



**UNITED NATIONS DEVELOPMENT PROGRAMME
VIETNAM COUNTRY OFFICE**

AWARD ID 00050577

**SUPPORT FOR FORMULATION OF SOCIO-ECONOMIC
DEVELOPMENT STRATEGY 2011-2020**

**AUDIT REPORTS
FOR THE YEAR ENDED 31 DECEMBER 2011**



United Nations Development Programme
Award ID: 00050577
Support for Formulation of Socio-Economic Development Strategy 2011 – 2020

TABLE OF CONTENTS	Page
PART 1 AUDITED STATEMENT OF EXPENDITURE	1
Independent auditors' report on the statement of expenditure (within the Combined Delivery Report)	2 - 3
Combined Delivery Report	4
Notes to the statement of expenditure	5 - 8
PART 2 AUDITED STATEMENT OF CASH POSITION	9
Independent auditors' report on the statement of cash position	10 - 11
Statement of cash position	12
Notes to the statement of cash position	13
PART 3 AUDITED STATEMENT OF ASSETS AND EQUIPMENT	14
Independent auditors' report on statement of assets and equipment	15 - 16
Statement of assets and equipment	17
Notes to the statement of assets and equipment	18
PART 4 SUMMARY OF AUDIT RESULTS	19
Audit data and observations on statement of expenditure (within the Combined Delivery Report)	20
Audit data and observations on statement of cash position	21
Audit data and observations on statement of assets and equipment	22
PART 5 MANAGEMENT LETTER	23 - 33
PART 6 STATUS OF THE PRIOR YEAR AUDIT RECOMMENDATIONS	34 - 37

**UNITED NATIONS DEVELOPMENT PROGRAMME
VIETNAM COUNTRY OFFICE**

AWARD ID 00050577

**SUPPORT FOR FORMULATION OF SOCIO-ECONOMIC
DEVELOPMENT STRATEGY 2011-2020**

**PART 1
AUDITED STATEMENT OF EXPENDITURE
(WITHIN THE COMBINED DELIVERY REPORT)
FOR THE YEAR ENDED
31 DECEMBER 2011**



KPMG Limited
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83B Ly Thuong Kiet Street
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Independent auditors' report on the statement of expenditure (within the Combined Delivery Report)

To the Country Director, UNDP, Hanoi, Vietnam and the Representatives of NIP of Project "Support for Formulation of Socio-Economic Development Strategy 2011 – 2020"

We have audited the statement of expenditure within the accompanying Combined Delivery Report ("CDR") of the UNDP Award ID 00050577 – "Support for Formulation of Socio-Economic Development Strategy 2011 – 2020" ("the Project") implemented by the Development Strategy Institute, Ministry of Planning and Investment ("the Implementing Partner") for the year ended 31 December 2011 and a summary of significant accounting policies and other explanatory information set out on pages from 4 to 8 ("the statement"). The Implementing Partner's expenditure comprises:

- Payments made by the Implementing Partner and reported in the column titled "Govt Disb" of the CDR, with total expenditure for the year of USD267,010.34;
- Direct payments processed by the United Nations Development Programme ("UNDP") Country Office ("CO") at the request of the Implementing Partner included in the column titled "UNDP Disb" of the CDR, with total expenditure for the year of USD253,912.35 (excluding the UNDP support services of USD11,086.07); and
- Encumbrances entered into by the UNDP CO and reported in the column titled "Encumbrance" of the CDR, with total amount of USD (30,022.41).

The statement has been prepared by the management of the Project using the basis of preparation and accounting policies described in Note 2 to the statement.

Management's responsibility for the statement

Management is responsible for the preparation and fair presentation of this statement in accordance with the basis of accounting and the accounting policies described in Note 2 to the statement, and for such internal control as management determines is necessary to enable the preparation of the statement that is free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the statement based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the statement 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the statement.

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

Audit opinion

In our opinion, the statement of expenditure of the Project referred to in the first paragraph of this report, which reports the total expenditure audited by us amounting to USD490,900.28 (excluding the UNDP support services of USD11,086.07), presents fairly, in all material respects, the portion of expenditure of the Project implemented by the Development Strategy Institute, Ministry of Planning and Investment for the year ended 31 December 2011 in accordance with the basis of accounting and the accounting policies described in Note 2 to the statement.

Basis of accounting and restriction on use

Without modifying our opinion, we draw attention to Note 2 to the statement, which describes the basis of accounting and the accounting policies adopted by the Project. The statement is prepared for the information and use of the Project's management, the Implementing Partner and UNDP. As a result, the statement may not be suitable for another purpose. Our audit report is intended solely for the information and use of the Project's management, the Implementing Partner and UNDP and should not be distributed to or used by any other parties.

Other matters

We draw attention to:

- The fact that we have not audited the columns titled "UN Agencies" and "Total Exp" in the accompanying Combined Delivery Report of the UNDP Award ID 00050577 – "Support for Formulation of Socio-Economic Development Strategy 2011 – 2020" for the year ended 31 December 2011 and, accordingly, we do not express an opinion on them.
- Note 4 to the statement relating to UNDP support services. The Combined Delivery Report, which is prepared by the UNDP, follows the UNDP's standardised format for financial reports. Expenditure in the "UNDP Disb" column in the Combined Delivery Report comprises expenditure for UNDP support services and expenditure executed by the Implementing Partner but directly paid by the UNDP. The latter is part of the statement of expenditure; the former is not and is therefore excluded from the scope of this audit. Accordingly, we do not express an opinion on the expenditure for UNDP support services and the total amounts in column titled "UNDP Disb".

KPMG Limited

Vietnam

Investment Certificate No: 011043000345

Audit Report No: 11-02-298-04-a



Dam Xuan Lam

CPA No: N.0861/KTV

Hanoi, 23 April 2012



VERIFIED TRUE COPY

Selection Criteria :

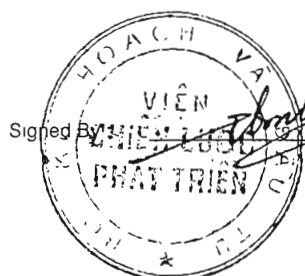
Business Unit : VNM10
Period : Jan-Dec (2011)
Selected Award Id : 00050577
Selected Fund Code : ALL

Award Id : 00050577 Support to the formulation of	Period : Jan-Dec (2011)
Project # : 00062553 Socio-economic Dev. Strategy	Impl. Partner : 03447 National Execution
	Location : UNDP HA NOI VIET NAM

	Govt Disb	UNDP Disb	UN Agencies	Encumbrance	Total Exp
Fund : 04000 (TRAC (Lines 1.1.1 and 1.1.2))					
71305 - Local Consult.-Sht Term-Tech	85,976.45	0.00	0.00	0.00	85,976.45
71405 - Service Contracts-Individuals	38,181.72	0.00	0.00	0.00	38,181.72
71620 - Daily Subsistence Allow-Local	0.00	201.73	0.00	0.00	201.73
71635 - Travel - Other	14.44	0.00	0.00	0.00	14.44
72125 - Svc Co-Studies & Research Serv	0.00	175,753.60	0.00	- 30,022.41	145,731.19
72420 - Land Telephone Charges	478.74	0.00	0.00	0.00	478.74
73505 - Reimb to UNDP for Supp Svcs	0.00	782.34	0.00	0.00	782.34
74120 - Capacity Assessment	5,675.91	0.00	0.00	0.00	5,675.91
74220 - Translation Costs	1,589.09	0.00	0.00	0.00	1,589.09
74510 - Bank Charges	239.94	0.00	0.00	0.00	239.94
74525 - Sundry	820.36	50,000.33	0.00	0.00	50,820.69
75705 - Learning costs	14,232.25	0.00	0.00	0.00	14,232.25
76120 - Unrealized Loss	0.00	969.75	0.00	0.00	969.75
76130 - Unrealized Gain	0.00	- 407.62	0.00	0.00	- 407.62
76135 - Realized Gain	0.00	- 0.27	0.00	0.00	- 0.27
Total for Fund 04000	147,208.90	227,299.86	0.00	- 30,022.41	344,486.35
Fund : 30000 (Programme Cost Sharing)					
71305 - Local Consult.-Sht Term-Tech	9,718.98	0.00	0.00	0.00	9,718.98
71405 - Service Contracts-Individuals	41,641.10	0.00	0.00	0.00	41,641.10
71635 - Travel - Other	84.01	0.00	0.00	0.00	84.01
72125 - Svc Co-Studies & Research Serv	0.00	74,184.00	0.00	0.00	74,184.00
72205 - Office Machinery	371.05	0.00	0.00	0.00	371.05
72420 - Land Telephone Charges	352.14	0.00	0.00	0.00	352.14
72430 - Postage and Pouch	626.72	0.00	0.00	0.00	626.72
72505 - Stationery & other Office Supp	2,390.38	0.00	0.00	0.00	2,390.38
74110 - Audit Fees	0.00	1,586.68	0.00	0.00	1,586.68
74210 - Printing and Publications	17,693.19	0.00	0.00	0.00	17,693.19
74220 - Translation Costs	2,655.79	0.00	0.00	0.00	2,655.79
74510 - Bank Charges	215.46	0.00	0.00	0.00	215.46
74525 - Sundry	- 2,863.78	- 50,000.00	0.00	0.00	- 52,863.78
75115 - Facilities & Admin - OH & Ind	0.00	10,303.73	0.00	0.00	10,303.73
75705 - Learning costs	33,764.23	0.00	0.00	0.00	33,764.23
75706 - Learning - ticket costs	13,152.17	0.00	0.00	0.00	13,152.17
76120 - Unrealized Loss	0.00	1,639.88	0.00	0.00	1,639.88
76130 - Unrealized Gain	0.00	- 0.01	0.00	0.00	- 0.01
76135 - Realized Gain	0.00	- 15.72	0.00	0.00	- 15.72
Total for Fund 30000	119,801.44	37,698.56	0.00	0.00	157,500.00
Total for Project : 00062553	267,010.34	264,998.42	0.00	- 30,022.41	501,986.35

Award Total :	267,010.34	264,998.42	0.00	- 30,022.41	501,986.35
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Q. VIÊN TRƯỞNG



Signed By :

Bui Tat Thang

Date :

Bakhodir Burkhanov
Deputy Country Director
United Nations Development Programme

United Nations Development Programme
Award ID: 00050577
Support for Formulation of Socio-Economic Development Strategy 2011 – 2020
Notes to the statement of expenditure for the year ended 31 December 2011

These notes form an integral part of the accompanying statement of expenditure.

1 Background

The Project “Support for Formulation of Socio-Economic Development Strategy 2011 – 2020” (“the Project”) is set up in accordance with the Detailed Project Outline (DPO) signed between United Nations Development Programme (UNDP) and the Ministry of Planning and Investment on 9 June 2008. The Project commenced its operations on 30 July 2008 for an estimated duration of 2.5 years, and was extended for one year. The Development Strategy Institute, Ministry of Planning and Investment is the Implementing Partner responsible for the implementation of the Project.

The latest budgeted funds for the execution of the Project are:

(a) Government of Vietnam	Nil
(b) UNDP	USD1,998,400

The Project has the following overall objective: to contribute to the formulation of the National Development Strategy (2011-2020) and realisation of the United Nations One Plan-I’s Outcome 1 “Social and economic development policies, plans and laws support equitable and inclusive growth and conform to the values and goals of the Millennium Declaration and other relevant international agreements and conventions”.

The Project has the following two immediate objectives:

1. Socio-Economic Development Strategy (“SEDS”) 2011-2020 developed based on sound evidence and best international experience and knowledge;
2. SEDS 2010-2020 formulated in a participatory and consultative manner.

2 Significant accounting policies

(a) Basis of preparation

The statement of expenditure (within the Combined Delivery Report) of the UNDP Award ID 00050577 – “Support for Formulation of Socio-Economic Development Strategy 2011 – 2020” (“the Project”), which is expressed in United States dollars (“USD”), has been prepared in accordance with a modified cash basis of accounting. This is a basis of accounting that is designed to meet the UNDP accounting requirements for Government implementation; it is not designed to produce a statement that is compatible with International Financial Reporting Standards. Under this basis of accounting, expenditures are recognised when payments are made rather than when incurred, except for:

- the treatment of advance payments to staff and co-implementing partners, which are initially recognised as receivables and only recognised as expenditure when they have been liquidated by invoices supporting the related expenditure; and
- the treatment of encumbrances, which are recognised when a legal commitment has been entered into by the UNDP Country Office (“UNDP CO”).

Payments are made by the Implementing Partner or by the UNDP CO.

The accompanying statement of expenditure was prepared for the purpose of complying with UNDP Award ID 00050577, between the UNDP CO and the Implementing Partner, and with UNDP accounting requirements and for the information and use of the Project’s management, the Implementing Partner and UNDP. As a result, the statement of expenditure may not be suitable for another purpose.

(b) Expenditure

Expenditure represents costs incurred in meeting the Project objectives in line with the approved budgets.

(c) Fixed assets and equipment

Fixed assets are those assets that have their original prices equivalent to USD1,000 per unit or more and their lifecycles are of 3 years long or more. In addition, the following assets, regardless of their lifecycles, are managed in the same way as fixed assets:

- Portable computers;
- Scanners;
- Printers;
- CD writers/recorders, outside hard disks or other devices for portable computers;
- CD/DVD/video players;
- Film cameras, camcorders, digital cameras;
- Mobile phones;
- Personal digital assistants (PDA).

United Nations Development Programme

Award ID: 00050577

Support for Formulation of Socio-Economic Development Strategy 2011 – 2020

Notes to the statement of expenditure for the year ended 31 December 2011 (continued)

The purchase price and any directly attributable costs in acquiring fixed assets and equipment are recorded as expenses at the time the assets and equipment are acquired and payment is made.

For control purposes, the Project prepares a statement of assets and equipment.

(d) Foreign currencies

The Project executes transactions and maintains its accounting records primarily in Vietnamese Dong (“VND”). Transactions in currencies other than USD are recorded at the UNDP’s rate of exchange for the month when the expenditure was made. Any exchange differences arising on the conversion of transactions denominated in currencies other than USD are included in the “UNDP Disb” column of the Combined Delivery Report.

(e) Corresponding figures

Corresponding figures are not required by the accounting practices prescribed by the UNDP.

3 Combined Delivery Report

The Combined Delivery Report (“CDR”) is the report that reflects the total expenditure and actual obligations of a Project during a period. This report is prepared by UNDP, using an in-house accounting software package called ATLAS. The CDR combines expenditure from the following four disbursement sources for the year ended 31 December 2011:

(a) Implementing partner – either Government or NGO

These represent disbursements made by the implementing partner and are recorded in the column titled “Govt Disb” in the CDR.

(b) UNDP – country office, headquarters and other country offices

These represent disbursements made by UNDP from its own bank accounts. These UNDP disbursements are recorded in the column titled “UNDP Disb” in the CDR. These disbursements may be classified as either direct payments or UNDP support services.

- (i) Direct Payments – These are payments made by the UNDP on behalf of the implementing partner, which is responsible for the expenditure. The implementing partner is accountable for the disbursement and maintains all supporting documentation.
- (ii) UNDP Support Services – These are payments made by the UNDP for the provision of support services to the Project. The UNDP is fully responsible and accountable for this expenditure and, accordingly, maintains all supporting documentation for the disbursements.

United Nations Development Programme

Award ID: 00050577

Support for Formulation of Socio-Economic Development Strategy 2011 – 2020

Notes to the statement of expenditure for the year ended 31 December 2011 (continued)

(c) UN agencies

These represent expenditures of another UN Agency when implementing part of the Project. These UN Agency expenditures are recorded in the column titled “UN Agencies” in the CDR.

(d) Encumbrances

Encumbrance is recognised in the CDR when UNDP CO issues Purchase Orders to vendors.

The payment made by UNDP CO relating to the Encumbrance recognised in the CDR of the preceding year will be recognised as a UNDP direct payment in the “UNDP Disb” and as a reduction to the “Encumbrance” column in the current year CDR.

Responsibility for entering into commitments and for maintaining supporting documentation rests with the same agencies as identified in Note 3(b) above.

4 UNDP disbursements

Description	UNDP direct payments USD	UNDP support services USD Unaudited	Total USD
Total disbursements	253.912,35	11.086,07	264.998,42

5 Project completion

The Project completed its operations on 31 December 2011. Currently, the Project Management has been performing procedures to request for VAT refunds, transfer assets to the Government in accordance with the Project Document and to financially close the Project.

**UNITED NATIONS DEVELOPMENT PROGRAMME
VIETNAM COUNTRY OFFICE**

AWARD ID 00050577

**SUPPORT FOR FORMULATION OF SOCIO-ECONOMIC
DEVELOPMENT STRATEGY 2011-2020**

**PART 2
AUDITED STATEMENT OF CASH POSITION
AS AT 31 DECEMBER 2011**



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Independent auditors' report on statement of cash position

To the Country Director, UNDP, Hanoi, Vietnam and the Representatives of NIP of Project "Support for Formulation of Socio-Economic Development Strategy 2011 – 2020"

We have audited the accompanying statement of cash position of the UNDP Award ID 00050577 – "Support for Formulation of Socio-Economic Development Strategy 2011 – 2020" ("the Project") implemented by Development Strategy Institute, Ministry of Planning and Investment ("the Implementing Partner") as at 31 December 2011, a summary of significant accounting policies and other explanatory information set out on pages from 12 to 13 ("the statement"). The statement has been prepared by the management of the Project using the basis of preparation and accounting policies described in Note 1 to the statement.

Management's responsibility for the statement

Management is responsible for the preparation and fair presentation of this statement in accordance with the basis of accounting and the accounting policies described in Note 1 to the statement, and for such internal control as management determines is necessary to enable the preparation of a statement that is free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the statement based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the statement 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the statement.

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

Audit opinion

In our opinion, the statement of cash position of the Project, which shows a total cash balance amounting to USD80,318.84, presents fairly, in all material respects, the cash balance of the Project as at 31 December 2011 in accordance with the basis of accounting and the accounting policies described in Note 1 to the statement.

Basis of accounting and restriction on use

Without modifying our opinion, we draw attention to Note 1 to the statement, which describes the basis of accounting and the accounting policies adopted by the Project. The statement is prepared for the information and use of the Project's management, the Implementing Partner and UNDP. As a result, the statement may not be suitable for another purpose. Our audit report is intended solely for the information and use of the Project's management, the Implementing Partner and UNDP and should not be distributed to or used by any other parties.

KPMG Limited

Vietnam

Investment Certificate No: 011043000345

Audit Report No: 11-02-298-04-b



Dam Xuan Lam

CPA No. N.0861/KTV

Hanoi, 23 April 2012

United Nations Development Programme
Award ID: 00050577
Support for Formulation of Socio-Economic Development Strategy 2011 – 2020
Statement of cash position as at 31 December 2011

	31/12/2011 USD
Cash on hand	-
Cash in banks	80,318.84
Total cash position	80,318.84

Prepared by:

Ha Thuy Hong
Project Accountant

Certified by:

Phan Ngoc Mai Phuong
Project Manager

Approved by:

Bui Tai Thang
Representative of NIP

23 APR 2012

United Nations Development Programme
Award ID: 00050577
Support for Formulation of Socio-Economic Development Strategy 2011 – 2020
Notes to the statement of cash position as at 31 December 2011

These notes form an integral part of the accompanying statement of cash position.

1 Significant accounting policies

(a) Basis of preparation

The statement of cash position of the UNDP Award ID 00050577 – “Support for Formulation of Socio-Economic Development Strategy 2011 – 2020”, which is expressed in United States dollars (“USD”), was prepared for the purpose of complying with UNDP accounting and reporting requirements and for the information and use of the Project’s management, the Implementing Partner and UNDP. As a result, the statement may not be suitable for another purpose.

Cash comprises cash on hand and cash at bank.

(b) Foreign currencies

The statement of cash position is presented in USD. Cash balances in currencies other than USD are recorded at the UNDP’s rate of exchange at 31 December 2011.

(c) Corresponding figures

Corresponding figures are not required by the accounting practices prescribed by the UNDP.



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Independent auditors' report on statement of assets and equipment

To the Country Director, UNDP, Hanoi, Vietnam and the Representatives of NIP of Project "Support for Formulation of Socio-Economic Development Strategy 2011 – 2020"

We have audited the accompanying statement of assets and equipment of the UNDP Award ID 00050577 – "Support for Formulation of Socio-Economic Development Strategy 2011 – 2020" ("the Project") implemented by the Development Strategy Institute, Ministry of Planning and Investment ("the Implementing Partner") as at 31 December 2011, a summary of significant accounting policies and other explanatory information set out on pages 17 to 18 ("the statement"). The statement has been prepared by the management of the Project using the basis of preparation and accounting policies described in Note 1 to the statement.

Management's responsibility for the statement

Management is responsible for the preparation and fair presentation of this statement in accordance with the basis of accounting and the accounting policies described in Note 1 to the statement, and for such internal control as management determines is necessary to enable the preparation of a statement that is free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the statement based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the statement 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the statement.

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

**UNITED NATIONS DEVELOPMENT PROGRAMME
VIETNAM COUNTRY OFFICE**

AWARD ID 00050577

**SUPPORT FOR FORMULATION OF SOCIO-ECONOMIC
DEVELOPMENT STRATEGY 2011-2020**

**PART 3
AUDITED STATEMENT OF ASSETS AND EQUIPMENT
AS AT 31 DECEMBER 2011**

Audit opinion

In our opinion, the statement of assets and equipment of the Project, which shows a total balance of USD 9,378.47, presents fairly, in all material respects, the assets and equipment balance of the Project as at 31 December 2011 in accordance with the basis of accounting and the accounting policies described in Note 1 to the statement.

Basis of accounting and restriction on use

Without modifying our opinion, we draw attention to Note 1 to the statement, which describes the basis of accounting and the accounting policies adopted by the Project. The statement is prepared for the information and use of the Project's management, the Implementing Partner and UNDP. As a result, the statement may not be suitable for another purpose. Our audit report is intended solely for the information and use of the Project's management, the Implementing Partner and UNDP and should not be distributed to or used by any other parties.

KPMG Limited

Vietnam

Investment Certificate No: 011043000345

Audit Report No: 11-02-298-04-c



Dam Xuan Lam

CPA No. N.0861/KTV

Hanoi, 23 April 2012

United Nations Development Programme

Award ID: 50577

Name of Project: Support for the formulation of SED Strategy 2011-2020

Statement of assets and equipment as at 31 December 2011

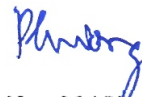
NO.	DESCRIPTIONS	QUANTITY	INVENTORY CODE	MODEL	DATE OF PURCHASE	PRICE US\$	VAT US\$	TOTAL AMOUNT US\$	LOCATIONS	STATUS
1	Laptop HP EliteBook 2530P - Core 2 Duo 9300	1	LAP HP01	HP	16/Feb/09	1,526.87	76.34	1,603.21	R505, Development Strategy Institute	Good
2	Desktop HP- Compaq dx2310	1	DEK HP01/ MOR HP01	HP	3/Oct/09	752.68	37.63	790.31	R305, building G, Ministry of Planning and Investment	Good
3	Desktop HP- Compaq dx2310	1	DEK HP02/ MOR HP02	HP	3/Oct/09	752.68	37.63	790.31	R305, building G, Ministry of Planning and Investment	Good
4	Projector LCD ViewSonic PJ358	1	PRO VS01	Viewsonic - USA	3/Dec/09	691.32	69.13	760.45	R305, building G, Ministry of Planning and Investment	Good
5	Photocopier Document centre II 2005 DD	1	PHO XE01	XEROX	25/Mar/09	2,769.78	276.98	3,046.76	R305, building G, Ministry of Planning and Investment	Good
6	Notebook HP 6730b - Core 2 Duo T5670	1	LAP HP02	HP	13/May/09	1,001.75	50.09	1,051.84	R505, Development Strategy Institute	Good
7	Desktop HP Compaq dx7510 - E7500	1	DEK HP03/ MOR HP03	HP	19/Mar/10	751.34	75.13	826.47	R305, building G, Ministry of Planning and Investment	Good
8	Printer HP P2014 - A4	1	PRI HP01	HP	3/Oct/09	250.22	12.51	262.74	R305, building G, Ministry of Planning and Investment	Good
9	Scanner HP 5590 - A4	1	SCA HP01	HP	30/Mar/09	334.39	16.72	351.11	R305, building G, Ministry of Planning and Investment	Good
10	Fax Machine KX- FM386	1	FAX PA01	Panasonic	20/Aug/09	184.01	9.20	193.21	R305, building G, Ministry of Planning and Investment	Good
11	UPS SANTAX 1000VA offline	4	UPS SA01/02/03/04	Santax	1/Jul/10	363.44	36.34	399.79	R305, building G, Ministry of Planning and Investment/R505, Development Strategy Institute	Good
		14				9,378.47	697.72	10,076.19		

Prepared by:



Ha Thuy Hong
Project Accountant

Certified by:



Phan Ngoc Mai Phuong
National Project Manager

VIỆN TRƯỞNG
Approved by:



Bui Lat Thang
Representative of NIP

23 APR 2012

United Nations Development Programme
Award ID: 00050577
Support for Formulation of Socio-Economic Development Strategy 2011 – 2020
Notes to the statement of assets and equipment as at 31 December 2011

These notes form an integral part of the accompanying statement of assets and equipment.

1. Significant accounting policies

(a) Basis of preparation

The statement of assets and equipment of the UNDP Award ID 00050577 – “Support for Formulation of Socio-Economic Development Strategy 2011 – 2020” (“the Project”), which is expressed in USD, was prepared for the purpose of complying with UNDP accounting and reporting requirements and for the information and use of the Project’s management, the Implementing Partner and UNDP. As a result, the statement may not be suitable for another purpose.

Fixed assets are those assets that have their original prices equivalent to USD1,000 per unit or more and their lifecycles are of 3 years long or more. In addition, the following assets, regardless of their lifecycles, are managed in the same way as fixed assets:

- Portable computers;
- Scanners;
- Printers;
- CD writers/recorders, outside hard disks or other devices for portable computers;
- CD/DVD/video players;
- Film cameras, camcorders, digital cameras;
- Mobile phones;
- Personal digital assistants (PDA).

The purchase price and any directly attributable costs in acquiring fixed assets and equipment are recorded as expenses at the time the assets and equipment are acquired and payment is made.

For control purposes, the Project prepares a statement of assets and equipment.

(b) Foreign currencies

The Project executes transactions and maintains its accounting records primarily in Vietnamese Dong (“VND”). Transactions in currencies other than USD are recorded at the UNDP’s rate of exchange for the month when the expenditure was made.

**UNITED NATIONS DEVELOPMENT PROGRAMME
VIETNAM COUNTRY OFFICE**

AWARD ID 00050577

**SUPPORT FOR FORMULATION OF SOCIO-ECONOMIC
DEVELOPMENT STRATEGY 2011-2020**

PART 4

**SUMMARY OF AUDIT RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

United Nations Development Programme

Award ID: 00050577

Support for Formulation of Socio-Economic Development Strategy 2011 – 2020

Audit data and observations on statement of expenditure for the year ended 31 December 2011

Award ID	Amount audited and certified (USD)	Audit opinion (unqualified, qualified, adverse, disclaimer)	Total effect of qualification of audit opinion (if qualified, adverse or disclaimer) (USD)	Total amount of net financial impact (“NFI”) of qualification of audit opinion (if qualified, adverse or disclaimer) (USD)	Reason(s) for qualification of audit opinion and breakdown of NFI amount (USD)	Observations that had impact on qualification of audit opinion (list observation number(s) and page of audit report/ management letter)
00050577	490,900.28	Unqualified	Nil	Nil	Not applicable	Not applicable

KPMG Limited

Vietnam

Investment Certificate No: 011043000345



Dam Xuan Lam

CPA No. N.0861/KTV

Hanoi, 23 April 2012

United Nations Development Programme

Award ID: 00050577

Support for Formulation of Socio-Economic Development Strategy 2011 – 2020

Audit data and observations on statement of cash position as at 31 December 2011

Award ID	Value of cash position statement as at 31 December 2011 (USD)	Audit opinion (unqualified, qualified, adverse, disclaimer)	Total effect of qualification of audit opinion (if qualified, adverse or disclaimer) (USD)	Total amount of net financial impact (“NFI”) of qualification of audit opinion (if qualified, adverse or disclaimer) (USD)	Reason(s) for qualification of audit opinion and breakdown of NFI amount (USD)	Observations that had impact on qualification of audit opinion (list observation number(s) and page of audit report/ management letter
00050577	80,318.84	Unqualified	Nil	Nil	Not applicable	Not applicable

KPMG Limited

Vietnam

Investment Certificate No: 011043000345



Đàm Xuân Lâm

CPA No. N.0861/KTV

Hanoi, 23 April 2012

United Nations Development Programme

Award ID: 00050577

Support for Formulation of Socio-Economic Development Strategy 2011 – 2020

Audit data and observations on statement of assets and equipment as at 31 December 2011

Award ID	Value of assets and equipment as at 31 December 2011(cumulative from project start date) (USD)	Audit opinion (unqualified, qualified, adverse, disclaimer)	Total effect of qualification of audit opinion (if qualified, adverse or disclaimer) (USD)	Total amount of net financial impact (“NFI”) of qualification of audit opinion (if qualified, adverse or disclaimer) (USD)	Reason(s) for qualification of audit opinion and breakdown of NFI amount (USD)	Observations that had impact on qualification of audit opinion (list observation number(s) and page of audit report/ management letter
00050577	9,378.47	Unqualified	Nil	Nil	Not applicable	Not applicable

KPMG Limited

Vietnam

Investment Certificate No: 011043000345



Đam Xuan Lam

CPA No. N:0861/KTV

Hanoi, 23 April 2012

**UNITED NATIONS DEVELOPMENT PROGRAMME
VIETNAM COUNTRY OFFICE**

AWARD ID 00050577

**SUPPORT FOR FORMULATION OF SOCIO-ECONOMIC
DEVELOPMENT STRATEGY 2011-2020**

PART 5

**MANAGEMENT LETTER
FOR THE YEAR ENDED 31 DECEMBER 2011**



KPMG Limited
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The Socialist Republic of Vietnam

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Mr. Bui Tat Thang
Representative of NIP
Project “Support for Formulation of Socio-Economic Development Strategy 2011-2020”
Development Strategy Institute, Ministry of Planning and Investment
65 Van Mieu, Dong Da District, Hanoi

Date: 23 April 2012

Dear Mr. Thang,

Management Letter – Audit for the year ended 31 December 2011

We have audited in accordance with International Standards on Auditing the statements of expenditure, cash position and assets and equipment (“the statements”) of the UNDP Award ID 00050577 – “Support for Formulation of Socio-Economic Development Strategy 2011 – 2020” (“the Project”) for the year ended 31 December 2011, and have issued our audit reports thereon dated 23 April 2012. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the statements, whether due to fraud or error.

During our audit we noted certain matters involving internal control and other operational matters that are presented for your consideration. These comments and recommendations, all of which have been discussed with the appropriate members of management, are intended to improve internal control or result in other operating efficiencies and are summarised in the enclosed report.

Our audit procedures are designed primarily to enable us to form an opinion on the statements, and therefore may not bring to light all weaknesses in policies or procedures that may exist. We aim, however, to use our knowledge of the Project gained during our work to make comments and suggestions that we hope will be useful to you.

Project management’s responsibilities for the internal control systems

The design, development, implementation and operation of internal control system are the responsibility of the Project’s management. In fulfilling this responsibility, estimates and judgment by the management are required to assess the risks, expected benefit and related costs of internal control policies and procedures. The objectives of an internal control system are to provide the management with reasonable and necessary assurance that regulations, procedures and management processes are strictly complied with, the Project’s financial resources are used in a transparent and effective manner, figures reported in financial statements are highly reliable, assets are safeguarded against loss from unauthorized use or misappropriation, and that transactions are executed in accordance with the current financial management regulations of UNDP.



Classification of our findings

Our findings are grouped into the following categories:

- High:** Action that is considered imperative to ensure that UNDP is not exposed to high risks (i.e. failure to take action could result in major consequences and issues).
- Medium:** Action that is considered necessary to avoid exposure to significant risks (i.e. failure to take action could result in significant consequences).
- Low:** Action that is considered desirable and should result in enhanced control or better value for money.

Our findings covered the following audit areas:

1. Human Resources;
2. Finance;
3. Procurement;
4. Asset Management;
5. Cash Management;
6. General Administration; and
7. Information System

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

1. Lack of/or inadequate policies/procedures guidelines
2. Lack of/or inadequate guidance/supervision at the project level
3. Lack of/or inadequate guidance/monitoring at UNDP Country Office (“UNDP CO”) level
4. Lack of/or insufficient resources (specify: financial, human or, technical resources)
5. Inadequate planning
6. Inadequate training
7. Human error
8. Intentional overriding of internal controls
9. Inadequate management structure

Overall assessment

The overall risk assessment of the internal control system of the Project in relation to its activities implemented during the year ended 31 December 2011 is **Low**.

This is supported by our assessment of risk relating to each control weakness as specified in Section II – Audit findings and recommendations.

The Project's written responses to our comments and recommendations have not been subjected to the auditing procedures applied in the audit of the statements and, accordingly, we express no opinion on them.

This communication is intended solely for the information and use of the Project's management, the Implementing Partner and UNDP and should not be distributed to or used by any other parties.

Yours sincerely,

Dam Xuan Cam
Deputy General Director

Contents	Risk severity	Page
I. Executive summary		27
II. Audit findings and recommendations		29
A. HUMAN RESOURCES		
No issue identified.		29
B. ASSET MANAGEMENT		
B.1 Stamp economic contracts	Low	30
B.2 Comply with regulations on foreign currency management	Low	31
C. PROCUREMENT		
C.1 Comply with supplier selection procedures	Low	32
D. ASSET MANAGEMENT		
No issue identified.		33
E. CASH MANAGEMENT		
No issue identified.		33
F. GENERAL ADMINISTRATION		
No issue identified.		33
G. INFORMATION SYSTEM		
No issue identified.		33

I. Executive summary

1. Project progress summary

Output	Number of activities				Budget	Actual expenditure	Disb rate
	Completed	In-progress	Not started	Total	USD	USD	%
Output 1: Formulation of Socio-Economic Development Strategy 2011-2020 bases on sound evidence and best international experience.							
	10	-	-	10	532.781	433.077	81%
Output 2: SEDS 2010-2020 formulated in a participatory and consultative manner							
	-	-	-	-	-	-	-

(Source: Project's 2011 Annual Progress Report)

2. Summary of audit findings

No.	Audit observations	Audit area	Cause	Risk severity
B.1	Stamp on economic contracts	Finance	Lack of supervision at the project level	Low
B.2	Comply with regulations on foreign exchange control	Finance	Lack of supervision at the project level	Low
C.1	Comply with supplier selection procedures	Procurement	Lack of supervision at the project level	Low

II. Audit findings and recommendations

A. Human Resources

No issue identified.

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B. Finance

B.1 Stamp economic contracts

Audit area : Finance

Cause : Lack of supervision at the project level

Risk severity: Low

Criteria

As a common practice, to ensure its legality, an economic contract should be signed by all contracting parties and sealed with the stamp of the contracting parties being legal entities, if any.

Observation

To implement the project activities, the Project signed a number of economic contracts in Vietnamese and/or English. We noted that, the contracts made in Vietnamese all had appropriate signatures and stamps to ensure legality. However, all economic contracts in English have only been signed by the Project's representative, they have not been sealed with the Project's stamp.

Potential impact

Failure to stamp economic contracts in English may result in disputes over the legality of such contracts.

Recommendation

The Project should ensure that get all economic contracts are stamped upon signing.

Project management's response

In accordance with Vietnamese Government regulations on administrative procedures, stamp of the National Implementing Partner (NIP) will not be used for contracts signed in English. UNDP does not require the Project to stamp on English contracts as well.

UNDP Programme Officer's comment

Agree with Project management's response.

B.2 Comply with regulations on foreign currency management

Audit area : **Finance**
Cause : **Lack of supervision at the project level**
Risk severity : **Low**

Criteria

Article 29 of Decree 160/2006/ND-CP dated 28 December 2006 states that within the territory of Vietnam, all transactions, payments, listings and advertisements of residents and non-residents must not be made in foreign currencies except for the cases specified in this article. Besides, the Government's Decree 95/2011/ND-CP dated 20 October 2011 specifies strict administrative penalties on violations of regulations on foreign exchange management.

Observation

We noted that some consultancy contracts were stated in United States Dollars ("USD") instead of Vietnamese Dong ("VND"). Examples include:

Date	Description	Amount (USD)
25 October 2011	Contract for hiring experts for presentation at workshop	1,272
1 November 2011	Contract for hiring experts for presentation at workshop	795
1 November 2011	Contract for hiring experts for presentation at workshop	795
10 November 2011	Contract for hiring experts for presentation at workshop	1,590

Potential impact

Failure to comply with the prevailing regulations on foreign currency management may result in penalty charges being imposed on the Project by the local authorities.

Recommendation

For the projects in the future, the Project management should ensure that all the contracts entered into with residents and non-residents in Vietnam in accordance with Decree 160/2006/ND-CP are made in VND instead of any foreign currencies, in accordance with current regulations on foreign exchange control.

Project management's response

Contract denominated in foreign currency is a common practice at all projects under international organizations and non-governmental/not for profit organizations. Project made payments for residents as well as non-residents in VND applying the rate of exchange ruling at the date of transaction in accordance with Decree 160/2006/ND-CP.

UNDP Programme Officer's comment

Agree with Project Management Unit's response. For UNDP projects, it is a common practice to sign contracts denominated in USD before UNDP issued notification in early 2012.

C. Procurement

C.1 Comply with supplier selection procedures

Audit area : **Procurement**
Cause : **Lack of supervision at the project level**
Risk severity : **Low**

Criteria

Part I, Chapter 7 – Project Procurement of HPPMG provides that:

“Competitive offers/shopping as referred to in Item 1.a, Article 22, of the Bidding Law, if the requirements specified in Item 1.b, Article 22, of the Bidding Law are met: From US\$2,501 to US\$30,000 (item 2.6.2).

When procurement is undertaken by a Vietnamese agency, relevant provisions of the national Bidding Law are applied”. (item 2.5a)

Article 43 of Decree 85/2009/ND-CP (“Decree 85”) provides that:

“The application of the competitive offer method must be approved in the bidding plan ... The bid inviting party shall publish a notice for competitive offers on the Bidding Newspapers for three consecutive issues”.

Observation

During 2011, the Project signed two printing service contracts amounting to VND233,279,750 and VND255,554,200 (equivalent to USD11,221 and USD12,148, respectively). However, we noted the followings:

- The Project did not include these procurements in the bidding plan to obtain approval; and
- The Project did not publish the notice for competitive offers on the Bidding Newspapers in accordance with the Decree 85.

Potential impact

The non-compliance with the procurement procedures in accordance with HPPMG may result in the Project’s inability to select best suppliers.

Recommendation

The Project management should ensure:

- all procurement items are included in the Bidding Plan to obtain approval as required by HPPMG and the Bidding Law; and
- obtain thorough understanding of and comply with the regulations in HPPMG and the Bidding Law with respect to bidding procedures so that the procurement work can be more effective.

Project management’s response

Agree with auditors’ finding.

UNDP Programme Officer’s comment

Agree with auditors’ finding.

D. Asset Management

No issue identified.

E. Cash Management

No issue identified.

F. General Administration

No issue identified.

G. Information Technology

No issue identified.

**UNITED NATIONS DEVELOPMENT PROGRAMME
VIETNAM COUNTRY OFFICE**

AWARD ID 00050577

**SUPPORT FOR FORMULATION OF SOCIO-ECONOMIC
DEVELOPMENT STRATEGY 2011-2020**

PART 6

**STATUS OF THE PRIOR YEAR AUDIT RECOMMENDATIONS
FOR THE YEAR ENDED 31 DECEMBER 2011**

Award ID			00050577				Opinion type		Unqualified				
Obs No.	Observation	Recommendation	Audit area	Audit cause	Risk severity	Project's comments	Action(s) planned	Target impl. date	Action unit	Person responsible for action	Updated status	Actual impl. date	Description of status update
A	Human Resources												
A.1	<p>Withhold and pay compulsory social and health insurance</p> <p><i>“Health or medical insurance or social insurance is not provided under this contract. Remuneration is calculated to include the cost of such insurance. It is the responsibility of the subscriber to obtain his or her own health insurance coverage and to work with the Implementing Partner on social insurance”</i></p> <p>This provision of the PSA does not provide guidance for the Project staff to comply with the Social Insurance Law and the Health Insurance Law. As a result, the Project does not withhold compulsory social insurance and health insurance before making monthly salary payments to its staff and the Project staff do not pay the compulsory social insurance and health insurance arising on their salaries.</p>	<p>Promptly revise all existing PSAs with its staff following the newly provided Labour Contract format provided in the HPPMG and ensure that the Labour Contracts clearly state the responsibility of the Project for withholding compulsory social and health insurance; and complete any necessary procedures to register the labour contracts of its staff with the relevant Social and Health Insurance Authorities.</p>	Human Resources	Inappropriate guidance at UNDP CO level	Medium	Agreed with UNDP PO's comments.	The Project will follow the recommendations in 2011	31-12-2011	Project Management	Project Management	Implemented	2011	Contracts already revised in accordance with HPPMG standard format

Award ID			00050577				Opinion type		Unqualified				
Obs No.	Observation	Recommendation	Audit area	Audit cause	Risk severity	Project's comments	Action(s) planned	Target impl. date	Action unit	Person responsible for action	Updated status	Actual impl. date	Description of status update
B	Accounting treatment, supervision and financial reporting												
B.1	Improve the preparation of the Annual Progress Report ("APR") Some activities had been completed as at 31 December 2010 but had very low disbursements, and other activities had not been implemented as scheduled; there were no detailed explanations in the APR.	Project management should make narrative explanations for any significant variance between actual disbursements and the approved budget, particularly for all delayed activities on the Annual Progress Report.	Finance	Lack of supervision at the project level	Low	<i>Project management's response</i> In case any activity is delayed or cannot be implemented, it is communicated to UNDP PO for information and seeking advice to deal with the situation.	The Project will follow the recommendations in 2011	31-12-2011	Project Management	Project Management	Implemented	2011	The Project management has provided its explanations on the reasons for delays in the Annual Progress Report.
D	Asset Management												
D.1	Insure assets adequately The Project's assets, which cost a total of USD 9,378.47, have not been insured.	The Project should promptly budget for asset insurance expenditure for the approval of the National Project Director and UNDP Vietnam. Insurance should be obtained for all assets that have been procured by or transferred to the Project.	Asset Management	Lack of supervision at the project level and UNDP CO	Low	Agreed with UNDP PO's comments.	The Project will follow the recommendations in 2011	31-12-2011	Project Management	Project Management	Not implemented	-	This is due to the fact that HPPMG regulations on insurance were effective from July 2010, but no assets have been procured by the Project since 2010

UNDP Award ID: 00050577

Signature of NIP Representative:



VIỆN TRƯỞNG

Name and title: Bui Tat Thang, Acting President,
Development Strategy Institute

Date:

UNDP Country Office, Hanoi, Vietnam

Signature of UNDP Official:



Name and title: Le Thi Ngoc Lien, Programme Officer

Date:

23 APR 2012