

**Project “Capacity Building for the Ratification and Implementation of the Nagoya Protocol on Access and Benefit Sharing in Vietnam”**

Funded by the Global Environment Facility (GEF) through the United Nations Development Programme (UNDP)

Agreed-upon procedures on the Internal Control System and expenditure for the fund provided by GEF through UNDP and implemented by the Vietnam Environment Administration (Nature and Biodiversity Conservation Agency – BCA), Ministry of Natural Resources and Environment

**Management letter**

For the period from 1 July 2020 to 30 April 2021

Mr. Nguyen Van Tai  
Project Director  
Project "Capacity Building for the Ratification and Implementation of the Nagoya Protocol on Access and Benefit Sharing in Vietnam"  
Biodiversity Conservation Agency - Detech Building,  
No.8 Ton That Thuyet, My Dinh, Ha Noi, Vietnam

Ref : UNDP-EUABS.ML.EN  
Contact : Pham Phuong Anh

Hanoi, 9 June 2021

Dear Mr. Nguyen Van Tai,

**Re: Project "Capacity Building for the Ratification and Implementation of the Nagoya Protocol on Access and Benefit Sharing in Vietnam"  
Management Letter – for the period from 1 July 2020 to 30 April 2021**

Further to our procedures performed on the internal controls of the implementing partner and expenditures related to the Project "Capacity Building for the Ratification and Implementation of the Nagoya Protocol on Access and Benefit Sharing in Vietnam" ("the Project") for the period from 1 July 2020 to 30 April 2021, funded by the Global Environment Facility ("GEF") through the United Nations Development Programme, Vietnam Country Office ("UNDP") and implemented by the Vietnam Environment Administration (Nature and Biodiversity Conservation Agency – BCA), Ministry of Natural Resources and Environment ("the Implementing Partner" or "IP"), we are pleased to send you our management letter of the Project for your attention.

The primary purpose of our procedures for the period from 1 July 2020 to 30 April 2021 was to assist you in evaluating the functions of internal controls and project expenditures. We conducted the engagement in accordance with the International Standards on Related Services applicable to agreed-upon procedures engagements (ISRS 4400).

Our agreed upon procedures were performed on a sample basis and should not be relied upon to identify all irregularities and internal control weaknesses that may exist. The Management must rely on a comprehensive system of internal controls within its organization as the principal safeguard against such irregularities.

Our findings are grouped into the following categories:

- High** : Action that is considered imperative to ensure that the Implementing Partner 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.

We would like to take this opportunity to record our appreciation of the assistance and co-operation of the staff of the Project, particularly those in the finance department, throughout the course of the audit.

Yours sincerely,

  
Pham Phuong Anh  
Partner

## Summary of findings

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**1. Stamp "Paid from UNDP/GEF's grant"**

**Area:** Finance  
**Risk severity:** Low  
**Cause:** Compliance

**Observation**

Under the UNDP guidelines, all supporting documents for project expenditures must be stamped "Paid from UNDP/GEF's grant". At the date of the audit, we found that some of the supporting documents were not stamped with "Paid from UNDP/GEF's grant". Details are as follows:

Voucher No.	Date	Description	Amount VND	Documents stamped "Paid from UNDP/GEF's grant"	Documents not stamped "Paid from UNDP/GEF's grant"
191	30/09/2020	Payment for Minutes of acceptance of the 3rd phase of the training contract for the class in Ho Chi Minh from 24-29/8/2020	183,714,545	Payment voucher, bank payment order, Payment order, Minutes of acceptance, List of delegates, Registration table for lunch and dinner at the training class, boarding pass, Electronic air ticket	Appointment
193	30/09/2020	Payment for Minutes of acceptance of the 5th phase of the training contract for the class in Hue city, T.T.Hue province from 22-24/9/2020	145,457,055	Payment voucher, bank payment order, Invoice, Minutes of acceptance, Registration table for lunch and dinner at the training class, boarding pass	Electronic air ticket, Appointment
224	24/12/2020	Second payment of contract consulting fee "Develop a report summarizing lessons learned from best practices on access to genetic resources and benefit sharing within the project framework"	85,536,000	Payment voucher, bank payment order, liquidation	Acceptance Certificate

**Potential impact**

We understand that those supporting documents were related to the disbursement for Project activities. However, there might be a risk that these supporting documents are re-submitted for double payments or misused for other projects.

***Recommendation***

The Project Management should ensure that all supporting documents for payments are stamped "Paid from UNDP/GEF's grant" after the payments are made. This practice will prevent reusing supporting documents and tighten the internal control on cash payments. Other supporting documents which are needed to be stamped includes payment request, payment voucher and certificate for payment, air ticket, bus ticket, etc..

***Project Management's response***

**Action:** The Project Management agrees with recommendation of the audit team

**Person-in-charge:**

**Time:**

2. Bidding process

Area: Procurement

Risk severity: Low

Cause: Compliance

**Observation**

During the audit, we note that there are some time problems in the bidding package "Building and editing the List of Endemic Species of Vietnam". The time for approving contractor selection results is 14 days, of which, the date of submission for approval of contractor selection results is 17/3/2021 and the date on the Decision approving contractor selection results is 1/4/2021.

**Potential impact**

This time is longer than the maximum time as prescribed in Article 12 of the Law on Bidding 2013:

*"k) The maximum time for approving or commenting on the contractor selection results is 10 days from the date of receipt of the request for approval of the contractor selection results from the bid solicitor or the report appraisal in case of request for appraisal;"*

**Recommendation**

We recommend the Project management should strictly comply with the article of HPPMG and the Bidding law to ensure the competitiveness in bidding and the validity of the bidding process.

**Project Management's response**

**Action:** The project's bidding process fully complies with the provisions of HPPMG and Vietnam's Bidding Law. The evaluation, selection, appraisal and approval process of bidding selection results are not only done internally. This approval process must go through many departments of the project owner to check, appraise and approve the selection results in accordance with Vietnam Bidding Law. Therefore, it is not avoided at affecting to the schedule. The PMU will try to reduce this delay as much as possible. For the auditor's comments, the PMU agrees and will report to the project owner.

**Person-in-charge:**

**Time:**

### 3. Supporting documents

**Area:** Finance  
**Risk severity:** Low  
**Cause:** Compliance

#### **Observation**

During the audit, we noticed some issues as below:

- The list of delegates "Technical meeting to comment on draft financial mechanism report to use benefits from ABS contracts for biodiversity conservation" lacked the signature of expert Nguyen Thi Phuong Anh, in fact, this person participated in this meeting.
- Labour contract - appendix No. 05/PLHDLD-ABS of Mr. Le Anh Dung – Project assistant concurrently interpreter is misspelled Monthly income is misspelled with monthly income of VND16,657,000/month due to typographical error. The correct amount according to the details of the appendix No. 05/PLHDLD-ABS and the salary table is 16,657,600 VND/month.
- Some documents were not stamped by a member of the joint venture party. Details are as below:

Date	Voucher No.	Description	Amount VND	Unstamped documents
31/12/2020	258	4th payment of printing costs under the Printing Contract No. 31122019/HDDV-ABS-AAP-VA signed on December 31, 2019	58,452,273	Handover Minutes - Product acceptance and Minutes of supplementing contract adjustment lack of seal of a joint venture party (AAP Manufacturing Co., Ltd)
26/3/2021	34	Final payment for the package "printing of project documents and products"	52,997,727	Handover Minutes - Product acceptance and Minutes of supplementing contract adjustment lack of seal of a joint venture party (AAP Manufacturing Co., Ltd)

#### **Potential impact**

The payment documents have errors/misalignments as mentioned above may lead to the risk of expenses not being accepted as reasonable and valid expenses.

#### **Recommendation**

The Project management needs to collect full signatures of participants of meetings/workshops to ensure completeness of documents.

In addition, the Project also needs to pay more attention to the process of drafting contracts and completing documents, ensuring accuracy and consistency in contract content and other accounting documents.

***Project Management's response***

**Action:** The Project Management agrees with recommendation of the audit team

**Person-in-charge:**

**Time:**



4. Follow up the implementation of recommendations in previous audit

Recommendations of the auditor in previous audit	Update the implementation status at 30 April 2021
<u>Bidding process</u> a. Timing of approving, praising was delayed compared with regulations b. Information in bid dossier was not responding with requirements in Bid invitation documents	a. Not yet improved b. Improved

