

**United Nations Development
Programme in Vietnam (“UNDP”)**

Micro Assessment Report

Under the Programme Cycle of One Plan
2017 – 2021

Ministry of Construction



United Nations Development Programme in Vietnam ("UNDP")**Dear Sis/Madams****Re: Micro assessment of the Financial Management Capacity of the Ministry of Construction**

In accordance with the Appendix No. 6 dated 30 July 2018 to our engagement contract No. C. 2017-0902 dated 12 September 2017, we are pleased to enclose our report that sets out the issues noted in connection with the micro assessment of the Financial Management Capacity of the Ministry of Construction.

Due to its specific nature, our report may not be used for any other purpose other than to assist the United Nations Development Programme (UNDP) in Vietnam in its micro assessment of the financial management capacity of the Ministry of Construction ("MOC"), and as such is limited for your internal use only. The terms of reference for this engagement have been established between UNDP and us. We will not accept responsibility to any other party to whom the report may be shown or who may acquire a copy of the report. If others choose to rely in any way on the contents of this report, they do so entirely at their own risk.

This report includes information not available to the public. Accordingly, this report is strictly confidential, and no part thereof may be reproduced or used by any party other than UNDP in Vietnam for their intended use.

Our work in connection with this assignment is of a different nature to that of an audit. Our report to you is based on inquiries of and discussions with management, a review of accounts and other documents made available to us by the MOC, and analytical procedures applied to data provided. We have not, except to such extent as you requested and we agreed to undertake, sought to verify the accuracy of the data or the information and explanations provided by management.

Yours sincerely,



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Hanoi, 3 July 2019

GLOSSARY OF TERMS

UNDP	United Nations Development Programme
MOC	Ministry of Construction
DOSTE	Department of Science, Technology and Environment
Project EECB	Project "Energy Efficiency Improvement in Commercial and High-Rise Residential Buildings (EECB) in Vietnam"
ICD	International Cooperation Department
DOA	Organization and Personal Department
DPF	Department of Planning and Finance
MOF	Ministry of Finance
MPI	Ministry of Planning and Investment
ODA	Official Development Assistance
HACT	Harmonized Approach to Cash Transfers
RP	Responsible party
IP/NIP	Implementing partner/National Implementing partner
PMU	Project Management Unit
NPD	National Project Director
DNPD	Deputy National Project Director
PM	Project Manager
AWP	Annual Work plan
VND	Vietnam Dong

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1. Background, Scope and Methodology

1.1. Background

The micro assessment is part of the requirements under the Harmonized Approach to Cash Transfers (HACT) Framework. The HACT framework represents a common operational framework for UN agencies' transfer of cash to government and non governmental implementing partners.

The micro assessment assesses the IP's control framework. It results in a risk rating (low, moderate, significant or high). The overall risk rating is used by the UN agencies, along with other available information (e.g. history of engagement with the agency and previous assurance results), to determine the type and frequency of assurance activities as per each agency's guideline and can be taken into consideration when selecting the appropriate cash transfer modality for an IP.

1.2. Scope

The micro assessment provides an overall assessment of the Implementing Partner's programme, financial and operations management policies, procedures, systems and internal controls. It includes:

- A review of the IP legal status, governance structures and financial viability; programme management, organizational structure and staffing, accounting policies and procedures, fixed assets and inventory, financial reporting and monitoring, and procurement; and
- A focus on compliance with policies, procedures, regulations and institutional arrangements that are issued both by the Government and the Implementing Partner.

It takes into account results of any previous micro assessments conducted of the Implementing Partner.

1.3. Methodology

We performed the micro assessment on 31 January 2019 at the Ministry of Construction Office, CDC building, No. 37, Le Dai Hanh, Hai Ba Trung district, Hanoi.

Through discussion with the MOC, observation and walk-through tests of transactions, we have assessed the Implementing Partner's and the related internal control system with emphasis on:

- The effectiveness of the systems in providing the Implementing Partner's management with accurate and timely information for management of funds and assets in accordance with work plans and agreements with the UNDP; and
- The general effectiveness of the internal control system in protecting the assets and resources of the Implementing Partner.

Results of interviews and checks over the practical processes conducted at the RP/IP have been used as the basis for providing answers as Yes/No/Not applicable and detailed explanations for each question in the Micro Assessment Questionnaire. Type of key question/additional question and four levels of points will be assigned to each question that correlate with four levels of risk. Details of point calculation are as details:

Risk level	Type of question	
	Key question	Additional question
H – High	8 points	4 points
S – Significant	6 points	3 points
M – Moderate	4 points	2 points
L – Low	1 point	1 point

Questions that are not applicable to the RP/IP (marked as "Not applicable – N/A") are not assigned a risk rating and are removed from the total number of questions for the calculation. Average number of points of a subject matter section (rounded to two decimal digits) is calculated for subject area by having total points of the subject area divided by total number of questions in the subject area.

Risk rating of each subject area is determined by comparing the average number of points of the subject area and the corresponding risk level thresholds.

We discussed the results of the micro assessment with applicable UNDP's personnel and the IP prior to finalization of the report. The list of persons met and interviewed during the micro assessment is set out in Annex 3 to the report.

2. Summary of Risk Assessment Results

The table below summarizes the results and main internal control gaps found during application of the micro assessment questionnaire (in Annex 4). Detailed findings and recommendations are set out in section 3 below.

Tested subject area	Risk assessment	Brief justification for rating (main internal control gaps)
<p>1. Implementing partner</p>	<p>Low</p>	<p>The Ministry of Construction (MOC), formerly the Architecture Ministry, was established on 29th April 1958 under the Resolution of the period VIII National Assembly Session I by President Ho Chi Minh. The Ministry of Construction was a specialized agency under the Government to perform its State management functions in construction planning, architecture; construction investment activities; urban development; infrastructure; house; office; real estate market; building materials; other activities in the field of State management of Ministry according to the provisions of law. Functions, tasks, powers and organizational structure of the MOC were clearly stated in Decree No. 123/2016/ND-CP dated 1st September 2016 of the Government.</p> <p>The Project "Energy Efficiency Improvement in Commercial and High-Rise Residential Buildings (EECB) in Vietnam" was funded by Global Environment Facility (GEF) through UNDP and owned by the Department of Science, Technology and Environment (DOSTE) under Decision No. 209/QD-BXD dated 9th March 2016 by the Minister of Construction approving the Project Document. The DOSTE was an agency under the Ministry of Construction to advise and assist the Minister in performing its State management functions on the areas of scientific research and technological development, application of technical progress, transfer of technology, standards, measurement and quality products - goods; industrial property; technical barriers to trade, environmental protection, and information science and technology in the field of state management of the Ministry.</p> <p>The Project Steering Committee (PSC) of the Project "Energy Efficiency Improvement in Commercial and High-Rise Residential Buildings (EECB) in Vietnam" was established under Decision No. 330a/QD-BXD dated 8th April 2016, consisting of a Chairperson – Vice Minister of the MOC and PSC members from the Ministry of Industrial and Trade (MOIT), the Ministry of Finance (MOF), the Ministry of Science and Technology (MOST), UNDP Vietnam and other units/ departments of the MOC. The PSC had oversight of the Project Management Unit (PMU) to provide necessary direction that allowed the Project to function and achieve its policy and technical objectives. Moreover, the PSC was responsible for approving the annual Project plans and M&E reports.</p> <p>The Project Management Unit (PMU) of the Project "Energy Efficiency Improvement in Commercial and High-Rise Residential</p>

Tested subject area	Risk assessment	Brief justification for rating (main internal control gaps)
		<p>Buildings (EECB) in Vietnam” was established under Decision No. 360/QD-BXD dated 14th April 2016 of the Minister of Construction. On 20 April 2018, the Vice Minister of Construction issued Decision No. 539/QD-BXD replacing Decision No. 360/QD-BXD on the PMU establishment for the Project “Energy Efficiency Improvement in Commercial and High-Rise Residential Buildings (EECB) in Vietnam” funded by GEF through UNDP. Organizational and Operational Regulations of the PMU were issued along with Decision No. 540/QD-BXD dated 20th April 2018 of the Vice Minister of Construction. The Office of the PMU was located at the MOC. Operational budget for the PMU was allocated from project’s funding sources.</p> <p>The MOC followed the reporting regime in accordance with current regulations of the Government. All regular disbursements of the MOC were recorded and monitored by the Ministry Office. The Ministry Office was responsible for summarizing and preparing consolidated financial statements for whole sector according to regulated forms. Such financial statements represented consolidated disbursements of the Ministry from counterpart funds and all disbursements of projects implemented by the Ministry. Annual financial statements were appraised by the Ministry of Finance.</p> <p>In addition, the DOSTE – the Project owner prepared ODA project implementation reports on a quarterly and annual basis in accordance with current regulations. Such reports were sent to the Department of Planning and Finance under the MOC for consolidation before being submitted to the MPI.</p> <p>EECB PMU – the implementing partner of EECB project funded by UNDP – prepared financial/activity/progress reports on a quarterly basis in compliance with the Harmonized Project and Programme Management Guidelines (HPPMG) of the Donor. Accordingly, such quarterly reports were prepared in forms regulated by the Donor and submitted within the first 15 days of the following quarter. We have reviewed FACE reports for the period from 13/7/2018 to 30/9/2018 of EECB Project and found that those reports were fully approved by the authorized person.</p> <p>On a monthly basis, brief meetings amongst the Minister and heads of relevant departments/units were held to report on results of work implemented in the month and propose work-plans for the next month. Meeting minutes were prepared and signed by the Chief of the Ministry Office under the authorization of the Minister for every brief meeting. Minutes were afterward issued and kept by the Ministry Office.</p> <p>The PMU held meetings on a quarterly basis to update and report on the activity progress and propose timely solutions to issues (if</p>

Tested subject area	Risk assessment	Brief justification for rating (main internal control gaps)
		<p>any). Monthly, the Project Manager summarized results of all activities implemented in the month and work plans for the next month to report to the Project Director. Such meetings were documented in writing.</p> <p>The MOC and the DOSTE performed their functions of Project monitoring and evaluating according to specific plans/regulations of each Project and each Donor. Evaluation and Monitoring activities were presented in Progress Implementation Reports and periodic monitoring reports of Projects and through quarterly brief meetings of the PMU.</p> <p>For each project, the MOC established 1 Project steering committee (PSC) and 1 PMU to manage projects' activities and outputs. Each PSC had at least one Ministerial Leader and each PMU had at least one Director assigned from the DOSTE – the project owner – and other professional staff to carry out monitoring function over its projects. The PSC held annual meetings to provide guidance on implementation of the project's activities, including preparation of annual work plans and budgets and annual implementation reports of the Project. PSC meetings were also documented in writing.</p> <p>There was no co-implementing partner in the Project "Energy Efficiency Improvement in Commercial and High-Rise Residential Buildings (EECB) in Vietnam" funded by UNDP. However, EECB project was technically supported by the MOIT, the MOF, and the MOST. The PMU would consult with these Ministries and other relevant units for some special project activities.</p> <p>The MOC and the DOSTE strictly followed provisions of Vietnamese law on anti-fraud and corruption as well as complied with the anti-fraud and corruption plans of the MOC and the Government.</p> <p>The PMU did not issue any separate anti-fraud and corruption policy but followed provisions of Vietnamese laws on anti-fraud and corruption as well as complied with the anti-fraud and corruption plans of the MOC. Besides, in order to comply with anti-fraud and corruption policies in the Project implementation process, the PMU maintained a cross-checking mechanism and clear task allocation system. Moreover, supporting documents were separately stored and marked by the project, avoiding mistakes and fraud.</p>
2. Programme Management	Low	<p>The formulation of program and overall plan for implementation of programs, projects using ODA funds, preferential credit and counterpart funds were in compliance with Decree No. 16/2016/ND-CP, dated 16th March 2016 of the Government - Articles 45, 46 and 47 regulating the management and use of</p>

Tested subject area	Risk assessment	Brief justification for rating (main internal control gaps)
		<p>official development assistance (ODA) and preferential loans of foreign donors, and with other forms regulated in Project documents of the Donor.</p> <p>For the Project "Energy Efficiency Improvement in Commercial and High-Rise Residential Buildings (EECB) in Vietnam" funded by UNDP, the Project management mechanism was in accordance with the Harmonised Programme and Project Management Guidelines (HPPMG) between Vietnam and United Nations and Circular No. 225/TT-BTC, dated 31st December 2010 by the Ministry of Finance prescribing the State financial management regimes for foreign non-refundable grants belonging to the State Budget.</p> <p>Annual budgets were set up simultaneously with the progress of preparing AWP. The Project Manager based on the planned activities and overall budgets to prepare appropriate annual budgets. The PMU based on the approved AWP to prepare quarterly and monthly work plans and simultaneously updated implementation progress of the approved AWP.</p> <p>The MOC conducted review meetings on a quarterly and annual basis and minutes in writing were prepared accordingly.</p> <p>For ODA funded projects, monitoring activities and site visits would be conducted by the Donor's representatives and the Investor within the timeframe specified in Project documents. Monitoring and site visit reports were prepared after monitoring and site visit activities were completed.</p> <p>The MOC and the DOSTE carried out monitoring activities through evaluation meetings and reports on the project implementation. On a quarterly basis, the PMU held a meeting to update project implementation and propose solutions for issues arising in the quarter (if any). Moreover, the PMU prepared quarterly progress reports and sent to the MOC – the responsible party – and the DOSTE – the project owner – for consolidation before submitting to the MPI and the MOF as regulated. Evaluation and finalization meetings were held on semi-annual basis, annual basis and at the end of projects.</p> <p>The collection, monitoring and evaluation of data and results were carried out on a project-by-project basis. The Department of Planning and Finance under the MOC was responsible for systematically collecting, monitoring and evaluating achievements of ODA projects. This was reflected in quarterly project implementation reports. Such reports were consolidated by the DPF – MOC before being submitted to the MPI.</p> <p>For the project "Energy Efficiency Improvement in Commercial</p>

Tested subject area	Risk assessment	Brief justification for rating (main internal control gaps)
		<p>and High-Rise Residential Buildings (EECB) in Vietnam" funded by UNDP, project implementation reports were prepared on a quarterly, semi-annual and annual basis to synthesize, monitor and evaluate project results. In addition, the Project's outputs were carefully checked and reviewed by the PMU before payments were made. All outputs of the Project's activities implemented within the framework of programs/projects were collected and consolidated by the PMU and then sent to the DOSTE for being uploaded in the database for management requirements.</p> <p>The MOC assigned the Department of Planning and Finance (DPF) to provide guidance to relevant units on corrective actions and time frame required as regard to recommendations raised by independent evaluation units (independent auditors, State Auditors, and Inspectors of the MOC and of the MOF). The DPF under the MOC was responsible for monitoring the implementation of these recommendations and reporting results to the MOC, Donors and independent evaluation units. We collected and reviewed the micro assessment report of the MOC for the period 2012-2016 implemented by the consultant company and found no significant issues to be reported. All recommendations of independent auditors were followed up and improved by the MOC.</p> <p>The Project "Energy Efficiency Improvement in Commercial and High-Rise Residential Buildings (EECB) in Vietnam" funded by UNDP was audited by independent auditors for periods from 1/7/2016 to 30/9/2017 and from 1/10/2017 to 30/9/2018. We collected these audit reports and management letters and found no significant issues to be reported. Corrective actions were carried out to address independent auditors' findings.</p>
<p>3. Organizational structure and Staffing</p>	<p>Low</p>	<p>Recruitment and personnel practices of the MOC complied with Decree No. 24/2010/ND-CP, dated 15th March 2010 by the Government regulating recruitment, usage and management of civil servants, and Decree No. 93/2010/ND-CP, dated 31st August 2010 amending some articles of Decree No. 24/2010/ND-CP and Circular No. 13/2010/TT-BNV regulating some articles on recruitment and promotion of civil servants of Decree No. 24/2010/TT-BNV. The number of civil servants and employees of functional units under the MOC was determined on the basis of job positions approved by the Minister of the MOC. The Organizational and Staffing Department of the MOC was responsible for the recruitment of officials according to provisions of law on the basis of the approved employees' norm.</p> <p>For each project, the MOC established 1 PSC and 1 PMU to manage the Project's activities and outputs. Each PSC had at least one Ministerial Leader and each PMU had at least one</p>

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		<p>Director and one specialist assigned from the DOSTE to work part time for the project at the PMU' management positions (Project Director and Project Coordinator). Concurrent staffs were entitled to salaries and allowances from counterpart funds as regulated in approved project documents and current regulations. The Project Director was allowed to recruit full-time contracted staff for some positions in the PMU including Project manager, project accountant, administrative staff and other supported staff.</p> <p>For contracted staff of the Project, recruitments were carried out according to regulations of each Donor with specific terms of reference.</p> <p>The Ministry Office had an accounting division, which was responsible for managing all regular expenditures using the State budget of the MOC. The Ministry Office had 1 Chief and 3 Deputy Chief of Office. All leaders and specialists of the Ministry Office had appropriate university degrees. All staff had bachelor degrees in economics or higher.</p> <p>In addition, the Department of Planning and Finance (DPF) under the MOC had a function of monitoring, synthesizing and preparing reports, assessing the implementation of long-term plans, annual plans and preparing monthly, quarterly and annual reports of the MOC. The DPF was run by one Director and 3 deputy directors and specialists. They all had appropriate background and their experience was suitable with functions and duties assigned by the MOC.</p> <p>For the Project "Energy Efficiency Improvement in Commercial and High-Rise Residential Buildings (EECB) in Vietnam" funded by UNDP, accounting works were implemented by 1 project accountant with supports of the Project Manager and other supported staff recruited by the PMU. Through our interviews, we noted that a current project accountant and project manager had good knowledge, skills and experience in disbursement procedures and processes of projects funded by UN agencies. Besides, their workloads were assessed to be reasonable.</p> <p>The MOC maintained training resources and prepared annual staff training plans. Annually, the MOC's staff would be updated with changes in regulations of the State under general training programmes of Ministries (the MOC, and the MOF).</p> <p>For Projects staff, trainings would be carried out within project frameworks. Training courses for project accountant/finance/programme were conducted by Donors. In 2018, staffs from projects funded by UNDP were provided with a training course on project financial management.</p>

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		<p>The MOC operated its supervision based on the Government's regulations and self-developed regulations, such as the Organization and Operation Regulations and Internal Regulations. These regulations were widely publicized to officers, civil servants and employees. Officers and civil servants could participate in making democratic and public comments on the elaboration of these regulations. Such regulations were updated annually with new regulations issued by the Government.</p> <p>The PMU operated based on its Organization and Operation Regulations. These regulations were widely publicized to the project's staff before implementation. In addition, the Project Director issued the Guideline on acceptance and settlement procedures of EECB project's outputs attached with Decision No. 17/QD-BQLDA dated 19th December 2017 to support project staff in the process of acceptance and settlement for project's outputs. The PMU also complied with periodic reporting requirements from internal functional parties in the MOC. Moreover, the PMU complied with regulations on financial management, reporting regime and monitoring framework stated in the HPPMG of the Donor.</p>
<p>4. Accounting policies and procedures</p>	<p>Low</p>	<p>The accounting system of the MOC was in compliance with Circular No. 107/2017/TT-BTC, dated 10th October 2017 of the Ministry of Finance, replacing Decision No. 19/2006/QD-BTC, dated 30th March 2006 and Circular No. 185/2010/TT-BTC, dated 15th November 2010 of the MOF. The MOC Office used MISA accounting software to record accounting transactions. This software allowed for proper recording of financial transactions, including allocation of expenditures in accordance with the respective components (if any), disbursement categories and sources of funds.</p> <p>The PMU of the Project "Energy Efficiency Improvement in Commercial and High-Rise Residential Buildings (EECB) in Vietnam" funded by UNDP used VSF accounting software to record all accounting transactions. Through our review, we noted that this software allowed for proper recording of financial transactions, including allocation of expenditures in accordance with the respective components, disbursement categories and sources of funds. The Project's accounting system complied with the HPPMG of the Donor.</p> <p>All accounting documents and vouchers were stored in hardcopies at the DPF, the Ministry Office and PMUs' offices. The storage of vouchers and accounting documents was in compliance with provisions of the current Accounting Law of the Government of Vietnam.</p> <p>Accounting work was supported by software; hence, detailed</p>

Tested subject area	Risk assessment	Brief justification for rating (main internal control gaps)
		<p>ledgers were automatically compiled into the general ledger. On a monthly basis, the PMU performed reconciliation of project's disbursements with the Cash receipt and disbursement ledger, fund ledger, and bank book. Such ledgers and reconciliation form were certified by the Project manager and approved by the Project Director.</p> <p>The PMU did not maintain any cash on hand.</p> <p>Bank accounts were not controlled with appropriate remote access, such as via the online banking system. The PMU only collected bank statements on a monthly basis. The absence of an appropriate remote access control might lead to a risk that the IP could not detect and resolve issues (if any) in a timely manner.</p> <p>Functional units under the MOC self-prepared annual budgets and sent to the DPF – MOC for consolidation. The DPF was responsible for reviewing for budgets of these units and submitting to the Minister for initial approval before sending to the MOF for appraisals. Annual budgets of functional units under the MOC were approved by the National Assembly as regulated.</p> <p>AWPs and budgets for activities were in sufficient detail to provide a meaningful tool for monitoring subsequent performance. Based on annual budgets and AWP, Projects prepared detailed quarterly budgets and work plans for each activity.</p> <p>For payments of the Ministry Office from the State budget, the Division of Accounting and Administration prepared final settlement reports to compare actual disbursements with allocated budget and make reconciliation with the State Treasury on a quarterly/annual basis. Normally, disbursements were made depending on the annual allocated budget approved by the MOC.</p> <p>At the Project level, budget comparison was performed on a quarterly basis. All disbursements were based on budgets approved by the Donors. Any over – utilization or inappropriate utilization of budget was officially authorized by Donors and the Project Director before payments were made.</p> <p>At the time of our assessment, we noted that documents and invoices of the Project "Energy Efficiency Improvement in Commercial and High-Rise Residential Buildings (EECB) in Vietnam" funded by UNDP were stamped "PAID" and fully reviewed and approved with Project code and activity code.</p> <p>All salary expenses were approved by the Chief of the Ministry Office under the authorization of the Minister based on the salary budget allocated from the MOC's annual budget.</p>

Tested subject area	Risk assessment	Brief justification for rating (main internal control gaps)
		<p>For the Project "Energy Efficiency Improvement in Commercial and High-Rise Residential Buildings (EECB) in Vietnam" funded by UNDP, salaries to the Project's staff (except for a Project Director, a Project Coordinator from the Government concurrently working for the Project) were paid from the Donor's funds based on norms approved by the Donor. Salaries of the Project's staff were agreed in labour contracts and clearly shown in monthly payrolls according to approved norms. Payrolls were prepared by the Project Director, reviewed by the Project Manager and approved by the Project Director. Any change in salary (if any) must be approved by the Project Director and the Donor.</p> <p>The PMU applied accounting policies and procedures as regulated in the HPPMG of the Donor and in compliance with Circular No. 225/2010/TT-BTC, dated 31st December 2010 of the Ministry of Finance regulating the State financial management regime applicable to foreign non-refundable grants belonging to the State Budget.</p> <p>The MOC did not have any internal audit division. However, through our interviews, we understand that the Department of Planning and Finance under the MOC had a function of reviewing and inspecting financial activities of other units under the MOC. In addition, the MOC's Inspectorate was an organization under the MOC to assist the Minister to implement provisions of laws on the inspection, settlement of complaints, denunciations and prevention anti-corruption; conducted administrative inspection for agencies, organizations, units and individuals under the field of State management of the Ministry and specialized inspection for agencies, organizations, individuals operating in the sector under the field of the State management of the Ministry of Construction.</p>
<p>5. Fixed assets and Inventory</p>	<p>Low</p>	<p>Assets at the MOC were monitored by the Ministry Office through accounting books and accurately numbered and adequately labelled. In addition, the MOC also issued regulations on asset management and disseminated them to the MOC's staff for their compliance.</p> <p>The PMU maintained assets registers to monitor and update current status of assets and to conduct physical assets counts once a year. Project's assets were labelled and numbered according to regulations of Donors.</p> <p>The MOC Office performed a physical count of fixed assets at the end of each year. Physical count minutes were prepared with sufficient signatures of authorized persons.</p> <p>The PMU of EECB Project purchased insurance for all project's assets. We reviewed the asset risk insurance contract dated 10th</p>

Tested subject area	Risk assessment	Brief justification for rating (main internal control gaps)
		<p>August 2017 between EECB PMU and Xuan Thanh Company and noted that all project assets were adequately insured.</p> <p>Equipment of the MOC was insured in accordance with regulations of the Government.</p>
<p>6. Financial Reporting and Monitoring</p>	<p>Low</p>	<p>The MOC followed the reporting regime in accordance with current regulations of the Government. All regular disbursements of the MOC were recorded and monitored by the Ministry Office. The Ministry Office was responsible for summarizing and preparing consolidated financial statements for whole sector according to regulated forms. Such financial statements represented consolidated disbursements of the Ministry from the counterpart fund and all disbursements of other projects implemented by the Ministry. Annual financial statements were appraised by the Ministry of Finance.</p> <p>In addition, the DOSTE – the Project owner prepared ODA project implementation reports on a quarterly and annual basis in accordance with current regulations. Such reports were sent to the Department of Planning and Finance under the MOC for consolidation before being submitted to the MPI.</p> <p>Projects funded by ODA funds and counterpart funds followed two (2) reporting systems. One system complied with donors' requirements and another complied with the Government's requirements.</p> <p>EECB PMU – the implementing partner for EECB project funded by UNDP prepared financial/activity/progress reports on a quarterly basis in compliance with the Harmonized Project and Programme Management Guidelines (HPPMG) of the Donor. Accordingly, such quarterly reports were prepared in forms regulated by the Donor and submitted within the first 15 days of the following quarter.</p> <p>The Department of Planning and Finance under the MOC carried out annual budget settlement for the specialized units under the MOC. In addition, every 2 years, depending on its annual audit plan, specialized units under the MOC were audited by the State Audit.</p> <p>The Project "Energy Efficiency Improvement in Commercial and High-Rise Residential Buildings (EECB) in Vietnam" funded by UNDP were audited by independent auditors on an annual basis upon the Donor's request. Specifically, Nexia STT company provided the audit service of the Project for the period from 1/7/2016 to 30/9/2017 and Mazars Vietnam Co., Ltd. performed audit of the project funded by UNDP for the period from 1/10/2017 to 30/9/2018.</p>

Tested subject area	Risk assessment	Brief justification for rating (main internal control gaps)
		<p>The Ministry Office and specialized units under the MOC applied MISA accounting software.</p> <p>The PMU currently used VSF accounting software to record the project's financial transactions. FACE reports would be then prepared on a quarterly basis in forms as regulated by the Donor based on data extracted from VSF accounting software.</p> <p>The accounting software used by the Ministry Office and specialized units under the MOC and the PMU could easily produce financial reports meeting requirements of the Investor and Donors.</p> <p>Accounting software and computers of staff had their own login and passwords. Financial data was regularly backed up on computers and transferred to portable hard drives at the end of each month.</p>
7. Procurement	Low	<p>The MOC Office complied with procurement policies and procedures of the Government (Law on Procurements No. 43/2013/QH13, dated 26th November 2013 and detailed procurement regulations).</p> <p>Projects complied with Donors' policies and procurement procedures, Law on Procurement and Procurement regulations of the Government. For the Project funded by UNDP, the procurement process complied with provisions of the HPPMG, Project Documents and other current regulations on Bidding of the Government.</p> <p>The MOC Office consolidated and prepared annual procurement plans and submitted to the MOF for approval on procurement activities of the MOC. In addition, the MOC Office also consolidated annual procurement reports from other specialized units under the MOC to grasp their procurement implementation progresses and subsequently report to the Ministerial Leaders.</p> <p>The PMU reported the Project's procurement and bidding activities in the annual project implementation reports.</p> <p>Through our assessment, we noted that the MOC had a specialized procurement department, which was the Administration Division under the MOC Office. The Administration Division was responsible for summarizing and reporting annual procurement activities to the Ministerial Leaders. For significant procurements made through open competitive bidding method, the PMU established a procurement specialist team with professional staffs who had sufficient expertise and experience to carry out the bidding process with additional supports from specialists of the MOC and UNDP. Through our interviews and</p>

Tested subject area	Risk assessment	Brief justification for rating (main internal control gaps)
		<p>assessment, we noted that the project manager and project accountant were used to implementing projects funded UN Agencies; therefore, they were familiar with UN Agencies' procurement requirements stated in the HPPMG. These project's staffs were fully equipped with knowledge of Law on Procurements of the Government as well as UN Agencies' procurement requirements and they all had certificates on bidding.</p> <p>Procedures to assist in identifying, monitoring and dealing with potential conflicts of interest with suppliers might be reflected in the signed contracts with suppliers. In fact, there has never been any conflict of interest between the MOC/PMU and suppliers. Should this occur, the Ministry Office and the PMU would comply with provisions of Laws on Procurement.</p> <p>The IP collected competitive quotations of some suppliers and evaluated their past performance to select the best supplier for the Project. These quotations and evaluation minutes were adequately kept by the PMU. In addition, the IP also prepared a contract list to keep track of contract implementation. However, the IP did not synthesize information of these suppliers into a list or regularly updated performance of suppliers.</p> <p>The Administration Division under the MOC Office was responsible for contract management. The PMU assigned a Project Accountant and Project Manager to maintain contract tracking sheets with contract number information, contract name, supplier name, contract date, contract value, completed workload and the value of the property paid.</p>
Overall Risk Assessment	Low	

3. Detailed Internal Control Findings and Recommendations

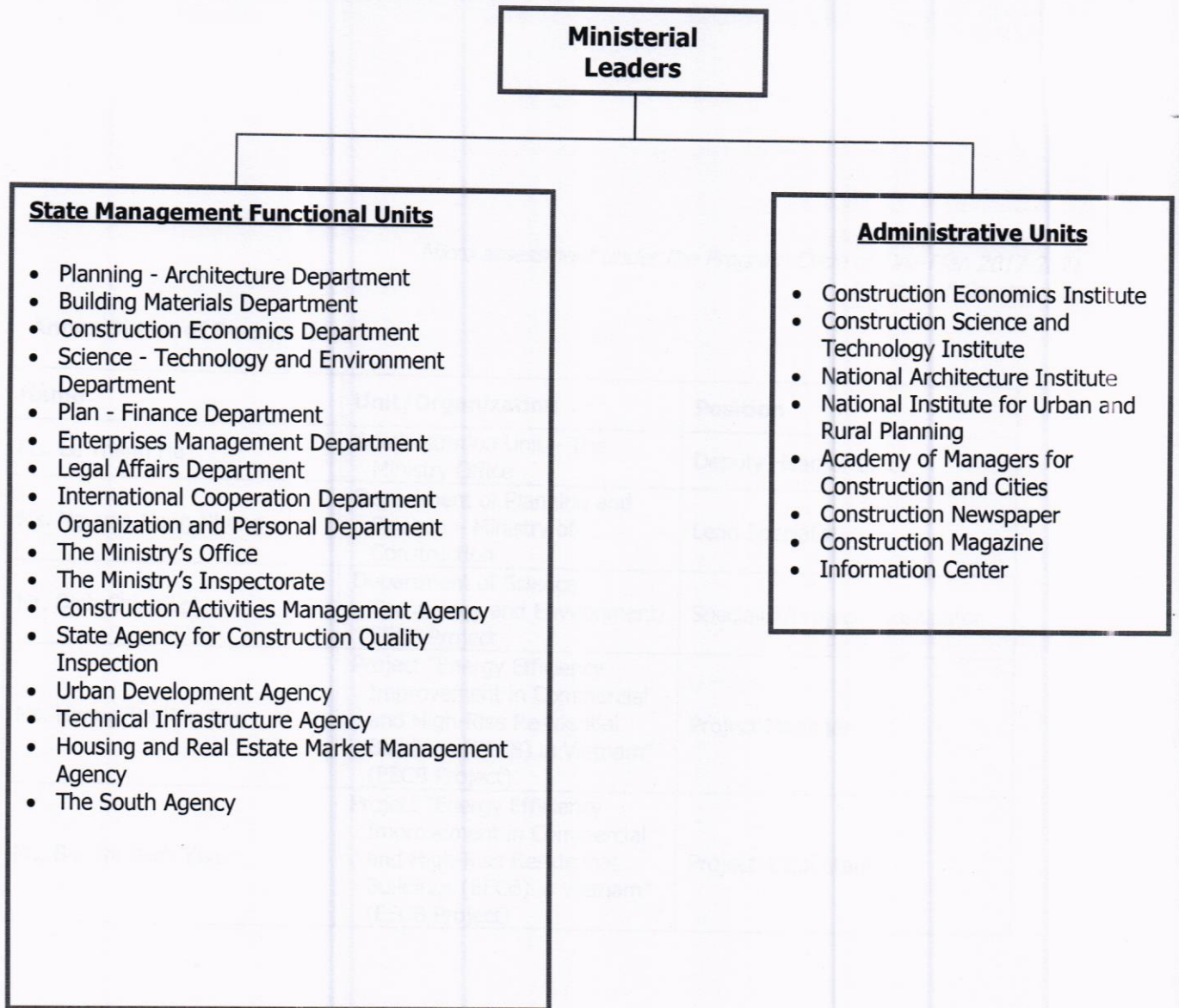
No.	Description of Finding	Recommendation and IP Management Response
1.	<p>Remote access controls over bank accounts:</p> <p>Bank accounts were not controlled with appropriate remote access, such as via the online banking system. The PMU only collected bank statements on a monthly basis.</p>	<p>The absence of an appropriate remote access control might lead to a risk that the IP could not detect and resolve issues (if any) in a timely manner.</p> <p>We understand that there are no regulations on remote access controls over bank accounts; however, the PMU should control receipt/payment transactions through bank accounts by using SMS notification service from banks. Accordingly, SMSs will be sent to the Chief Accountant's/Project Director's telephone numbers notifying transactions being carried out through the Project's bank accounts. The Project can also use the online banking system to ensure that all transactions are controlled and problems (if any) are dealt with in a timely manner.</p> <p>Responses from IP:</p> <p>We agreed with auditors' recommendations.</p>
2.	<p>Keeping track of database of trusted suppliers:</p> <p>Through our interview and review of supporting documents, we understand that the IP collected competitive quotations of some suppliers and evaluated their past performance to select the best supplier for the Project. These quotations and evaluation minutes were adequately kept by the PMU. In addition, the IP also prepared a contract list to keep track of contract implementation. However, the IP did not synthesize information of these suppliers into a list or regularly update performance of suppliers.</p>	<p>We understand that all procurement activities were carried out in accordance with provisions of Laws on Procurement. However, the IP in MOC should maintain a database of trusted suppliers as a basis of selecting suppliers in the future. Such database should be annually updated .</p> <p>Responses from IP:</p> <p>We agreed with auditors' finding. However, as per our point of view, such practice is not necessary for the Project because the Project did not frequently implement significant procurement.</p>

Annex 1: IP and Programme Information

Implementing partner name:	Ministry of Construction
Implementing partner code or ID in UNICEF, UNDP, UNFPA records (as applicable):	ID92225
Implementing partner contact details (contact name, email address and telephone number):	H.E. Phan Thi My Linh Vice Minister of Construction Email: ttth@moc.gov.vn Contact number: (024) 3821 5137
Main programmes implemented with the applicable UN Agency/ies:	Project "Energy Efficiency Improvement in Commercial and High-Rise Residential Buildings (EECB) in Vietnam"
Key Official in charge of the UN Agency/ies' programme(s):	Ms. Hoang Thi Kim Cuc – Project Manager Email: cuc.eecb@gmail.com Contact number: 098 8355 877
Programme location(s):	Ministry of Construction – CDC Building, No. 37 Le Dai Hanh, Hai Ba Trung district, Hanoi.
Location of records related to the UN Agency/ies' programme(s):	Ministry of Construction – CDC Building, No. 37 Le Dai Hanh, Hai Ba Trung district, Hanoi.
Currency of records maintained:	Vietnam Dong (VND)
Latest expenditures incurred/reported to UNICEF, UNDP and UNFPA (as applicable). Indicate the amount (in USD) and the financial reporting period:	Expenditures incurred for the period from 1/10/2017 to 30/9/2018: 4,895,318,114 VND.
Current or latest cash transfer modality/ies used by the UN agency/ies to the IP:	Project "Energy Efficiency Improvement in Commercial and High-Rise Residential Buildings (EECB) in Vietnam": Direct cash transfer and Direct payment.
Intended start date of micro assessment:	31/1/2019
Number of days to be spent for visit to IP:	1 day
Any special requests to be considered during the micro assessment:	None.

Annex 2: Implementing Partner Organizational Chart

1. Ministry of Construction Organizational Chart



Annex 4: Micro Assessment Questionnaire

Subject area (key questions in <i>bold</i>)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
1. Implementing partner (IP)						
1.1. Is the IP legally registered? If so, is it in compliance with registration requirements? Please note the legal status and date of registration of the entity.	✓			Low	1	<p>The Ministry of Construction (MOC), formerly the Architecture Ministry, was established on 29th April 1958 under the Resolution of the period VIII National Assembly Session I by President Ho Chi Minh. The Ministry of Construction was a specialized agency under the Government to perform its State management functions in construction planning, architecture; construction investment activities; urban development; infrastructure; house; office; real estate market; building materials; other activities in the field of State management of Ministry according to the provisions of law. Functions, tasks, powers and organizational structure of the MOC were clearly stated in Decree No. 123/2016/ND-CP dated 1st September 2016 of the Government.</p> <p>The Project "Energy Efficiency Improvement in Commercial and High-Rise Residential Buildings (EECB) in Vietnam" was funded by Global Environment Facility (GEF) through UNDP and owned by the Department of Science, Technology and Environment (DOSTE) under Decision No. 209/QĐ-BXD dated 9th March 2016 by the Minister of Construction approving the Project Document. The DOSTE was an agency under the Ministry of</p>

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Subject area (key questions in bold)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
						<p>Construction to advise and assist the Minister in performing its State management functions on the areas of scientific research and technological development, application of technical progress, transfer of technology, standards, measurement and quality products - goods; industrial property; technical barriers to trade, environmental protection, and information science and technology in the field of state management of the Ministry.</p> <p>The Project Steering Committee (PSC) of the Project "Energy Efficiency Improvement in Commercial and High-Rise Residential Buildings (EECB) in Vietnam" was established under Decision No. 330a/QĐ-BXD dated 8th April 2016, consisting of a Chairperson – Vice Minister of the MOC and PSC members from the Ministry of Industrial and Trade (MOIT), the Ministry of Finance (MOF), the Ministry of Science and Technology (MOST), UNDP Vietnam and other units/ departments of the MOC. The PSC had oversight of the Project Management Unit (PMU) to provide necessary direction that allowed the Project to function and achieve its policy and technical objectives. Moreover, the PSC was responsible for approving the annual Project plans and M&E reports.</p> <p>The Project Management Unit (PMU) of the Project "Energy Efficiency Improvement in Commercial and High-Rise Residential Buildings (EECB) in Vietnam" was established under Decision No. 360/QĐ-BXD dated 14th April 2016 of the Minister of</p>

Subject area (key questions in <i>bold</i>)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
						<p>Construction. On 20 April 2018, the Vice Minister of Construction issued Decision No. 539/QĐ-BXD replacing Decision No. 360/QĐ-BXD on the PMU establishment for the Project "Energy Efficiency Improvement in Commercial and High-Rise Residential Buildings (EECB) in Vietnam" funded by GEF through UNDP. Accordingly, the Project Director was Mr. Vu Ngoc Anh – Director of DOSTE, replacing Mr. Le Trung Thanh – former Director. The PMU was allowed to use its own seal and open separate bank accounts at the State Treasury and Commercial banks in Vietnam for receipts and management of funds. Organizational and Operational Regulations of the PMU were issued along with Decision No. 540/QĐ-BXD dated 20th April 2018 of the Vice Minister of Construction. The Office of the PMU was located at the MOC. Operational budget for the PMU was allocated from project's funding sources.</p>
<p>1.2 If the IP received United Nations resources in the past, were significant issues reported in managing the resources, including from previous assurance activities.</p>	✓			Low	1	<p>The MOC was previously the owner of some Projects funded by United Nations Environment Programme (UNEP). Through our interviews, we noted that there were no significant issues in the receipts of funds of previous projects.</p> <p>At the time of our assessment, the MOC was assigned as the Owner of the Project "Energy Efficiency Improvement in Commercial and High-Rise Residential Buildings (EECB) in Vietnam" (EECB Project) funded by GEF through UNDP. The Project has been implemented since March 2016 and is going to close in March 2020. The MOC established</p>

Subject area (key questions in bold)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
1.3 Does the IP have statutory reporting requirements? If so, are they in compliance with such requirements in the prior three fiscal years?	✓			Low	1	<p>a separate PMU which had legal status, its own seal and separate bank accounts at the State Treasury and commercial banks for the implementation of the Project's activities. The PMU was located at the Office of the MOC. The PMU opened separate bank accounts at commercial banks to receive funds from the Donor. All disbursements from counterpart funds were settled by the DOSTE with the Ministry Office. Disbursements from aid funds were quarterly reported and settled with the Donor. Through our interviews and review of project documents, we noted that there were no significant issues in the receipts and management of the project's funds.</p> <p>The MOC followed the reporting regime in accordance with current regulations of the Government. All regular disbursements of the MOC were recorded and monitored by the Ministry Office. The Ministry Office had its own seal, separate bank accounts in the State Treasury and commercial banks for its operation according to provisions of laws. The Ministry Office was responsible for summarizing and preparing consolidated financial statements for whole sector according to forms stipulated in Circular No. 107/2017/TT-BTC, dated 10th October 2017 of the Ministry of Finance, replacing Decision No. 19/2006/QĐ-BTC, dated 30th March 2006 and Circular No. 185/2010/TT-BTC, dated 15th November 2010 of the MOF. Such financial statements represented consolidated disbursements of the Ministry from counterpart funds and all</p>

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Subject area (key questions in bold)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
						<p>disbursements of projects implemented by the Ministry. Annual financial statements were appraised by the Ministry of Finance. As the result of our review, we noted that such financial statements were prepared in compliance with the regulated forms and deadlines.</p> <p>In addition, the DOSTE – the Project owner prepared ODA project implementation reports on a quarterly and annual basis in accordance with Decision No. 803/2007/QĐ-BKH dated 30th July 2007 by the Ministry of Planning and Investment, Circular No. 16/2016/ND-CP dated 26th March 2016 of the Government, and Circular No. 12/2016/TT-BKH dated 8th August 2016 of the MPI regulating the management and use of ODA and loans from foreign donors. Such reports were sent to the Department of Planning and Finance under the MOC for consolidation before being submitted to the MPI.</p> <p>EECB PMU – the implementing partner of EECB project funded by UNDP – prepared financial/activity/progress reports on a quarterly basis in compliance with the Harmonized Project and Programme Management Guidelines (HPPMG) of the Donor. Accordingly, such quarterly reports were prepared in forms regulated by the Donor and submitted within the first 15 days of the following quarter. We have reviewed FACE reports for the period from 13/7/2018 to 30/9/2018 of EECB Project and found that those reports were fully</p>

Subject area (key questions in bold)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
<p>1.4 Does the governing body meet on a regular basis and perform oversight functions?</p>	✓			Low	1	<p>approved by the authorized person.</p> <p>In general, all reports were prepared in accordance with regulated forms, which provided enough information and details to readers.</p> <p>On a monthly basis, brief meetings amongst the Minister and heads of relevant departments/units were held to report on results of work implemented in the month and propose work-plans for the next month. Meeting minutes were prepared and signed by the Chief of the Ministry Office under the authorization of the Minister for every brief meeting. Minutes were afterward issued and kept by the Ministry Office.</p> <p>The PMU held meetings on a quarterly basis to update and report on the activity progress and propose timely solutions to issues (if any). Monthly, the Project Manager summarized results of all activities implemented in the month and work plans for the next month to report to the Project Director. Such meetings were documented in writing.</p> <p>The MOC and the DOSTE performed their functions of Project monitoring and evaluating according to specific plans/regulations of each Project and each Donor. Evaluation and Monitoring activities were presented in Progress Implementation Reports and periodic monitoring reports of Projects and through quarterly brief meetings of the PMU.</p> <p>For each project, the MOC established 1 Project</p>

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Subject area (key questions in bold)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
						steering committee (PSC) and 1 PMU to manage projects' activities and outputs. Each PSC had at least one Ministerial Leader and each PMU had at least one Director assigned from the DOSTE – the project owner – and other professional staff to carry out monitoring function over its projects. The PSC held annual meetings to provide guidance on implementation of the project's activities, including preparation of annual work plans and budgets and annual implementation reports of the Project. PSC meetings were also documented in writing. We reviewed 2018 PSC meeting minute dated 8 th March 2018 and 2017 progress implementation report and work plans for 2018 of EECB project and noted that such documents reflected all results achieved in 2017 and difficulties raising in the project implementation process and proposed work plans for 2018.
1.5 If any other offices/ independent entities participate in implementation, does the IP have policies and process to ensure appropriate oversight and monitoring of implementation?			✓	Not applicable	-	There was no co-implementing partner in the Project "Energy Efficiency Improvement in Commercial and High-Rise Residential Buildings (EECB) in Vietnam" funded by UNDP. However, EECB project was technically supported by the MOIT, the MOF, and the MOST. The PMU would consult with these Ministries and other relevant units for some special project activities.
1.6 Does the IP show basic financial stability in-country (core resources; funding trend) Provide the amount of total assets, total liabilities, income and expenditure for the current and prior three fiscal years.	✓			Low	1	The MOC was an organization under the Government, hence fund flows from the Government according to annual approved budget by the MOF were frequent and the MOC had, therefore, been able to maintain a relatively stable financial position.

Subject area (key questions in <i>bold</i>)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
<p>1.7 Can the IP easily receive funds? Have there been any major problems in the past in the receipt of funds, particularly where the funds flow from government ministries?</p>	✓			Low	1	<p>The operating fund for the EECB PMU and part-time allowances to the Head of PSC and other members of the PMU were paid from counterpart funds of the MOC which were annually allocated according to current regulations. Salaries for contracted staffs of the PMU Office were paid from ODA funds according to budgets approved by the Donor.</p> <p>The MOC Office had a legal status, its own seal and bank accounts. Annually, functional units under the MOC prepared budget plans and submitted to the Department of Planning and Finance for consolidation and appraisal. The approved budget plans of the MOC were submitted to the MOF for approval. Based on the appraisal results of the Ministry of Finance, the annual funds were transferred to State Treasury account of the Ministry Office and subsequently allocated to functional units under the MOC and its investment projects.</p> <p>Funds from Donors were directly transferred to the Project's bank accounts in accordance with quarterly work plans and budgets which were fully approved by the Project Director and the Donor.</p> <p>As the results of our review, there were no significant issues regarding receipts of funds.</p>

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Subject area (key questions in bold)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
1.8 Does the IP have any pending legal actions against it or outstanding material/significant disputes with vendors/contractors? <i>If so, provide details and actions taken by the IP to resolve the legal action.</i>		✓		Low	1	Through our interviews, we were informed that the MOC, the DOSTE, and the PMU had no legal actions against it or outstanding material/significant disputes with vendors/contractors.
1.9 Does the IP have an anti-fraud and corruption policy?	✓			Low	1	The MOC and the DOSTE strictly followed provisions of Vietnamese law on anti-fraud and corruption as well as complied with the anti-fraud and corruption plans of the MOC and the Government. At the end of each fiscal year, a plan for inspection and settlement of complaints and denunciations and anti-corruption for the subsequent year was made by the MOC. The plan was afterwards assigned to units under the MOC and the Ministry Inspectorate to facilitate and follow. In addition, annually, units under the MOC were responsible for preparing reports on their implementation of anti-fraud and corruption plans and submitted to the Ministry Office for consolidation before reporting to the Minister. The PMU did not issue any separate anti-fraud and corruption policy but followed provisions of Vietnamese laws on anti-fraud and corruption as well as complied with the anti-fraud and corruption plans of the MOC. Besides, in order to comply with anti-fraud and corruption policies in the Project implementation process, the PMU maintained a cross-checking mechanism and clear task allocation

Subject area (key questions in bold)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
1.10 Has the IP advised employees, beneficiaries and other recipients to whom they should report if they suspect fraud, waste or misuse of agency resources or property? If so, does the IP have a policy against retaliation relating to such reporting?	✓			Low	1	system. Moreover, supporting documents were separately stored and marked by the project, avoiding mistakes and fraud. Anti-fraud and corruption plans were widely disseminated at civil servants' conferences. Accordingly, any problems such as fraud, waste or misuse of funds or assets could be reported directly to Line Managers, Ministerial Leaders based on nature of such issues. At the project level, any problems such as fraud, waste or misuse of Project's funds or assets could be reported directly to the Project Director. We noted that no fraud had occurred at the time of our review. The anti-retaliation policies for cases of reporting fraud and waste complied with provisions of the current law on anti-corruption. There were no any other risks. The PMU fully implemented VAT refunds for EECB Project.
1.11 Does the IP have any key financial or operational risks that are not covered by this questionnaire? If so, please describe. <i>Examples: foreign exchange risk; cash receipts.</i>		✓		Low	1	
Total number of questions in subject area:	11					
Total number of applicable questions in subject area:	10					
Total number of applicable key questions in subject area:	4					
Total number of risk points:	10					

Subject area <i>(key questions in bold)</i>	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
	Risk score:	1.00				
Area risk rating:	Low					
2. Programme Management						
2.1. Does the IP have and use sufficiently detailed written policies, procedures and other tools (e.g. project development checklist, work planning templates, work planning schedule) to develop programmes and plans?	✓			Low	1	<p>The formulation of program and overall plan for implementation of programs, projects using ODA funds, preferential credit and counterpart funds were in compliance with Decree No. 16/2016/ND-CP, dated 16th March 2016 of the Government - Articles 45, 46 and 47 regulating the management and use of official development assistance (ODA) and preferential loans of foreign donors, and with other forms regulated in Project documents of the Donor.</p> <p>For the Project "Energy Efficiency Improvement in Commercial and High-Rise Residential Buildings (EECB) in Vietnam" funded by UNDP, the Project management mechanism was in accordance with the Harmonised Programme and Project Management Guidelines (HPPMG) between Vietnam and United Nations and Circular No. 225/TT-BTC, dated 31st December 2010 by the Ministry of Finance prescribing the State financial management regimes for foreign non-refundable grants belonging to the State Budget. Accordingly, the IP was adequately provided with development checklist, work planning templates, work planning schedule, quarterly and annual reporting forms, and monitoring report forms to develop programmes and plans. Normally, the Project Manager worked</p>

Subject area (key questions in bold)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
						out AWP based on overall work plans as agreed in the Project document and comments from UN Agencies' Project Officers. We reviewed the annual work plans for 2016, 2017, 2018 and the quarterly work plan for 4 th quarter of 2018 of the Project "Energy Efficiency Improvement in Commercial and High-Rise Residential Buildings (EECB) in Vietnam" funded by UNDP and noted that these work plans were made in regulated forms and fully approved by the Project Director and the Representative of UNDP.
2.2. Do work plans specify expected results and the activities to be carried out to achieve results, with a time frame and budget for the activities?	✓			Low	1	Annual budgets were set up simultaneously with the progress of preparing AWP. The Project Manager based on the planned activities and overall budgets to prepare appropriate annual budgets. The PMU based on the approved AWP to prepare quarterly and monthly work plans and simultaneously updated implementation progress of the approved AWP. Reviewing annual work plans for 2016, 2017, 2018 and quarterly work plan for 4 th quarter of 2018 of the Project "Energy Efficiency Improvement in Commercial and High-Rise Residential Buildings (EECB) in Vietnam" funded by UNDP, we noted that these work plans were specified with expected results and detailed activities to be carried out to achieve such results, with a time frame and budget. Potential risks for program delivery and mechanisms for risks mitigation were mentioned in Project Proposals and described in Project Documents as well as project's work plans.
2.3 Does the IP identify the potential risks for programme delivery and mechanisms to mitigate them?	✓			Low	1	

Subject area (key questions in <i>bold</i>)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
2.4 Does the IP have and use sufficiently detailed policies, procedures, guidelines and other tools (checklists, templates) for monitoring and evaluation?	✓			Low	1	The IP maintained and complied with Government's Decree No. 16/2016/ND-CP on Monitoring and Evaluation of programmes/projects using ODA funds and preferential loans. Project activities included monitoring and evaluation activities and site visits; therefore, monitoring and evaluation activities and site visits were specified in Project Documents and regulated in Organizational and Operational Regulations of PSCs and PMUs. Templates for monitoring reports were regulated in HPPMG and other general regulations of the Government.
2.5 Does the IP have M&E frameworks for its programmes, with indicators, baselines, and targets to monitor achievement of programme results?	✓			Low	1	ODA funded Projects had M&E frameworks for their programmes, with indicators, baselines, and targets to monitor achievement of programme results, which were specified in Project Documents and progress reports of each project. The MOC conducted review meetings on a quarterly and annual basis and minutes in writing were prepared accordingly.
2.6 Does the IP carry out and document regular monitoring activities such as review meetings, on-site project visits, etc.	✓			Low	1	For ODA funded projects, monitoring activities and site visits would be conducted by the Donor's representatives and the Investor within the timeframe specified in Project documents. Monitoring and site visit reports were prepared after monitoring and site visit activities were completed. We collected and reviewed the report on site visit in Ho Chi Minh city from 17 to 19 September 2018 to evaluate implementation progress of some construction works under the Project. This report

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Subject area (key questions in bold)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
						<p>dated 20th September 2018 was prepared by the Project Manager. Moreover, meetings with implementing partners of the Project were also documented in writing and kept at the Project Office.</p> <p>The MOC and the DOSTE carried out monitoring activities through evaluation meetings and reports on the project implementation. On a quarterly basis, the PMU held a meeting to update project implementation and propose solutions for issues arising in the quarter (if any). Moreover, the PMU prepared quarterly progress reports and sent to the MOC – the responsible party – and the DOSTE – the project owner – for consolidation before submitting to the MPI and the MOF as regulated. Evaluation and finalization meetings were held on semi-annual basis, annual basis and at the end of projects.</p> <p>We collected and reviewed the 2017 finalization report of the Project “Energy Efficiency Improvement in Commercial and High-Rise Residential Buildings (EECB) in Vietnam” funded by UNDP. The finalization meeting was held in March 2018 with the participation of Representatives of the MOC, the project owner and the Donor. We also reviewed the Project’s quarterly progress report for the 4th quarter of 2018, disbursement progress report (ATM report), quarterly activity reports and 2018 PSC meeting minutes and noted that these documents included evaluation information relating to the implementation of the project’s activities,</p>

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Subject area (key questions in <i>bold</i>)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
2.7 Does the IP systematically collect, monitor and evaluate data on the achievement of project results?	✓			Low	1	<p>results of implementation of project objectives as well as outputs and financial results of the Project.</p> <p>The collection, monitoring and evaluation of data and results were carried out on a project-by-project basis. The Department of Planning and Finance under the MOC was responsible for systematically collecting, monitoring and evaluating achievements of ODA projects. This was reflected in quarterly project implementation reports. Such reports were consolidated by the DPF – MOC before being submitted to the MPI.</p> <p>For the project "Energy Efficiency Improvement in Commercial and High-Rise Residential Buildings (EECB) in Vietnam" funded by UNDP, project implementation reports were prepared on a quarterly, semi-annual and annual basis to synthesize, monitor and evaluate project results. In addition, the Project's outputs were carefully checked and reviewed by the PMU before payments were made. All outputs of the Project's activities implemented within the framework of programs/projects were collected and consolidated by the PMU and then sent to the DOSTE for being uploaded in the database for management requirements.</p> <p>The MOC assigned the Department of Planning and Finance (DPF) to provide guidance to relevant units on corrective actions and time frame required as regard to recommendations raised by independent evaluation units (independent auditors, State</p>
2.8 Is it evident that the IP followed up on independent evaluation recommendations?	✓			Low	1	

Subject area (key questions in bold)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
						<p>Auditors, and Inspectors of the MOC and of the MOF). The DPF under the MOC was responsible for monitoring the implementation of these recommendations and reporting results to the MOC, Donors and independent evaluation units. We collected and reviewed the micro assessment report of the MOC for the period 2012-2016 implemented by the consultant company and found no significant issues to be reported. All recommendations of independent auditors were followed up and improved by the MOC.</p> <p>The Project "Energy Efficiency Improvement in Commercial and High-Rise Residential Buildings (EECB) in Vietnam" funded by UNDP was audited by independent auditors for periods from 1/7/2016 to 30/9/2017 and from 1/10/2017 to 30/9/2018. We collected these audit reports and management letters and found no significant issues to be reported. Corrective actions were carried out to address independent auditors' findings.</p>
Total number of questions in subject area:	8					
Total number of applicable questions in subject area:	8					
Total number of applicable key questions in subject area:	2					
Total number of risk points:	8					
Risk score:	1.00					

Subject area (key questions in bold)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
Area risk rating:	Low					
3. Organizational Structure and Staffing						
3.1 Are the IP's recruitment, employment and personnel practices clearly defined and followed, and do they embrace transparency and competition?	✓			Low	1	<p>Recruitment and personnel practices of the MOC complied with Decree No. 24/2010/ND-CP, dated 15th March 2010 by the Government regulating recruitment, usage and management of civil servants, and Decree No. 93/2010/ND-CP, dated 31st August 2010 amending some articles of Decree No. 24/2010/ND-CP and Circular No. 13/2010/TT-BNV regulating some articles on recruitment and promotion of civil servants of Decree No. 24/2010/TT-BNV. The number of civil servants and employees of functional units under the MOC was determined on the basis of job positions approved by the Minister of the MOC. The Organizational and Staffing Department of the MOC was responsible for the recruitment of officials according to provisions of law on the basis of the approved employees' norm.</p> <p>For each project, the MOC established 1 PSC and 1 PMU to manage the Project's activities and outputs. Each PSC had at least one Ministerial Leader and each PMU had at least one Director and one specialist assigned from the DOSTE to work part time for the project at the PMU' management positions (Project Director and Project Coordinator). Concurrent staffs were entitled to salaries and allowances from counterpart funds as regulated in approved project documents and current</p>

Subject area (key questions in bold)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
						<p>regulations. The Project Director was allowed to recruit full-time contracted staff for some positions in the PMU including Project manager, project accountant, administrative staff and other supported staff.</p> <p>For contracted staff of the Project, recruitments were carried out according to regulations of each Donor with specific terms of reference. Specifically, the recruitment process comprised the following steps:</p> <ol style="list-style-type: none"> 1. Job advertisements were posted on the website of the MOC and on newspapers including People Newspaper, Bidding Newspaper; 2. Candidates filed their online applications or sent their applications directly to Projects' office; 3. Qualified applications were short listed; 4. Job interviews were conducted; and 5. Selected candidates were notified for signing employment contracts. <p>In general, recruitment policies of the MOC and its Projects embraced transparency and competitiveness.</p>
3.2 Does the IP have clearly defined job descriptions?	✓			Low	1	<p>For employees recruited by the RP, Terms of Reference (TOR) were defined clearly in employees' records, which were kept by the Organizational and Staffing Department under the MOC.</p> <p>For staffs seconded to PMUs, job descriptions were clearly defined in appointment and task allocation</p>

Subject area (key questions in bold)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
<p>3.3 Is the organizational structure of the finance and programme management departments, and competency of staff, appropriate for the complexity of the IP and the scale of activities? Identify the key staff, including job titles, responsibilities, educational backgrounds and professional experience</p>	✓			Low	1	<p>decisions by the Minister of the MOC.</p> <p>For contracted staffs recruited by PMUs, tasks were clearly described in Terms of Reference, contracts, and Organizational and Operational Regulations which were kept at the PMUs.</p> <p>At RP level: The Ministry Office had an accounting division, which was responsible for managing all regular expenditures using the State budget of the MOC. The Ministry Office had 1 Chief and 3 Deputy Chief of Office. All leaders and specialists of the Ministry Office had appropriate university degrees. All staff had bachelor degrees in economics or higher.</p> <p>In addition, the Department of Planning and Finance (DPF) under the MOC had a function of monitoring, synthesizing and preparing reports, assessing the implementation of long-term plans, annual plans and preparing monthly, quarterly and annual reports of the MOC. The DPF was run by one Director and 3 deputy directors and specialists. They all had appropriate background and their experience was suitable with functions and duties assigned by the MOC.</p> <p>At the PMU level: For the Project "Energy Efficiency Improvement in Commercial and High-Rise Residential Buildings (EECB) in Vietnam" funded by UNDP, accounting works were implemented by 1 project accountant with supports of the Project Manager and other</p>

Subject area (key questions in <i>bold</i>)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/ comments
						supported staff recruited by the PMU. Through our interviews, we were informed that the current project accountant – Ms. Bui Thi Bach Yen – was recruited in December 2017 to replace Ms. Nguyen Thi Thu. However, the project's accounting works were supervised and supported by the Project Manager, the project coordinator from the Government and finance officers from UNDP; therefore, such replacement did not negatively affect the project implementation. Through our interviews, we noted that a current project accountant and project manager had good knowledge, skills and experience in disbursement procedures and processes of projects funded by UN agencies. Besides, their workloads were assessed to be reasonable.
3.4 Is the IP's accounting/finance function staffed adequately to ensure sufficient controls are in place to manage agency funds?	✓			Low	1	<p>At RP level: The Ministry Office had an accounting division, which was responsible for managing all regular expenditures using the State budget of the MOC. The Ministry Office had 1 Chief and 3 Deputy Chief of Office. The Department of Planning and Finance (DPF) under the MOC had a function of monitoring, synthesizing and preparing reports, assessing the implementation of long-term plans, annual plans and preparing monthly, quarterly and annual reports of the MOC. The DPF was run by one Director and 3 deputy directors. In addition, there were other accountants responsible for carrying out detailed tasks in accordance with functions and duties assigned by the MOC and by the DPF. We believed that number of specialists at the Ministry</p>

Subject area (key questions in <i>bold</i>)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
3.5 Does the IP have training policies for accounting/finance/programme management staff? Are necessary training activities undertaken?	✓			Low	1	<p>Office and the DPF were sufficient and met experience and skill requirements to ensure sufficient controls in place to manage funds from the State Budget as well as funds from Donors.</p> <p>At the PMU level: For EECB project funded by UNDP, accounting works were implemented by 1 project accountant with supports of the project manager and other supported staff recruited by the PMU. Through interviewing with the project manager and the project accountant, we noted that current number of project accountants at the PMU level was sufficient and met experience and skill requirements to ensure sufficient controls in place to manage the ODA funds.</p> <p>The MOC maintained training resources and prepared annual staff training plans. Annually, the MOC's staff would be updated with changes in regulations of the State under general training programmes of Ministries (the MOC, and the MOF).</p> <p>For Projects staff, trainings would be carried out within project frameworks. Training courses for project accountant/finance/programme were conducted by Donors. In 2018, staffs from projects funded by UNDP were provided with a training course on project financial management.</p> <p>Considering Projects' size and staff capacity, we assessed that staff were adequately equipped to manage projects funded by UN agencies.</p>

Subject area (key questions in <i>bold</i>)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
3.6 Does the IP perform background verification/checks on all new accounting/finance and management positions?	✓			Low	1	Recruitment and personnel practices of the MOC complied with Decree No. 24/2010/ND-CP, dated 15 th March 2010 by the Government regulating recruitment, usage and management of civil servants and Decree No. 93/2010/ND-CP, dated 31 st August 2010, amending some articles of Decree No. 24/2010/ND-CP; therefore, personal information of accounting/finance management positions were verified/inspected by the Organizational and Staffing Department – the MOC. For contracted staff, the PMU also conducted a verification of personal information as well as certificates before signing labor contracts with staff.
3.7 Has there been significant turnover in key finance positions the past five years? If so, has the rate improved or worsened and appears to be a problem?	✓			Low	1	There has been no significant change in staff volume of the MOC during the past five years. For EECB project funded by UNDP, there was a change of project accountant in 2017. Specifically, Ms. Bui Thi Bach Yen was recruited in the position of project accountant in December 2017 to replace Ms. Nguyen Thi Thu. However, the project's accounting works were supervised and supported by the Project Manager, the project coordinator from the Government and finance officers from UNDP; therefore, such replacement did not negatively affect the project implementation.
3.8 Does the IP have a documented internal control framework? Is this framework distributed and made available to staff and updated periodically? If so, please describe.	✓			Low	1	At RP level: The MOC operated its supervision based on the Government's regulations and self-developed regulations, such as the Organization and Operation Regulations and Internal Regulations. These regulations were widely publicized to officers, civil

Subject area (key questions in bold)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
						servants and employees. Officers and civil servants could participate in making democratic and public comments on the elaboration of these regulations. Such regulations were updated annually with new regulations issued by the Government.
						At the PMU level: The PMU operated based on its Organization and Operation Regulations. These regulations were widely publicized to the project's staff before implementation. In addition, the Project Director issued the Guideline on acceptance and settlement procedures of EECB project's outputs attached with Decision No. 17/QD-BQLDA dated 19 th December 2017 to support project staff in the process of acceptance and settlement for project's outputs. The PMU also complied with periodic reporting requirements from internal functional parties in the MOC. Moreover, the PMU complied with regulations on financial management, reporting regime and monitoring framework stated in the HPPMG of the Donor.
Total number of questions in subject area:	8					
Total number of applicable questions in subject area:	8					
Total number of applicable key questions in subject area:	3					
Total number of risk points:	8					
Risk score:	1.00					
Area risk rating:	Low					

Subject area (key questions in bold)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
4. Accounting Policies and Procedures						
4a. General						
4.1 Does the IP have an accounting system that allows for proper recording of financial transactions from United Nations agencies, including allocation of expenditures in accordance with the respective components, disbursement categories and sources of funds?	✓			Low	1	<p>At RP level: The accounting system of the MOC was in compliance with Circular No. 107/2017/TT-BTC, dated 10th October 2017 of the Ministry of Finance, replacing Decision No. 19/2006/QĐ-BTC, dated 30th March 2006 and Circular No. 185/2010/TT-BTC, dated 15th November 2010 of the MOF. The MOC Office used MISA accounting software to record accounting transactions. This software allowed for proper recording of financial transactions, including allocation of expenditures in accordance with the respective components (if any), disbursement categories and sources of funds.</p> <p>At the PMU level: The PMU of the Project "Energy Efficiency Improvement in Commercial and High-Rise Residential Buildings (EECB) in Vietnam" funded by UNDP used VSF accounting software to record all accounting transactions. Through our review, we noted that this software allowed for proper recording of financial transactions, including allocation of expenditures in accordance with the respective components, disbursement categories and sources of funds. The Project's accounting system complied with the HPPMG of the Donor.</p>
4.2 Does the IP have an appropriate cost allocation methodology that ensures accurate cost allocations to the various	✓			Low	1	<p>At RP level: The MOC Office only used MISA accounting software to record accounting transactions sourced</p>

Subject area (key questions in bold)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
funding sources in accordance with established agreements?						<p>from the counterpart fund. ODA funds were allocated and recognized to individual projects.</p> <p>At the PMU level: Expenditures for different funding sources (ODA and counterpart funds) were allocated according to corresponding percentages prescribed in Projects' Grant Agreements and Project budgets. Specifically, activities from UNDP's funds were undertaken based on an annual work plan and quarterly detailed budget approved by UNDP. Disbursements from the counterpart fund were made based on budget allocation decisions and the State budget plans approved by the MOC at the beginning of each year. The PMU regularly monitored disbursement rates by disbursement category and source of funds to ensure that expenditures did not exceed the required disbursement rates. The allocation of disbursements to various funding sources was clearly shown in project progress reports.</p>
4.3 Are all accounting and supporting documents retained in an organized system that allows authorized users easy access?	✓			Low	1	<p>All accounting documents and vouchers were stored in hardcopies at the DPF, the Ministry Office and PMUs' offices. The storage of vouchers and accounting documents was in compliance with provisions of the current Accounting Law of the Government of Vietnam.</p>
4.4 Are the general ledger and subsidiary ledgers reconciled at least monthly? Are explanations provided for significant reconciling items?	✓			Low	1	<p>At the RP and PMU levels: Accounting work was supported by software; hence, detailed ledgers were automatically compiled into the general ledger.</p>

Subject area (key questions in bold)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks / comments
						On a monthly basis, the PMU performed reconciliation of project's disbursements with the Cash receipt and disbursement ledger, fund ledger, and bank book. Such ledgers and reconciliation form were certified by the Project manager and approved by the Project Director.
4b. Segregation of duties						
4.5 Are the following functional responsibilities performed by different units or individuals: (a) authorization to execute a transaction; (b) recording of the transaction; and (c) custody of assets involved in the transaction?	✓			Low	1	<p>At RP level: The MOC regulated separate duties for each department/unit according to the Decision approving organizational structure, function, and tasks of Departments/Units under the MOC.</p> <p>At the PMU level: Segregation of duties was in place. Transactions were normally prepared by an accountant, certified by a Project Manager and approved by a Project Director. After being approved, transactions were recorded into accounting ledgers.</p> <p>Assets were handed over to users through hand-over minutes and managed by the administration staff.</p>
4.6 Are the functions of ordering, receiving, accounting for and paying for goods and services appropriately segregated?	✓			Low	1	<p>At RP level: The functions of ordering, receiving, accounting for and paying for goods and services were appropriately segregated.</p> <ul style="list-style-type: none"> Ordering: made by users of goods and services, implementing partners sent orders to the Ministry Office for consolidation and approval. Receiving: done by users with the presence of a staff of the Ministry Office.

Subject area (key questions in <i>bold</i>)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks / comments
						<ul style="list-style-type: none"> Paying: processed by an Accountant when Payment Requests were approved by the Chief of the Ministry Office. <p>At the PMU level: The PMU segregated duties for each project staff. Specifically, the project staff prepared and sent orders to administrative staff. The Project manager reviewed and certified these orders before submitting to the Project Director for official approvals. The Project Accountant subsequently recorded transactions in accounting books.</p> <p>The PMU had some working tools and office equipment with insignificant value. Such office equipment was managed by the Project staff/users at the Project office.</p> <p>The Project accountant obtained monthly bank statements and performed reconciliation with accounting books. Such reconciliation was documented in writing. Bank reconciliation was prepared by the Project Accountant, certified by the Project Manager and approved by the Project Director.</p>
4.7 Are bank reconciliations prepared by individuals other than those who make or approve payments?	✓			Low	1	
4c. Budgeting system						
4.8 Are budgets prepared for all activities in sufficient detail to provide a meaningful tool for monitoring subsequent performance?	✓			Low	1	<p>At RP level: Functional units under the MOC self-prepared annual budgets and sent to the DPF – MOC for consolidation. The DPF was responsible for reviewing for budgets of these units and submitting to the Minister for initial approval before sending to the MOF for appraisals. Annual budgets of</p>

Subject area (key questions in bold)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
						functional units under the MOC were approved by the National Assembly as regulated. At the PMU level: AWPs and budgets for activities were in sufficient detail to provide a meaningful tool for monitoring subsequent performance. Based on annual budgets and AWP, Projects prepared detailed quarterly budgets and work plans for each activity.
4.9 Are actual expenditures compared to the budget with reasonable frequency? Are explanations required for significant variations from the budget?	✓			Low	1	At the PMU: For payments of the Ministry Office from the State budget, the Division of Accounting and Administration prepared final settlement reports to compare actual disbursements with allocated budget and make reconciliation with the State Treasury on a quarterly/annual basis. Normally, disbursements were made depending on the annual allocated budget approved by the MOC.
4.10 Is prior approval sought for budget amendments in a timely way?	✓			Low	1	At the PMU level: At the Project level, budget comparison was performed on a quarterly basis. All disbursements were based on budgets approved by the Donors. Any over – utilization or inappropriate utilization of budget was officially authorized by Donors and the Project Director before payments were made. At the RP and the PMU levels, overspendings must be approved in advance and with official approvals from Ministerial Leaders and Donors. According to our interviews and review of supporting documents, approvals for budget revisions were made on a timely basis.

Subject area (key questions in <i>bold</i>)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
4.11 Are IP budgets approved formally at an appropriate level?	✓			Low	1	The Directors and Deputy Directors of Departments, and PMUs were responsible for preparing budgets for PMUs and the essential State Budget to support the MOC's activities. Such budgets were sent to Donors for reviewing and revision (if necessary) and then to the Department of Planning and Finance (DPF) for appraisal. After the draft version was appraised by the DPF, the IP submitted the AWP/As and budgets to the Investor – the Minister/Vice Minister of the MOC for official approval. Annual and quarterly budgets were officially approved by the Project Director and UNDP before implementation.
4d. Payments						
4.12 Do invoice processing procedures provide for:						The process of handling invoices and vouchers was carried out in accordance with current regulations of the Government and in compliance with regulations of the HPPMG for the project funded by UNDP.
<ul style="list-style-type: none"> • Copies of purchase orders and receiving reports to be obtained directly from issuing departments? • Comparison of invoice quantities, prices and terms with those indicated on the purchase order and with records of goods/services actually received? • Checking the accuracy of calculations? 	✓			Low	1	<p>Reviewing and interviewing the PMU, we found that invoices and vouchers were carefully checked in terms of amount and nature. All payment documents were checked by the Project Accountant, certified by the Project Manager and approved by the Project Director.</p> <p>All payments from the counterpart fund and credit funds were controlled by the State Treasury. For grant projects, payments were controlled by Banks.</p>

Subject area (key questions in bold)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
4.13 Are payments authorized at an appropriate level? Does the IP have a table of payment approval thresholds?	✓			Low	1	At the RP level: There was no table of payment approval thresholds at the RP level. All expenditures must be approved by the Minister/Vice Minister/Chief of the Ministry Office under the authorization of the Minister. At the PMU level: There was no table of payment approval thresholds at the PMU level. All expenditures must be approved by the Project Director.
4.14 Are all invoices stamped 'PAID', approved, and marked with the project code and account code?	✓			Low	1	At the time of our assessment, we noted that documents and invoices of the Project "Energy Efficiency Improvement in Commercial and High-Rise Residential Buildings (EECB) in Vietnam" funded by UNDP were stamped "PAID" and fully reviewed and approved with Project code and activity code.
4.15 Do controls exist for preparation and approval of payroll expenditures? Are payroll changes properly authorized?	✓			Low	1	All salary expenses were approved by the Chief of the Ministry Office under the authorization of the Minister based on the salary budget allocated from the MOC's annual budget. The MOC's salary expenses were based on the wage coefficient of the State, therefore, salary expenses changed only when such rate increased. Any change in salary expenses must be approved by the Chief of the Ministry Office before salary payments were made. For the Project "Energy Efficiency Improvement in Commercial and High-Rise Residential Buildings (EECB) in Vietnam" funded by UNDP, salaries to the Project's staff (except for a Project Director, a Project Coordinator from the Government concurrently working for the Project) were paid

Subject area (key questions in bold)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
4.16 Do controls exist to ensure that direct staff salary costs reflect the actual amount of staff time spent on a project?	✓			Low	1	<p>from the Donor's funds based on norms approved by the Donor. Salaries of the Project's staff were agreed in labour contracts and clearly shown in monthly payrolls according to approved norms. Payrolls were prepared by the Project Director, reviewed by the Project Manager and approved by the Project Director. Any change in salary (if any) must be approved by the Project Director and the Donor.</p> <p>At RP level: The Organizational and Staffing Department maintained a staff structure which detailed job description for each position correlating with budgeted time allowed for each activity/responsibility. Moreover, the Ministry Office kept track of civil servants' timesheets which were consolidated from timesheets recorded by the implementing units as the basis for salary payments.</p> <p>At the PMU level: The Project Accountant prepared payrolls based on timesheets of project officers. Timesheet reports were prepared by the project's secretary, checked by the Project Manager and approved by the Project Director. Payrolls were approved by the Project Director before payments were made to employees. We reviewed timesheets of EECB Project staff and noted that the timesheets reflected the actual working time of staff spent on the Project.</p>

Subject area (key questions in bold)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
4.17 Do controls exist for expense categories that do not originate from invoice payments, such as DSAs, travel, and internal cost allocations?	✓			Low	1	<p>At the RP level: The Ministry Office and functional units under the MOC complied with current regulations of the State on expenditures regarding perdiems, travelling allowances and consultant fees. In addition, the Ministry Office had internal regulations to control travelling expenses and staff perdiems.</p> <p>At the PMU level: The PMU complied with cost norms as specified in the HPPMG. The Project Accountant based on the HPPMG to pay perdiems, travelling allowances and consultant fees. At the time of our assessment, we noted that expenditures were properly reviewed and approved and complied with Donor's regulations. Expenditures for perdiems, travelling allowance were supported by receipt notes, list of recipients, invoices, and travel request forms. Consultant fees were paid based on contracts and upon submitting consultant's outputs.</p>
4e. Policies and procedures						
4.18 Does the IP have a stated basis of accounting (i.e. cash or accrual) and does it allow for compliance with the agency's requirement?	✓			Low	1	<p>At the RP level: Accrual accounting basis was applied at the Ministry Office and other accounting units under the MOC and in compliance with regulations of Circular No. 107/2017/TT-BTC, dated 10th October 2017 of the MOF replacing Decision No. 19/2006/QĐ-BTC, dated 30th March 2006 and Circular No. 185/2010/TT-BTC, dated 15th November 2010 of the MOF.</p> <p>At the PMU level: The accounting basis applicable to EECB Project was cash basis and in compliance with Circular No.</p>

Subject area (key questions in <i>bold</i>)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
						225/2010/TT-BTC, dated 31 st December 2010 of the Ministry of Finance regulating the State financial management regime applicable to foreign non-refundable grants belonging to the State Budget. The Project also prepared other reports as required by the Donor. The PMU complied with accounting policies and procedures of UN Agencies as well as regulations of the HPPMG.
4.19 Does the IP have an adequate policies and procedures manual and is it distributed to relevant staff?	✓			Low	1	At the RP level: The Ministry Office and accounting units under the MOC applied accounting policies and procedures in compliance with Circular No. 107/2017/TT-BTC, dated 10 th October 2017 of the MOF, replacing Decision No. 19/2006/QD-BTC, dated 30 th March 2006 and Circular No. 185/2010/TT-BTC, dated 15 th November 2010 of the MOF. At the PMU level: The PMU applied accounting policies and procedures as regulated in the HPPMG of the Donor and in compliance with Circular No. 225/2010/TT-BTC, dated 31 st December 2010 of the Ministry of Finance regulating the State financial management regime applicable to foreign non-refundable grants belonging to the State Budget.
4f. Cash and bank						
4.20 Does the IP require dual signatories/ authorization for bank transactions? Are new signatories approved at an appropriate level and timely updates made when signatories depart?	✓			Low	1	The Project's bank accounts required 2 authorized signatures/approval by the Project Accountant and the Project Director. There was no authorized signature in case of absence of the Project Director.

Subject area (key questions in bold)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
4.21 Does the IP maintain an adequate, up-to-date cashbook, recording receipts and payments?			✓	Not applicable	-	There were no receipts/payments in cash at the PMU level.
4.22 If the partner is participating in micro-finance advances, do controls exist for the collection, timely deposit and recording of receipts at each collection location?			✓	Not applicable	-	Not applicable.
4.23 Are bank balances and cash ledger reconciled monthly and properly approved? Are explanations provided for significant, unusual and aged reconciling items?	✓			Low	1	Bank reconciliation was prepared on a monthly basis. Treasury reconciliation was quarterly performed. Such reconciliation was made in writing. We reviewed monthly bank reconciliation minutes and noted that such minutes were prepared and fully approved.
4.24 Is substantial expenditure paid in cash? If so, does the IP have adequate controls over cash payments?			✓	Not applicable	-	The PMU did not maintain any cash on hand. Expenditures over VND10 million and VND2million, at the Ministry Office and of the UNDP Project, respectively, must be made through bank transfers as regulated. However, during the Project implementation, there were no receipts/payments in cash.
4.25 Does the IP carry out regular petty cash reconciliation?			✓	Not applicable	-	The PMU did not maintain cash on hand.
4.26 Are cash and cheques maintained in a secure location with restricted access? Are bank accounts protected with appropriate remote access controls?		✓		High	4	The PMU did not maintain cash on hand. Bank accounts were not controlled with appropriate remote access, such as via the online banking system. The PMU only collected bank statements on a monthly basis. The absence of an appropriate remote access control might lead to a risk that the IP could not detect and resolve issues (if any) in a

Subject area (key questions in bold)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
						timely manner.
4.27 Are there adequate controls over submission of electronic payment files that ensure no unauthorized amendments once payments are approved and files are transmitted over secure/encrypted networks?			✓	Not applicable	-	Not applicable. The MOC and its projects did not submit electronic payment files.
4g. Other offices or entities						
4.28 Does the IP have a process to ensure expenditures of subsidiary offices/ external entities are in compliance with the work plan and/or contractual agreement?			✓	Not applicable	-	There was no co-implementing partner in the Project "Energy Efficiency Improvement in Commercial and High-Rise Residential Buildings (EECB) in Vietnam" funded by UNDP. However, the EECB project was technically supported by the MOST, the MOF, and the MOST. The PMU would consult with these Ministries and other relevant units for some special project activities.
4h. Internal audit						
4.29 Is the internal auditor sufficiently independent to make critical assessments? To whom does the internal auditor report?			✓	Not applicable	-	At the RP level: The MOC did not have any internal audit division. However, through our interviews, we understand that the Department of Planning and Finance under the MOC had a function of reviewing and inspecting financial activities of other units under the MOC. In addition, the MOC's Inspectorate was an organization under the MOC to assist the Minister to implement provisions of laws on the inspection, settlement of complaints, denunciations and prevention anti-corruption; conducted administrative inspection for agencies, organizations, units and individuals under the field

Subject area (key questions in bold)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
						of State management of the Ministry and specialized inspection for agencies, organizations, individuals operating in the sector under the field of the State management of the Ministry of Construction.
4.30 Does the IP have stated qualifications and experience requirements for internal audit department staff?			✓	Not applicable	-	At the PMU level: No inspection unit was established at the project level.
4.31 Are the activities financed by the agencies included in the internal audit department's work programme?			✓	Not applicable	-	
4.32 Does the IP act on the internal auditor's recommendations?			✓	Not applicable	-	
Total number of questions in subject area:	32					
Total number of applicable questions in subject area:	22					
Total number of applicable key questions in subject area:	16					
Total number of risk points:	25					
Risk score:	1.14					
Area risk rating:	Low					

Subject area (key questions in bold)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
5. Fixed Assets and Inventory						
5a. Safeguards over assets						
5.1 Is there a system of adequate safeguards to protect assets from fraud, waste and abuse?	✓			Low	1	<p>At RP level: Assets at the MOC were monitored by the Ministry Office through accounting books and accurately numbered and adequately labelled. In addition, the MOC also issued regulations on asset management and disseminated them to the MOC's staff for their compliance.</p> <p>At the PMU level: The PMU maintained assets registers to monitor and update current status of assets and to conduct physical assets counts once a year. Project's assets were labelled and numbered according to regulations of Donors.</p>
5.2 Are subsidiary records of fixed assets and inventory kept up to date and reconciled with control accounts?	✓			Low	1	<p>At the RP level: Fixed assets were monitored and updated by the Ministry Office in a register and depreciated according to current regulations of the State.</p> <p>At the PMU level: Fixed asset registers were updated whenever purchases/disposals of fixed assets incurred.</p>
5.3 Are there periodic physical verification and/or count of fixed assets and inventory? If so, please describe?	✓			Low	1	<p>At the RP level: The MOC Office performed a physical count of fixed assets at the end of each year. Physical count minutes were prepared with sufficient signatures of authorized persons.</p>

Subject area (key questions in bold)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
						At the PMU level: Fixed assets were counted on an annual basis, usually at the year end. We obtained and reviewed the minute of Physical Asset Count as at 31 December 2017 and found that such minute was updated with condition and location of assets. The minute was also fully approved by the Project Director.
5.4 Are fixed assets and inventory adequately covered by insurance policies?	✓			Low	1	The PMU of EECB Project purchased insurance for all project's assets. We reviewed the asset risk insurance contract dated 10 th August 2017 between EECB PMU and Xuan Thanh Company and noted that all project assets were adequately insured. Equipment of the MOC was insured in accordance with regulations of the Government.
5b. Warehousing and inventory management						
5.5 Do warehouse facilities have adequate physical security?			✓	Not applicable	-	Not applicable. There were no inventories at the MOC and the PMU.
5.6 Is inventory stored so that it is identifiable, protected from damage, and countable?			✓	Not applicable	-	Not applicable. There were no inventories at the MOC and the PMU.
5.7 Does the IP have an inventory management system that enables monitoring of supply distribution?			✓	Not applicable	-	Not applicable. There were no inventories at the MOC and the PMU.
5.8 Is responsibility for receiving and issuing inventory segregated from that for updating the inventory records?			✓	Not applicable	-	Not applicable. There were no inventories at the MOC and the PMU.
5.9 Are regular physical counts of inventory carried out?			✓	Not applicable	-	Not applicable. There were no inventories at the MOC and the PMU.
Total number of questions in subject area:	9					
Total number of applicable questions in	4					

Subject area <i>(key questions in bold)</i>	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks / comments
subject area:	0					
Total number of applicable key questions in subject area:	4					
Risk score:	1.00					
Area risk rating:	Low					
6. Financial Reporting and Monitoring						
6.1 Does the IP have established financial reporting procedures that specify what reports are to be prepared, the source system for key reports, the frequency of preparation, what they are to contain and how they are to be used?	✓			Low	1	<p>At RP level: The MOC followed the reporting regime in accordance with current regulations of the Government. All regular disbursements of the MOC were recorded and monitored by the Ministry Office. The Ministry Office had its own seal, separate bank accounts in the State Treasury and commercial banks to operate according to provisions of laws. The Ministry Office was responsible for summarizing and preparing consolidated financial statements for whole sector according to forms stipulated in Circular No. 107/2017/TT-BTC, dated 10th October 2017 of the Ministry of Finance, replacing Decision No. 19/2006/QĐ-BTC, dated 30th March 2006 and Circular No. 185/2010/TT-BTC, dated 15th November 2010 of the MOF. Such financial statements represented consolidated disbursements of the Ministry from the counterpart fund and all disbursements of other projects implemented by the Ministry. Annual financial statements were appraised by the Ministry of Finance.</p> <p>In addition, the DOSTE – the Project owner</p>

Subject area (key questions in bold)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/ comments
						<p>prepared ODA project implementation reports on a quarterly and annual basis in accordance with Decision No. 803/2007/QD-BKH dated 30th July 2007 by the Ministry of Planning and Investment, Circular No. 16/2016/ND-CP dated 26th March 2016 of the Government, and Circular No. 12/2016/TT-BKH dated 8th August 2016 of the MPI regulating the management and use of ODA and loans from foreign donors. Such reports were sent to the Department of Planning and Finance under the MOC for consolidation before being submitted to the MPI.</p> <p>At the PMU level: Projects funded by ODA funds and counterpart funds followed two (2) reporting systems. One system complied with donors' requirements and another complied with the Government's requirements.</p> <p>EECB PMU – the implementing partner for EECB project funded by UNDP prepared financial/activity/progress reports on a quarterly basis in compliance with the Harmonized Project and Programme Management Guidelines (HPPMG) of the Donor. Accordingly, such quarterly reports were prepared in forms regulated by the Donor and submitted within the first 15 days of the following quarter. We have reviewed FACE reports for the period from 13/7/2018 to 30/9/2018 of EECB and found that this report was fully approved by the authorized person.</p>

Subject area (key questions in bold)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
6.2 Does the IP prepare overall financial statements?	✓			Low	1	<p>At the RP level: The Ministry Office was responsible for summarizing and preparing consolidated financial statements for the whole sector according to forms stipulated in Circular No. 107/2017/TT-BTC, dated 10th October 2017 of the Ministry of Finance, replacing Decision No. 19/2006/QĐ-BTC, dated 30th March 2006 and Circular No. 185/2010/TT-BTC, dated 15th November 2010 of the MOF. Such financial statements represented consolidated disbursements of the Ministry from the counterpart fund and all disbursements of other projects implemented by the Ministry. Annual financial statements were appraised by the Ministry of Finance.</p> <p>At the PMU level: At the end of each fiscal year, the PMU prepared an annual financial report in accordance with Circular No. 107/2017/TT-BTC, dated 10th October 2017 of the Ministry of Finance, replacing Decision No. 19/2006/QĐ-BTC, dated 30th March 2006 and Circular No. 185/2010/TT-BTC, dated 15th November 2010 of the MOF in order to report the project implementation and funds receipt progress. Financial reports were fully approved by the Project Director and subsequently submitted to the Department of Planning and Finance – the MOC for appraisal and settlement.</p>
6.3 Are the IP's overall financial statements audited regularly by an independent auditor in accordance with appropriate national or international auditing standards? If so,	✓			Low	1	<p>At the RP level: The Department of Planning and Finance under the MOC carried out annual budget settlement for the specialized units under the MOC. In addition, every</p>

Subject area (key questions in bold)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
please describe the auditor.						2 years, depending on its annual audit plan, specialized units under the MOC were audited by the State Audit. At the PMU level: The Project "Energy Efficiency Improvement in Commercial and High-Rise Residential Buildings (EECB) in Vietnam" funded by UNDP were audited by independent auditors on an annual basis upon the Donor's request. Specifically, Nexia STT company provided the audit service of the Project for the period from 1/7/2016 to 30/9/2017 and Mazars Vietnam Co., Ltd. performed audit of the project funded by UNDP for the period from 1/10/2017 to 30/9/2018.
6.4 Were there any major issues related to ineligible expenditure involving donor funds reported in the audit reports of the IP over the past three years?	✓			Low	1	We reviewed auditors' reports and management letters of the Project "Energy Efficiency Improvement in Commercial and High-Rise Residential Buildings (EECB) in Vietnam" funded by UNDP and found that there were no major issues relating to ineligible expenditures noted in such auditors' reports.
6.5 Have any significant recommendations made by auditors in the prior five audit reports and/or management letters over the past five years and have not yet been implemented?	✓			Low	1	At RP level: Not applicable because the MOC was not audited by any independent auditor. At the PMU level: We collected and reviewed auditors' report and management letters of the Project "Energy Efficiency Improvement in Commercial and High-Rise Residential Buildings (EECB) in Vietnam" funded by UNDP and noted that all

Subject area (key questions in <i>bold</i>)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
						recommendations raised by the auditors were implemented by the IP. There were no significant issues to be reported in such management letters and auditors' reports of the Project.
6.6 Is the financial management system computerized?	✓			Low	1	At the RP level: The Ministry Office and specialized units under the MOC applied MISA accounting software. At the PMU level: The PMU currently used VSF accounting software to record the project's financial transactions. FACE reports would be then prepared on a quarterly basis in forms as regulated by the Donor based on data extracted from VSF accounting software.
6.7 Can the computerized financial management system produce the necessary financial reports?	✓			Low	1	At RP and PMU levels: The accounting software used by the Ministry Office and specialized units under the MOC and the PMU could easily produce financial reports meeting requirements of the Investor and Donors.
6.8 Does the IP have appropriate safeguards to ensure the confidentiality, integrity and availability of the financial data? E.g. password access controls; regular data back-up.	✓			Low	1	At RP and PMU levels: Accounting software and computers of staff had their own login and passwords. Financial data was regularly backed up on computers and transferred to portable hard drives at the end of each month.
Total number of questions in subject area:	8					
Total number of applicable questions in subject area:	8					

Subject area (key questions in <i>bold</i>)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
Total number of applicable key questions in subject area:	3					
Total number of risk points:	9					
Risk score:	1.00					
Area risk rating:	Low					
7. Procurement and Contract Administration						
7a. Procurement						
7.1 Does the IP have written procurement policies and procedures?	✓			Low	1	The MOC Office complied with procurement policies and procedures of the Government (Law on Procurements No. 43/2013/QH13, dated 26 th November 2013 and detailed procurement regulations). Projects complied with Donors' policies and procurement procedures, Law on Procurement and Procurement regulations of the Government. For the Project funded by UNDP, the procurement process complied with provisions of the HPPMG, Project Documents and other current regulations on Bidding of the Government.
7.2 Are exceptions to procurement procedures approved by management and documented?	✓			Low	1	All procurement activities were complied with procurement laws and regulations of the Government. There were no exceptions noted at the RP and PMU levels.
7.3 Does the IP have a computerized procurement system with adequate access controls and segregation of duties between entering purchase orders, approval and receipting of goods? Provide a description of the procurement system.			✓	Not applicable	-	Not applicable. Procurements were performed with segregation of duties between entering purchase orders, approval and receiving of goods without supports of specialized software.

Subject area (key questions in bold)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/ comments
7.4 Are procurement reports generated and reviewed regularly? Describe reports generated, frequency and review & approvers.	✓			Low	1	<p>At the RP level: The MOC Office consolidated and prepared annual procurement plans and submitted to the MOF for approval on procurement activities of the MOC. In addition, the MOC Office also consolidated annual procurement reports from other specialized units under the MOC to grasp their procurement implementation progresses and subsequently report to the Ministerial Leaders.</p> <p>At the PMU level: The PMU reported the Project's procurement and bidding activities in the annual project implementation reports. We collected and reviewed the project implementation reports for 2017 and proposed work plans for 2018 of EECB project and noted that such report specified all procurement and bidding activities, implementation progress of bidding packages of the PMU in the year.</p>
7.5 Does the IP have a structured procurement unit with defined reporting lines that foster efficiency and accountability?	✓			Low	1	<p>At RP level: Through our assessment, we noted that the MOC had a specialized procurement department, which was the Administration Division under the MOC Office. The Administration Division was responsible for summarizing and reporting annual procurement activities to the Ministerial Leaders.</p> <p>At the PMU level: A procurement staff was responsible for the project's procurement activities was Ms. Hoang Thi Kim Cuc – the Project Manager because there were only bidding packages for consultants at the Project</p>

Subject area (key questions in bold)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/ comments
						<p>level. In additions, for significant procurements made through open competitive bidding method, the PMU established a procurement specialist team with professional staffs who had sufficient expertise and experience to carry out the bidding process with additional supports from specialists of the MOC and UNDP. Through our interviews and assessment, we noted that the PMU ensured the arrangement of one professional procurement staff being responsible for procurement activities to foster efficiency and accountability in procurement and bidding process of the Project.</p>
<p>7.6 Is the IP's procurement unit resourced with qualified staff who are trained and certified and considered experts in procurement and conversant with UN / World Bank / European Union procurement requirements in addition to the IP's procurement rules and regulations?</p>	✓			Low	1	<p>At RP level: Through our review, we noted that procurement officers of the Administration Division were adequately equipped with knowledge of Law on Procurements of the Government and they all had certificates on bidding.</p> <p>At the PMU level: A procurement staff was responsible for the project's procurement activities was Ms. Hoang Thi Kim Cuc – the Project Manager because there were only bidding packages for consultants at the Project level. In additions, for significant procurements made through open competitive bidding method, the PMU established a procurement specialist team with professional staffs who had sufficient expertise and experience to carry out the bidding process with additional supports from specialists of the MOC and UNDP. Through our interviews and assessment, we noted that the project manager and project</p>

Subject area (key questions in bold)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
						accountant were used to implementing projects funded UN Agencies; therefore, they were familiar with UN Agencies' procurement requirements stated in the HPPMG. These project's staffs were fully equipped with knowledge of Law on Procurements of the Government as well as UN Agencies' procurement requirements and they all had certificates on bidding. Therefore, the PMU absolutely ensure sufficient knowledge and experience to carry out the project's procurement and bidding activities.
7.7 Have any significant recommendations related to procurement made by auditors in the prior five audit reports and/or management letters over the past five years and have not yet been implemented?	✓			Low	1	There were no significant issues related to procurement activities of the Project "Energy Efficiency Improvement in Commercial and High-Rise Residential Buildings (EECB) in Vietnam" funded by UNDP in its previous auditors' reports and financial spot-check reports.
7.8 Does the IP require written or system authorizations for purchases? If so, evaluate if the authorization thresholds are appropriate?	✓			Low	1	All procurement activities at the MOC and its Projects were approved by the Ministerial Leaders/Project Director and included in Procurement Plans in compliance with procurement threshold limit regulated in the HPPMG and Bidding Law.
7.9 Do the procurement procedures and templates of contracts integrate references to ethical procurement principles and exclusion and ineligibility criteria?	✓			Low	1	Procurement procedures and templates of contracts including references to ethical procurement principles and exclusion and ineligibility criteria were clearly included in Bid Invitations and Contracts.
7.10 Does the IP obtain sufficient approvals before signing a contract?	✓			Low	1	Procurements needed to be included in procurement plans and all procurement steps were completed before contracts were signed.

Subject area (key questions in <i>bold</i>)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/ comments
7.11 Does the IP have and apply formal guidelines and procedures to assist in identifying, monitoring and dealing with potential conflicts of interest with potential suppliers/procurement agents? If so, how does the IP proceed in cases of conflict of interest?	✓			Low	1	Procedures to assist in identifying, monitoring and dealing with potential conflicts of interest with suppliers might be reflected in the signed contracts with suppliers. In fact, there has never been any conflict of interest between the MOC/PMU and suppliers. Should this occur, the Ministry Office and the PMU would comply with provisions of Laws on Procurement.
7.12 Does the IP follow a well-defined process for sourcing suppliers? Do formal procurement methods include wide broadcasting of procurement opportunities?	✓			Low	1	The procurement process was implemented by the MOC and the PMU in compliance with procurement regulations of Donors and Laws on Procurement including competitive and open bidding methods for wide broadcasting of procurement opportunities.
7.13 Does the IP keep track of past performance of suppliers? E.g. database of trusted suppliers.		✓		High	4	Through our interview and review of supporting documents, we understand that the IP collected competitive quotations of some suppliers and evaluated their past performance to select the best supplier for the Project. These quotations and evaluation minutes were adequately kept by the PMU. In addition, the IP also prepared a contract list to keep track of contract implementation. However, the IP did not synthesize information of these suppliers into a list or regularly updated performance of suppliers.
7.14 Does the IP follow a well-defined process to ensure a secure and transparent bid and evaluation process? If so, describe the process.	✓			Low	1	The procurement process complied with procurement regulations of Donors and Laws on Procurement including competitive and open bidding methods. Such processes ensured secure and transparent bidding and evaluation processes.

Subject area (key questions in bold)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
7.15 When a formal invitation to bid has been issued, does the IP award the contract on a pre-defined basis set out in the solicitation documentation taking into account technical responsiveness and price?	✓			Low	1	The MOC and the PMU's Procurement processes complied with procurement regulations of Donors and Laws on Procurement. Therefore, only qualified bidders that met requirements set out in the bid invitations and offered the best price were awarded with procurement contracts.
7.16 If the IP is managing major contracts, does the IP have a policy on contracts management / administration?	✓			Low	1	The Administration Division under the MOC Office was responsible for contract management. The PMU assigned a Project Accountant and Project Manager to maintain contract tracking sheets with contract number information, contract name, supplier name, contract date, contract value, completed workload and the value of the property paid.
7b. Contract Management - To be completed only for the IPs managing contracts as part of program implementation. Otherwise select N/A for risk assessment						
7.17 Are there personnel specifically designated to manage contracts or monitor contract expirations?	✓			Low	1	The PMU assigned a Project Accountant to monitor contract expirations and value of the property paid.
7.18 Are there staff designated to monitor expiration of performance securities, warranties, liquidated damages and other risk management instruments?	✓			Low	1	A Project Accountant was assigned to monitor expiration of performance securities, warranties, liquidated damages and other risk management instruments.
7.19 Does the IP have a policy on post-facto actions on contracts?			✓	Not applicable	-	Not applicable for assessment because there were no post-facto actions on contracts.
7.20 How frequent do post-facto contract actions occur?			✓	Not applicable	-	Not applicable for assessment.
Total number of questions in subject area:	20					
Total number of applicable questions in subject area:	17					
Total number of applicable key questions in subject area:	5					

Subject area <i>(key questions in bold)</i>	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
	Total number of risk points:	20				
Risk score:	1.18					
Area risk rating:	Low					
Totals						
Total number of questions:	96					
Total number of applicable questions:	77					
Total number of applicable key questions:	33					
Total number of risk points:	83					
Total risk score:	1.08					
Overall risk rating:	Low					