, necessary for the audit.

### **Approval of the financial statements**

We hereby approve the accompanying Statements, which give a true and fair view of the Project's expenditures for the year ended 31 December 2009 and of its assets and cash position as at 31 December 2009, in accordance with the accounting policies as described in Note 2 to the Statements.

On behalf of the Project Management Board.

The image shows a circular official stamp of the National Project Management Board (Viện Chiến lược Phát triển) with the text "KẾ HOẠCH VÀ PHÁT TRIỂN" around the perimeter and a star at the bottom. A signature is written over the stamp, and the text "VIỆN TRƯỞNG" is stamped above it. Below the stamp, the name "Mr. Ngo Doan Vinh" and the title "Deputy National Project Director" are printed.

Mr. Ngo Doan Vinh  
Deputy National Project Director

Hanoi, Vietnam  
Date: 28 APR 2010

# Auditors' report

**On the Statements of Project Award ID 00050577: Support for Formulation of Socio-Economic Development Strategy 2011-2020 for the year ended 31 December 2009**

Grant Thornton (Vietnam) Ltd.  
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No. H/010/103

**To: The National Project Director and  
The UNDP Country Director, UNDP Vietnam**

We have audited the accompanying Combined Delivery Report (“CDR”), Statement of Assets and Equipment, and Statement of Cash Position (“the Statements”) of the UNDP Project Award ID 00050577: Support for Formulation of Socio-Economic Development Strategy 2011-2020 (“the Project”) for the year ended 31 December 2009.

## **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these statements in accordance with the accounting practices prescribed by the United Nations Development Programme. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## **Auditors' responsibility**

Our responsibility is to express an opinion on the Statements based on our audit.

We conducted our audit in accordance with International Standards of Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Statements. We believe our audit provides a reasonable basis for our opinion.

**Basis of qualified opinion**

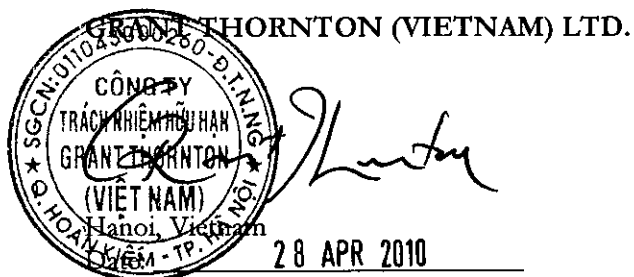
We refer to Note 4 – Errors in the CDR. During the period there were some posting errors and payment errors recorded in the accompanying CDR which lead to an overstatement of expenditure for the year ended 31 December 2009 by US\$22,926.98.

**Opinion**


In our opinion:

- Due to the significance of the misstatement as mentioned in the *Basis of qualified opinion* paragraph, the Combined Delivery Report does not present fairly the expenditure incurred by the Project for the year ended 31 December 2009.
- The Statement of Assets and Equipment, and Statement of Cash Position present fairly, in all material respects, the Project's inventory balance and its cash balance US\$29,668.60 as at 31 December 2009 in accordance with UNDP accounting requirements.

This report is intended solely for the information and use of UNDP and the Government of Vietnam.



**Nguyen Thi Vinh Ha**  
Auditor's Certificate No. 0390/KTV  
Deputy General Director



**Nguyen Hoang Tho**  
Auditor's Certificate No. 1065/KTV  
Auditor

Combined Delivery Report by Activity With Encumbrance



	Govt Disb	UNDP Disb	UN Agencies	Encumbrance	Total Exp
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Activity : ()

Fund : 04000 (TRAC (Lines 1.1.1 and 1.1.2))

76120 - Unrealized Loss	0.00	2,596.89	0.00	0.00	2,596.89
76130 - Unrealized Gain	0.00	- 872.49	0.00	0.00	- 872.49

Total for Fund 04000 0.00 1,724.40 0.00 0.00 1,724.40

Fund : 30000 (Programme Cost Sharing)

76120 - Unrealized Loss	0.00	205.67	0.00	0.00	205.67
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Total for Fund 30000 0.00 205.67 0.00 0.00 205.67

Total for Activity 0.00 1,930.07 0.00 0.00 1,930.07

Activity : CONVERT (VISIONS&PO)

Fund : 04000 (TRAC (Lines 1.1.1 and 1.1.2))

71205 - Intl Consultants-Sht Term-Tech	0.00	0.00	0.00	0.00	0.00
71605 - Travel Tickets-International	0.00	0.00	0.00	0.00	0.00

Total for Fund 04000 0.00 0.00 0.00 0.00 0.00

Fund : 30000 (Programme Cost Sharing)

71205 - Intl Consultants-Sht Term-Tech	0.00	34.21	0.00	0.00	34.21
71605 - Travel Tickets-International	0.00	19,826.49	0.00	0.00	19,826.49

Total for Fund 30000 0.00 19,860.70 0.00 0.00 19,860.70

Total for Activity CONVERT 0.00 19,860.70 0.00 0.00 19,860.70

Activity : POS&MESS(Policy Options & measures)

Fund : 04000 (TRAC (Lines 1.1.1 and 1.1.2))

71205 - Intl Consultants-Sht Term-Tech	0.00	- 17,250.00	0.00	0.00	- 17,250.00
71305 - Local Consult.-Sht Term-Tech	3,814.57	- 3,690.50	0.00	0.00	124.07
71405 - Service Contracts-Individuals	0.00	- 40,370.12	0.00	0.00	- 40,370.12
71605 - Travel Tickets-International	0.00	0.00	0.00	0.00	0.00
71610 - Travel Tickets-Local	0.00	- 98.86	0.00	0.00	- 98.86
71635 - Travel - Other	341.15	- 341.15	0.00	0.00	0.00
72105 - Svc Co-Construction & Engineer	0.00	0.00	0.00	0.00	0.00
72125 - Svc Co-Studies & Research Serv	0.00	0.00	0.00	0.00	0.00
72220 - Furniture	0.00	- 9,664.57	0.00	0.00	- 9,664.57
72430 - Postage and Pouch	0.00	- 277.05	0.00	0.00	- 277.05
72505 - Stationery & other Office Supp	0.00	- 4,835.32	0.00	0.00	- 4,835.32
74220 - Translation Costs	2,035.46	- 2,394.06	0.00	0.00	- 358.60
74510 - Bank Charges	0.00	- 526.55	0.00	0.00	- 526.55
75705 - Learning costs	1,180.68	- 1,142.27	0.00	0.00	38.41

Total for Fund 04000 7,371.86 - 80,590.45 0.00 0.00 - 73,218.59

Fund : 30000 (Programme Cost Sharing)

71205 - Intl Consultants-Sht Term-Tech	0.00	17,250.00	0.00	0.00	17,250.00
71305 - Local Consult.-Sht Term-Tech	0.00	3,690.50	0.00	0.00	3,690.50
71405 - Service Contracts-Individuals	0.00	40,370.12	0.00	0.00	40,370.12
71605 - Travel Tickets-International	0.00	6,811.61	0.00	0.00	6,811.61
71610 - Travel Tickets-Local	0.00	98.86	0.00	0.00	98.86
71635 - Travel - Other	0.00	1,196.75	0.00	0.00	1,196.75
72105 - Svc Co-Construction & Engineer	0.00	41,293.69	0.00	0.00	41,293.69

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Combined Delivery Report by Activity With Encumbrance



UN Development Programme  
Report ID: ungl143b

Page 168 of 212  
Run Time: 29-03-2010 09:03:37

Activity	Govt Disb	UNDP Disb	UN Agencies	Encumbrance	Total Exp
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72125 - Svc Co-Studies & Research Serv	0.00	128,442.10	0.00	0.00	128,442.10
72220 - Furniture	0.00	9,664.57	0.00	0.00	9,664.57
72430 - Postage and Pouch	0.00	277.05	0.00	0.00	277.05
72505 - Stationery & other Office Supp	0.00	4,835.32	0.00	0.00	4,835.32
74220 - Translation Costs	0.00	3,052.49	0.00	0.00	3,052.49
74510 - Bank Charges	0.00	526.55	0.00	0.00	526.55
75705 - Learning costs	0.00	1,142.27	0.00	0.00	1,142.27
<b>Total for Fund 30000</b>	<b>0.00</b>	<b>258,651.88</b>	<b>0.00</b>	<b>0.00</b>	<b>258,651.88</b>
<b>Total for Activity POS&amp;MESS</b>	<b>7,371.86</b>	<b>178,061.43</b>	<b>0.00</b>	<b>0.00</b>	<b>185,433.29</b>

Activity : PROJMGMT(Project Management)

Fund : 04000 (TRAC (Lines 1.1.1 and 1.1.2))

71205 - Intl Consultants-Sht Term-Tech	0.00	17,250.00	0.00	0.00	17,250.00
71405 - Service Contracts-Individuals	40,846.19	0.00	0.00	0.00	40,846.19
71610 - Travel Tickets-Local	49.11	0.00	0.00	0.00	49.11
71620 - Daily Subsistence Allow-Local	0.00	50.00	0.00	0.00	50.00
72205 - Office Machinery	9,085.50	0.00	0.00	0.00	9,085.50
72210 - Machinery and Equipment	193.21	0.00	0.00	0.00	193.21
72220 - Furniture	398.84	0.00	0.00	0.00	398.84
72430 - Postage and Pouch	279.76	0.00	0.00	0.00	279.76
72505 - Stationery & other Office Supp	1,451.50	0.00	0.00	0.00	1,451.50
72510 - Publications	3,394.59	0.00	0.00	0.00	3,394.59
74220 - Translation Costs	223.20	201.60	0.00	0.00	424.80
74510 - Bank Charges	211.86	0.00	0.00	0.00	211.86
74525 - Sundry	320.55	0.00	0.00	0.00	320.55
<b>Total for Fund 04000</b>	<b>56,454.31</b>	<b>17,501.60</b>	<b>0.00</b>	<b>0.00</b>	<b>73,955.91</b>
<b>Fund : 30000 (Programme Cost Sharing)</b>					
71405 - Service Contracts-Individuals	0.00	0.00	0.00	0.00	0.00
74525 - Sundry	0.00	0.00	0.00	0.00	0.00
<b>Total for Fund 30000</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Total for Activity PROJMGMT</b>	<b>56,454.31</b>	<b>17,501.60</b>	<b>0.00</b>	<b>0.00</b>	<b>73,955.91</b>

Activity : VISIONS&POSSsions and key policy options)

Fund : 04000 (TRAC (Lines 1.1.1 and 1.1.2))

71205 - Intl Consultants-Sht Term-Tech	0.00	0.00	0.00	0.00	0.00
71305 - Local Consult.-Sht Term-Tech	1,080.80	- 1,080.80	0.00	0.00	0.00
71605 - Travel Tickets-International	0.00	0.00	0.00	0.00	0.00
71615 - Daily Subsistence Allow-Intl	0.00	0.00	0.00	0.00	0.00
71635 - Travel - Other	0.00	0.00	0.00	0.00	0.00
72505 - Stationery & other Office Supp	539.49	- 539.49	0.00	0.00	0.00
74220 - Translation Costs	1,727.49	- 1,708.68	0.00	0.00	18.81
74525 - Sundry	1,102.41	- 1,102.41	0.00	0.00	0.00
75705 - Learning costs	7,082.20	- 6,965.83	0.00	0.00	116.37
76135 - Realized Gain	0.00	- 11.82	0.00	0.00	- 11.82
<b>Total for Fund 04000</b>	<b>11,532.39</b>	<b>- 11,409.03</b>	<b>0.00</b>	<b>0.00</b>	<b>123.36</b>
<b>Fund : 30000 (Programme Cost Sharing)</b>					
71205 - Intl Consultants-Sht Term-Tech	0.00	49,081.10	0.00	0.00	49,081.10
71305 - Local Consult.-Sht Term-Tech	0.00	1,080.80	0.00	0.00	1,080.80
71605 - Travel Tickets-International	0.00	19,171.76	0.00	0.00	19,171.76
71615 - Daily Subsistence Allow-Intl	0.00	25,937.00	0.00	0.00	25,937.00
71635 - Travel - Other	0.00	6,428.64	0.00	0.00	6,428.64

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**Combined Delivery Report by Activity With Encumbrance**



**UNDP UN Development Programme**  
Report ID: ungl143b

Page 169 of 212  
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Activity	Govt Disb	UNDP Disb	UN Agencies	Encumbrance	Total Exp
72505 - Stationery & other Office Supp	0.00	539.49	0.00	0.00	539.49
74220 - Translation Costs	0.00	1,708.68	0.00	0.00	1,708.68
74525 - Sundry	0.00	1,102.41	0.00	0.00	1,102.41
75705 - Learning costs	0.00	6,965.83	0.00	0.00	6,965.83
<b>Total for Fund 30000</b>	<b>0.00</b>	<b>112,015.71</b>	<b>0.00</b>	<b>0.00</b>	<b>112,015.71</b>
<b>Total for Activity VISIONS&amp;POS</b>	<b>11,532.39</b>	<b>100,606.68</b>	<b>0.00</b>	<b>0.00</b>	<b>112,139.07</b>
<b>Total for Project : 00062553</b>	<b>75,358.56</b>	<b>317,960.48</b>	<b>0.00</b>	<b>0.00</b>	<b>393,319.04</b>
<b>Award total</b>	<b>75,358.56</b>	<b>317,960.48</b>	<b>0.00</b>	<b>0.00</b>	<b>393,319.04</b>



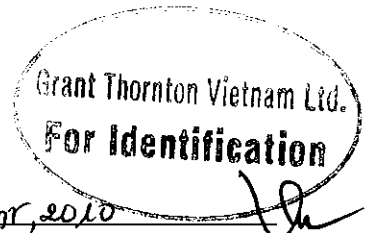
Signed By:

*Ngô Doãn Vĩnh*

*Ngô Doãn Vĩnh*

Date:

*13 Apr, 2010*



# Statement of Assets and Equipment

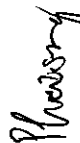
No	Code	Description (serial no, class, engine no)	Manufacturer	Date of purchase	Quantity	Unit value (US\$)	Value as of 31		Location as of 31 Dec 2009
							December 2009 (US\$)	December 2009 (VND)	
1	LAP HP01	Laptop HP EliteBook 2530P - Core 2 Duo 9300 1.2Ghz/2Mb/Ram 2GB/Windows Vista Business with XP Pro/HDD 120 G/DVD RW/DL/WLAN 802.11a/b/g/ monitor 12.1 TFT ; weigh 1.45kg Warranty 03 years/ made in China (serial number: CND9033PDF)	HP	16/2/2009	1	1,603.21	28,524,300	28,524,300	Room 505, Development Strategy Institute
2	DEK HP01/ MOR HP01	Desktop HP- Compag dx2310 Microtower Base Unit PC/80GB SATA/K/USB 2-Button Optical Scroll Mouse/Core 2 Duo E7300 Processor/2GB PC2-6400 (DDR2-800) 2x1GB Memory/Vista Business32 System Recovery DVD Kit KQ861AV Warranty 03 years for CPU, 01 year for Monitor	HP	10/3/2009	1	790.31	14,061,180	14,061,180	R204, Development Strategy Institute
3	DEK HP02/ MOR HP02	Desktop HP- Compag dx2310 Microtower Base Unit PC/80GB SATA/K/USB 2-Button Optical Scroll Mouse/Core 2 Duo E7300 Processor/2GB PC2-6400 (DDR2-800) 2x1GB Memory/Vista Business32 System Recovery DVD Kit KQ861AV Warranty 03 years for CPU, 01 year for Monitor	HP	10/3/2009	1	790.31	14,061,180	14,061,180	R204, Development Strategy Institute
4	PRO VS01	Projector LCD ViewSonic PJ358 (serial number: QHT083064813) Photocopier Document centre II 2005 DD:	Viewsonic - USA	12/3/2009	1	760.45	13,529,960	13,529,960	R204, Development Strategy Institute
5	PHO XE01	Photocopy, print, scan, fax/ Speed: 23/28/33pages per minute/Zoom: 50-200%/ hand tray: 50 paper/ 2 Main tray: 500 paper / Humanity photocopy: 1- 999 paper (serial number: 610325)	XEROX	25/03/2009	1	3,046.76	54,208,000	54,208,000	R505, Development Strategy Institute

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No	Code	Description (serial no, class, engine no)	Manufacturer	Date of purchase	Quantity	Unit value (US\$)	Value as of		Location as of 31 Dec 2009
							December 2009 (US\$)	December 2009 (VND)	
		Notebook HP 6730b - Core 2 Duo T5670 1.8Ghz/2Mb/Ram 2GB/Windows Vista Business with XP Pro/HDD 160 G/DVD RW/DL/WLAN 802.11a/b/g/ monitor 15.4 WXGA ; weigh 2.49kg Warranty 03 years/ made in China (serial number: CNH9144JBD)	HP	13/05/2009	1	1,051.84	1,051.84	18,653,250	R505, Development Strategy Institute
6		<b>Total</b>					<b>8,042.88</b>	<b>143,037,870</b>	

Date:


Certified by:

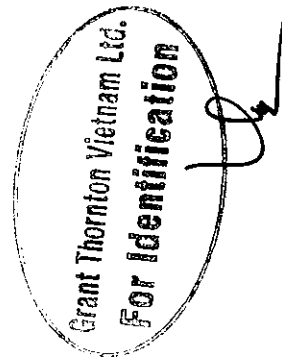
  
Phan Ngoc Mai Phuong  
National Project Manager

Approved by:

  
Ngo Doan Vinh  
Deputy National Project Director

Prepared by:

  
Ha Thuy Hong  
Project Accountant



# Statement of Cash position

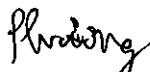
31 December 2009

US\$

Petty cash	-
Cash at bank	29,668.60
	<hr/>
	29,668.60

Date:

Certified by :



Phan Ngoc Mai Phuong  
National Project Manager

Approved by :

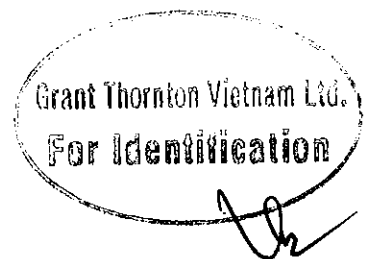


Ngo Doan Vinh  
Deputy National Project Director

Prepared by :



Ha Thuy Hong  
Project Accountant



# Notes to the statements

Year ended 31 December 2009

These notes form an integral part of, and should be read in conjunction with, the accompanying Combined Delivery Report (“CDR”)

## **1. The Project**

The Project Award ID 00050577: Support for Formulation of Socio-Economic Development Strategy 2011-2020 started in 2008 and will end in 2010.

The overall objective of the Project is to contribute to the formulation of the National Socio-Economic Development Strategy 2011-2020 (“SEDS 2011-2020”) and realization of the United Nations One Plan 2 - Outcome 1. It will directly contribute to the One Plan 2 - Output 1.14.

The Project will primarily support the Government of Vietnam to (i) get access to the relevant good quality international knowledge, expertise and experience to define feasible, evidence-based strategic development visions and break-through options/measures for SEDS 2011-2020, (ii) mobilize public contribution to and build national consensus around the defined visions and options, and (iii) coordinate and manage inputs provided by international community for SEDS formulation.

The Projects has two majors outputs:

- SEDS 2011-2020 developed based on sound evidence and best international experience and knowledge
- SEDS 2011-2020 formulated in a participatory and consultative manner

The total budget of the project is US\$ 1,998,400, including US\$1,000,000 from UNDP and US\$998,400 from One Plan Fund.

## **2. Principle accounting policies**

The Statements are prepared in accordance with the requirements of the United Nations Development Program and the following accounting policies:

### **Basis of accounting**

The Combined Delivery Report is prepared on the modified cash basis of accounting for financial reporting. This is a generally accepted accounting principle other than International Financial Reporting Standards. Accordingly, expenditure is recognized when payments are made by the executing agency and the UNDP Country Office and encumbrances are recognised when a legal commitment has been entered into by the UNDP Country Office..

### **The Combined Delivery Report**

The Combined Delivery Report (“CDRs”) is prepared comprising all executing agency expenditure, including:

- Payments made by the executing agency and reported in column 1 (“Government disbursement”) of the CDRs;
- Direct payments processed by the United Nations Development Programme Country Office (“UNDP CO”) at the request of the executing agency and the UNDP support services to the Project reported in column 2 (“UNDP Disbursements”) of the CDRs; and
- Encumbrances entered into by the UNDP CO at the request of the executing agency and reported in column 4 (“Encumbrance”) of the CDRs.

### **Reporting currencies**

The Statements and accounting records are prepared and maintained in United States Dollars (“US\$”).

Transactions in currencies other than the reporting currency and monetary assets are translated into US\$ at the rates set by the UNDP for the month of the transactions. Any exchange differences arising on the conversion of transactions denominated in other currencies are included in the UNDP Country Office accounts.

### **Non-expendable equipment**

There is no capitalization of non-expendable equipment. The cost of non-expendable equipment is charged to expenditure upon acquisition. A memorandum account is maintained by way of a listing maintained for control purpose.

### **Value added tax**

Value added taxes (“VAT”) arising from purchase of goods and services are refundable. Value added taxes are recorded to the Project’s disbursements when payments are made. Upon receipt of reimbursement from the Tax Department, VAT is credited to the same accounts of the payment from which VAT is paid.

### **Comparative figures**

Comparative figures are not required by the accounting practices prescribed by the United Nation Development Programme.

### 3. Accounting system and CDR structure

The CDRs are prepared by the UNDP using its Corporate Enterprise Resources Planning system ("ATLAS") and the Government Disbursements Ledger ("GDL") is prepared by the NIM projects using spreadsheet system.

#### Combined Delivery Reports

Expenditure is classified and recorded in the CDRs according to their source, as follows:

- i. Government Disbursements (column 1) represent payments made by the government executing agency from advances received from the UNDP. The corresponding accounts and records are maintained at the government executing agency.
- ii. UNDP disbursements (column 2) represent payments made by the UNDP Country Office ("UNDP CO") as follows:
  - Payments on behalf of the government executing agency, which is responsible and accountable for the payments and maintains all supporting documentation; and
  - Payments made by the UNDP CO for the provision of support services to the Project. The UNDP CO is responsible and accountable for these payments and maintains all supporting documentation.
- iii. UN agencies (column 3) represent payments by UN agencies, including the following:
  - UNOPS - payments for technical support from international and national personnel and short - term consultants either made directly by UNOPS or made by the UNDP Co or government executing agency under the authorisation of UNOPS. Certain records supporting these transactions in the CDRs are maintained at UNOPS Bangkok and the UNDP Headquarters in New York; other records are maintained at the government executing agency.
  - UNDP Headquarters - direct payments made by the UNDP Headquarters on behalf of the Project. The records supporting these transactions are maintained at the UNDP Headquarters.
- iv. Encumbrances (column 4) represent legal commitments to expenditure entered into by the UNDP Co and not yet paid as at end of the accounting period. Responsibility for entering into commitments and for maintaining supporting documentation rests with the same agencies as identified in section (ii) above.

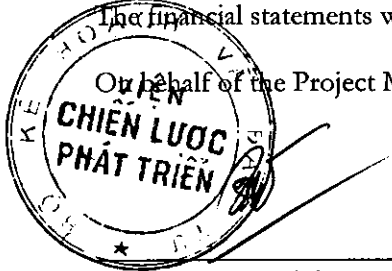
### 4. Errors in the CDR

During the year, there were some posting errors and payment errors in the Atlas system which led to overstatement of expenditure as reported in the accompanying CDR, details are as follows:

	2009 US\$
1. Direct payment made to a wrong consultant, which was corrected in Atlas system in 2010	19,268.55
2. Overpayment by UNDP to consultant (paid amount is US\$17,735 while actual expenditure is US\$14,735). This transaction has not been corrected.	3,000.00
3. Payment made for another project by UNDP but wrongly recorded as disbursement for the Project.	323.77
4. Payment made for another project by UNDP but wrongly recorded as disbursement for the Project.	334.66
<b>Total</b>	<b>22,926.98</b>

**5. Authorisation of financial statements**

The financial statements were approved by the Project's management on 28 APR 2010.



On behalf of the Project Management Board.

Mr. Ngo Doan Vinh  
Deputy National Project Director

Hanoi, Vietnam



# Findings and Recommendations

## Year ended 31 December 2009

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**C.C: The National Project Director**  
Project Award ID 00050577: Support for Formulation of Socio-Economic Development Strategy  
2011-2020

28 April 2010

Dear Sirs,

**UNDP Project Award ID 00050577: Support for Formulation of Socio-Economic  
Development Strategy 2011-2020**

**Findings and Recommendations –Audit for the year ended 31 December 2009**

During our audit of the Statement of Expenditure/Combined Delivery Report (“CDR”), Statement of Assets and Equipment, and Statement of Cash Position of the Project for the year ended 31 December 2009 of the Project Award ID 00050577: Support for Formulation of Socio-Economic Development Strategy 2011-2020 (“The Project”) for the year ended 31 December 2009, we reviewed the Projects’ system of internal and accounting controls, including monitoring of human resource management, financial management and control over funds donated by UNDP and contributed by the Government of Vietnam, procurement and use of project assets, cash management, general administration, and information system. We are writing to you at this point with regards to matters arising out of this review which we consider should be brought to your attention.

We have used the following system to categorize these matters by risk severity:

**High** Action that is considered imperative to ensure that NIM is not exposed to high risks (i.e. failure to take action could result in a significant deficiency or an aggregation of significant deficiencies that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected or compliance is violated. The item is likely to be of such significance that actions from management may be required for the resolution).

- Medium** Action that is considered necessary to avoid exposure to significant risks (i.e. failure to take action could result in an internal control deficiency that adversely affects the NIM's ability to initiate, authorise, record, process, and report external financial data reliably in accordance with UNDP accounting policies requirements. The observation would be over less pervasive controls, one off items subsequently corrected, improvements to the efficiency of important controls, items that could be significant in the future or events that cannot be managed under normal operating conditions).
- Low** Action that is considered desirable and should result in enhanced control or better value for money.

Furthermore, our findings were also classified by possible causes as follows:

- Compliance** Failure to comply with prescribed UNDP regulations, rules and procedures
- Guidelines** Absence of written procedures to guide staff in the performance of their functions
- Guidance** Inadequate or lack of supervision by supervisors
- Human error** Mistakes committed by staff entrusted to perform assigned functions
- Resources** Lack of or inadequate resources (funds, skills, staff, etc.) to carry out an activity or a function.

We would like to take this opportunity to thank the management and staffs of the Project for the cooperation that we received during the course of our audit. Should you have any questions on the reporting, please do not hesitate to contact us.



Nguyen Thi Vinh Ha, CPA  
Audit Partner

# Summary of Findings

<b>A</b>	<b>Project Personnel and Subcontract Management</b>	<b>18</b>
A.1	Co-authorization on the bank account	18
<b>B</b>	<b>Financial Accounting, Monitoring and Reporting</b>	<b>19</b>
B.1	Field visit report documentation	19
B2	Over cost – norm on the translation expense	20
<b>D</b>	<b>Cash Management (N/A)</b>	<b>22</b>
<b>E</b>	<b>General Administration</b>	<b>23</b>
E.1	Special service agreement	23
<b>F</b>	<b>Information System (N/A)</b>	<b>24</b>
<b>G</b>	<b>Other findings (N/A)</b>	<b>25</b>

## A Project Personnel and Subcontract Management

### A.1 Co-authorization on the bank account

Priority	Possible Causes
Low	Compliance

#### Observation

We noted that the Chief of Development Strategy Institute's Administration Office is the co-authorizer for the bank account of the Project. This is not in accordance with the Detailed Project Outline in which states only the National Project Director and the Deputy National Project Director can be assigned as the account holder.

The internal control of the implementing partner states that the Chief of Administration Office is authorized to approve the payment with limited amount or in case the Deputy National Project Director is absent. However, there is lack of documentation and approval of UNDP for the specific internal control of implementing partner, which is not in line with the Detailed Project Outline.

We however also noted that during 2009, no bank transfer was approved by the Chief of Administration Office and therefore, there was no realised violation of the Detailed Project Outline.

#### Implication

While there was no realised violation, the arrangement for the Chief of Administration Office to be one of the account holders is a non-compliance with Detailed Project Outline.

#### Recommendation

The bank authorizer should be in accordance with the Detailed Project outline. If there is any departure from the Detailed Project Outline, the justification should be agreed between the Project management and the Donor.

In this case, we suggest the Project to inform the Bank to update its Bank mandate to only include the Deputy National Project Director as the account holder.

#### Project Management's response

We agree with the suggestion of the Auditors.

Action: The Project will send an announcement letter to the Bank to inform that only NPD or/and DNPD is the authorizer.

Party responsible: Project Management

Timing: Year 2010.

#### Programme Officer's response

We agree with the suggestion of the Auditors.

## B Financial Accounting, Monitoring and Reporting

### B.1 Field visit report documentation

<b>Priority</b>	<b>Possible Causes</b>
Low	Compliance

#### **Observation**

There were a number of meetings held between the Project management and the UNDP CO in 2009 as confirmed by the National Project Manager and Project officer. However, we noted that there is only 1 meeting minute documented.

It is also noted that the field visit report was not prepared following the template as regulated in the Annex II.9.4 of NEX guidelines for the report format.

#### **Implication**

This is the non-compliance with the NEX guidelines which may lead to a potential risks that reviews are not carried out following required procedures and matters as noted from these reviews are not properly documented for implementation and monitoring.

#### **Recommendation**

The Field visit report should be prepared following the template of NEX guidelines. This can also serve as evidence that the UNDP CO visits the Project at least twice a year as required in NEX guidelines.

#### **Project Management's response**

We agree with this suggestion.

Action: All the meetings will be documented in accordance with NEX guidelines.

Party responsible: Project Management

Timing: Year 2010.

#### **Programme Officer's response**

We agree with this suggestion. We will remind the Project on the documentation of field visits of PO to the Project in 2010.

## B2 Translation expense paid over cost norms

<b>Priority</b>	<b>Possible Causes</b>
Low	Human Errors/Compliance

### Observation

During our audit, we noted that the project paid interpreter fee over cost-norm as UN-EU guidelines for Financing of Local costs in development co-operation with Vietnam (“UN-EU guidelines”) for the workshop organized in the morning of 11 August 2009 and full day of 13 August 2009. The cost norm in UN-EU guidelines is 200 USD/person/day, meanwhile the Project paid with amount 720 USD/2 persons/1.5 days (equal 240 USD/person/per day).

### Implication

This is the non-compliance with the UN-EU guidelines.

### Recommendation

We suggest the Project to strictly follow the UN-EU guidelines. The reason to pay over cost norm should be documented and get approval from Donor for the action that is considered desirable and should result in better value for money before hiring the interpreters.

### Project Management’s response

Given the need to hire high quality interpreters with good knowledge and understanding of technical terms of the topics to be discussed at those two important meetings, the Project Manager (verbally) requested Project Officer for a rate which is 20% higher than the normal one for interpretation service and received approval from her.

We agree with auditor’s recommendation concerning future departures (if any) from cost norm.

Action: the Project will follow the cost norm and get approval from Donor in specific cases in the next year 2010.

Party responsible: the Project management.

Timing: Year 2010.

### Programme Officer’s response

We agree with the auditor’s recommendations. The PO will continuously suggest the Project to follow the cost norm and get approval from Donor in specific cases in 2010.

## C Equipment Procurement, Use and Control (N/A)

No significant issues identified.

## D Cash Management (N/A)

No significant issues identified.



## E General Administration

### E.1 Special service agreement

Priority	Possible Causes
Low	Compliance

#### **Observation**

During our audit, we noted that the project hired two interpreters for the workshop organized in 13<sup>th</sup> August 2009 but there was only special service agreement (SSA) signed between the project and Ms. Pham Thi Ngoc Bich with total amount paid for two interpreters.

#### **Implication**

There is a risk that there is no documentation to prove that the service was provided by two interpreters.

#### **Recommendation**

We recommend that the project should sign separate SSA contract with each interpreter in accordance with UN-EU guidelines.

#### **Project Management's response**

This is the only case which happened at the time new UN/DP guidelines were to be introduced. New UN/DP guidelines do not require separate SSA with each interpreter.

Action: No similar case will be incurred in the future.

Party responsible: the Project Management

Timing: Year 2010

#### **Programme Officer's response**

PO will remind the Project to follow new UN-EU guidelines.

## F Information System (N/A)

No significant issues identified.

## G Other findings (N/A)

No significant issues identified.

## H Follow-up Findings from 2008 (N/A)



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