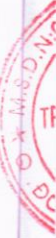


**United Nations Development Programme in
Vietnam ("UNDP")**

Micro Assessment Report

Under the Programme Cycle of One Plan
2017 – 2021

Institute of Strategy and Policy on Natural
Resources and Environment



United Nations Development Programme in Vietnam ("UNDP")

Dear Sis/Madams

Re: Micro assessment of the Financial Management Capacity of the Institute of Strategy and Policy on Natural Resources and Environment

In accordance with the Appendix No. 6 dated 30 July 2018 to our engagement contract No. C. 2017-09-02 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 Institute of Strategy and Policy on Natural Resources and Environment.

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 Institute of Strategy and Policy on Natural Resources and Environment ("ISPONRE"), 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 ISPONRE, 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,

**NEXIA STT Co., Ltd.**

Nguyen Viet Nga

Deputy General Director

Audit Practising Registration Certificate

No. 2041-2018-225-1

Report No.: MA/UNDP/ISPONRE

Hanoi, 2 December 2019

GLOSSARY OF TERMS

UNDP	United Nations Development Programme
ISPONRE	Institute of Strategy and Policy on Natural Resources and Environment
DPO	Department of Personnel and Organization
DPF	Department of Planning and Finance
MOF	Ministry of Finance
MONRE	Ministry of Natural Resources and Environment
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
CPMU	Component Project Management Unit
BCA	Nature and Biodiversity Conservation Agency
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 11 July 2019 at the Institute of Strategy and Policy on Natural Resources and Environment, No. 479 Hoang Quoc Viet street, Cau Giay district, Hanoi.

Through discussion with the ISPONRE, 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)
1. Implementing partner	Low	<p>Institute of Strategy and Policy on Natural Resources and Environment (ISPONRE) was established under Decision No. 1237/QD-TTg, dated 18th September 2006 of the Prime Minister. Accordingly, ISPONRE was an agency under the Ministry of Natural Resources and Environment (MONRE). The ISPONRE had its own legal status, seal, and separate bank accounts according to provisions of laws. Functions, tasks, powers and organizational structure of the ISPONRE were defined in Decision No. 1539/QD-BTNMT dated 26th June 2017. Organizational and Operational Regulations of the ISPONRE were issued along with Decision No. 125/QD-VCLCS dated 8/6/2017.</p> <p>Project "Conservation of Critical Wetland Protected Areas and Linked Landscapes" was funded by the Global Environment Facility (GEF) through UNDP for the period from October 2015 to December 2020. Its Project Document was approved by the MONRE under Decision No. 837/QD-BTNMT dated 13th April 2015. Accordingly, the ISPONRE was assigned as the implementing agency of the Project.</p> <p>The Project Management Unit ("PMU") of the Project "Conservation of Critical Wetland Protected Areas and Linked Landscapes" was established under Decision No. 79/QD-VCLCS dated 26/6/2015 of the General Director of ISPONRE. At the time of our assessment, the Project was extended to 8 December 2020 under the approved extension letter dated 10th May 2019 of UNDP. The Project's organizational structure included the Project Management Unit (PMU) under the ISPONRE and the Component Project Management Unit (CPMU) under the Nature and Biodiversity Conservation Agency (BCA), Vietnam Environment Administration, and the MONRE. The CPMU was established under Decision No. 1136/QD-TCMT dated 17th August 2015 by the General Director of Vietnam Environment Administration (VEA). The PMU and the CPMU were allowed to use their own seal and open separate bank accounts at commercial banks for the implementation of the Project's activities. Organizational and Operational Regulations of the PMU were issued along with Decision No. 111/QD-VCLCS dated 10th September 2015 of the General Director of the ISPONRE.</p> <p>The PMU office was located at the ISPONRE. The CPMU office was located at the VEA. Operational budgets for the PMU and CPMU were allocated from project's funding sources.</p>

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Tested subject area	Risk assessment	Brief justification for rating (main internal control gaps)
		<p>The ISPONRE followed the reporting regime in accordance with current regulations of the Government. The ISPONRE Office was responsible for summarizing and preparing consolidated financial statements according to regulated forms. Such financial statements represented consolidated disbursements of the Institute from counterpart funds and all disbursements of other projects implemented by the Institute. Annual financial statements were sent to the Department of Planning and Finance under the MONRE to review and consolidate before being submitted to the Ministry of Finance.</p> <p>In addition, the ISPONRE prepared ODA project implementation reports on a quarterly and annual basis in accordance with regulations of the Ministry of Planning and Investment regulating the management and use of ODA and loans from foreign donors. Such reports were sent to the Department of Planning and Finance (DPF) under the MONRE for consolidation before being submitted to the MPI.</p> <p>The PMU of the Project "Conservation of Critical Wetland Protected Areas and Linked Landscapes" funded by GEF/UNDP prepared quarterly, annual or other ad-hoc reports on project progress, disbursements, and receipt progress of funding sources and sent those reports to the Department of Planning and Finance under the MONRE before sending to the MPI.</p> <p>Besides, the PMU prepared financial/activity reports (FACE 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>At the fiscal year end, the PMU prepared annual financial statements according to forms stipulated in Circular No. 107/2017/TT-BTC, dated 10th October 2017 of the Ministry of Finance for reporting on implementation and fund receipt progress of the Project. The annual financial statements after being approved by the PMU would be submitted to the Institute Office for consolidation and settled by the DPF – the MONRE.</p> <p>On a monthly basis, brief meetings amongst the General Director of the ISPONRE and the Leaders of relevant departments/units were held to report results of work implemented in the month and propose work plans for the next month. Meeting minutes were only prepared for meetings with issues of high importance. Such minutes were prepared and signed by the Chief of the Institute Office before being issued and kept by the Institute Office.</p>

Tested subject area	Risk assessment	Brief justification for rating (main internal control gaps)
		<p>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 via email. Quarterly reports were consolidated by the Project Manager and subsequently sent to all project staff via email for their information and further actions in the next month. The PMU held a meeting to review project implementation progress and propose solutions to any issues occurred (if any) with UNDP. Such meeting was documented in writing.</p> <p>The ISPONRE performed its 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 monitoring reports of Projects and through brief meetings of the PMU.</p> <p>For almost projects implemented by the ISPONRE, organizational structure included 1 Project steering committee (PSC) established by the MONRE and 1 PMU established by the ISPONRE for managing projects' activities and outputs. Each PSC had at least one Ministerial Leader playing the role of the Head of PSC and each PMU had at least one Director assigned from the ISPONRE – the project owner – and other professional staff to carry out monitoring functions over its projects. The PSC operated under regulations issued by the MONRE. The PSC held annual meetings to provide guidance on implementation of the project's activities, including the preparation of annual work plans and budgets, and annual implementation reports of the Project. PSC meetings were also documented in writing.</p> <p>For the Project "Conservation of Critical Wetland Protected Areas and Linked Landscapes" funded by UNDP, its co-implementing partner (CIP) was the Biodiversity Conservation Agency (BCA) under the Vietnam Environment Administration, the MONRE. In September 2015, the ISPONRE (the Project owner) signed a responsibility contract with the CIP and directly transferred funds to the CIP based on approved plans. The CIP was responsible for preparing annual and quarterly work plans, progress reports and financial reports and sent to the PMU for consolidation and approval within deadlines. From 25 April 2019, under the Appendix to the Responsibility Contract of the Project "Conservation of Critical Wetland Protected Areas and Linked Landscapes", the Sub-PMU was responsible for transferring its supporting documents relating to project's activities to the PMU. The PMU (NIP) was responsible for reviewing, making payments, storing relevant supporting documents, and working with the tax authority and performing tax procedures of the whole Project (including personal income tax, VAT refund, and other taxes). Moreover, the Sub-PMU kept working with the tax authority to complete VAT refunds for its activities implemented from October</p>

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		<p>2016 to December 2018.</p> <p>The PMU fully performed procedures for VAT refund of the Project. However, although the CIP – the Nature and Biodiversity Conservation Agency (BCA) successfully claimed VAT refunds in February 2017 for activities carried out during the period from 10/2015 to 9/2016, the Project had difficulties in implementing VAT refund for activities carried out by the BCA for the period from October 2016 to December 2018 because VAT invoices of these activities were not under the project name but under the name and tax code of the CIP. Such issues were also mentioned in the meeting minute dated 22nd April 2019 between the PMU – the ISPONRE and UNDP as well as in the external auditors’ reports of the Project for the period from 1/10/2016 to 20/9/2017 those were issued on 29 December 2017.</p>
<p>2. Programme Management</p>	<p>Low</p>	<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 current regulations.</p> <p>For the Project “Conservation of Critical Wetland Protected Areas and Linked Landscapes” funded by GEF through 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 PMU prepared the draft of annual work plans and budgets and submitted to the Project Steering Committee for review and approval. The draft AWP and budgets were revised accordingly and sent to the Project owner – ISPONRE and UNDP for approvals. Simultaneously, annual work plans and annual procurement plans were submitted to the MONRE for approval. The PMU based on the approved AWP to prepare quarterly work plans, getting approval from the project owner – the ISPONRE – and UNDP, and simultaneously updating the implementation progress of the approved annual and quarterly WPs.</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 the Project documents. Monitoring and site visit reports were prepared after monitoring and site visit activities were completed.</p> <p>The ISPONRE carried out monitoring activities through evaluation meetings and reports on the project implementation. On a</p>

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		<p>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 Institute Office for consolidation and report to the DPF – MONRE before submitting to the MPI as regulated. Site visit minutes were also prepared by project staff, which was delegated to supervise activities of CIPs. Such minutes were afterward sent to the Project Director for review. Evaluation and finalization meetings were held on semi-annual basis, annual basis, and at the end of projects.</p> <p>The Project "Conservation of Critical Wetland Protected Areas and Linked Landscapes" funded by GEF through UNDP was audited by independent auditors for the period from 1 October 2015 to 30 September 2016, the period from 1 October 2016 to 30 September 2017, the period from 1 October 2017 to 31 March 2018, and the period from 1 April 2018 to 30 September 2018. We obtained these audit reports and management letters of the Project "Conservation of Critical Wetland Protected Areas and Linked Landscapes" funded by GEF through UNDP and noted that the NIP has mostly implemented recommendations of the independent auditors, except for recommendations regarding to the following issues: 1. Purchase insurance for fixed assets of the Project; 2. VAT amount not refunded by the CIP - the Biodiversity Conservation Agency (BCA) for the period from 10/2016 to 12/2018; and 3. Disbursement progress of the Project.</p>
3. Organizational structure and Staffing	Low	<p>Recruitment and personnel practices of the ISPONRE complied with Governmental regulations. The number of civil servants and employees of the ISPONRE was determined on the basis of job positions approved by the MONRE according to annual plan. The ISPONRE was responsible for recruitments of officials according to provisions of laws on the basis of the approved employees' norm.</p> <p>For most projects implemented by the ISPONRE, organizational structure included 1 Project steering committee (PSC) established by the MONRE and 1 PMU established by the ISPONRE for managing projects' activities and outputs. Each PSC had at least one Ministerial Leader and each PMU had at least one Director assigned from the Institutional Leaders to concurrently work for the project at the position of the Project Director. At the time of our assessment, for the Project "Conservation of Critical Wetland Protected Areas and Linked Landscapes", the PMU had 3 part-time officers including the Project Director (the General Director of the ISPONRE), the Project Chief accountant (the Chief of Administrative Office of the ISPONRE), and the Project Manager (the Head of Division of Science and International Cooperation of the ISPONRE). The Component Management Unit had 5 part-</p>

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		<p>time officers. Concurrent staffs were entitled to salaries and allowances from counterpart funds as regulated in approved project documents and current regulations, except for the Project Manager's salaries which were paid from Donor's funds. In addition, there were 3 contracted staffs at the PMU and 1 contracted staff at the CPMU, who were entitled to salaries and allowances from the Donor's funds. For contracted staffs of the Project, recruitments were carried out according to regulations of each Donor with specific terms of reference.</p> <p>The ISPONRE had an accounting department under the Institute Office, which was responsible for managing all regular expenditures using the State budget of the ISPONRE Office. The Institute Office had 1 Chief Accountant and 3 Accountants. All leaders and specialists of the Institute Office had appropriate university degrees. All staff had bachelor degrees in economics or higher.</p> <p>For the Project "Conservation of Critical Wetland Protected Areas and Linked Landscapes" funded by GEF through UNDP, accounting works were implemented by 3 accountants, including 1 part-time Chief Accountant, 1 Project Accountant (full-time contracted staff) and 1 Component Project Accountant (full-time contracted staff), and supported by the Project Manager (part-time staff, whose salaries were paid from the Donor's funds) and Project's Administrative Secretary cum Translator (full-time contracted staff). Current project's staff had good knowledge, skills and experience in disbursement procedures and processes of projects funded by UN agencies.</p> <p>The PMU operated based on its Organizational and Operational Regulations under Decision No. 111/QD-VCLCS dated 10th September 2015. These regulations were widely publicized to the project's staff before implementation. The PMU also complied with periodic reporting requirements from internal functional parties in the ISPONRE, as well as the MONRE. Moreover, the PMU complied with regulations on financial management, reporting regime and monitoring framework stated in HPPMG of the Donor.</p>
4. Accounting policies and procedures	Low	<p>The accounting system of the ISPONRE was in compliance with current regulations. The Institute Office used IMAS accounting software to record accounting transactions.</p> <p>The PMU of the Project "Conservation of Critical Wetland Protected Areas and Linked Landscapes" used Bravo accounting software to record all accounting transactions. The Project's accounting system complied with the HPPMG of the Donor.</p> <p>All accounting documents and vouchers were stored in</p>

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		<p>hardcopies at the Institute 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 ledgers were automatically compiled into the general ledger. The Institute Office and the PMU quarterly performed reconciliation between the general ledger and the detailed ledgers during the preparation of quarterly reports and FACE report.</p> <p>The Institute Office prepared annual budgets and sent to the Department of Planning and Finance under the MONRE for consolidation and appraisal. Then, the Institute's budget was submitted to the Minister of the MONRE for approval before being summarized and sent to the Ministry of Finance for appraisal and the Government for approval.</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, the PMU prepared detailed quarterly budgets and work plans for each activity.</p> <p>At the Project level, budget comparison was performed on a quarterly basis when preparing the FACE Report. All disbursements were based on budgets approved by the Donor. Any over – utilization or inappropriate utilization of budget was officially authorized by the Donor and the Project Director before payments were made. Quarterly, all activities with low disbursement rates in comparison with AWP were explained by the PMU in Quarterly Project Progress Report (QPPR). We reviewed the audit reports and management letters of the Project "Conservation of Critical Wetland Protected Areas and Linked Landscapes" for the period from 1/10/2016 to 30/9/2017 and noted that some activities of the Project had slow disbursement progress. The low disbursement rate of activities in the second and third quarters of 2017 were explained and adjusted by the PMU in the 2017 revised work plan that was subsequently approved by UNDP. However, the low disbursement rate was still remained in Quarters 2 and 3 of 2018 for output activities, including "New wetland protected areas and relevant systemic capacities for their effective management established; and Integrity of wetland protected areas are secured within the wider wetland connected landscapes". Such issues were raised in the audit report of the Project for the period from 1/4/2018 to 30/9/2018.</p> <p>At the time of our assessment, we noted that documents and invoices of the Project "Conservation of Critical Wetland</p>

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		<p>Protected Areas and Linked Landscapes" funded by GEF/UNDP were stamped "PAID" and fully reviewed and approved with Project code and activity code.</p> <p>All salary expenses were approved by the General Director of the ISPONRE based on the salary budget allocated from the ISPONRE's annual budget. The ISPONRE'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 General Director of the ISPONRE before salary payments were made.</p> <p>For the Project "Conservation of Critical Wetland Protected Areas and Linked Landscapes" funded by GEF through UNDP, salaries to the Project's staff were paid from the Donor's funds based on norms approved by the Donor, except for part-time salaries of the Project Director and Project Chief Accountant, who were concurrently working for the Project, which were paid from counterpart funds. 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 a Project Accountant, reviewed by the Project Manager and approved by the Chief Accountant and the Project Director. Any change in salary (if any) must be approved by the Project Director and the Donor.</p> <p>The Project Accountant prepared payrolls based on timesheets of project officers. Timesheet reports were prepared by the project's secretariat, certified by the Project Manager and approved by the Project Director. Payrolls were approved by the Project Director before payments were made to employees.</p> <p>The Institute Office maintained a cash book to be fully recorded and updated with cash collection/ payment transactions.</p> <p>There were no receipts/payments in cash on hand at the PMU level.</p> <p>Bank reconciliation was prepared on a monthly basis. Treasury reconciliation was quarterly performed. Such reconciliations were made in writing.</p> <p>Bank accounts were not controlled with appropriate remote access, such as via the online banking system. However, messages of receipts/payments were sent to the Project Chief Accountant.</p>
5. Fixed assets and Inventory	Low	Assets at the ISPONRE were monitored by the Administration Department under the Institute Office through accounting books and accurately numbered and adequately labelled. In addition,

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		<p>the ISPONRE also issued regulations on asset management and disseminated them to ISPONRE's staff for their compliance.</p> <p>The PMU of the Project "Conservation of critical wetland protected areas and linked landscapes" funded by GEF through UNDP maintained assets register to monitor and update current status of assets and conducted physical assets counts once a year. The Project's assets were labelled and numbered according to regulations of the Donor.</p> <p>Fixed assets of the Project "Conservation of critical wetland protected areas and linked landscapes" funded by GEF through UNDP were physically counted on an annual basis, usually at the year end. We obtained and reviewed the minute of Physical Asset Count as at 31 December 2018 and found that the minute was adequately approved by authorized persons.</p> <p>Except for the ISPONRE's cars, where insurance was required, other assets of the ISPONRE and its UNDP project were not insured since insurance for such assets was optional and assets' value were small. Besides, there was no assets insurance budget approved by the Donor. This issue was also mentioned in the audit reports and management letters of the Project "Conservation of critical wetland protected areas and linked landscapes" for the period from 1 October 2016 to 30 September 2017, and the period from 1 April 2018 to 30 September 2018, and in the spot check report for the period from 1 October 2015 to 30 September 2016. However, this matter has not been improved at the time of our review.</p>
<p>6. Financial Reporting and Monitoring</p>	<p>Low</p>	<p>The ISPONRE followed the reporting regime in accordance with current regulations of the Government. The Institute Office was responsible for summarizing and preparing consolidated financial statements according to regulated forms of the Ministry of Finance. Such financial statements represented consolidated disbursements of the Institute from counterpart funds and all disbursements of other projects implemented by the Institute. Annual financial statements were sent to the Department of Planning and Finance under the MONRE to review and consolidation before being submitted to the Ministry of Finance.</p> <p>In addition, the ISPONRE prepared ODA project implementation reports on a quarterly and annual basis in accordance with regulations of the Ministry of Planning and Investment. Such reports were sent to the Department of Planning and Finance (DPF) under the MONRE for consolidation before being submitted to the MPI.</p> <p>The PMU of the Project "Conservation of Critical Wetland Protected Areas and Linked Landscapes" funded by GEF/UNDP</p>

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		<p>prepared quarterly, annual or other ad-hoc reports on project progress, disbursements, and receipt progress of funding sources and sent those reports to the Institute Office – ISPONRE, the Department of Planning and Finance under the MONRE before sending to the MPI. Besides, the PMU prepared financial/activity reports (FACE 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>At the fiscal year end, the PMU prepared annual financial statements according to forms stipulated in Circular No. 107/2017/TT-BTC, dated 10th October 2017 of the Ministry of Finance for reporting on implementation and fund receipt progress of the Project. The annual financial statements after being approved by the PMU would be submitted to the Institute Office for consolidation and settled by the DPF – the MONRE.</p> <p>The Department of Planning and Finance under the MONRE carried out annual budget settlement for the ISPONRE. In addition, every 5 years depending on its annual audit plan, the ISPONRE was audited by the State Audit.</p> <p>The Project “Conservation of Critical Wetland Protected Areas and Linked Landscapes” funded by GEF through UNDP was audited by independent auditors on an annual basis upon the Donor’s request. Specifically, Mazars Vietnam Co., Ltd. provided audit services to the Project for the period from 1/10/2015 to 30/9/2016 and from 1/10/2016 to 30/9/2017; and Nexia STT Co., Ltd. performed audit of the Project for the period from 1/4/2018 to 30/9/2018.</p> <p>We obtained audit reports and management letters of the Project “Conservation of Critical Wetland Protected Areas and Linked Landscapes” funded by GEF through UNDP and noted that the IP has mostly implemented recommendations of the independent auditors, except for recommendations regarding to issues: 1. Purchase insurance for fixed assets of the Project; 2. VAT amount was not refunded at the CIP - the Biodiversity Conservation Agency (BCA) for the period from 10/2016 to 12/2018; and 3. Disbursement progress of the Project. These issues were also mentioned in the annual project implementation report for 2018, dated 28th January 2019. Such report was also submitted to the MONRE for review.</p> <p>The Institute Office applied IMAS accounting software.</p> <p>The PMU of the Project “Conservation of Critical Wetland Protected Areas and Linked Landscapes” funded by GEF through</p>

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		<p>UNDP applied Bravo accounting software to record projects' financial transactions. Quarterly, FACE reports were exported from this accounting software according to forms regulated by the Donor. The accounting software used by the Institute Office 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 Institute Office complied with procurement policies and procedures of the Government (Law on Procurement 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 Document and other current regulations on Bidding of the Government.</p> <p>The Institute Office consolidated and prepared annual procurement plans and submitted to the MONRE for approval on procurement activities of the ISPONRE. In addition, the Institute Office also consolidated annual procurement reports of the units under the ISPONRE to grasp their procurement implementation progresses and subsequently report to the DPF – MONRE before reporting to Ministerial Leaders.</p> <p>For the Project "Conservation of Critical Wetland Protected Areas and Linked Landscapes" funded by GEF through UNDP, annual procurement/bidding status was reported in Progress Annual Reports (PAR).</p> <p>Procurement officers of the Administration Department were adequately equipped with knowledge of Laws on Procurements of the Government and they all had certificates on bidding.</p> <p>The Project had an officer - administrative secretary cum translator, being responsible for procurement activities of the project. Her tasks were clearly defined in terms of reference attached to her labour contract. In addition, procurement activities with small value were mainly implemented through competitive quotation method. The PMU staff has implemented projects or activities funded by the UN Agency for many years; therefore, they were familiar with UN Agencies' procurement procedures and policies specified in the HPPMG. Some officers</p>

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Tested subject area	Risk assessment	Brief justification for rating (main internal control gaps)
		<p>from the PMU were fully equipped with knowledge of Laws on Procurements of the Government as well as UN Agencies' procurement requirements and they all had certificates on bidding. If there was a significant procurement, the PMU would seek advice from experts of the ISPONRE and UNDP to ensure quality of tender packages.</p> <p>All procurement activities at the ISPONRE and its Projects were approved by Ministerial Leaders and Project Directors and included in Procurement Plans in compliance with procurement threshold limit regulated in the HPPMG and Bidding Law.</p> <p>The Institute Office and the PMU kept track of neither past performance of suppliers for procurement of goods and services (workshops, training) nor database of trusted suppliers because procurement activities did not regularly occur. All procurement activities were carried out in accordance with provisions of Laws on Procurement. However, for consulting services, the Institute Office and the PMU prepared tracking sheets to monitor the consultants' profiles for each activity of the Project and made appropriate assessment for each consultant of the package, accordingly.</p> <p>The Administration Department under the Institute Office was responsible for contract management. The PMU assigned the Project Accountant and Administrative Secretary 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>Refund of Value Added Tax of the Project:</p> <p>Although the CIP – the Nature and Biodiversity Conservation Agency (BCA) successfully claimed VAT refunds in February 2017 for activities carried out during the period from 10/2015 to 9/2016, there were still difficulties in implementing VAT refund procedures for activities carried out by the CIP for the period from October 2016 to December 2018. The reason was that VAT invoices of these activities were not under the project name but under the name and tax code of the CIP. Failure in VAT refunds might affect closing procedures of the Project. Such issues were raised in audit reports of the Project as well as mentioned in the meeting minute dated 22nd April 2019 between the PMU – the ISPONRE and UNDP to solve such difficulties. However, at the time of our assessment, such VAT amounts have not been refunded to the Project yet.</p>	<p>The ISPONRE and the PMU should promptly complete all necessary VAT refund procedures for activities carried out by the CIP for the period from 10/2016 to 12/2018 before the expected closing date of the Project in December 2020. If the VAT amounts cannot be claimed before closing date of the Project, the ISPONRE and the PMU should organize a meeting with the Donor to discuss about reasonable solutions to reduce a risk of lacking of budget to cover the non-refundable VAT, affecting the closing procedures of the Project.</p> <p>Responses from the IP:</p> <p>The IP agrees with the auditors' recommendation.</p>
2.	<p>Follow up and implement recommendations of independent reviewers:</p> <p>The IP did not implement some recommendations raised in the audit reports and management letters of the Project "Conservation of Critical Wetland Protected Areas and Linked Landscapes" such as:</p> <ol style="list-style-type: none"> 1. Purchase of insurance for its fixed assets; 2. VAT amount was not refunded by CIP - the Biodiversity Conservation Agency (BCA) for the period from 10/2016 to 12/2018; and 3. The Project disbursements were behind the initial plan. <p>Even though the PMU provided causes and difficulties faced to each point raised in the audit reports and management letters of the Project, these issues have not been improved and still repeated in the audit report for the recent period of the Project from 1/4/2018 to 30/9/2018.</p>	<p>The IP and the PMU should implement all recommendations from independent auditors. If the recommendation is unfeasible, the PMU should propose more suitable solutions to the Donor based on its circumstance.</p> <p>Responses from the IP:</p> <p>We agree with the auditors' recommendation.</p>

No.	Description of Finding	Recommendation and IP Management Response
<p>3.</p>	<p>Slow disbursement progress of some activities:</p> <p>The disbursement progress in Quarters 2 and 3 of 2018 was relatively below the initial budget and behind work plans for output activities as follows:</p> <ul style="list-style-type: none"> - New wetland PAs and relevant systemic capacities for their effective management established; and - Integrity of wetland PAs are secured within the wider wetland connected landscapes. <p>We understand that consultants of some activities delayed submission of output reports; payment and settlement procedures for workshop and surveys were behind the initial plan; and some activities related to establishment of wetland protected areas in Thai Binh have not been conducted yet. Moreover, the extension of consultancy contracts was impacted by local situation as well as the finalization progress of consultants. The consulting process took a long time and the consultants could not collect sufficient data; the revision and commenting process from the Project was time consuming as well.</p>	<p>The PMU should coordinate with the IP – ISPONRE to monitor and accelerate the process of performing output reports, payment and settlement procedures for workshop and surveys, and some activities related to establishment of wetland protected areas to avoid the risk that the budget is no longer sufficient to disburse for activities delayed.</p> <p>Responses from the IP:</p> <p>We agree with the auditors' recommendation.</p>
<p>4.</p>	<p>Insurance of assets:</p> <p>Except for the ISPONRE's cars, where insurance was required, other assets of the ISPONRE and its UNDP project were not insured since insurance for such assets was optional and assets' value were small. Besides, there was no budget line approved by donor for cost of assets' insurance. This issue was also mentioned in the audit reports and management letters of the Project "Conservation of critical wetland protected areas and linked landscapes" for the period from 1 October 2016 to 30 September 2017 and the period from 1 April 2018 to 30 September 2018, and in the spot check report for the period from 1 October 2015 to 30 September 2016. However, this matter has not been improved at the time of our review.</p>	<p>Fixed assets are susceptible to loss, misappropriation, or misuse, particularly popular item or items of high value. The Project may suffer financial losses when insurance is not purchased as regulated.</p> <p>The PMU should purchase insurance for all assets of the Project. If such insurance is difficult or unreasonable to purchase in the Vietnamese context, the Project should discuss with UNDP to find out appropriate alternative solutions.</p> <p>Responses from the IP:</p> <p>We agree with the auditors' recommendation.</p>

*Micro assessment under the Program Cycle of One Plan 2017-2021
Institute of Strategy and Policy on Natural Resources and Environment*

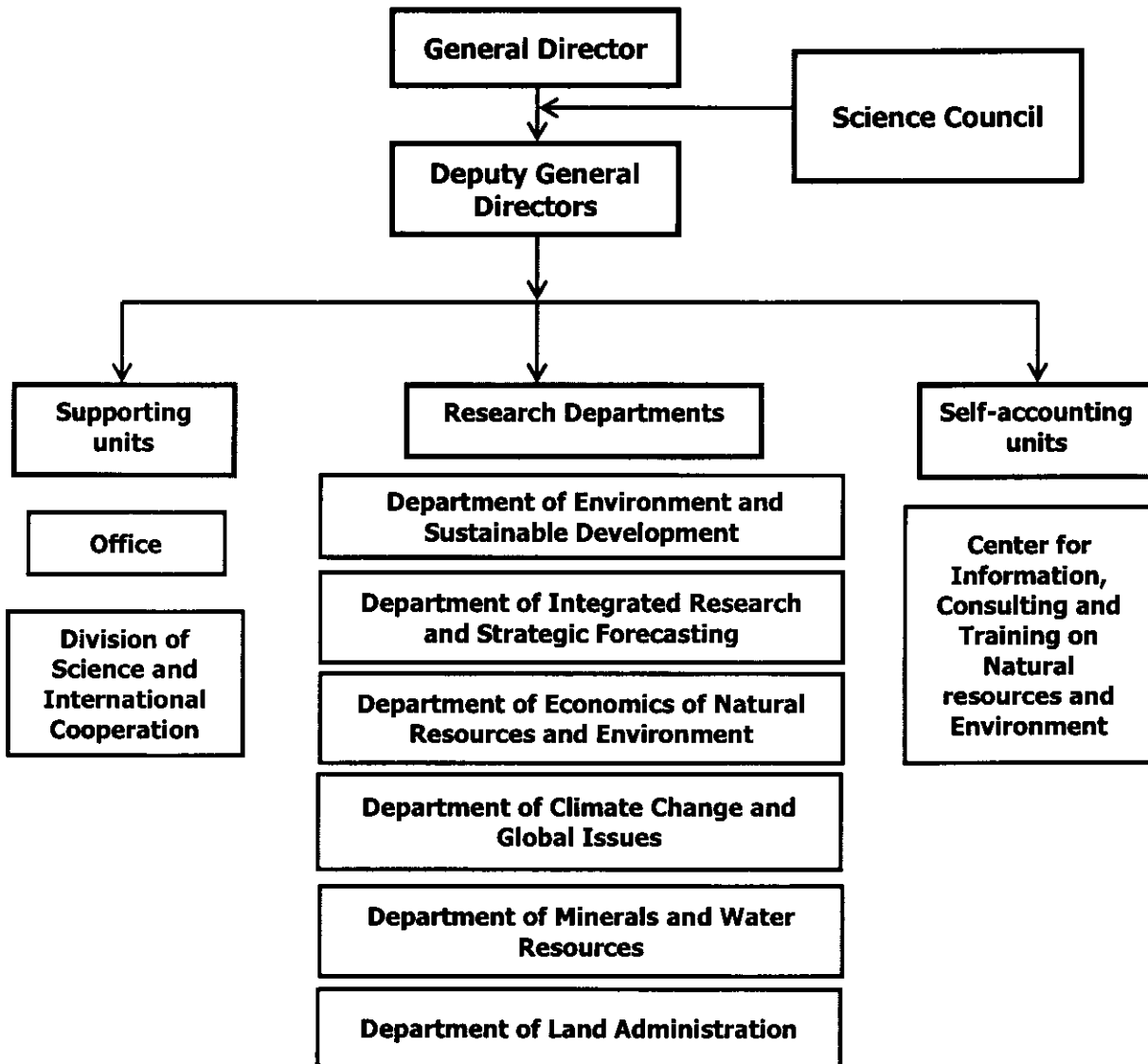
No.	Description of Finding	Recommendation and IP Management Response
5.	<p>Keeping track of database of trusted suppliers:</p> <p>The Institute Office and the PMU kept track of neither past performance of suppliers for procurement of goods and services (workshops, training) nor database of trusted suppliers because procurement activities did not regularly occur.</p>	<p>We understand that all procurement activities were carried out in accordance with provisions of Laws on Procurement. In addition, for consulting services, the Institute Office and the PMU prepared tracking sheets to monitor the consultants' profiles for each activity of the Project and made appropriate assessment for each consultant of the package, accordingly. However, the PMU should coordinate with other IPs in the ISPONRE to maintain a database of trusted suppliers. Such database should be approved by an authorized person and considered as a basis of selecting suppliers. Such database should be updated annually and disseminated to procurement staff.</p> <p>Responses from the IP:</p> <p>We agree with the auditors' recommendation.</p>

Annex 1: IP and Programme Information

Implementing partner name:	Institute of Strategy and Policy on Natural Resources and Environment (ISPONRE)
Implementing partner code or ID in UNICEF, UNDP, UNFPA records (as applicable):	009220
Implementing partner contact details (contact name, email address and telephone number):	Mr. Nguyen The Chinh – General Director, Institute of Strategy and Policy on Natural Resources and Environment Email: ntchinh@isponre.gov.vn Phone: (024) – 3793.1629 (ext 888)
Main programmes implemented with the applicable UN Agency/ies:	<ul style="list-style-type: none"> - Project "Conservation of Critical Wetland Protected Areas and Linked Landscapes", period from 10/2015 to 12/2020, funded by the GEF through UNDP; - Project "Strengthening capacity on natural resources and environment policy development and environmental performance", period from 2013 to 2016, funded by UNDP; and - Project "Enhancing Capacity for Implementing Rio Conventions", period from 2015 to 9/2018, funded by GEF through UNDP.
Key Official in charge of the UN Agency/ies' programme(s):	Ms. Kim Thi Thuy Ngoc – Project Manager Email: kimthuyngoc@gmail.com
Programme location(s):	Institute of Strategy and Policy on Natural Resources and Environment – No. 479 Hoang Quoc Viet, Cau Giay district, Hanoi.
Location of records related to the UN Agency/ies' programme(s):	Institute of Strategy and Policy on Natural Resources and Environment – No. 479 Hoang Quoc Viet, Cau Giay 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:	Project "Conservation of Critical Wetland Protected Areas and Linked Landscapes" funded by GEF through UNDP with the total expenditures in quarter 4/2018 (FACE report of Quarter 4/2018): USD159,601.
Current or latest cash transfer modality/ies used by the UN agency/ies to the IP:	Project "Conservation of Critical Wetland Protected Areas and Linked Landscapes": Direct cash transfer
Intended start date of micro assessment:	11/7/2019
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. Institute of Strategy and Policy on Natural Resources and Environment Chart



Annex 3: List of Persons Met

Name	Unit/Organization	Position
Ms. Kim Thi Thuy Ngoc	Division of Science and International Cooperation, ISPONRE/ Project "Conservation of Critical Wetland Protected Areas and Linked Landscapes"	Head of Division/ Project Manager
Ms. Nguyen Thi Minh Tam	Office of ISPONRE/ Project "Conservation of Critical Wetland Protected Areas and Linked Landscapes"	Chief of ISPONRE office/ Project chief accountant
Ms. Huynh Thi Bich Hang	Office of ISPONRE	Chief Accountant of ISPONRE Office
Ms. Tran Thi Nguyet Minh	Project "Conservation of Critical Wetland Protected Areas and Linked Landscapes"	Project Accountant
Ms. Doan Ngoc Khanh	Project "Conservation of Critical Wetland Protected Areas and Linked Landscapes"	Administrative secretary cum Translator

Annex 4: Micro Assessment Questionnaire

Subject area <i>(key questions in 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	Institute of Strategy and Policy on Natural Resources and Environment (ISPONRE) was established under Decision No. 1237/QĐ-TTg, dated 18 th September 2006 of the Prime Minister. Accordingly, ISPONRE was an agency under the Ministry of Natural Resources and Environment (MONRE), being in charge of conducting research on socio-economic policies related to natural resources and environment; proposing strategies, institutions, policies and master planning on natural resources management and environmental protection; and performing a task of training and other duties in accordance with regulations. The ISPONRE had its own legal status, seal, and separate bank accounts according to provisions of laws. Functions, tasks, powers and organizational structure of the ISPONRE were defined in Decision No. 1539/QĐ-BTNMT dated 26 th June 2017. Organizational and Operational Regulations of the ISPONRE were issued along with Decision No. 125/QĐ-VCLCS dated 8/6/2017. Project "Conservation of Critical Wetland Protected Areas and Linked Landscapes" was funded by the Global Environment Facility (GEF) through UNDP for the period from October 2015 to December 2020. Its Project Document was approved by the MONRE under Decision No. 837/QĐ-BTNMT dated 13 th April 2015. Accordingly, the ISPONRE was assigned as the

Subject area (key questions in bold)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/ comments
						<p>implementing agency of the Project.</p> <p>The Project Management Unit ("PMU") of the Project "Conservation of Critical Wetland Protected Areas and Linked Landscapes" was established under Decision No. 79/QĐ-VCLCS dated 26/6/2015 of the General Director of ISONRE, being responsible for implementing the Project according to objectives, timeline, quality and resources stated in the approved Project Document attached with Decision No. 837/QĐ-BTNMT dated 13/4/2015 of the MONRE and specific International Treaties on ODA and preferential loans for programs, projects and non-project aid. The Project duration was from 2015 to 2018 according to the Project document. At the time of our assessment, the Project was extended to 8 December 2020 under the approved extension letter dated 10th May 2019 of UNDP. The Project's organizational structure included the Project Management Unit (PMU) under the ISONRE and the Component Project Management Unit (CPMU) under the Nature and Biodiversity Conservation Agency (BCA), Vietnam Environment Administration, and the MONRE. The CPMU was established under Decision No. 1136/QĐ-TCMT dated 17th August 2015 by the General Director of Vietnam Environment Administration (VEA). The PMU and the CPMU were allowed to use their own seal and open separate bank accounts at commercial banks for the implementation of the Project's activities. Organizational and Operational Regulations of the PMU were issued along with Decision No. 111/QĐ-VCLCS dated 10th</p>

Subject area (key questions in bold)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
						September 2015 of the General Director of the ISPONRE.
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?		✓		Low	1	<p>The PMU office was located at the ISPONRE. The CPMU office was located at the VEA. Operational budgets for the PMU and CPMU were allocated from project's funding sources.</p> <p>The ISPONRE has implemented some following Projects funded by United Nations Development Programme ("UNDP"):</p> <ol style="list-style-type: none"> 1. Project "Conservation of Critical Wetland Protected Areas and Linked Landscapes" funded by GEF through UNDP for the period from 10/2015 to 12/2020; 2. Project "Strengthening capacity on natural resources and environment policy development and environmental performance" funded by UNDP for the period from 2013 to 2016; and 3. Project "Enhancing Capacity for Implementing Rio Conventions" funded by GEF through UNDP for the period from 2015 to September 2018. <p>Through our interviews and review of projects' audit reports, spot check reports, we noted that there were no significant issues in the receipts and management of projects' funds.</p> <p>At the time of our assessment, the ISPONRE has been implementing the Project "Conservation of Critical Wetland Protected Areas and Linked Landscapes" funded by the Global Environment Facility (GEF) through UNDP. The Project started from October</p>

Subject area (key questions in bold)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
						2015 and intended to close in December 2020. The ISPONRE established a separate PMU which had legal status, its own seal and separate bank account at the Agribank - Hoang Quoc Viet Branch for the implementation of the Project's activities. 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.
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	The ISPONRE followed the reporting regime in accordance with current regulations of the Government. All regular disbursements of the ISPONRE were recorded and monitored by the Institute Office. The Institute Office had its own seal, separate bank accounts in the State Treasury and commercial banks for its operation according to provisions of laws. The Institute Office was responsible for summarizing and preparing consolidated financial statements according to forms stipulated in Circular No. 107/2017/TT-BTC, dated 10 th October 2017 of the Ministry of Finance. Such financial statements represented consolidated disbursements of the Institute from counterpart funds and all disbursements of other projects implemented by the Institute. Annual financial statements were sent to the Department of Planning and Finance under the MONRE to review and consolidate before being submitted to 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. In addition, the ISPONRE prepared ODA project

Subject area <i>(key questions in bold)</i>	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/ comments
						<p>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 Ministry of Planning and Investment regulating the management and use of ODA and loans from foreign donors. Such reports were sent to the Department of Planning and Finance (DPF) under the MONRE for consolidation before being submitted to the MPI.</p> <p>The PMU of the Project "Conservation of Critical Wetland Protected Areas and Linked Landscapes" funded by GEF/UNDP prepared quarterly, annual or other ad-hoc reports on project progress, disbursements, and receipt progress of funding sources and sent those reports to the Department of Planning and Finance under the MONRE before sending to the MPI. We reviewed implementation reports for 2018 of the Project "Conservation of Critical Wetland Protected Areas and Linked Landscapes" funded by GEF/UNDP, which was prepared on 15 January 2019, and noted that the report was prepared in accordance with regulated forms, which provided enough information and details to readers.</p> <p>Besides, the PMU prepared financial/activity reports (FACE reports) on a quarterly basis in compliance with the Harmonized Project and Programme Management Guidelines (HPPMG) of the Donor. Accordingly, such</p>

Subject area <i>(key questions in bold)</i>	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/ comments
						<p>quarterly reports were prepared in forms regulated by the Donor and submitted within the first 15 days of the following quarter. We obtained and reviewed the FACE report of the Project for quarter 4/2018 and noted that the report was prepared in compliance with regulated forms and deadlines. At the fiscal year end, the PMU prepared annual financial statements according to forms stipulated in Circular No. 107/2017/TT-BTC, dated 10th October 2017 of the Ministry of Finance for reporting on implementation and fund receipt progress of the Project. The annual financial statements after being approved by the PMU would be submitted to the Institute Office for consolidation and settled by the DPF – the MONRE. We collected and reviewed the project's settlement reports for 2018 which were prepared on 28 March 2019 and noted that such reports consolidated all disbursements from ODA funds with adequate approvals of the PMU and the CPMU.</p> <p>In general, all reports were prepared in accordance with regulated forms, which provided enough information and details to readers.</p>
1.4 Does the governing body meet on a regular basis and perform oversight functions?	✓			Low	1	<p>On a monthly basis, brief meetings amongst the General Director of the ISPONRE and the Leaders of relevant departments/units were held to report results of work implemented in the month and propose work plans for the next month. Meeting minutes were only prepared for meetings with issues of high importance. Such minutes were prepared and signed by the Chief of the Institute Office before being issued and kept by the Institute Office.</p>

Subject area <i>(key questions in bold)</i>	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/ comments
						<p>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 via email. Quarterly reports were consolidated by the Project Manager and subsequently sent to all project staff via email for their information and further actions in the next month. The PMU held a meeting to review project implementation progress and propose solutions to any issues occurred (if any) with UNDP. Such meeting was documented in writing. We reviewed a meeting minute dated 22nd April 2019 between the PMU under the ISPONRE and UNDP with the following contents:</p> <ol style="list-style-type: none"> 1. Update the Project's activities; 2. Conduct the next steps after the Project's activities; 3. December 2020; and 3. Solve difficulties and issues of the Project (speeding up progress of VAT refund for activities implemented by co-implementing agency - the Nature and Biodiversity Conservation Agency (BCA) for the period from 10/2016 to 12/2018). <p>The ISPONRE performed its 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 monitoring reports of Projects and through brief meetings of the PMU.</p> <p>For almost projects implemented by the ISPONRE, organizational structure included 1 Project steering</p>

Subject area <i>(key questions in bold)</i>	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/ comments
						<p>committee (PSC) established by the MONRE and 1 PMU established by the ISPONRE for managing projects' activities and outputs. Each PSC had at least one Ministerial Leader playing the role of the Head of PSC and each PMU had at least one Director assigned from the ISPONRE – the project owner – and other professional staff to carry out monitoring functions over its projects. The PSC operated under regulations issued by the MONRE. The PSC held annual meetings to provide guidance on implementation of the project's activities, including the preparation of annual work plans and budgets, and annual implementation reports of the Project. PSC meetings were also documented in writing.</p>
<p>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?</p>	✓			Low	1	<p>For the Project "Conservation of Critical Wetland Protected Areas and Linked Landscapes" funded by UNDP, its co-implementing partner (CIP) was the Biodiversity Conservation Agency (BCA) under the Vietnam Environment Administration, the MONRE. The ISPONRE (the Project owner) signed a responsibility contract with the CIP and directly transferred funds to the CIP based on approved plans. The CIP was responsible for preparing annual and quarterly work plans, progress reports and financial reports and sent to the PMU for consolidation and approval within deadlines. We reviewed the responsibility contract signed on 8th September 2015 between the IP and the Biodiversity Conservation Agency (BCA) and noted that such contract clearly specified operation, monitoring and management mechanism of activities implemented by the CIP. From 25 April 2019, under the Appendix to the</p>

Subject area (key questions in bold)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
						Responsibility Contract of the Project "Conservation of Critical Wetland Protected Areas and Linked Landscapes", the CPMU was responsible for transferring its supporting documents relating to project's activities to the PMU. The PMU (NIP) was responsible for reviewing, making payments, storing relevant supporting documents, and working with the tax authority and performing tax procedures of the whole Project (including personal income tax, VAT refund, and other taxes). Moreover, the CPMU kept working with the tax authority to complete VAT refunds for its activities implemented from October 2016 to December 2018.
1.6 Does the IP show basic financial stability in-country (core resources; funding trend) <i>Provide the amount of total assets, total liabilities, income and expenditure for the current and prior three fiscal years.</i>	✓			Low	1	The ISPONRE was an organization under the Government, hence fund flows from the Government according to annual approved budgets by the MONRE and MOF were frequent and the ISPONRE had, therefore, been able to maintain a relatively stable financial position. The operating funds for the PMU "Conservation of Critical Wetland Protected Areas and Linked Landscapes" funded by GEF through UNDP were paid from ODA funds according to budgets initially approved by the Responsible Party and the Donor.
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?	✓			Low	1	The ISPONRE had a legal status, its own seal and bank accounts. Annually, the Institute Office prepared budget plans and submitted to the Department of Planning and Finance – the MONRE for consolidation and appraisal. The approved budget plans of the ISPONRE were submitted to the MONRE for appraisals before being sent to the MOF for appraisal and the

Subject area (key questions in bold)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
						<p>Government for approval. Based on the appraisal results of the Ministry of Finance and approval of Government, the annual funds were allocated to the ISPONRE and its investment projects in accordance with regulations of laws.</p> <p>Funds from Donors were directly transferred to the Project's bank accounts based on 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>
<p>1.8 Does the IP have any pending legal actions against it or outstanding material/significant disputes with vendors/contractors? If so, provide details and actions taken by the IP to resolve the legal action.</p>		✓		Low	1	<p>Through our interviews, we were informed that the ISPONRE and the PMU had no legal actions against them or outstanding material/significant disputes with vendors/contractors.</p>
<p>1.9 Does the IP have an anti-fraud and corruption policy?</p>	✓			Low	1	<p>The ISPONRE strictly followed provisions of Vietnamese law on anti-fraud and corruption as well as complied with the anti-fraud and corruption plans of the MONRE and the Government.</p> <p>Annually, the ISPONRE was responsible for preparing reports on its implementation of anti-fraud and corruption plans and submitted to the Institute Office before informing to its General Director and reporting to the MONRE.</p> <p>The PMU did not issue any separate anti-fraud and</p>

Subject area (key questions in bold)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/ comments
						corruption policy but followed provisions of Vietnamese laws on anti-fraud and corruption as well as complied with anti-fraud and corruption plans of the ISPONRE. 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. On an annual basis, the PMU was subject to reviews and inspections by the DPF under the MONRE as well as by independent and State auditors.
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	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, Institutional 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.
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>	✓			Moderate	2	The PMU fully performed procedures for VAT refund of the Project. We reviewed tax refund documents dated 24 th September 2018 of the Project "Conservation of Critical Wetland Protected Areas and Linked Landscapes" funded by UNDP for the period from July 2017 to June 2018. The PMU at the

Subject area (key questions in bold)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
<p>Total number of questions in subject area: 11</p> <p>Total number of applicable questions in subject area: 11</p> <p>Total number of applicable key questions in subject area: 5</p> <p>Total number of risk points: 12</p> <p>Risk score: 1.09</p> <p>Area risk rating: Low</p>						

2. Programme Management

Subject area <i>(key questions in bold)</i>	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
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 "Conservation of Critical Wetland Protected Areas and Linked Landscapes" funded by GEF through 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/JT-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 out AWP based on overall work plans as agreed in Project documents and comments from UN Agencies' Project Officers. We reviewed the 2019 annual work plan of the Project "Conservation of Critical Wetland Protected Areas and Linked Landscapes" funded by GEF through UNDP which was approved by the General Director of the ISPNRE on</p>

Subject area (key questions in bold)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
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	<p>10 May 2019 and noted that the work plan was made in regulated forms.</p> <p>Annual budgets were set up simultaneously with the progress of preparing AWP. The PMU prepared the draft of annual work plans and budgets and submitted to the Project Steering Committee for review and approval. The draft AWP and budgets were revised accordingly and sent to the Project owner – ISPONRE and UNDP for approvals. Simultaneously, annual work plans and annual procurement plans were submitted to the MONRE for approval. The PMU based on the approved AWP to prepare quarterly work plans, getting approval from the project owner – the ISPONRE – and UNDP, and simultaneously updating the implementation progress of the approved annual and quarterly WPs.</p> <p>Reviewing the annual work plans of the Project “Conservation of Critical Wetland Protected Areas and Linked Landscapes” funded by GEF/UNDP for 2019 which was approved by UNDP on 10 May 2019, 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.</p>
2.3 Does the IP identify the potential risks for programme delivery and mechanisms to mitigate them?	✓			Low	1	<p>Potential risks for programme delivery and mechanisms for risks mitigation were proposed in Project proposals and described in Project Documents, also described in quarterly project progress reports.</p>

Subject area (key questions in bold)	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	<p>The IP maintained and complied with the Government's Decree No. 16/2016/ND-CP and No. 132/2018/ND-CP on Monitoring and Evaluation of programmes/projects using ODA funds and preferential loans.</p> <p>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 the PSC and the PMU. Templates for monitoring reports were regulated in HPPMG and other general regulations of the Government.</p>
2.5 Does the IP have M&E frameworks for its programme, with indicators, baselines, and targets to monitor achievement of programme results?	✓			Low	1	<p>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. For the projects funded by UNDP, the M&E framework was clearly specified in the Project Document and stated in HPPMG of the Donor.</p>
2.6 Does the IP carry out and document regular monitoring activities such as review meetings, on-site project visits, etc.	✓			Low	1	<p>The ISPNRE 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 the Project documents. Monitoring and site visit reports were prepared after monitoring and site visit activities were completed.</p>

Subject area <i>(key questions in bold)</i>	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
						<p>The ISONRE 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 Institute Office for consolidation and report to the DPF – MONRE before submitting to the MPI as regulated. Site visit minutes were also prepared by project staff, which was delegated to supervise activities of CIPs. Such minutes were afterward sent to the Project Director for review. 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 annual evaluation report for 2018 of the Project "Conservation of Critical Wetland Protected Areas and Linked Landscapes" funded by GEF through UNDP which was prepared on 15 January 2019 with the participation of representatives of the Project Owner and the Donor. In addition, we reviewed the annual progress reports for 2018 of the Project "Conservation of Critical Wetland Protected Areas and Linked Landscapes", and a field minute dated 7th November 2018 for site visit in Thai Thuy district, Thai Binh province and noted that these documents reflected evaluation information relating to the implementation of the project's activities, results of implementation of project objectives as well as outputs and financial results of the Project.</p>

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>The collection, monitoring and evaluation of data and results were carried out on a project-by-project basis. The ISONRE 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 Institute Office before being submitted to the MONRE.</p> <p>For the Project "Conservation of Critical Wetland Protected Areas and Linked Landscapes" funded by GEF/UNDP, project implementation reports were prepared on a quarterly 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 Institute Office for being uploaded in the database for management requirements.</p>
2.8 Is it evident that the IP followed up on independent evaluation recommendations?	✓			Significant	3	<p>The General Director of the ISONRE provided 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 MONRE and of the MOF). For the Project, the PMU was responsible for monitoring the implementation of these recommendations and reporting results to Donors and independent evaluation units.</p>

Subject area <i>(key questions in bold)</i>	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/ comments
						The Project "Conservation of Critical Wetland Protected Areas and Linked Landscapes" funded by GEF through UNDP was audited by independent auditors for the period from 1 October 2015 to 30 September 2016, the period from 1 October 2016 to 30 September 2017, the period from 1 October 2017 to 31 March 2018, and the period from 1 April 2018 to 30 September 2018. We obtained these audit reports and management letters of the Project "Conservation of Critical Wetland Protected Areas and Linked Landscapes" funded by GEF through UNDP and noted that the NIP has not yet implemented some recommendations of the independent auditors regarding to the following issues: 1. Purchase insurance for fixed assets of the Project; 2. VAT amount not refunded by the CIP - the Biodiversity Conservation Agency (BCA) for the period from 10/2016 to 12/2018; and 3. Disbursement progress of the Project.
Total number of questions in subject area: Total number of applicable questions in subject area: Total number of applicable key questions in subject area: Total number of risk points:	8 8 2 10					
Risk score: Area risk rating:	1.25 Low					

Subject area <i>(key questions in bold)</i>	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
<p>3.1 Are the IP's recruitment, employment and personnel practices clearly defined and followed, and do they embrace transparency and competition?</p>	✓			Low	1	<p>Recruitment and personnel practices of the ISPONRE 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 the ISPONRE was determined on the basis of job positions approved by the MONRE according to annual plan. The Department of Organisation and Personnel under the MONRE was responsible for recruitments of officials according to provisions of laws on the basis of the approved employees' norm.</p> <p>For most projects implemented by the ISPONRE, organizational structure included 1 Project steering committee (PSC) established by the MONRE and 1 PMU established by the ISPONRE for managing projects' activities and outputs. Each PSC had at least one Ministerial Leader and each PMU had at least one Director assigned from the Institutional Leaders to concurrently work for the project at the position of the Project Director. At the time of our assessment, for the Project "Conservation of Critical Wetland Protected Areas and Linked Landscapes", the PMU had 3 part-time officers including the Project Director</p>

Subject area <i>(key questions in bold)</i>	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
						<p>(the General Director of the ISPONRE), the Project Chief accountant (the Chief of Administrative Office of the ISPONRE), and the Project Manager (the Head of Division of Science and International Cooperation of the ISPONRE). The Component Management Unit had 5 part-time officers. Concurrent staffs were entitled to salaries and allowances from counterpart funds as regulated in approved project documents and current regulations, except for the Project Manager's salaries which were paid from Donor's funds. In addition, there were 3 contracted staffs at the PMU and 1 contracted staff at the CPMU, who were entitled to salaries and allowances from the Donor's funds.</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 ISPONRE 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 ISPONRE and its Projects embraced transparency and competitiveness.</p>

Subject area <i>(key questions in bold)</i>	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/ comments
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 Institute Office and the Department of Personnel and Organization under the MONRE.</p> <p>For part-time staff at PMUs, job descriptions were clearly defined in appointment and task allocation decisions by the General Director of the ISPONRE.</p> <p>For contracted staff recruited by the PMU, tasks were clearly described in Terms of Reference, contracts and Organizational and Operational Regulations which were kept at the PMU.</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.	✓			Low	1	<p>At the IP level: The ISPONRE had an accounting department under the Institute Office, which was responsible for managing all regular expenditures using the State budget of the ISPONRE Office. The Institute Office had 1 Chief Accountant and 3 Accountants. All leaders and specialists of the Institute Office had appropriate university degrees. All staff had bachelor degrees in economics or higher.</p> <p>In addition, the accounting department under the Institute Office 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 ISPONRE.</p> <p>At the PMU level:</p>

Subject area (key questions in bold)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
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>For the Project "Conservation of Critical Wetland Protected Areas and Linked Landscapes" funded by GEF through UNDP, accounting works were implemented by 3 accountants, including 1 part-time Chief Accountant, 1 Project Accountant (full-time contracted staff) and 1 Component Project Accountant (full-time contracted staff), and supported by the Project Manager (part-time staff, whose salaries were paid from the Donor's funds) and Project's Administrative Secretary cum Translator (full-time contracted staff). Through our interviews, we noted that current project's staff 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>At the IP level: The ISPONRE had an accounting department under the Institute Office, which was responsible for managing all regular expenditures using State budget of the ISPONRE Office. The Institute Office had 1 Chief Accountant and 3 Accountants. The Accounting Department under the Institute Office 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 ISPONRE. We believed that number of specialists at the Accounting Department under the Institute Office 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>

Subject area <i>(key questions in bold)</i>	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
						<p>At the PMU level: For the Project "Conservation of Critical Wetland Protected Areas and Linked Landscapes" funded by GEF through UNDP, accounting works were implemented by 3 accountants, including 1 Part-time Chief Accountant, 1 Project Accountant (full-time contracted staff) and 1 Component Project Accountant (full-time contracted staff), and supported by the Project Manager (part-time staff, her salaries were paid from the Donor's funds) and Project's Administrative Secretary cum Translator (full-time contracted staff). We believed that current staff of the Project was sufficient and met experience and skill requirements to ensure sufficient controls in place to manage the ODA funds.</p>
<p>3.5 Does the IP have training policies for accounting/finance/programme management staff? Are necessary training activities undertaken?</p>	<p>✓</p>			<p>Low</p>	<p>1</p>	<p>The ISPONRE prepared annual staff training plans based on register list from departments, however there was no budget for in-depth training courses for the Institute's staff. Annually, the ISPONRE's staff would be updated with changes in regulations of the State under general training programmes of the ISPONRE, the MONRE.</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 of projects funded by UNDP were provided with a training course on project financial management.</p> <p>Considering the Project's size and staff capacity, we assessed that staff were adequately equipped to</p>

Subject area (key questions in bold)	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	manage projects funded by UN agencies. Recruitment and personnel practices of the ISPONRE 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 Institute Office. For contracted staff, the PMU also conducted a verification of personal information as well as certificates before signing labour 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	Through our interviews, we were informed that Ms. Nguyen Thi Minh Tam – the Deputy Chief of the Institute Office cum the Project Chief Accountant was promoted to the Chief of the Institute Office according to appointment decision dated 1 st November 2016. Ms. Huynh Thi Bich Hang was promoted from the Accountant to the Chief Accountant of the Institute Office according to appointment decision dated 30 th October 2017. There has been no significant change in key finance positions at the Project “Conservation of Critical Wetland Protected Areas and Linked Landscapes” funded by UNDP. The PMU consisted of 1 Project Chief Accountant (Ms. Nguyen Thi Minh Tam) and 1 Accountant (Ms. Tran Thi Nguyet Minh). Component Project Management Unit included 1 Accountant (Ms.

Subject area <i>(key questions in bold)</i>	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
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	<p>Ha Huong Giang).</p> <p>At the IP level: The ISPONRE operated its supervision based on the Government's regulations and self-developed regulations, such as the Working Regulations according to Decision No. 125/QD-VCLCS dated 8th June 2017 and the Internal Regulations according to Decision No. 12/QD-VCLCS dated 18th January 2019. These regulations were widely publicized to officers, civil servants, officials and employees. Officers, civil servants, officials and employees 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>At the PMU level: The PMU operated based on its Organizational and Operational Regulations under Decision No. 111/QD-VCLCS dated 10th September 2015. These regulations were widely publicized to the project's staff before implementation. The PMU also complied with periodic reporting requirements from internal functional parties in the ISPONRE, as well as the MONRE. Moreover, the PMU complied with regulations on financial management, reporting regime and monitoring framework stated in HPPMG of the Donor.</p>
Total number of questions in subject area:	8					

Subject area (key questions in bold)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/ comments
<p>Total number of applicable questions in subject area: 8</p> <p>Total number of applicable key questions in subject area: 3</p> <p>Total number of risk points: 8</p> <p>Risk score: 1.00</p> <p>Area risk rating: Low</p>						
4. Accounting Policies and Procedures						
4a. General						
<p>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?</p>	✓			Low	1	<p>At the IP level: The accounting system of the ISPONRE was in compliance with Circular No. 107/2017/TT-BTC, dated 10th October 2017 of the Ministry of Finance. The Institute Office used IMAS 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 "Conservation of Critical Wetland Protected Areas and Linked Landscapes" used Bravo 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 (ODA and counterpart funds). The Project's</p>

Subject area (key questions in bold)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
<p>4.2 Does the IP have an appropriate cost allocation methodology that ensures accurate cost allocations to the various funding sources in accordance with established agreements?</p>	✓			Low	1	<p>accounting system complied with the HPPMG of the Donor.</p> <p>At the IP level: The Institute Office only used IMAS accounting software to record accounting transactions sourced from counterpart funds. 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 counterpart funds were made based on budget allocation decisions and the State budget plans approved by the MONRE 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>
<p>4.3 Are all accounting and supporting documents retained in an organized system that allows authorized users easy access?</p>	✓			Low	1	<p>All accounting documents and vouchers were stored in hardcopies at the Institute 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>

Subject area <i>(key questions in bold)</i>	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
4.4 Are the general ledger and subsidiary ledgers reconciled at least monthly? Are explanations provided for significant reconciling items?	✓			Low	1	At the IP and PMU levels: Accounting work was supported by software; hence, detailed ledgers were automatically compiled into the general ledger. The Institute Office and the PMU quarterly performed reconciliation between the general ledger and the detailed ledgers during the preparation of quarterly reports and FACE report.
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	At the IP level: The ISPONRE regulated separate duties for each unit according to the Decision approving on organizational structure, function, tasks of units under the ISPONRE. At the PMU level: Segregation of duties was in place. Transactions were normally prepared by an accountant, reviewed by a Project Chief Accountant and approved by a Project Director. After being approved, transactions were recorded into accounting ledgers. Assets were managed by users and the administrative staff.
4.6 Are the functions of ordering, receiving, accounting for and paying for goods and services appropriately segregated?	✓			Low	1	At the IP level: The functions of ordering, receiving, accounting for and paying for goods and services were appropriately segregated. <ul style="list-style-type: none"> • Ordering: made by users of goods and services, implementing partners sent orders to the Institute Office for consolidation and approval. • Receiving: done by users with the presence of a staff of the Institute Office. • Paying: processed by an Accountant when Payment

Subject area (key questions in bold)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
						<p>Requests were approved by the Chief of Institute Office.</p> <p>At the PMU level: Duties for each project staff were segregated. Specifically, the project staff prepared and sent orders to the 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.</p> <p>A Project accountant obtained monthly bank statements and performed reconciliation with accounting books. Such reconciliation was documented in writing. Bank reconciliation was prepared by a Project Accountant, verified by a Deputy Director - Bank Branch and approved by the Project Director.</p>
<p>4.7 Are bank reconciliations prepared by individuals other than those who make or approve payments?</p>	✓			Low	1	
4c. Budgeting system						
<p>4.8 Are budgets prepared for all activities in sufficient detail to provide a meaningful tool for monitoring subsequent performance?</p>	✓			Low	1	<p>At the IP level: The Institute Office prepared annual budgets and sent to the Department of Planning and Finance under the MONRE for consolidation and appraisal. Then, the Institute's budget was submitted to the Minister of the MONRE for approval before being summarized and sent to the Ministry of Finance for appraisal and the Government for approval.</p>

Subject area <i>(key questions in bold)</i>	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
<p>4.9 Are actual expenditures compared to the budget with reasonable frequency? Are explanations required for significant variations from the budget?</p>	✓			Significant	6	<p>At the PMU level: AWP and budgets for activities were in sufficient detail to provide a meaningful tool for monitoring subsequent performance. Based on annual budgets and AWP, the PMU prepared detailed quarterly budgets and work plans for each activity.</p> <p>At the IP level: For payments of the Institute Office from the Stage budget, the Accounting Department under the Institute Office 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 MONRE.</p> <p>At the PMU level: At the Project level, budget comparison was performed on a quarterly basis when preparing the FACE Report. All disbursements were based on budgets approved by the Donor. Any over – utilization or inappropriate utilization of budget was officially authorized by the Donor and the Project Director before payments were made. Quarterly, all activities with low disbursement rates in comparison with AWP were explained by the PMU in Quarterly Project Progress Report (QPPR). We reviewed the audit reports and management letters of the Project “Conservation of Critical Wetland Protected Areas and Linked Landscapes” for the period from 1/10/2016 to 30/9/2017 and noted that some activities of the Project had slow disbursement progress. The low</p>

Subject area <i>(key questions in bold)</i>	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
						<p>disbursement rate of activities in the second and third quarters of 2017 were explained and adjusted by the PMU in the 2017 revised work plan that was subsequently approved by UNDP. However, the low disbursement rate was still remained in Quarters 2 and 3 of 2018 for output activities, including "new wetland protected areas and relevant systemic capacities for their effective management established; and Integrity of wetland protected areas are secured within the wider wetland connected landscapes". Such issues were raised in the audit report of the Project for the period from 1/4/2018 to 30/9/2018. We understand that reasons for the low disbursement rate were that consultants for some activities delayed submission of output reports, payment and settlement procedures for workshop and surveys were behind the initial plan, and some activities related to establishment of wetland protected areas in Thai Binh were not conducted. Moreover, the extension of consultancy contracts was due to impacts of local situation as well as the finalization progress of consultants. The consulting process took a long time and the consultants could not collect sufficient data, the process of reviewing and commenting from the Project was time consuming as well. Besides, the low disbursement rate was affected by progress of some activities at the CPMU in 2018. For these activities, the PMU signed new contracts or appendices to contracts with suppliers and directly made payments to suppliers based on the payment requests of the CPMU in 2019 in order to reduce the risk of non refunded VAT. The non-refundable VAT amounts also</p>

Subject area (key questions in bold)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
4.10 Is prior approval sought for budget amendments in a timely way?	✓			Significant	3	led to a reduction in the budget for activities carried out by CPMU in 2018. This led to a slower completion schedule of some activities in 2018. The PMU reported to the Donor about delayed activities in the Quarterly Project Progress Report (QPPR) and the revised work plan for 2018; however, it involves many parties, resulting in the delay in budget revision to adapt the actual progress of the project. These issues were also mentioned in the annual project implementation report for 2018, dated 28 th January 2019. Such report was submitted to the MONRE for review. At the IP 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, we noted that approval on budget revisions was not made on a timely basis. It led to low disbursement rate of activities in the second and third quarters of 2017, and in Quarters 2 and 3 of 2018 for output activities, including new wetland protected areas and relevant systemic capacities for their effective management established; and Integrity of wetland protected areas are secured within the wider wetland connected landscapes.
4.11 Are IP budgets approved formally at an appropriate level?	✓			Low	1	The PMU was responsible for preparing annual budgets. 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 and budgets to the Investor – the Minister of the MONRE for official

Subject area <i>(key questions in bold)</i>	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
						approval. Annual and quarterly budgets were officially approved by the Project Director and UNDP before implementation. We noted that the Project "Conservation of Critical Wetland Protected Areas and Linked Landscapes" prepared a budget plan for 2019 which was approved by the Project owner and UNDP on 10 May 2019.
4d. Payments						
4.12 Do invoice processing procedures provide for: <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>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.</p> <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 a Project Accountant, reviewed by the Project Chief Accountant and approved by the Project Director.</p> <p>All payments from counterpart funds and credit funds were controlled by the State Treasury. For ODA projects, payments were controlled by banks.</p> <p>At the IP level: There was no table of payment approval thresholds at the IP level. All expenditures must be approved by the General Director of the ISPONRE.</p> <p>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.</p>
4.13 Are payments authorized at an appropriate level? Does the IP have a table of payment approval thresholds?	✓			Low	1	<p>At the IP level: There was no table of payment approval thresholds at the IP level. All expenditures must be approved by the General Director of the ISPONRE.</p> <p>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.</p>

Subject area (key questions in bold)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/ comments
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 "Conservation of Critical Wetland Protected Areas and Linked Landscapes" funded by GEF/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	<p>All salary expenses were approved by the General Director of the ISPONRE based on the salary budget allocated from the ISPONRE's annual budget. The ISPONRE'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 General Director of the ISPONRE before salary payments were made.</p> <p>For the Project "Conservation of Critical Wetland Protected Areas and Linked Landscapes" funded by GEF through UNDP, salaries to the Project's staff were paid from the Donor's funds based on norms approved by the Donor, except for part-time salaries of the Project Director and Project Chief Accountant, who were concurrently working for the Project, which were paid from counterpart funds. 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 a Project Accountant, reviewed by the Project Manager and approved by the Chief Accountant and the Project Director. Any change in salary (if any) must be approved by the Project Director and the Donor.</p>

Subject area (key questions in bold)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
<p>4.16 Do controls exist to ensure that direct staff salary costs reflects the actual amount of staff time spent on a project?</p>	✓			Low	1	<p>At the IP level: The ISPONRE maintained a staff structure which detailed job description for each position correlating with budgeted time allowed for each activity/responsibility. Moreover, the Institute 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 secretariat, certified 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 staff timesheets for June 2019 of the Project "Conservation of Critical Wetland Protected Areas and Linked Landscapes" funded by GEF through UNDP and noted that these timesheets reflected the actual working time that the staff spent on the Project.</p>
<p>4.17 Do controls exist for expense categories that do not originate from invoice payments, such as DSAs, travel, and internal cost allocations?</p>	✓			Low	1	<p>At the IP level: The Institute Office and specialized units under the ISPONRE complied with current regulations of the State on expenditures regarding per diem, travelling allowances and consultant fees. In addition, the Institute Office had internal regulations to control travelling expenses and staff per diem.</p> <p>At the PMU level: The PMU complied with cost norms as specified in the</p>

Subject area (key questions in bold)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
<p>4e. Policies and procedures</p> <p>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?</p>	✓			Low	1	<p>HPPMG. The Project Accountant based on the HPPMG to pay per diem, 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 per diem, travelling allowance were supported by receipt notes, list of recipients, invoices, and travel request forms. Consultant fees were paid upon contract completion and submission of consultant's outputs.</p> <p>At the IP level: Accrual accounting basis was applied at the Institute Office and in compliance with regulations of Circular No. 107/2017/TT-BTC, dated 10th October 2017 of the MOF.</p> <p>At the PMU level: The accounting basis applicable to the Project "Conservation of Critical Wetland Protected Areas and Linked Landscapes" funded by GEF through UNDP was cash basis 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. 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.</p>

Subject area (key questions in bold)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
4.19 Does the IP have an adequate policies and procedures manual and is it distributed to relevant staff?	✓			Low	1	<p>At the RP level: The Institute Office applied accounting policies and procedures in compliance with Circular No. 107/2017/TT-BTC, dated 10th October 2017 of the MOF.</p> <p>At the PMU level: The PMU of the Project "Conservation of Critical Wetland Protected Areas and Linked Landscapes" funded by GEF through UNDP 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>
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 Chief Accountant and the Project Director. There was no authorized signature in case of absence of the Project Director.
4.21 Does the IP maintain an adequate, up-to-date cashbook, recording receipts and payments?	✓			Low	1	The Institute Office maintained a cash book to be fully recorded and updated with cash collection/payment transactions. There were no receipts/payments in cash on hand at the PMU level.

Subject area (key questions in bold)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
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 reconciliations were made in writing. We reviewed reconciliation minutes and noted that such minutes were prepared and fully approved. The Institute Office performed cash count on a monthly basis.
4.24 Is substantial expenditure paid in cash? If so, does the IP have adequate controls over cash payments?	✓			Low	1	The PMU did not maintain cash on hand. Expenditures over VND5 million and VND2million, at the Institute Office and the UNDP Project, respectively, must be made through bank transfers as regulated. However, at the PMU level, during the Project implementation, there were no receipts/payments in cash.
4.25 Does the IP carry out regular petty cash reconciliation?	✓			Low	1	The Institute Office performed monthly cash counts and prepared cash count minutes accordingly.
4.26 Are cash and cheques maintained in a secure location with restricted access? Are bank accounts protected with appropriate remote access controls?		✓		Low	1	The PMU did not maintain cash on hand. The PMU did not maintain cash on hand and cheques. Bank accounts were not controlled with appropriate remote access, such as via the online banking system. However, messages of receipts/payments were sent to the Project Chief Accountant.

Subject area (key questions in bold)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
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 ISPONRE 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?	✓			Low	1	For the Project "Conservation of Critical Wetland Protected Areas and Linked Landscapes" funded by UNDP, its co-implementing partner (CIP) was the Biodiversity Conservation Agency (BCA) under the Vietnam Environment Administration, the MONRE. The ISPONRE (the Project owner) signed a responsibility contract with the CIP and directly transferred funds to the CIP based on approved plans. The CIP was responsible for preparing annual and quarterly work plans, progress reports and financial reports and sent to the PMU for consolidation and approval within deadlines. We reviewed the responsibility contract signed on 8 th September 2015 between the IP and the Biodiversity Conservation Agency (BCA) and noted that such contract clearly specified operation, monitoring and management mechanism of activities implemented by the CIP. From 25 April 2019, under the Appendix to the Responsibility Contract of the Project "Conservation of Critical Wetland Protected Areas and Linked Landscapes", the CPMU was responsible for transferring its supporting documents relating to project's activities to the PMU. The PMU (NIP) was responsible for reviewing, making payments, storing relevant supporting documents, and working with the tax authority and performing tax procedures of the

Subject area (key questions in bold)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
4h. Internal audit						
4.29 Is the internal auditor sufficiently independent to make critical assessments? To whom does the internal auditor report?				Not applicable	-	whole Project (including personal income tax, VAT refund, and other taxes). Moreover, the CPMU kept working with the tax authority to complete VAT refunds for its activities implemented from October 2016 to December 2018. At the IP level: The ISPONRE did not have any internal audit division. However, through our interviews, we understand that the Department of Planning and Finance and Ministerial Inspectorate under the MONRE had a function of internally reviewing and inspecting financial activities of other units under the MONRE, including the ISPONRE. At the PMU level: No inspection unit was established at the project level.
4.30 Does the IP have stated qualifications and experience requirements for internal audit department staff?			✓	Not applicable	-	
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:	26					

Subject area <i>(key questions in bold)</i>	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
Total number of applicable key questions	19					
In subject area:	33					
Total number of risk points:	1.27					
Risk score:	Low					
Area risk rating:						
5. Safeguards over assets						
5.1 Is there a system of adequate safeguards to protect assets from fraud, waste and abuse?	✓			Low	1	<p>At the IP level: Assets at the ISPONRE were monitored by the Administration Department under the Institute Office through accounting books and accurately numbered and adequately labelled. In addition, the ISPONRE also issued regulations on asset management and disseminated them to ISPONRE's staff for their compliance.</p> <p>At the PMU level: The PMU of the Project "Conservation of critical wetland protected areas and linked landscapes" funded by GEF through UNDP maintained assets register to monitor and update current status of assets and conducted physical assets counts once a year. The Project's assets were labelled and numbered according to regulations of the Donor.</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 IP level: Fixed assets were monitored and updated by the Administration Department under the Institute Office in a register and depreciated according to current regulations of the State.</p>

Subject area (key questions in bold)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
						<p>At the PMU level: Fixed asset registers were updated whenever purchases/disposals of fixed assets incurred.</p> <p>At the IP level: The Institute 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>
5.3 Are there periodic physical verification and/or count of fixed assets and inventory? If so, please describe.	✓			Low	1	<p>At the PMU level: Fixed assets of the Project "Conservation of critical wetland protected areas and linked landscapes" funded by GEF through UNDP were physically counted on an annual basis, usually at the year end. We obtained and reviewed the minute of Physical Asset Count as at 31 December 2018 and found that the minute was adequately approved by authorized persons.</p>
5.4 Are fixed assets and inventory adequately covered by insurance policies?	✓			Moderate	2	<p>Except for the ISPONRE's cars, where insurance was required, other assets of the ISPONRE and its UNDP project were not insured since insurance for such assets was optional and assets' value were small. Besides, there was no assets insurance budget approved by the Donor. This issue was also mentioned in the audit reports and management letters of the Project "Conservation of critical wetland protected areas and linked landscapes" for the period from 1 October 2016 to 30 September 2017, and the period from 1 April 2018 to 30 September 2018, and in the spot check report for the period from 1 October 2015 to 30 September 2016. However, this matter has not been improved at the time of our review.</p>

Subject area (key questions in bold)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
5b. Warehousing and inventory management						
5.5 Do warehouse facilities have adequate physical security?			✓	Not applicable	-	There were no inventories at the ISPONRE and the Project level.
5.6 Is inventory stored so that it is identifiable, protected from damage, and countable?			✓	Not applicable	-	There were no inventories at the ISPONRE and the Project level.
5.7 Does the IP have an inventory management system that enables monitoring of supply distribution?			✓	Not applicable	-	There were no inventories at the ISPONRE and the Project level.
5.8 Is responsibility for receiving and issuing inventory segregated from that for updating the inventory records?			✓	Not applicable	-	There were no inventories at the ISPONRE and the Project level.
5.9 Are regular physical counts of inventory carried out?			✓	Not applicable	-	There were no inventories at the ISPONRE and the Project level.
Total number of questions in subject area:	9					
Total number of applicable questions in subject area:	4					
Total number of applicable key questions in subject area:	0					
Total number of risk points:	5					
Risk score:	1.25					
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	At the IP level: The ISPONRE followed the reporting regime in accordance with current regulations of the Government. All regular disbursements of the ISPONRE were recorded and monitored by the Institute Office. The Institute Office had its own seal, separate bank accounts in the State Treasury and

Subject area (key questions in bold)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
						<p>commercial banks for its operation according to provisions of laws. The Institute Office was responsible for summarizing and preparing consolidated financial statements according to forms stipulated in Circular No. 107/2017/TT-BTC, dated 10th October 2017 of the Ministry of Finance. Such financial statements represented consolidated disbursements of the Institute from counterpart funds and all disbursements of other projects implemented by the Institute. Annual financial statements were sent to the Department of Planning and Finance under the MONRE to review and consolidation before being submitted to the Ministry of Finance.</p> <p>In addition, the ISONRE 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 Ministry of Planning and Investment regulating the management and use of ODA and loans from foreign donors. Such reports were sent to the Department of Planning and Finance (DPF) under the MONRE 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>

Subject area (key questions in bold)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
						<p>The PMU of the Project "Conservation of Critical Wetland Protected Areas and Linked Landscapes" funded by GEF/UNDP prepared quarterly, annual or other ad-hoc reports on project progress, disbursements, and receipt progress of funding sources and sent those reports to the Institute Office – ISPONRE, the Department of Planning and Finance under the MONRE before sending to the MPI. We reviewed implementation reports for 2018 of the Project "Conservation of Critical Wetland Protected Areas and Linked Landscapes" funded by GEF/UNDP and noted that the report was prepared in accordance with regulated forms, which provided enough information and details to readers.</p> <p>Besides, the PMU prepared financial/activity reports (FACE 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 obtained and reviewed the FACE report of the Project for quarter 4/2018 and noted that the report was prepared in compliance with regulated forms and deadlines. At the fiscal year end, the PMU prepared annual financial statements according to forms stipulated in Circular No. 107/2017/TT-BTC, dated 10th October 2017 of the Ministry of Finance for reporting on implementation and fund receipt progress of the Project. The annual financial statements after being approved by the PMU</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>would be submitted to the Institute Office for consolidation and settled by the DPF – the MONRE. We collected and reviewed the project's settlement reports for 2018 which were prepared on 28 March 2019 and noted that such reports consolidated all disbursements from ODA funds with adequate approval of the PMU and the CPMU.</p> <p>At the IP level: The Institute Office was responsible for summarizing and preparing consolidated financial statements according to forms stipulated in Circular No. 107/2017/TT-BTC, dated 10th October 2017 of the Ministry of Finance. Such financial statements represented consolidated disbursements of the Institute from counterpart funds and all disbursements of other projects implemented by the Institute. Annual financial statements were submitted to the DPF – the MONRE for appraisal and consolidation before being sent to the Ministry of Finance for review.</p> <p>At the PMU level: At the fiscal year end, the PMU of the Project "Conservation of Critical Wetland Protected Areas and Linked Landscapes" funded by GEF through UNDP, prepared annual financial statements according to forms stipulated in Circular No. 107/2017/TT-BTC, dated 10th October 2017 of the Ministry of Finance for reporting on the implementation and fund receipt progress of the Project. The annual financial statements after being approved by the PMU would be submitted to the Institute Office for consolidation,</p>

Subject area (key questions in bold)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
<p>and to the Department of Planning and Finance under the MONRE for appraisal and settlement.</p> <p>At the IP level: The Department of Planning and Finance under the MONRE carried out annual budget settlement for the ISPONRE.</p> <p>In addition, every 5 years depending on its annual audit plan, the ISPONRE was audited by the State Audit.</p> <p>At the PMU level: The Project "Conservation of Critical Wetland Protected Areas and Linked Landscapes" funded by GEF through UNDP was audited by independent auditors on an annual basis upon the Donor's request. Specifically, Mazars Vietnam Co., Ltd. provided audit services to the Project for the period from 1/10/2015 to 30/9/2016 and from 1/10/2016 to 30/9/2017; and Nexia STT Co., Ltd. performed audit of the Project for the period from 1/4/2018 to 30/9/2018.</p> <p>We reviewed the State Budget settlement minute of the ISPONRE and auditors' reports and management letters of the Project "Conservation of Critical Wetland Protected Areas and Linked Landscapes" funded by GEF through UNDP and found that there were no major issues relating to ineligible expenditures in such reports.</p> <p>At the IP level: Not applicable because ISPONRE was not audited by any independent auditor.</p>				Low	1	
<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, please describe the auditor.</p>	✓			Low	1	
<p>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?</p>	✓			Low	1	
<p>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?</p>	✓			Significant	3	

Subject area (key questions in bold)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
						<p>At the PMU level: We obtained audit reports and management letters of the Project "Conservation of Critical Wetland Protected Areas and Linked Landscapes" funded by GEF through UNDP and noted that the IP has not yet implemented some recommendations of the independent auditors regarding to issues: 1. Purchase insurance for fixed assets of the Project; 2. VAT amount was not refunded at the CIP - the Biodiversity Conservation Agency (BCA) for the period from 10/2016 to 12/2018; and 3. Disbursement progress of the Project.</p> <p>We understand that the value of project's assets was small; therefore, the PMU could not find out any appropriate insurance supplier. In relation to non-refundable VAT for CIP activities, we understand that although the CIP successfully claimed VAT refunds in February 2017 for activities carried out by CIP during the period from 10/2015 to 9/2016, VAT invoice of activities for the period from 10/2016 to 12/2018 were not under the project name but under the name and tax code of the CIP. Hence, the Project had difficulties in claiming VAT refunds for the period from 10/2016 to 12/2018. Failure in VAT refunds might affect closing procedures of the Project. Such issues were also mentioned in the meeting minute dated 22nd April 2019 between the PMU - the ISPNRE and UNDP. Accordingly, from 25 April 2019, under the Appendix to the Responsibility Contract of the Project "Conservation of Critical Wetland Protected Areas and Linked Landscapes", the CPMU was responsible for</p>

Subject area (key questions in bold)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
						<p>transferring its supporting documents relating to the project's activities to the PMU. The PMU (NIP) was responsible for reviewing, making payments, storing relevant supporting documents, and working with the tax authority and performing tax procedures of the whole Project (including personal income tax, VAT refund, and other taxes). Moreover, the CPMU kept working with the tax authority to complete VAT refunds for its activities from October 2016 to December 2018. Regarding the low disbursement rate of the Project, it was due to local situation as well as finalization progress of consultants. Although the PMU responded in the audit report of the Project "Conservation of Critical Wetland Protected Areas and Linked Landscapes" for the period from 1 October 2016 to 30 September 2017 about low disbursement rate in Quarters 2 and 3 of 2017 that the budget was subsequently revised for 2017 and was approved by UNDP, the low disbursement rate was still remained in Quarters 2 and 3 of 2018 as mentioned in the audit report of the Project for the period from 1/4/2018 to 30/9/2018 for output activities, including new wetland protected areas and relevant systemic capacities for their effective management established; and Integrity of wetland protected areas are secured within the wider wetland connected landscapes. We understand that reasons for the slow disbursements were as follows: consultants of some activities delayed the submission of output reports, payment and settlement procedures for workshop and surveys were behind the initial plan, and some activities related to establishment of wetland protected areas in Thai Binh</p>

Subject area (key questions in bold)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
						were not conducted. Moreover, the extension of consultancy contracts was due to impacts of local situation as well as the finalization progress of consultants. The consulting process took a long time and the consultants could not collect sufficient data, the process of reviewing and commenting from the Project was time consuming as well. This led to a slower completion schedule. These issues were also mentioned in the annual project implementation report for 2018, dated 28 th January 2019. Such report was also submitted to the MONRE for review.
6.6 Is the financial management system computerized?	✓			Low	1	<p>At the IP level: The Institute Office applied IMAS accounting software.</p> <p>At the PMU level: The PMU of the Project "Conservation of Critical Wetland Protected Areas and Linked Landscapes" funded by GEF through UNDP applied Bravo accounting software to record projects' financial transactions. Quarterly, FACE reports were exported from this accounting software according to forms regulated by the Donor.</p>
6.7 Can the computerized financial management system produce the necessary financial reports?	✓			Low	1	<p>At the IP and the PMU levels: The accounting software used by the Institute Office and the PMU could easily produce financial reports meeting requirements of the Investor and Donors.</p>
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	<p>At the IP and the 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</p>

Subject area <i>(key questions in bold)</i>	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/ comments
Total number of questions in subject area: Total number of applicable questions in subject area: Total number of applicable key questions in subject area: Total number of risk points:	8					hard drives at the end of each month.
Risk score: Area risk rating:	1.25 Low					
7. Procurement and Contract Administration						
7a. Procurement						
7.1 Does the IP have written procurement policies and procedures?	✓			Low	1	The Institute Office complied with procurement policies and procedures of the Government (Law on Procurement 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 Document and other current regulations on Bidding of the Government.
7.2 Are exceptions to procurement procedures approved by management and documented?	✓			Low	1	No exceptions have been recorded. Bidding complied with regulations of HPPMG and State regulations on bidding organization. No direct contracting was

Subject area (key questions in bold)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/ comments
						carried out in the current period of the Project "Conservation of Critical Wetland Protected Areas and Linked Landscapes". Bidding packages were carried out through competitive bidding method.
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. Procurement was performed with segregation of duties between entering purchase orders, approval and receipting of goods without supports of specialized software.
7.4 Are procurement reports generated and reviewed regularly? Describe reports generated, frequency and review & approvers.	✓			Low	1	<p>At the IP level: The Institute Office consolidated and prepared annual procurement plans and submitted to the MONRE for approval on procurement activities of the ISPONRE. In addition, the Institute Office also consolidated annual procurement reports of the units under the ISPONRE to grasp their procurement implementation progresses and subsequently report to the DPF – MONRE before reporting to Ministerial Leaders.</p> <p>At the PMU level: For the Project "Conservation of Critical Wetland Protected Areas and Linked Landscapes" funded by GEF through UNDP, annual procurement/bidding status was reported in Progress Annual Reports (PAR). We reviewed the PAR for 2018 of the Project "Conservation of Critical Wetland Protected Areas and Linked Landscapes", dated 15th January 2019 and submitted to the DPF – MONRE and the MONRE and we noted that procurement/bidding activities were fully reported in this PAR.</p>

Subject area (key questions in bold)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
7.5 Does the IP have a structured procurement unit with defined reporting lines that foster efficiency and accountability?	✓			Low	1	<p>At the IP level: Through our assessment, we noted that the ISPNRE had a specialized procurement department, the Administration Department under the Institute Office. The Administration Department was responsible for summarizing and reporting annual procurement activities to the Institutional Leaders before reporting to the Department of Planning and Finance under the MONRE and Ministerial Leaders.</p> <p>At the PMU level: The Project had an officer - administrative secretary cum translator, being responsible for procurement activities of the Project. Her tasks were clearly defined in terms of reference attached to her labour contract. In addition, procurement activities with small value were mainly implemented through competitive quotation method. Simultaneously, all project staff was equipped sufficient knowledge of procurement regulations with appropriate bidding certificates. Procurement activities of the Project must be reviewed by the Project Director and complied with current regulations. In additions, for significant procurements made through open competitive bidding method, the PMU obtained advice from experts of the ISPNRE and UNDP, and established a procurement specialist team with professional staffs who had sufficient expertise and experience to carry out the bidding process. Up to now, all project's procurement activities were annually audited by independent auditors and the Department of Planning and Finance of the MONRE, and complied with current regulations.</p>

Subject area (key questions in bold)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
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?	✓			Low	1	<p>At the IP level: Through our review, we were informed that procurement officers of the Administration Department were adequately equipped with knowledge of Laws on Procurements of the Government and they all had certificates on bidding.</p> <p>At the PMU level: The Project had an officer - administrative secretary cum translator, being responsible for procurement activities of the project. Her tasks were clearly defined in terms of reference attached to her labour contract. In addition, procurement activities with small value were mainly implemented through competitive quotation method. The PMU staff has implemented projects or activities funded by the UN Agency for many years; therefore, they were familiar with UN Agencies' procurement procedures and policies specified in the HPPMG. Some officers from the PMU were fully equipped with knowledge of Laws on Procurements of the Government as well as UN Agencies' procurement requirements and they all had certificates on bidding. Through our interviews, we were informed that if there was a significant procurement, the PMU would seek advice from experts of the ISPONRE and UNDP to ensure quality of tender packages.</p>
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	<p>There were no significant issues related to procurement activities of the Project "Conservation of Critical Wetland Protected Areas and Linked Landscapes" funded by GEF through UNDP in its previous auditors' reports and financial spot-check</p>

Subject area (key questions in bold)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
7.8 Does the IP require written or system authorizations for purchases? If so, evaluate if the authorization thresholds are appropriate?	✓			Low	1	reports. All procurement activities at the ISPONRE and its Projects were approved by Ministerial Leaders and Project Directors and included in Procurement Plans in compliance with procurement threshold limit regulated in the HPPMG and Bidding Law. We reviewed Decision No. 1634/QD-BTNT, dated 23 rd May 2018 on approving the plan of contractor selection in 2018 of the Project "Conservation of Critical Wetland Protected Areas and Linked Landscapes" that was approved by a Vice Minister of the MONRE and we noted no exception.
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.
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 ISPONRE/PMU and suppliers. Should this occur, the Institute 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	✓			Low	1	The procurement process was implemented by the ISPONRE and the PMU in compliance with procurement regulations of Donors and Laws on Procurement including competitive and open bidding

Subject area (key questions in bold)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
opportunities?						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.		✓		Moderate	2	The Institute Office and the PMU kept track of neither past performance of suppliers for procurement of goods and services (workshops, training) nor database of trusted suppliers because procurement activities did not regularly occur. All procurement activities were carried out in accordance with provisions of Laws on Procurement. However, for consulting services, the Institute Office and the PMU prepared tracking sheets to monitor the consultants' profiles for each activity of the Project and made appropriate assessment for each consultant of the package, accordingly.
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.
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 ISPONRE 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 Department under the Institute Office was responsible for contract management. The PMU assigned the Project Accountant and Administrative Secretary 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.

Subject area (key questions in bold)	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
7b. Contract Management - To be completed only for the IPs managing contracts as part of programme 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 the Project Accountant and Administrative Secretary to monitor contract expirations (including responsibility contracts) 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	The Project Accountant and Administrative Secretary were 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 was 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					
Total number of risk points:	18					
Risk score:	1.06					
Area risk rating:	Low					
Total						
Total number of questions:	96					

Subject area <i>(key questions in bold)</i>	Yes	No	Not applicable (N/A)	Risk Assessment	Risk points	Remarks/comments
	Total number of applicable questions:	82				
Total number of applicable key	37					
Total number of risk points:	96					
Total risk score:	1.17					
Overall risk rating:	Low					

