



**UNITED NATIONS DEVELOPMENT PROGRAMME
VIETNAM COUNTRY OFFICE**

AWARD ID 00049827

SUPPORT FOR PUBLIC FINANCIAL POLICY ANALYSIS

AUDIT REPORTS

FOR THE YEAR ENDED 31 DECEMBER 2011

United Nations Development Programme
Award ID: 00049827
Support for Public Financial Policy Analysis

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**UNITED NATIONS DEVELOPMENT PROGRAMME
VIETNAM COUNTRY OFFICE**

AWARD ID 00049827

SUPPORT FOR PUBLIC FINANCIAL POLICY ANALYSIS

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



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Independent auditors' report on the statement of expenditure (within the Combined Delivery Report)

To the Country Director, UNDP, Hanoi, Vietnam and the National Project Director of "Support for Public Financial Policy Analysis"

We have audited the statement of expenditure within the accompanying Combined Delivery Report ("CDR") of the UNDP Award ID 00049827 – "Support for Public Financial Policy Analysis" ("the Project") implemented by Ministry of Finance ("the Implementing Partner") for the year ended 31 December 2011 and a summary of significant accounting policies and other explanatory information set out on pages 4 to 9 ("the statement"). The Implementing Partner's expenditure comprises:

- Payments made by the Implementing Partner and reported in the column titled "Govt Disb" of the CDR, with total expenditure for the year of USD317,676.57;
- Direct payments processed by the United Nations Development Programme ("UNDP") Country Office ("CO") at the request of the Implementing Partner included in the column titled "UNDP Disb" of the CDR, with total expenditure for the year of USD23,999.06; and
- Encumbrances entered into by the UNDP CO and reported in the column titled "Encumbrance" of the CDR, with total amount of USD0.

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

Management's responsibility for the statement

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

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the statement.

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



Audit opinion

In our opinion, the statement of expenditure of the Project referred to in the first paragraph of this report, which reports the total expenditure audited by us amounting to USD341,675.63, presents fairly, in all material respects, the portion of expenditure of the Project implemented by Ministry of Finance for the year ended 31 December 2011 in accordance with the basis of accounting and the accounting policies described in Note 2 to the statement.

Basis of accounting and restriction on use

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

Other matters

We draw attention to:

- The fact that we have not audited the columns titled "UN Agencies" and "Total Exp" in the accompanying Combined Delivery Report of the 00049827 - "Support for Public Financial Policy Analysis" for the year ended 31 December 2011 and, accordingly, we do not express an opinion on them.
- Note 5 to the statement which shows differences between the "Funding Authorisation and Certificate of Expenditures" forms ("FACE") and the Combined Delivery Report ("CDR") for the year ended 31 December 2011; these differences were mainly due to different accounting classifications between the two reports.

KPMG Limited

Vietnam

Investment Certificate No: 011043000345

Audit Report No: 11-02-298-06-a



Hanoi, 25 April 2012

United Nations Development Programme
Award ID: 00049827
“Support for Public Financial Policy Analysis”
Notes to the statement of expenditure for the year ended 31 December 2011

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

1 Background

“Support for Public Financial Policy Analysis” (“the Project”) is set up in accordance with the Project Document signed between UNDP and Ministry of Finance on 31 March 2008. The Project commenced its operations as from 1 April 2008 for an estimated duration of 3 years. Ministry of Finance is the Implementing Partner responsible for the implementation of the Project.

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

| | |
|---------------------------|--------------|
| (a) Government of Vietnam | USD100,000 |
| (b) UNDP | USD3,500,000 |

The overall objective of the Project is to provide support to the Policy Advisory Group (PAG) established by the Ministry of Finance in carrying out tasks assigned by the Minister and developing PGA from a pilot body to an official organisational entity within the administrative structure of the Ministry of Finance. The PAG is responsible for (i) providing high-quality and independent policy advice directly to the Minister of Finance and other senior leaders of the ministry (ii) establishing the basic infrastructure for policy analysis within the ministry, and to develop policy analysis and capacity within other departments and affiliated agencies of MOF.

The Project has the following 4 immediate objectives:

1. Support to PAG policy analysis and formulation in response to the policy agenda set by the Minister of Finance and other senior leaders of the Ministry, including providing timely policy advice and recommendations on urgent policy issues and studying major strategic policy topics of the public financial system to report to the Minister and other senior leaders of MOF;
2. Support to PAG institutional development, including the development of systems, knowledge networks, databases and forecasting models to contribute to the development of policy analysis and forecasting systems within MOF ;
3. Support for public policy round table discussions to improve the efficiency, transparency, publicity and public participation; and
4. Support for training courses for MOF policy makers and policy makers from other relevant government agencies.

United Nations Development Programme

Award ID: 00049827

“Support for Public Financial Policy Analysis”

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

2 Significant accounting policies

(a) Basis of preparation

The statement of expenditure (within the Combined Delivery Report) of the 00049827 - “Support for Public Financial Policy Analysis” (“the Project”), which is expressed in United States dollars (“USD”), has been prepared in accordance with a modified cash basis of accounting. This is a basis of accounting that is designed to meet the UNDP accounting requirements for Government implementation; it is not designed to produce a statement that is compatible with International Financial Reporting Standards. Under this basis of accounting, expenditures are recognised when payments are made rather than when incurred, except for:

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

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

The accompanying statement of expenditure was prepared for the purpose of complying with UNDP Award ID 00049827, between the UNDP CO and the Implementing Partner, and with UNDP accounting requirements and for the information and use of the Project’s management, the Implementing Partner and UNDP. As a result, the statement of expenditure may not be suitable for another purpose.

(b) Expenditure

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

United Nations Development Programme

Award ID: 00049827

“Support for Public Financial Policy Analysis”

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

(c) Fixed assets and equipment

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

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

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

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

(d) Foreign currencies

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

(e) Corresponding figures

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

3 Combined Delivery Report

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

(a) Implementing partner – either Government or NGO

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

United Nations Development Programme

Award ID: 00049827

“Support for Public Financial Policy Analysis”

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

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

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

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

(c) UN agencies

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

(d) Encumbrances

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

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

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

4 UNDP disbursements

| Description | UNDP direct payments USD | UNDP support services USD Unaudited | Total “UNDP disb” USD |
|---------------------|-------------------------------------|--|--------------------------------------|
| Total disbursements | 23.999,06 | - | 23.999,06 |

United Nations Development Programme

Award ID: 00049827

“Support for Public Financial Policy Analysis”

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

5 Government disbursements

There were differences between the “Funding Authorisation and Certificate of Expenditures” forms (“FACE”) and the CDR for the year ended 31 December 2011 as follows:

| Description | Code | Per FACE USD | Per CDR USD | Difference USD |
|--------------------|-------------|-------------------------|------------------------|---------------------------|
| Travel – local | 71600 | 2.663,69 | - | (2.663,69) |
| Travel – local | 71610 | 42.306,63 | 44.972,81 | 2.666,18 |

These differences were due to inappropriate account classification at UNDP CO.

6 Project completion

The Project completed its operation on 31 December 2011. Currently, the Project Management has been performing procedures to close the Project’s bank accounts, request for VAT refunds, transfer assets to the government in accordance with the Project Document and to financially close the Project.

**UNITED NATIONS DEVELOPMENT PROGRAMME
VIETNAM COUNTRY OFFICE**

AWARD ID 00049827

SUPPORT FOR PUBLIC FINANCIAL POLICY ANALYSIS

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



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Independent auditors' report on statement of cash position

To the Country Director, UNDP, Hanoi, Vietnam and the National Project Director of "Support for Public Financial Policy Analysis"

We have audited the accompanying statement of cash position of the 00049827 - Support for Public Financial Policy Analysis ("the Project") implemented by Ministry of Finance ("the Implementing Partner") as at 31 December 2011, a summary of significant accounting policies and other explanatory information set out from page 13 to 14 ("the statement"). The statement has been prepared by the management of the Project using the basis of preparation and accounting policies described in Note 1 to the statement.

Management's responsibility for the statement

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

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the statement.

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



Audit opinion

In our opinion, the statement of cash position of the Project, which shows a total cash balance amounting to USD2,216.66, presents fairly, in all material respects, the cash balance of the Project as at 31 December 2011 in accordance with the basis of accounting and the accounting policies described in Note 1 to the statement.

Basis of accounting and restriction on use

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

KPMG Limited

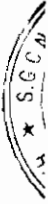
Vietnam

Investment Certificate No: 011043000345

Audit Report No: 11-02-298-06-b



Hanoi, 25 April 2012



United Nations Development Programme
Award ID: 00049827
Support for Public Financial Policy Analysis
Statement of cash position as at 31 December 2011



| | 31/12/2011 |
|----------------------------|-------------------|
| | USD |
| Cash on hand | 0.05 |
| Cash in banks | 2,216.61 |
| Total cash position | 2,216.66 |

Prepared by:

Handwritten signature of Nguyen Thuy Hang.

Nguyen Thuy Hang
Project Accountant

Certified by:

Handwritten signature of Khuat Tuan Anh.

Khuat Tuan Anh
Project Manager

Approved by:

Handwritten signature of Nguyen Duc Chi.

Nguyen Duc Chi
National Project Director

25 APR 2012

United Nations Development Programme
Award ID: 00049827
“Support for Public Financial Policy Analysis”
Notes to the statement of cash position as at 31 December 2011

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

1 Significant accounting policies

(a) Basis of preparation

The statement of cash position of the UNDP Award ID 00049827 - Support for Public Financial Policy Analysis (“the Project”) was prepared for the purpose of complying with UNDP accounting and reporting requirements and for the information and use of the Project’s management, the Implementing Partner and UNDP. As a result, the statement may not be suitable for another purpose.

Cash comprises cash on hand and cash at bank.

(b) Foreign currencies

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

(c) Corresponding figures

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

11/11
C
AC
12/11

**UNITED NATIONS DEVELOPMENT PROGRAMME
VIETNAM COUNTRY OFFICE**

AWARD ID 00049827

SUPPORT FOR PUBLIC FINANCIAL POLICY ANALYSIS

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

15/12/11



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Independent auditors' report on statement of assets and equipment

To the Country Director, UNDP, Hanoi, Vietnam and the National Project Director of "Support for Public Financial Policy Analysis"

We have audited the accompanying statement of assets and equipment of the UNDP Award ID 00049827 - Support for Public Financial Policy Analysis ("the Project") implemented by Ministry of Finance ("the Implementing Partner") as at 31 December 2011, a summary of significant accounting policies and other explanatory information set out from pages 18 to 19 ("the statement"). The statement has been prepared by the management of the Project using the basis of preparation and accounting policies described in Note 1 to the statement.

Management's responsibility for the statement

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

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the statement.

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

Audit opinion

In our opinion, the statement of assets and equipment of the Project, which shows a total balance of USD60,062, presents fairly, in all material respects, the assets and equipment balance of the Project as at 31 December 2011 in accordance with the basis of accounting and the accounting policies described in Note 1 to the statement.

Basis of accounting and restriction on use

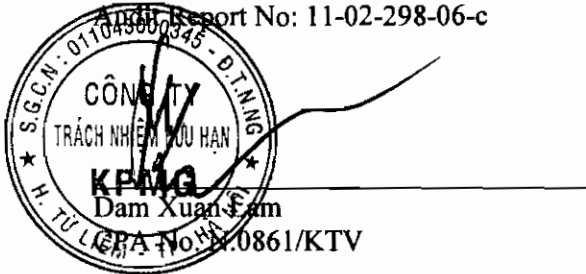
Without modifying our opinion, we draw attention to Note 1 to the statement, which describes the basis of accounting and the accounting policies adopted by the Project. The statement is prepared for the information and use of the Project's management, the Implementing Partner and UNDP. As a result, the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

KPMG Limited

Vietnam

Investment Certificate No: 011043000345

Audit Report No: 11-02-298-06-c



Hanoi, 25 April 2012

CHƯƠNG TRÌNH PHÁT TRIỂN LIÊN HIỆP QUỐC

Mã Dự án : 00061137

Tên Dự án : Dự án Hỗ trợ phân tích chính sách tài chính
Báo cáo tài sản và thiết bị tại ngày 31 tháng 12 năm 2011



| STT | Mô tả | Mã tài sản | Nhà sản xuất | Ngày mua | Đơn giá (USD) | Địa điểm hiện tại | Tình trạng tài sản | Chú thích |
|-----|---|------------|--------------|------------|---------------|-------------------|--------------------|-----------|
| 1 | Máy fax 180 tờ/khay, tốc độ 360x360dpi/6giây, 14.4Kbps | 38 | Panasonic | 30/12/2003 | 1,181 | Văn phòng Dự án | Hết khấu hao | |
| 2 | Máy chiếu LCD, ống kính 1200-1800ANSI, SVGA 800x600-1024x76, model xách tay | 62 | ANSI | 30/12/2003 | 2,178 | Văn phòng Dự án | Hết khấu hao | |
| 3 | Xe dự án - Landcruiser Prado 2.7 - 29NN 54613 | 74 | Toyota Japan | 1/5/2004 | 20,357 | Bộ Tài chính | Tốt | |
| 4 | Máy tính DELL Optiplex 170L | 84 | Dell USA | 23/6/2006 | 1,370 | Văn phòng Dự án | Hết khấu hao | |
| 5 | Máy tính DELL Optiplex 170L | 85 | Dell USA | 23/6/2006 | 1,370 | Văn phòng Dự án | Hết khấu hao | |
| 6 | Máy tính DELL Optiplex 170L | 86 | Dell USA | 23/6/2006 | 1,370 | Văn phòng Dự án | Hết khấu hao | |
| 7 | Máy tính DELL Optiplex 170L | 87 | Dell USA | 23/6/2006 | 1,370 | Văn phòng Dự án | Hết khấu hao | |
| 8 | Máy tính DELL Optiplex 170L | 88 | Dell USA | 23/6/2006 | 1,370 | Văn phòng Dự án | Hết khấu hao | |
| 9 | Máy in HP Laser Jet Model 2420N | 94 | HP | 7/3/2006 | 890 | Văn phòng Dự án | Hết khấu hao | |
| 10 | Máy in HP Laser Jet Model 2420N | 95 | HP | 7/3/2006 | 890 | Văn phòng Dự án | Hết khấu hao | |
| 11 | Máy photo Xerox 256" | 98 | Xerox | 8/8/2006 | 2,350 | Văn phòng Dự án | Tốt | |
| 12 | Option của máy photo Xerox 256" | 99 | Xerox | 8/8/2006 | 2,780 | Văn phòng Dự án | Tốt | |
| 13 | MTXT Dell Latitude X1, 512MB DDR2 SDRAM, 60GB HDD, 12.1"XGA | 100 | Dell USA | 8/8/2006 | 2,205 | Lê Thị Băng Tâm | Hết khấu hao | |
| 14 | MTXT Dell Latitude X1, 512MB DDR2 SDRAM, 60GB HDD, 12.1"XGA | 101 | Dell USA | 25/2/2008 | 2,205 | Nguyễn Ngọc Anh | Hết khấu hao | |
| 15 | MTXT Dell Latitude X1, 512MB DDR2 SDRAM, 60GB HDD, 12.1"XGA | 102 | Dell USA | 25/2/2008 | 2,205 | Nguyễn Thị Bích | Hết khấu hao | |
| 16 | Màn hình máy tính Dell Optiplex 745N | 103 | Dell USA | 25/2/2008 | 869 | Văn phòng Dự án | Tốt | |



| | | | | | | | |
|--------------|--|-----|----------|------------|---------------|-----------------|--------------|
| 17 | Màn hình máy tính Dell Optiplex 745N | 104 | Dell USA | 25/2/2008 | 869 | Văn phòng Dự án | Tốt |
| 18 | Màn hình máy tính Dell Optiplex 745N | 105 | Dell USA | 25/2/2008 | 869 | Văn phòng Dự án | Tốt |
| 19 | Màn hình máy tính Dell Optiplex 745N | 106 | Dell USA | 25/2/2008 | 869 | Văn phòng Dự án | Tốt |
| 20 | Ổ cứng máy tính Dell Optiplex 745N | 107 | Dell USA | 25/2/2008 | 869 | Văn phòng Dự án | Tốt |
| 21 | Ổ cứng máy tính Dell Optiplex 745N | 108 | Dell USA | 25/2/2008 | 869 | Văn phòng Dự án | Tốt |
| 22 | Ổ cứng máy tính Dell Optiplex 745N | 109 | Dell USA | 25/2/2008 | 869 | Văn phòng Dự án | Tốt |
| 23 | Ổ cứng máy tính Dell Optiplex 745N | 110 | Dell USA | 25/2/2008 | 869 | Văn phòng Dự án | Tốt |
| 24 | MTXT IBM Lenovo ThinkPad T61 Duo T7300*2.0/1024MB/120GB/DVD/Xpro | 111 | Lenovo | 25/2/2008 | 1,785 | Văn phòng Dự án | Tốt |
| 25 | MTXT Lenovo 3000 - Y410 Duo T7300 | 112 | Lenovo | 25/2/2008 | 1,205 | Văn phòng Dự án | Tốt |
| 26 | MTXT Lenovo 3000 - Y410 Duo T7300 | 113 | Lenovo | 25/2/2008 | 1,205 | Văn phòng Dự án | Tốt |
| 27 | MTXT Lenovo 3000 - Y410 Duo T7300 | 114 | Lenovo | 25/2/2008 | 1,205 | Văn phòng Dự án | Tốt |
| 28 | MTXT Lenovo 3000 - Y410 Duo T7300 | 115 | Lenovo | 25/2/2008 | 1,205 | Văn phòng Dự án | Tốt |
| 29 | MTXT HP C765 Intel@Cel 2.0Ghz/DDRII 1.0GB | 116 | HP | 11/6/2008 | 577 | Văn phòng Dự án | Hết khẩu hao |
| 30 | MTXT HP C765 Intel@Cel 2.0Ghz/DDRII 1.0GB | 117 | HP | 11/6/2008 | 577 | Văn phòng Dự án | Hết khẩu hao |
| 31 | MTXT HP C765 Intel@Cel 2.0Ghz/DDRII 1.0GB | 118 | HP | 11/6/2008 | 577 | Văn phòng Dự án | Hết khẩu hao |
| 32 | Máy quét EPSON Perfection V700 Photo | 119 | Epson | 31/12/2009 | 682 | Văn phòng Dự án | Tốt |
| TOTAL | | | | | 60,062 | | |

Tổng hợp

Thohor

NGUYỄN THỊ HỒNG PHƯƠNG
Trợ lý hành chính Dự án

Xác nhận

KMP

KHUẤT TUẤN ANH
Điều phối viên Dự án

Phê duyệt

Urbis

NGUYỄN ĐỨC CHI
Giám đốc Ban quản lý Dự án

25 APR 2012

United Nations Development Programme
Award ID: 00049827
“Support for Public Financial Policy Analysis”
Notes to the statement of assets and equipment as at 31 December 2011

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

1. Significant accounting policies

(a) Basis of preparation

The statement of assets and equipment of the UNDP Award ID 00049827 - Support for Public Financial Policy Analysis (“the Project”), which is expressed in USD, was prepared for the purpose of complying with UNDP accounting and reporting requirements and for the information and use of the Project’s management, the Implementing Partner and UNDP. As a result, the statement may not be suitable for another purpose.

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

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

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

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

(b) Foreign currencies

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

**UNITED NATIONS DEVELOPMENT PROGRAMME
VIETNAM COUNTRY OFFICE**

AWARD ID 00049827

SUPPORT FOR PUBLIC FINANCIAL POLICY ANALYSIS

**PART 4
SUMMARY OF AUDIT RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

United Nations Development Programme

Award ID: 00049827

“Support for Public Financial Policy Analysis”

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

| Award ID | Amount audited and certified (USD) | Audit opinion (unqualified, qualified, adverse, disclaimer) | Total effect of qualification of audit opinion (if qualified, adverse or disclaimer) (USD) | Total amount of net financial impact (“NFI”) of qualification of audit opinion (if qualified, adverse or disclaimer) (USD) | Reason(s) for qualification of audit opinion and breakdown of NFI amount (USD) | Observations that had impact on qualification of audit opinion (list observation number(s) and page of audit report/ management letter |
|----------|------------------------------------|---|--|--|--|--|
| 00049827 | 341,675.63 | Unqualified | - | - | Not applicable | Not applicable |

KPMG Limited

Vietnam

Investment Certificate No: 011043000345



Hanoi, 25 April 2012

United Nations Development Programme

Award ID: 00049827

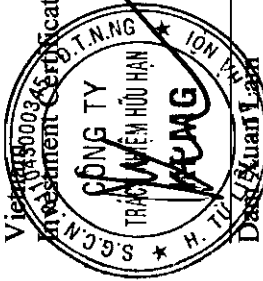
“Support for Public Financial Policy Analysis”

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

| Award ID | Value of cash position statement as at 31 December 2011 (USD) | Audit opinion (unqualified, adverse, disclaimer) | Total effect of qualification of audit opinion (if qualified, adverse or disclaimer) (USD) | Total amount of net financial impact (“NFI”) of qualification of audit opinion (if qualified, adverse or disclaimer) (USD) | Reason(s) for qualification of audit opinion and breakdown of NFI amount (USD) | Observations that had impact on qualification of audit opinion (list observation number(s) and page of audit report/ management letter |
|----------|---|--|--|--|--|--|
| 00049827 | 2,216.66 | Unqualified | - | - | Not applicable | Not applicable |

KPMG Limited

Vietnam Investment Certificate No: 011043000345



CPA No. N.0861/KTV

Hanoi, 25 April 2012

**UNITED NATIONS DEVELOPMENT PROGRAMME
VIETNAM COUNTRY OFFICE**

AWARD ID 00049827

SUPPORT FOR PUBLIC FINANCIAL POLICY ANALYSIS

**PART 5
MANAGEMENT LETTER
FOR THE YEAR ENDED 31 DECEMBER 2011**



KPMG Limited
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Mr. Nguyen Duc Chi
National Project Director
“Support for Public Financial Policy Analysis”

Ministry of Finance
Room 201, Project Building
No 4 Lane 1 Hang Chuoi

25 April 2012

Dear Mr. Nguyen Duc Chi,

Management Letter – Audit for the year ended 31 December 2011

We have audited in accordance with International Standards on Auditing the statements of expenditure, cash position and assets and equipment (“the statements”) of “Support for Public Financial Policy Analysis” (“the Project”) for the year ended 31 December 2011, and have issued our audit reports thereon dated 25 April 2012. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the statements, whether due to fraud or error.

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

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

Project management’s responsibilities for the internal control systems

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

Classification of our findings

Our findings are grouped into the following categories.

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

Our findings covered the following audit area:

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

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

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

Overall assessment

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

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

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

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

Yours sincerely,

Dam Quang Lam
Deputy General Director

| Contents | Risk severity | Page |
|--|--------------------------|-------------|
| I. Executive summary | | |
| II. Audit findings and recommendations | | |
| A. HUMAN RESOURCES | | |
| A.1 Comply with HPPMG provision on recruitment of national project consultants/experts | Low | 32 |
| B. FINANCE | | |
| B.1 Perform reconciliation between CDR and FACE | Low | 34 |
| B.2 Comply with the regulations on foreign exchange management | Low | 35 |
| C. PROCUREMENT | | |
| C.1 Comply with the procedures for selection of suppliers | Low | 37 |
| D. ASSET MANAGEMENT | | |
| No issue identified. | | 39 |
| E. CASH MANAGEMENT | | |
| No issue identified. | | 39 |
| F. GENERAL ADMINISTRATION | | |
| No issue identified | | 39 |
| G. INFORMATION SYSTEM | | |
| No issue identified. | | 39 |

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I. Executive summary

1. Project progress summary

| Output | Number of activities | | | | Budget | Actual expenditure | Disb. rate |
|---|----------------------|-------------|-------------|-------|---------|--------------------|------------|
| | Completed | In-progress | Not started | Total | USD | USD | % |
| Output 1: Provide policy advice at regular and urgent requests of the leaders of the Ministry, and financial policy advice to the Ministry of Finance. | 2 | - | - | 2 | 100,500 | 72,982 | 53 |
| Output 2: Tax policy | 2 | - | 1 | 3 | 33,500 | 27,519 | 82 |
| Output 3: Budget and social welfare policies | 2 | - | 2 | 4 | 35,500 | 15,422 | 43 |
| Output 4: Financial monitoring mechanism and corporate financial policies | 3 | - | - | 3 | 41,000 | 63,672 | 155 |
| Output 5: Financial market management and development policies | 3 | - | 2 | 5 | 46,000 | 12,509 | 27 |
| Output 6: Strengthening organizational capacity of the Ministry of Finance structure | 2 | - | 1 | 3 | 30,200 | 9,506 | 31 |
| Salaries and other supporting expenses | | | | | 110,624 | 116,067 | 105 |
| Total | 14 | - | 6 | 20 | 397,324 | 317,677 | 80 |

(source: extracted from the Project's 2011 Annual Progress Report)

2. Summary of audit findings

| No. | Audit observations | Audit area | Cause | Risk severity |
|------------|--|-------------------|---|----------------------|
| A.1 | Comply with HPPMG provision on recruitment of national project consultants/experts | Human resources | Lack of supervision at project level | Low |
| B.1 | Perform reconciliation between CDR and FACE | Finance | Human error/ Lack of supervision at project level | Low |
| B.2 | Comply with the regulations on foreign exchange management | Finance | Lack of supervision at project level | Low |
| C.1 | Comply with the procedures for selection of suppliers | Procurement | Lack of supervision at project level | Low |

II. Audit findings and recommendations

A. Human Resources

A.1 Comply with HPPMG provision on recruitment of national project consultants/experts

Audit area : Human resources

Cause : Lack of supervision at project level

Risk severity : Low

Criteria

Part III, Chapter 5 – Recruitment of Project Personnel of the HPPMG provides that:

"1.2 Following are the basic steps for the recruitment of national consultants/experts:

Step 3: Advertising the vacancy

Job vacancy must be publicly advertised on the following mass media:

- The Bidding Newspaper (in three successive issues);*
- The bidding webpage of the MPI at www.mpi.gov.vn;*
- Local job searching websites;*
- UN website (the UNCO is responsible for posting of the job vacancy online)."*

(III - Recruitment of National Project Consultants/Experts"

Observation

In October 2011, the Project employed experts for carrying out research on "Vietnamese Financial Reform Advisory - Analysis of actual situation of the State budget revenue and expenditure structure and reform directions". The Project advertised the job vacancy on the Vietnam News and UNDP Website but failed to publish the information on the Bidding Newspaper and local job searching websites.

Potential impact

Without public advertisement of the vacancies for national Project consultants, the Project may not be able to assess the highly qualified consultants for the Project. Compliance with the required recruitment procedures will help the Project to demonstrate to the stakeholders and other interested parties that it manages the Project activities in a transparent manner.

Recommendation

The Project management should comply with the required procedures of HPPMG in relation to the recruitment of national Project consultants.

Project management's response

Action : This is an one-off case: Time to recruit experts is very short due to request from the Ministry, constructing a plan to restructure the economy – a mission which the Government handed to Ministry of Finance. This is a highly specialized area, recruitment of experts is also consulted by specialized bodies such as National Institute for Finance and UNDP.

Person in charge :

Timing :

UNDP Programme Officer's comment

Agree with auditors' finding.

2011/12/31

B. Finance

B.1 Perform reconciliation between CDR and FACE

Audit area : **Finance**

Cause : **Human error/Lack of supervision at project level**

Risk severity : **Low**

Criteria

In accordance with the UNDP reporting requirements, both the FACE and the CDR show the Project's total expenditure. Accordingly, financial information in these reports should be consistent.

Observation

We noted that there were some differences in accounts between the FACE and the CDR for the year ended 31 December 2011, although the total expenditure per each report is the same. These differences were due to inappropriate account classification at UNDP CO (Refer to Note 5 to the statement of expenditure).

Potential impact

If CDR is incorrect, there is a risk that Project management and other stakeholders will make inappropriate decisions on the basis of inaccurate information.

Recommendation

The Project Accountant and UNDP should have a formal procedure to perform quarterly reconciliation whereby expenditure will be reconciled by activities and individual accounts between FACE and CDR. Quarterly reconciliation should be documented, reviewed and approved by the Project Manager. Any reconciling items between CDR and FACE should be promptly informed to UNDP CO for adjustments in the subsequent quarter.

Project management's response

Action : The Project ended, therefore, UNDP may consider auditors' recommendation to apply to other projects which are being implemented.

Person in charge : UNDP office

Timing : 2012

UNDP Programme Officer's comment

Agree to auditors' finding.

B.2 Comply with the regulations on foreign exchange management

Audit area : **Finance**

Cause : **Lack of supervision at project level**

Risk severity : **Low**

Criteria

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

Observation

We noted that, labour contracts and consultant contracts of the Project were stated in United States Dollar instead of Vietnam Dong (“VND”).

Potential impact

Failure to comply with current regulations on foreign exchange management may lead to the risk that the Project will be fined by the authorities.

Recommendation

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

Project management’s response

Action : Labour contracts signed with Project’s staffs and contracts signed with independent experts are made in accordance with cost norm on local expenditure which is established by UNDP, in which, expenditure is stated in USD. In practice, all expenditure are paid in VND after converted using monthly exchange rate stipulated by UNDP.

UNDP considers to instruct other projects to apply the recommendation.

Person in charge : UNDP office

Timing : 2012

UNDP Programme Officer’s comment

No comment.

C. Procurement

C.1 Comply with the procedures for selection of suppliers

Audit area : Procurement

Cause : Lack of supervision at project level

Risk severity : Low

Criteria

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

"Competitive offers / Shopping as referred to in Item 1.a, Article 22, of the Bidding law: From US\$ 2,501 to US\$ 30,000" (item 2.6.2)

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

Article 43, Decree 85/2009/ND-CP provides that:

"The application of the form of competitive offers in procurement must be approved together with bidding plans ...The bid solicitor shall publish a notice of invitation for competitive offers on the Bidding Newspaper in 3 consecutive issues."

"...receive at least 3 dossiers of proposals from 3 different contractors."

Observation

In 2011, the Project awarded 3 service packages of workshop organization at more than USD2,500/each package. However, the Project did not fully comply with procedures for competitive offers: the Project failed to publish a notice of invitation on the Bidding Newspaper, to receive 3 quotations and to make supplements to the the bidding plan. Details of these contracts are as follows:

| Date | Descriptions | Suppliers | Amount (VND) |
|-------------|---|------------------------|---------------------|
| 20/12/2011 | Workshop at Sheraton hotel | Thien Ha Company | 152,133,415 |
| 2/6/2011 | Workshop at Guest House of Ministry of National Defense | Tan Phuong Bac Company | 125,554,000 |
| 23/12/2011 | Workshop at Trade Union Hotel (Cong Doan) | Thien Ha Company | 87,406,000 |

Potential impact

Failure to comply with the procedures for competitive offers may prevent the Project from selecting the best supplier.

Recommendation

The Project should fully comply with the procedures for competitive offers in accordance with Article 43, Decree 85/2009/ND-CP.

Project management’s response

Action : As time for planning stage of each workshop is very short (one to two weeks), therefore, publication on Tendering News is not feasible. Besides, selection of workshop organizers is based on suppliers’ quotations. These quotations detail for each components in the service package (room rate, equipment, meals, ect.). Rates for these services can be easily compared and obtained from market as these are common services. Besides, workshops are conducted frequently, thus, the Project can easily compare quality of service and price.

Person in charge :

Timing :

UNDP Programme Officer’s comment

Agree with auditors’ finding, however, publication on Tendering News may be not necessary as the Project opted to apply limited competition with 3 quotations.

D. Asset Management

No issue identified.

E. Cash Management

No issue identified.

F. General Administration

No issue identified.

G. Information System

No issue identified.

**UNITED NATIONS DEVELOPMENT PROGRAMME
VIETNAM COUNTRY OFFICE**

AWARD ID 00049827

SUPPORT FOR PUBLIC FINANCIAL POLICY ANALYSIS

**PART 6
STATUS OF THE PRIOR YEAR AUDIT RECOMMENDATIONS
FOR THE YEAR ENDED 31 DECEMBER 2011**

| Obs No. | Award ID 00049827 | | | | Opinion type | | Unqualified | | | | | | |
|----------|--|---|-----------------|--|---------------|--|---|-------------------|--------------------|-------------------------------|-----------------|-------------------|--|
| | Observations | Recommendations | Audit area | Audit cause | Risk severity | Project's comments | Action(s) planned | Target impl. date | Action unit | Person responsible for action | Updated status | Actual impl. date | Description of status update |
| A A.1 | <p>Human resources</p> <p>Withhold and pay compulsory social and health insurance</p> <p>The Project and its staff entered into Personnel Service Agreements ("PSAs"), which states that:</p> <p>"Health or medical insurance or social insurance are not provided under this contract. Remuneration is calculated to include the cost of such insurance. It is the responsibility of the subscriber to obtain his or her own health insurance coverage and to work with the Implementing Partner on social insurance".</p> <p>This provision of the PSA does not provide clear guidance for the Project staff to comply with the Social Insurance Law and the Health Insurance Law. As a result, the Project does not withhold compulsory social insurance and health insurance before making monthly salary payments to its staff and the Project staff do not pay the compulsory social insurance and health insurance arising on their salaries.</p> | <p>The Project should:</p> <ul style="list-style-type: none"> - Promptly revise all existing PSAs with its staff following the newly provided Labour Contract format provided in the HPPMG and ensure that the Labour Contracts clearly state the responsibility of the Project for withholding compulsory social and health insurance; and - Promptly complete any necessary procedures to register the labour contracts of its staff with the relevant Social and Health Insurance Authorities and pay compulsory social and health insurance in accordance with the relevant laws and regulations. | Human Resources | Inadequate guidelines at UNDP CO level/ Lack of supervision at the project level | Medium | <p>After the enforcement of HPPMG, despite new policy on the compulsory health and social insurance, but no clear instruction was given for specific cases. For example, because MOF's projects do not have their own seals, they cannot pay these insurance amounts for the staff. Therefore, the implementation of the policy is very difficult.</p> | <p>Revise current labour contracts to comply with the new template required by HPPMG. Because the Project does not have its legal identity (no own seal, but MOF seal), the Project will discuss with Implementing Partner and UNDP to support the registration of Project staff with local Social and Health Insurance Department.</p> | Quarter II 2011 | Project Management | National Project Director | Not Implemented | - | <p>A similar issue occurred in 2011. However, we will not raise management letter again for this point as the project is going to close.</p> |

| Obs No. | Award ID 00049827 | | | | Opinion type | | Unqualified | | | | | | |
|---------|--|--|-----------------|--------------------------------------|---------------|--------------------------------|--|-------------------|--------------------|-------------------------------|-----------------|-------------------|--|
| | Observations | Recommendations | Audit area | Audit cause | Risk severity | Project's comments | Action(s) planned | Target impl. date | Action unit | Person responsible for action | Updated status | Actual impl. date | Description of status update |
| A.2 | <p>Comply with HPPMG requirements regarding Labour Contracts</p> <p>Effective from 1 July 2011, in accordance with the agreement between the UNDP and the Government of Vietnam, the "Harmonised Programme and Project Management Guidelines" ("HPPMG") is required to be applied on all National Implementation Modality ("NIM") projects. According to the HPPMG guidelines, the format of Labour Contracts (set out in Annex III.5.3) should be used, replacing the old Personnel Service Agreement ("PSA") format provided in the former NEX Manual. However, the Project is still using the old PSA format for contracts of existing staff renewed after 1 July 2011.</p> | <p>The Project should promptly revise all existing PSAs with its staff, following the new Labour Contract format provided in the HPPMG</p> | Human resources | Lack of supervision at project level | Medium | Agree with auditors' comments. | <p>Revise contracts with the existing staff to comply with the new Labour Contract template regulated in HPPMG</p> | Quarter II 2011 | Project Management | National Project Director | Not Implemented | - | <p>A similar issue occurred in 2011. However, we will not raise management letter again for this point as the project is going to close.</p> |

United Nations Development Programme
Award ID 00049827
"Support for Public Financial Policy Analysis"
Status of the previous auditors' recommendations
for the year ended 31 December 2011

| Obs No. | Award ID 00049827 | | | | Opinion type | | Unqualified | | | | | | |
|---------|--|---|------------|-------------|---------------|-------------------------------|---|-------------------|--------------------|------------------------------------|-----------------|-------------------|---|
| | Observations | Recommendations | Audit area | Audit cause | Risk severity | Project's comments | Action(s) planned | Target impl. date | Action unit | Person responsible for action | Updated status | Actual impl. date | Description of status update |
| B | Finance | | | | | | | | | | | | |
| B1 | <p>Record project expenses in the appropriate budget line</p> <p>We noticed that some expenditures were recorded under wrong accounting codes regulated by UNDP. For example,</p> <ul style="list-style-type: none"> - The annual newspaper subscription expense recorded in Account 72210 - Machinery & Equipment instead of Account 74525 - Sundry expenses; and - Payment for local consultants amounting to USD29,387 was recorded in Account 71405 - Service contracts - Individual instead of Account 71305 - Local consultant - Short term - Technical. | <p>Project Management should consider the nature of payment and record expenditures in appropriate budget lines so that they can easily monitor and supervise the actual spending against original budget and workplan.</p> | Finance | Human error | Low | Agree with auditors' comments | Adjust and reclassify the expenditure to the appropriate accounts | Early 2011 | Project Management | Project coordinator and accountant | Not implemented | - | A similar issue occurred in 2011. However, we will not raise management letter again for this point as the project is going to close. |

| Obs No. | Award ID 00049827 | | | | | | Opinion type | | | Unqualified | | | |
|---------|--|---|------------|--|---------------|--|---|-------------------|--------------------|-------------------------------|----------------|-------------------|--|
| | Observations | Recommendations | Audit area | Audit cause | Risk severity | Project's comments | Action(s) planned | Target impl. date | Action unit | Person responsible for action | Updated status | Actual impl. date | Description of status update |
| B2 | <p>Update FACE and General Ledger promptly</p> <p>We noted that there are several differences by activities between Project's general ledger ("GL") and FACE forms which were prepared by the Project to submit to UNDP quarterly and the Combined Delivery Report (CDR) for the year ended 31 December 2010. Despite differences in account classifications between the FACE and the CDR for the year ended 31 December 2010, the total expenditure per each report is the same. It was mainly explained by the fact that after reconciling FACE and CDR, the Project Accountant identified some errors and sent a request to UNDP Officer to make correction in CDR. However, FACE and GL were not updated accordingly.</p> | <p>The Project Accountant and UNDP should have a formal procedure to perform quarterly reconciliation whereby expenditure will be reconciled by activities and individual accounts between FACE and CDR. Quarterly reconciliation should be documented, reviewed and approved by the Project Director. Any reconciling items between CDR and FACE should be promptly updated in GL and informed to UNDP CO for adjustments in the subsequent quarter, if necessary.</p> | Finance | Human error/ Inadequate supervision from at the project level | Low | <p>The differences between the FACE and CDR annual reports have been noted. The main reason is the confusion as regards account codes between the Project and UNDP accountant. The CDR does not detail expenditure by each specific activity but only shows the total amount of each main account. This causes difficulty in reconciliation between FACE (more detailed) and CDR. In addition, CDR is the product of ATLAS accounting system, so subsequent adjustments are very complicated</p> | <p>The Project will collaborate with UNDP to set up an appropriate quarterly reconciliation</p> | Quarter III 2011 | Project Management | Project Accountant | Implemented | - | There is no difference between FACE and expenditure ledger |

United Nations Development Programme
Award ID 00049827
"Support for Public Financial Policy Analysis"
Status of the previous auditors' recommendations
for the year ended 31 December 2011

| Obs No. | Award ID 00049827 | | | | | | | | | | | | |
|---------|--|---|------------|--|---------------|-----------------------------------|--|-------------------|--------------------|-------------------------------|------------------------------|-------------------|---|
| | Observations | Recommendations | Audit area | Audit cause | Risk severity | Project's comments | Opinion type | Unqualified | | | Description of status update | | |
| | | | | | | | Action(s) planned | Target impl. date | Action unit | Person responsible for action | Updated status | Actual impl. date | |
| B.3 | <p>Record Value Added Tax ("VAT") and Personal Income Tax ("PIT") properly</p> <p>We noted that VAT refund from local Tax authorities and PIT return of Ms. Dang Thi Hoai Thu amounting to USD5,400 was recorded in account "74525 - Sundry", instead of crediting to relevant account codes where input VAT and PIT incurred</p> | <p>We recommend that the Project should comply with the accounting policies regulated by UNDP for recognition of tax refund</p> | Finance | Human error/ Inadequate supervision from at the project level | Low | Agree with the auditors' comments | To make adjustments for the tax refund to the relevant legitimate accounts | 2011 | Project Management | Project Accountant | Implemented | 2011 | Tax refund has been recorded in appropriate account |

United Nations Development Programme
Award ID 00049827
"Support for Public Financial Policy Analysis"
Status of the previous auditors' recommendations
for the year ended 31 December 2011

| Obs No. | Award ID 00049827 | | | | Opinion type | | Unqualified | | | | | | |
|---------|---|---|------------|--------------------------------------|---------------|---|---|-------------------|--------------------|-------------------------------|-----------------|-------------------|--|
| | Observations | Recommendations | Audit area | Audit cause | Risk severity | Project's comments | Action(s) planned | Target impl. date | Action unit | Person responsible for action | Updated status | Actual impl. date | Description of status update |
| B.4 | <p>Improve the preparation of the Annual Progress Report</p> <p>Some activities had been completed as at 31 December 2010 but had low disbursements; there were no detailed explanations in the APR for each activity</p> | <p>Project management should make a formal comparison of actual disbursements with the approved budget every quarter. This comparison should include both a quantitative analysis and narrative explanations for any significant variance, particularly for all delayed activities.</p> | Finance | Lack of supervision at project level | Low | <p>Because the main activities of the Project "Support for Public Financial Policy Analysis" include independent consultancy and advisory as per the requirements of MOF leaders, flexibility is allowed in the implementation of activities. In 2011, Vietnam experienced an unstable economic development stage with high inflation, not to mention several big challenges in the post-crisis stage. The consultancy requirements of MOF, therefore, have had to change several times towards a more short term basis. Some activities were set at the beginning of the year but revised on a frequent basis due to change in urgency and priority.</p> | <p>The Project will discuss more frequently with UNDP and revise quarterly plans as appropriate</p> | 2011 | Project Management | Project Accountant | Not implemented | - | <p>A similar issue occurred in 2011. However, we will not raise management letter again for this point as the project is going to close.</p> |

United Nations Development Programme
Award ID 00049827
"Support for Public Financial Policy Analysis"
Status of the previous auditors' recommendations
for the year ended 31 December 2011

| Award ID 00049827 | | Opinion type | | Unqualified | | | | | | | | | |
|-------------------|--|--|------------------|--|---------------|--|---|-------------------|--------------------|-------------------------------|-----------------|-------------------|---|
| Obs No. | Observations | Recommendations | Audit area | Audit cause | Risk severity | Project's comments | Action(s) planned | Target impl. date | Action unit | Person responsible for action | Updated status | Actual impl. date | Description of status update |
| D | Asset Management | | | | | | | | | | | | |
| D.1 | Insure assets adequately We note that except for the Landcruiser Prado 2.7 with plate number 29NN-54613, the Project's assets, which cost a total of USD39,663, have not been insured. | The Project should promptly budget for asset insurance expenditure for the approval of the National Project Director and UNDP Vietnam. Insurance should be obtained for all assets that have been procured by or transferred to the Project. | Asset Management | Lack of supervision at project level and UNDP CO level | Low | In reality, this is the first time the Project is advised as regards the purchase of insurance for assets excluding cars and vehicles. | The Project will collaborate with UNDP to purchase insurance for assets (except for cars) | Quarter III 2011 | Project Management | Project Accountant | Not implemented | - | Project's assets have not been insured. However, we will not raise management letter again for this point as the project is going to close. |

United Nations Development Programme
Award ID 00049827
"Support for Public Financial Policy Analysis"
Status of the previous auditors' recommendations
for the year ended 31 December 2011

| Award ID 00049827 | | Opinion type | | | Unqualified | | | | | | | | |
|-------------------|---|---|------------------|-------------|---------------|---|--|-------------------|--------------------|-------------------------------|-----------------|-------------------|---|
| Obs No. | Observations | Recommendations | Audit area | Audit cause | Risk severity | Project's comments | Action(s) planned | Target impl. date | Action unit | Person responsible for action | Updated status | Actual impl. date | Description of status update |
| D2 | Tag code for non-expendable assets Some assets such as HP Laser Jet Model 2420N, laptop Dell Optiplex and project Sony VPL-CS6 were not tagged identification code | All non-expendable assets of the project should be tagged with individual identification codes and the codes should be updated in the asset register. | Asset Management | Human error | Low | The Project management agreed with the auditors' comments and will follow in the incoming time. | The Project will tag all of its assets | Quarter III 2011 | Project Management | Project Accountant | Not Implemented | Quarter III 2011 | Laptop Lenovo 3000-Y410 Duo T7300; Scanner EPSON Perfection V700 Photo were not tagged. However, we will not raise management letter again for this point as the project is going to close. |

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| E | Cash Management | | | | | | | | | | | | |
| E.1 | Reduce large petty cash payments The Project has made some large payments in cash. | The project should comply with the regulations stipulated in HPPMG on limit of cash payments, payments with amount greater than USD100 should be made by cheque or bank transfer. In some cases, if the payments are greater than USD100 that cannot be made by cheque or bank transfer, the project should state the reason clearly in the payment request to obtain prior approval from the Project Management. | Cash Management | Inadequate supervision at the project level | Low | NEX allows payments in cash for sundry expenses with amount less than USD100. So there was only one case for "payment for travelling of conference in V resort, Hoa Binh" that the payment is greater than the threshold. | The Project will comply with new regulations of HPPMG as regards cash transactions | Quarter III, 2011 | Project Management | Project Management | Implemented | Quarter III 2011 | No similar issue in the year. |

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|---------|--|---|-----------------|---|---------------|--|--|-------------------|--------------------|-------------------------------|----------------------------|-------------------|--|
| | Observations | Recommendations | Audit area | Audit cause | Risk severity | Project’s comments | Action(s) planned | Target impl. date | Action unit | Person responsible for action | Unqualified Updated status | Actual impl. date | Description of status update |
| E.2 | <p>Improve control over advances</p> <p>Some examples on advances that were not settled after the activities completed.</p> | <p>The Project should coordinate with UNDP Vietnam in establishing an official guideline regarding the maximum duration within which advances must be cleared. This should clearly define timeline for advance clearance, such as one month after the completion of activities or a suitable time frame proposed by Project Management and agreed with UNDP taking into account Project activities.</p> | Cash Management | Inadequate supervision at the project level | Low | <p>For the Project - Support for Public Financial Policy Analysis, advance clearance is not as risky as that of other projects. Normally the Project only advances 75% of estimated expenditure for activities such as workshops and per diem for domestic survey. The Project usually work directly with the conference service provider, not through intermediaries; therefore, it is difficult for misappropriation to take place. Only after the completion of each activity, receipt of final reports, and evaluation, the Project finalizes remaining 25% of the total expenditure. For the independent consultants that were hired for writing reports, the Project only pays them after the completion of their tasks, with no advances. Therefore, the risk is low.</p> | <p>The Project will clear advances in a more timely manner, and collaborates with UNDP to specify the regulations on timeframe of advance clearance.</p> | Quarter II 2011 | Project Management | Project Management | Not implemented | - | <p>A similar issue occurred in 2011. However, we will not raise management letter again for this point as the project is going to close.</p> |

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|-------------------|--|--|--------------------|---|---------------|-----------------------------------|--|------------------------------|--------------------|---------------------|-------------------------------|----------------|---|
| Obs No. | Observations | Recommendations | Audit area | Audit cause | Risk severity | Project's comments | Action(s) planned | | Target impl. date | Action unit | Person responsible for action | Updated status | Actual impl. date |
| F | General Administration | | | | | | | | | | | | |
| F.1 | <p>Maintain a proper list of participants in trainings, workshops and conferences</p> <p>According to HPPMG, the Projects must ensure adequate participation of women. However, we found that the list of participants in conferences, seminars do not have any information indicating the gender of the participants.</p> | <p>Information relating to the gender of the participants in training courses, seminars, and conferences should be added to the list of participants. Also, the project should review the number of female participants to meet the regulations of UNDP.</p> | General management | Inadequate supervision at the project level | Low | Agree with the auditors' comments | The Project will collect full information of the participants on occasions of conferences and training courses and maintain information on the gender of the participants. | Quarter II 2011 | Project Management | Project Coordinator | Not implemented | - | A similar issue occurred in 2011. However, we will not raise management letter again for this point as the project is going to close. |

UNDP Award ID: 00049827

Signature of Project Official: *κ*



Name and title: Nguyen Duc Chi, National Project Director
Date:

UNDP Country Office, Hanoi, Vietnam

Signature of UNDP Official:



Name and title: Le Thi Ngoc Lien, Programme Officer
Date:

25 APR 2012