



**Project "Energy efficiency improvement in commercial and high-rise residential buildings in Vietnam"
(Project ID: 00092225)**

Report of factual findings

Period from 1 October 2018 to 30 September 2019

Mr. Vu Ngoc Anh
National Project Director
Project "Energy efficiency improvement in commercial and high-rise residential buildings in Vietnam"
Ministry of Construction, CDC building, 37 Le Dai Hanh street, Hai Ba Trung district
Hanoi, Vietnam

Hanoi, 17 January 2020

To: Mr. Vu Ngoc Anh

**Re: Project "Energy efficiency improvement in commercial and high-rise residential buildings in Vietnam" (Project ID: 00092225)
Report of Factual Findings for the period from 1 October 2018 to 30 September 2019**

We have performed the procedures agreed with you and enumerated below with respect to the programme disbursements related to the Project "Energy efficiency improvement in commercial and high-rise residential buildings in Vietnam" (Project ID: 00092225) for the period from 1 October 2018 to 30 September 2019, set forth in the accompanying management letter. Our engagement was undertaken in accordance with International Standard on Related Services ("ISRS") 4400 and we performed agreed-upon procedures engagements. The procedures were performed solely to assist you in evaluating the validity of accounting records that support cash transfers from (agency) and are summarized as follows:

1. Compare documentation obtained describing the Implementing partner (IP)'s financial management internal controls against the most recent micro assessment from the corresponding programme cycle. Document any changes or inconsistencies.
2. Inquire of IP management whether there have been any changes to internal controls since the prior micro assessment from the current programme cycle. Document any changes identified.
3. Obtain a listing of all programme related expenditures during the period from 1 October 2018 to 30 September 2019 for the agreed-upon procedures engagement and perform the followings:
 - Randomly select a sample of expenditures amounting to a 20% percentage of total expenditures. Provide a detailed listing of expenditures selected as samples.
 - For each sample selection perform the following procedures:
 - ✓ Verify that documentation exists to support the expenditure in accordance with the applicable rules and procedures and agreements with UNDP.
 - ✓ Verify that the activity related to the expenditure is in accordance with the work plan.
 - ✓ Verify that the expenditure has been reviewed and approved in accordance with the applicable rules and procedures and agreements with UNDP.
 - ✓ Verify that the expenditure was reflected on a certified FACE form submitted to UNDP.
 - ✓ Verify that the expenditure was reflected in the IP's accounting records (official book of accounts) and bank statement.
 - ✓ Verify that supporting documents are stamped "PAID".
 - ✓ Verify that the FACE form was submitted consistent with the periodicity-of disbursement requirement (10 days).
 - ✓ Verify the price paid for goods or services against United Nations agreed standard rates (i.e. the applicable UN-EU Guidelines for Financing of local Costs in Development Co-operation with Vietnam).

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

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

We report our findings below:

(a) With respect to item 1, we noted that there were no significant issues to report.

(b) With respect to item 2, we noted that there were no significant issues to report.

(c) With respect to item 3, we note that there were significant issues related to:

- (1) Insufficient information on one set of payment documents; and
- (2) Value Added Tax ("VAT") refunds of the Project.

Refer to the Management Letter for details of these findings. Except for these issues, there were no other material issues to report.

(d) With respect to item 4, we noted that there were no significant issues to report.

Because these procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance on the programme disbursements for the period from 1 October 2018 to 30 September 2019.

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

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

Yours sincerely,



Nguyen Viet Nga
Deputy General Director

Project "Energy efficiency improvement in commercial and high-rise residential buildings in Vietnam"

(Project ID: 00092225)

Annex 1: Spot Check Work Plan

Period from 1 October 2018 to 30 September 2019

Project title:	Project "Energy efficiency improvement in commercial and high-rise residential buildings in Vietnam" (Project ID: 00092225) ("Project EECB")
Name of the IP:	The Department of Science Technology and Environment - Ministry of Construction
Location of the IP/programme:	Room 2, 1 st floor, CDC building, Ministry of Construction, 37 Le Dai Hanh street, Hai Ba Trung district, Hanoi, Vietnam
IP contact person and position:	Mr. Vu Ngoc Anh – National Project Director
Start/end date of the spot check	26 and 27 December 2019
Dates covered by FACE forms selected for testing	Period from 1 October 2018 to 30 September 2019
Date of the last spot check	27 and 28 December 2018
Member(s) of the spot check team	<ul style="list-style-type: none"> • Ms. Nguyen Viet Nga – Partner • Ms. Nguyen Ngoc Thuy – Assistant Manager • Ms. Do Mai Anh – Senior • Mr. Nguyen Duc Nguyen – Assistant • Ms. Vu Hong Nga – Assistant • Ms. Thai Thi Hien – Assistant • Ms. Tran Thuy Linh – Assistant
IP staff whom the spot check team met and worked with during the spot check	<ul style="list-style-type: none"> • Mr. Nguyen Cong Thinh – Deputy Project Director • Mr. Dinh Chinh Loi – Project Coordinator • Ms. Hoang Thi Kim Cuc – Project Manager • Ms. Bui Thi Bach Yen – Project Accountant/Administrator

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

No.	Procedure	Findings
1	Compare documentation obtained describing the Project's financial management internal controls against the most recent micro assessment from the corresponding programme cycle. Document any changes or inconsistencies identified.	We have collected the most recent documentation describing internal controls on financial management of the implementing partner (IP) and most recent micro assessments to make comparisons. The most recent micro assessment was about financial management capacity of the Project owner is for the Ministry of Construction and the implementing partner – the Department of Science Technology and Environment conducted in the general planning program cycle 2017-2021 on 3 July 2019. It was recommended in the micro assessment report that the IP should apply a remote bank account control system (the system that allows SMSs to be sent to the Chief Accountant's/Project Director's telephone numbers or online banking system) and create a data tracking table on suppliers. These recommendations have not been mentioned in any internal control document of the IP. Except for these issues, we noted that there were no other material issues to report.
2	Inquire of Project management whether there have been any changes to internal controls since the prior micro assessment from the current programme cycle. Document any changes identified.	We interviewed the management of the implementing partner to assess if there were any internal control changes since the most implementing recent micro assessment. The Project used the online banking system. However, the Project only applied the data tracking table on regular suppliers instead of all suppliers. Except for this issue, we noted that there were no other material issues to report.

Samples of expenditures:

Annex 2: List of sample expenditures
Period from 1 October 2018 to 30 September 2019

No.	Sample expenditures description and voucher number	Sample expenditures amount reported (VND) (*)	Documentation on exists to support expenditure in accordance with IP's applicable rules and procedures and agreements with the agency? (Y/N)	Activity is related to expenditure in accordance with work plan? (Y/N)	Expenditure has been reviewed and approved in accordance with IP's applicable rules and procedures and agreements with the agency? (Y/N)	Expenditure was reflected on a certified FACE form submitted to the agency and in IP's accounting records and bank statement? (Y/N)	Supporting documents are stamped "PAID", indicating which agency funded the transaction? (Y/N)	FACE form was submitted consistent with the periodicity of disbursement requirement in the HACT framework (within two weeks)? (Y/N)	Price paid for goods or services against United Nations agreed standard rates (if readily available)? (Y/N)	Findings
1	Payment for short term consulting fees to Ms. Hoang Thu Ha	17,810,947	Y	Y	Y	Y	Y	Y	Y	N
2	Advances for a study tour	27,862,942	Y	Y	Y	Y	Y	Y	Y	N
3	Local air tickets Ha Noi – Ho Chi Minh city – Ha Noi for the meeting in 8 October 2018	21,440,000	Y	Y	Y	Y	Y	Y	Y	N
4	Payment for ink fees for DC V2060 photocopier	4,636,364	Y	Y	Y	Y	Y	Y	Y	N
5	Payment for car rental fees from 17 to 19 September 2018	4,000,000	Y	Y	Y	Y	Y	Y	Y	N
6	Payment for purchasing assets for the Project office	30,000,000	Y	Y	Y	Y	Y	Y	Y	N
7	The last payment for package EECB/11 – Ms. Nguyen Thi Hong Nga	53,831,250	Y	Y	Y	Y	Y	Y	Y	N
8	Net salary in December/Ms. Yen	22,079,721	Y	Y	Y	Y	Y	Y	Y	N
9	Net salary in December/Ms. Huyen	20,910,783	Y	Y	Y	Y	Y	Y	Y	N
10	Net salary in December/Ms. Lan	21,895,810	Y	Y	Y	Y	Y	Y	Y	N
11	Net salary in December/Ms. Cuc	40,530,266	Y	Y	Y	Y	Y	Y	Y	N
12	Payment for printing inks in quarter 4/2018	8,760,000	Y	Y	Y	Y	Y	Y	Y	N
13	The first payment for 15% value of contract No. 2018/EECB-09	163,636,364	Y	Y	Y	Y	Y	Y	Y	N
14	The first payment for contract No. 2018/EECB-15	318,181,818	Y	Y	Y	Y	Y	Y	Y	N

No.	Sample expenditures description and voucher number	Sample expenditures amount reported (VND) (*)	Documentation exists to support expenditure in accordance with IP's applicable rules and procedures and agreements with the agency? (Y/N)	Activity is related to expenditure in accordance with work plan? (Y/N)	Expenditure has been reviewed and approved in accordance with IP's applicable rules and procedures and agreements with the agency? (Y/N)	Expenditure was reflected on a certified FACE form submitted to the agency and in IP's accounting records and bank statement? (Y/N)	Supporting documents are stamped "PAID", indicating which agency funded the transaction? (Y/N)	FACE form was submitted consistent with the periodicity of disbursement requirement in the HACT framework (within two weeks)? (Y/N)	Price paid for goods or services against United Nations agreed standard rates (if readily available)? (Y/N)	Findings
15	Bank fees in December 2018	808,742	Y	Y	Y	Y	Y	Y	Y	N
16	Personal Income Tax ("PIT") in quarter 4/2018/Ms. Hoang Kim Cuc	13,235,428	Y	Y	Y	Y	Y	Y	Y	N
17	PIT of Ms. Luong Thi Ngoc Huyen in quarter 4/2018	1,219,550	Y	Y	Y	Y	Y	Y	Y	N
18	PIT of Ms. Bui Thi Bach Yen in quarter 4/2018	2,224,247	Y	Y	Y	Y	Y	Y	Y	N
19	PIT of Ms. Vuong Thi Thanh Lan in quarter 4/2018	1,065,270	Y	Y	Y	Y	Y	Y	Y	N
20	PIT of Mr. Ma Khai Hien in quarter 4/2018	3,058,944	Y	Y	Y	Y	Y	Y	Y	N
21	PIT of Mr. Le Nho Hoan in quarter 4/2018	8,729,856	Y	Y	Y	Y	Y	Y	Y	N
22	PIT Ms. Hoang Thu Ha in quarter 4/2018	7,614,860	Y	Y	Y	Y	Y	Y	Y	N
23	PIT of Mr. Tran Thanh Vu in quarter 4/2018	11,389,455	Y	Y	Y	Y	Y	Y	Y	N
24	PIT of Mr. Phan Van Phung in quarter 4/2018	13,909,536	Y	Y	Y	Y	Y	Y	Y	N
25	PIT of Mr. Nguyen Ngoc Tu in quarter 4/2018	25,135,350	Y	Y	Y	Y	Y	Y	Y	N
26	PIT of Ms. Nguyen Thi Hong Nga in quarter 4/2018	5,981,250	Y	Y	Y	Y	Y	Y	Y	N

Project "Energy efficiency improvement in commercial and high-rise residential buildings in Vietnam"

(Project ID: 00092225)

Annex 2: List of sample expenditures

Period from 1 October 2018 to 30 September 2019

No.	Sample expenditures description and voucher number	Sample expenditures amount reported (VND) (*)	Documentation exists to support expenditure in accordance with IP's applicable rules and procedures and agreements with the agency? (Y/N)	Activity is related to expenditure in accordance with work plan? (Y/N)	Expenditure has been reviewed and approved in accordance with IP's applicable rules and procedures and agreements with the agency? (Y/N)	Expenditure was reflected on a certified FACE form submitted to the agency and in IP's accounting records and bank statement? (Y/N)	Supporting documents are stamped "PAID", indicating which agency funded the transaction? (Y/N)	FACE form was submitted consistent with the periodicity of disbursement requirement in the HACT framework (within two weeks)? (Y/N)	Price paid for goods or services against United Nations agreed standard rates (if readily available)? (Y/N)	Findings
27	Payment for air e-tickets to travel to Ho Chi Minh city and Vung Tau city (from 26 to 28 February 2019)	66,309,091	Y	Y	Y	Y	Y	Y	Y	N
28	The first payment (20%) for accounting software contract/Bravo Company	10,352,000	Y	Y	Y	Y	Y	Y	Y	N
29	PIT of Ms. Hoang Kim Cuc in February and March 2019	8,040,133	Y	Y	Y	Y	Y	Y	Y	N
30	PIT of Ms. Luong Thi Ngoc Huyen in Quarter 1 year 2019/	10,679,291	Y	Y	Y	Y	Y	Y	Y	N
31	The second payment for 20% value of contract No. 2018/EECB-08	148,363,636	Y	Y	Y	Y	Y	Y	Y	N
32	Payment for round-trip air e-tickets for the training in Can Tho from 6 to 7 June 2019	98,760,909	Y	Y	Y	Y	Y	Y	Y	N
33	The fourth payment for 25% of contract No. 2018/EECB-08	185,454,545	Y	Y	Y	Y	Y	Y	Y	N
34	Payment for the training service contract in Can Tho (from 6 to 7 June 2019)	78,690,909	Y	Y	Y	Y	Y	Y	Y	Y
35	Payment for printing envelopes and contracts	17,000,000	Y	Y	Y	Y	Y	Y	Y	N
36	Payment for printing certificates and purchasing USB for the training in Ho Chi Minh city (from 20 to 21 June 2019)	18,250,000	Y	Y	Y	Y	Y	Y	Y	N

No.	Sample expenditures description and voucher number	Sample expenditures amount reported (VND) (*)	Documentation exists to support expenditure in accordance with IP's applicable rules and procedures and agreements with the agency? (Y/N)	Activity is related to expenditure in accordance with work plan? (Y/N)	Expenditure has been reviewed and approved in accordance with IP's applicable rules and procedures and agreements with the agency? (Y/N)	Expenditure was reflected on a certified FACE form submitted to the agency and in IP's accounting records and bank statement? (Y/N)	Supporting documents are stamped "PAID", indicating which agency funded the transaction? (Y/N)	FACE form was submitted consistent with the periodicity of disbursement requirement in the HACT framework (within two weeks)? (Y/N)	Price paid for goods or services against United Nations agreed standard rates (if readily available)? (Y/N)	Findings
37	Advances to participants in Can Tho training workshop on 6 and 7 June 2019/Department of Social Protection	178,782,000	Y	Y	Y	Y	Y	Y	Y	N
38	The second payment for 40% value of contract No. 2018/EECB-15	454,545,455	Y	Y	Y	Y	Y	Y	Y	N
39	Payment for short term contract No. 04/2019/HDTK-EECB – Ms. To Thi Loi	16,035,300	Y	Y	Y	Y	Y	Y	Y	N
40	Payment for short term contract No. 01/2019/HDTK-EECB – Ms. Nguyen Thi Hang	29,320,575	Y	Y	Y	Y	Y	Y	Y	N
41	Payment for vacancy announcements for the position of Accountant – the Construction Newspaper	9,090,909	Y	Y	Y	Y	Y	Y	Y	N
42	Payment for round-trip air tickets for the training in Nha Trang from 25 to 26 July 2019	141,275,000	Y	Y	Y	Y	Y	Y	Y	N
43	Advances for the training workshop in Quang Ninh from 15 to 16 August 2019	154,000,000	Y	Y	Y	Y	Y	Y	Y	N
44	Payment for filming video service contract for Daikin office building groundbreaking	30,000,000	Y	Y	Y	Y	Y	Y	Y	N
45	Payment for printing documents	17,500,000	Y	Y	Y	Y	Y	Y	Y	N

No.	Sample expenditures description and voucher number	Sample expenditures amount reported (VND) (*)	Documentation exists to support expenditure in accordance with IP's applicable rules and procedures and agreements with the agency? (Y/N)	Activity is related to expenditure in accordance with work plan? (Y/N)	Expenditure has been reviewed and approved in accordance with IP's applicable rules and procedures and agreements with the agency? (Y/N)	Expenditure was reflected on a certified FACE form submitted to the agency and in IP's accounting records and bank statement? (Y/N)	Supporting documents are stamped "PAID", indicating which agency funded the transaction? (Y/N)	FACE form was submitted consistent with the periodicity of disbursement requirement in the HACT framework (within two weeks)? (Y/N)	Price paid for goods or services against United Nations agreed standard rates (if readily available)? (Y/N)	Findings
46	Payment for the training service contract in Nha Trang (25-26/8/2019)	105,800,000	Y	Y	Y	Y	Y	Y	Y	N
47	Payment for the training service contract in Ha Noi (26-27/8/2019)	110,460,000	Y	Y	Y	Y	Y	Y	Y	N
48	Payment for 10% value of package EECB-13 - the fifth payment	83,457,216	Y	Y	Y	Y	Y	Y	Y	N
49	Payment for 10% value of package EECB-14	299,800,000	Y	Y	Y	Y	Y	Y	Y	N
Total sample expenditures:		3,121,915,722								
Total expenditures during period under spot check:		9,885,496,034								
Percentage coverage:		32%								

Note:

(*): We randomly selected sample expenditures.