

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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AUDIT

OF

UNDP MYANMAR

INTEGRATED COMMUNITY DEVELOPMENT PROJECT
(Directly Implemented Project No. 13948)

Report No. 1210

Issue Date: 24 January 2014

**Report on the audit of UNDP Myanmar
Integrated Community Development Project (Project No. 13948)
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), from 30 October to 26 November 2013, through ECOVIS STT Vietnam Co., Ltd (the audit firm), conducted an audit of the "Integrated Community Development Project" (Project No. 13948) (the Project), which is directly implemented and managed by the UNDP Country Office in Myanmar (the Office). The last audit of the Project was conducted by OAI in 2007.

The audit firm conducted a financial audit to express an opinion on whether the financial statements present fairly, in all material aspects, the Project's operations. The audit covered the Project's Statement of Expenditure (Combined Delivery Report) for the period from 1 January to 31 December 2012 and Statement of Assets at 31 December 2012.

The audit was conducted under the general supervision of OAI in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

Audit results

Based on the audit report and corresponding management letter submitted by the audit firm, the results are summarized in the table below:

Project Expenditure			Project Assets		
Amount (in \$ '000)	Opinion	NFI (in \$ '000)	Amount (in \$ '000)	Opinion	NFI (in \$ '000)
4,636	Qualified	35	226	Unqualified	-

NFI = Net Financial Impact

The audit firm qualified its opinion on the financial statements due to an overstatement of \$34,845 in the unliquidated commitments as at 31 December 2012.

Key recommendations: Total = 8, high priority = 1

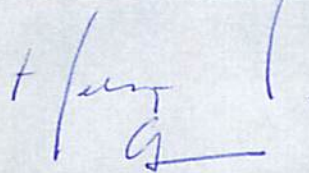
For high (critical) priority recommendations, prompt action is required to ensure that UNDP is not exposed to high risks. Failure to take action could result in major negative consequences for UNDP. All high (critical) priority recommendations are presented below:

Project management (Issue 1) Verification of Funds Utilization Statement. There were discrepancies between reported figures and the actual balances of unliquidated commitments. Some procurements had already been received without liquidating the associated commitments. Consequently, the balance of unliquidated commitments as at 31 December 2012 was overstated by \$34,845.

Recommendation: The Office should periodically (on a quarterly or semi-annual basis) verify the commitment balances appearing in the Funds Utilization Statement and institute an independent tracking system for such balances to identify and address possible misstatements.

Management comments and action plan

The Resident Representative accepted all eight recommendations and is in the process of implementing them. Comments and/or additional information provided have been incorporated into the report, where appropriate.

A handwritten signature in blue ink, appearing to read 'H. Osttveiten', is written over a light blue rectangular background.

Helge S. Osttveiten
Director
Office of Audit and Investigations

**United Nations Development
Programme - Myanmar Country Office**

**Project Award No. 00013948
Project No. 00013948**

**Integrated Community Development
Project**

**Period from 1 January 2012
to 31 December 2012**

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I. EXECUTIVE SUMMARY

1. Background

The Integrated Community Development Project ("ICDP") is a continuation, consolidation, improvement and expansion of activities initiated under the earlier phases of the HDI Programme of the United Nations Development Programme (UNDP) in Myanmar. The Project implementation was started in January 2003.

In 2012, the project was operating in 2,798 villages in 23 townships in three areas Dry, Shan, Delta covering a total population of 1,503,125 or 322,995 households.

2. Purpose of this report

ECOVIS STT has been contracted by Office of Audit and Investigations (OAI) to conduct the financial audit of the "Integrated Community Development Project" in Myanmar with Project Award No. 00013948, Project No. 00013948 ("the Project") covering the period of 1 January 2012 to 31 December 2012. The audit field work was conducted from 30 October 2013 to 26 November 2013.

3. Objective

The objective of the financial audit was to express an opinion on project's financial statements and particularly to express an opinion on whether the Combined Delivery Report ("the CDR") presents fairly the expenditures incurred by the project for the period from 1 January 2012 to 31 December 2012 and funds utilization status as at 31 December 2012 in accordance with UNDP accounting policies and that the expenditures incurred were:

- (i) in conformity with the approved project budgets;
- (ii) for the approved purposes of the project;
- (iii) in compliance with the relevant regulations and rules, policies and procedures of UNDP; and
- (iv) supported by properly approved vouchers and other supporting documents.

The audit also covered the review of the Project's Statement of Assets and Equipment and expressed an opinion on whether the Statement of Assets and Equipment presents fairly the balance of assets of the project as at 31 December 2012.

4. Scope of Audit

The scope of the audit relates only to transactions concluded and recorded against the Project over a given period.

Specifically, the audit covered the following:

- (i) The expenses incurred and recorded in the CDR of the project during the period from 1 January 2012 to 31 December 2012 and the Funds Utilization Statement as at 31 December 2012 as reported by the UNDP Myanmar Country Office; and
- (ii) The value and existence of the assets and equipment held by the project as at 31 December 2012.

ECOVIS STT VIETNAM

Hanoi Office

18th Floor, C'Land Tower, 156 Xa Dan II Dong Da District
Hanoi, Vietnam
Phone: +84 4 39 35 09 90 - Fax: +84 4 39 35 09 91
E-Mail: hanoi@ecovis.com

Hochiminh City Office

Unit 11, 14th Floor, Vincom Center, 72 Le Thanh Ton Street, District 1
Hochiminh City, Vietnam
Phone: +84 8 39 93 96 38 - Fax: +84 8 39 93 96 39
E-Mail: hochiminh@ecovis.com

A member of ECOVIS International tax advisors accountants auditors lawyers in Argentina, Austria, Belarus, Belgium, Bulgaria, China, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Great Britain, Greece, Hong Kong, Hungary, India, Indonesia, Ireland, Italy, Japan, Republic of Korea, Latvia, Lithuania, Luxembourg, Republic of Macedonia, Malta, Mexico, Netherlands, Norway, Poland, Portugal, Qatar, Romania, Russia, Serbia, Singapore, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Tunisia, Turkey, Ukraine, USA (associated partners) and Vietnam.

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II. FINANCIAL AUDIT REPORT

INDEPENDENT AUDITOR'S REPORT

**To: Project management of the Project Award No. 00013948, Project No. 00013948
"Integrated Community Development Project"**

We have audited the accompanying Combined Delivery Report for the period from 1 January 2012 to 31 December 2012 and Funds Utilization Statement as at 31 December 2012 ("the Financial Statements") which have been prepared in accordance with the accounting policies set out in Note 2 of the Financial Statements, and a summary of significant accounting policies and other explanatory information, for the Project Award No. 00013948, Project No. 00013948 "Integrated Community Development Project" ("the Project").

Management's Responsibility for the Financial Statements

UNDP Myanmar Country Office is responsible for the preparation and fair presentation of the Financial Statements in accordance with the accounting policies set out in Note 2 of the Financial Statements and for such internal control as management determines is necessary to enable the preparation of the Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

ECOVIS STT VIETNAM

Hanoi Office

18th Floor, C'Land Tower, 156 Xa Dan II, Dong Da District
Hanoi, Vietnam
Phone: +84 4 39 35 09 90 - Fax: +84 4 39 35 09 91
E-Mail: hanoi@ecovis.com

Hochiminh City Office

Unit 11, 14th Floor, Vincom Center, 72 Le Thanh Ton Street, District 1
Hochiminh City, Vietnam
Phone: +84 8 39 93 96 38 - Fax: +84 8 39 93 96 39
E-Mail: hochiminh@ecovis.com

A member of ECOVIS International (tax advisors, accountants, auditors, lawyers) in Argentina, Austria, Belarus, Belgium, Bulgaria, China, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Great Britain, Greece, Hong Kong, Hungary, India, Indonesia, Ireland, Italy, Japan, Republic of Korea, Latvia, Lithuania, Luxembourg, Republic of Macedonia, Malta, Mexico, Netherlands, Norway, Poland, Portugal, Qatar, Romania, Russia, Serbia, Singapore, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Timor, Turkey, Ukraine, USA (associated partners) and Vietnam.

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Basis for Qualified Opinion

There was an error of commitment in the ATLAS system. The way commitment is captured in the system is purchase order ("PO") less any un-vouchered receipts as it was assumed that all POs, except travel POs, will have receipts. However in 2012, which is the start of IPSAS year, there were some POs opened with receipt not required option. Thus there is no receipt for the PO and consequently although the payment has been made, the commitment did not get reduced due to lack of associated receipt. As a result, commitments balance in the Funds Utilization Statement as at 31 December 2012 was overstated by USD34,844.57.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the Combined Delivery Report for the period from 1 January 2012 to 31 December 2012 and Funds Utilization Statement as at 31 December 2012 ("the Financial Statements") present fairly, in all material respects, the expenses of USD4,635,950.28 incurred for period of 1 January 2012 to 31 December 2012 and funds utilization status as at 31 December 2012 of the Project "Integrated Community Development Project" in accordance with UNDP accounting policies and were: (i) in conformity with the approved project budgets; (ii) for the approved purposes of the project; (iii) in compliance with the relevant regulations and rules, policies and procedures of UNDP; and (iv) supported by properly approved vouchers and other supporting documents.



ECOVIS STT Vietnam Co., Ltd.

Audit report No. HN/AU/1001/13/UNDP-Myanmar-ICDP

Hanoi, 17 January 2014



Selection Criteria :

Business Unit : MMR10
Period : Jan-Dec (2012)
Selected Project Id : 00013948
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00013948

Project Id : 00013948 ICDP		Period :	Jan-Dec (2012)	
Output # : 00013948 Integrated Comm. Dev. Project		Impl. Partner :	02198 United Nations Development P	
		Location :	UNDP-Myanmar	
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp

Dept: 42003 (Myanmar - Crisis Prev & Rcvry)

Fund : 04000 (Core Programme, UNU Centre)

71405 - Service Contracts-Individuals	0.00	4,192.79	0.00	4,192.79
Total for Fund 04000	0.00	4,192.79	0.00	4,192.79
Total for Dept : 42003	0.00	4,192.79	0.00	4,192.79

Dept: 42005 (Myanmar - Energy & Envirnmnt)

Fund : 04000 (Core Programme, UNU Centre)

72615 - Micro Capital Grants-Other	0.00	1,472.40	0.00	1,472.40
Total for Fund 04000	0.00	1,472.40	0.00	1,472.40
Total for Dept : 42005	0.00	1,472.40	0.00	1,472.40

Dept: 42008 (Myanmar - Poverty Reduction)

Fund : 04000 (Core Programme, UNU Centre)

61105 - Salaries - NP Staff	0.00	16,816.00	0.00	16,816.00
61305 - Salaries - IP Staff	0.00	106,563.30	0.00	106,563.30
61310 - Post Adjustment - IP Staff	0.00	51,314.30	0.00	51,314.30
62105 - Dependency Allowance-NP Staff	0.00	127.20	0.00	127.20
62110 - Contrib Joint Staff Pension-NP	0.00	2,742.28	0.00	2,742.28
62115 - Contrib to Med,SocIns-NP Staff	0.00	621.87	0.00	621.87
62140 - Annual Leave Expense - NO	0.00	1,139.90	0.00	1,139.90
62305 - Dependency Allowances-IP Staff	0.00	683.41	0.00	683.41
62310 - Contrib to Jt Staff Pens Fd-IP	0.00	35,784.77	0.00	35,784.77
62315 - Contrib. to medical, social in	0.00	571.08	0.00	571.08
62320 - Mobility, Hardship, Non-remova	0.00	23,295.27	0.00	23,295.27
62340 - Annual Leave Expense - IP	0.00	861.73	0.00	861.73
63320 - Medical evacuation - IP Staff	0.00	1,088.00	0.00	1,088.00
63330 - Ed Grt Incl Trvl&Allow-IP Stf	0.00	4,632.60	0.00	4,632.60
63335 - Home Leave Trvl & Allow-IP Stf	0.00	2,836.70	0.00	2,836.70
63530 - Contribution to EOS Benefits	0.00	4,298.37	0.00	4,298.37
63535 - Contribution to Security	0.00	6,877.43	0.00	6,877.43
63540 - Contribution to Training	0.00	1,578.72	0.00	1,578.72
63545 - Contribution to ICT	0.00	2,579.12	0.00	2,579.12
63550 - Contributions to MAIP	0.00	343.75	0.00	343.75
63555 - Contribution to UN JFA	0.00	3,094.76	0.00	3,094.76
63560 - Contributions to Appendix D	0.00	515.87	0.00	515.87

17-01-2014



Nguyen Viet Nga - Audit Partner
for ECOVIS STT Vietnam





Project Id : 00013948 ICDP	Period : Jan-Dec (2012)
Output # : 00013948 Integrated Comm. Dev. Project	Impl. Partner : 02198 United Nations Development P
	Location : UNDP-Myanmar

	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
65115 - Contributions to ASHI Reserve	0.00	11,175.85	0.00	11,175.85
65135 - Payroll Mgt Cost Recovery ATLA	0.00	1,167.85	0.00	1,167.85
66105 - Overtime & Night Differential	0.00	20,952.51	0.00	20,952.51
71205 - Intl Consultants-Sht Term-Tech	0.00	33,847.50	0.00	33,847.50
71305 - Local Consult.-Sht Term-Tech	0.00	1,476.50	0.00	1,476.50
71405 - Service Contracts-Individuals	0.00	2,121,521.18	0.00	2,121,521.18
71410 - MAIP Premium SC	0.00	1,586.21	0.00	1,586.21
71415 - Contribution to Security SC	0.00	0.00	0.00	0.00
71605 - Travel Tickets-International	0.00	35.00	0.00	35.00
71610 - Travel Tickets-Local	0.00	3,811.69	0.00	3,811.69
71615 - Daily Subsistence Allow-Intl	0.00	0.00	0.00	0.00
71620 - Daily Subsistence Allow-Local	0.00	105,221.48	0.00	105,221.48
71625 - Daily Subsist Allow-Mtg Partic	0.00	0.00	0.00	0.00
71635 - Travel - Other	0.00	48,831.61	0.00	48,831.61
72120 - Svc Co-Trade and Business Serv	0.00	216.00	0.00	216.00
72145 - Svc Co-Training and Educ Serv	0.00	136,639.64	0.00	136,639.64
72165 - Svc Co-Social Svcs, Social Sci	0.00	- 142.52	0.00	- 142.52
72205 - Office Machinery	0.00	266.26	0.00	266.26
72210 - Machinery and Equipment	0.00	1,569.08	0.00	1,569.08
72215 - Transportation Equipment	0.00	2,554.92	0.00	2,554.92
72225 - Sale of Equip & Furniture	0.00	- 113,985.66	0.00	- 113,985.66
72311 - Fuel, petroleum and other oils	0.00	226.46	0.00	226.46
72315 - Food & Textile Products	0.00	72.73	0.00	72.73
72350 - Medical Kits	0.00	9,223.44	0.00	9,223.44
72399 - Other Materials and Goods	0.00	213.90	0.00	213.90
72405 - Acquisition of Communic Equip	0.00	1,623.95	0.00	1,623.95
72406 - Security communication equipme	0.00	410.14	0.00	410.14
72410 - Acquisition of Audio Visual Eq	0.00	0.00	0.00	0.00
72415 - Courier Charges	0.00	8,043.91	0.00	8,043.91
72420 - Land Telephone Charges	0.00	11,890.92	0.00	11,890.92
72425 - Mobile Telephone Charges	0.00	20,057.31	0.00	20,057.31
72430 - Postage and Pouch	0.00	200.20	0.00	200.20
72440 - Connectivity Charges	0.00	52,183.07	0.00	52,183.07
72445 - Common Services-Communications	0.00	2,860.57	0.00	2,860.57
72505 - Stationery & other Office Supp	0.00	22,231.12	0.00	22,231.12
72615 - Micro Capital Grants-Other	0.00	826,559.13	0.00	826,559.13
72805 - Acquis of Computer Hardware	0.00	460.59	0.00	460.59
72810 - Acquis of Computer Software	0.00	4,559.91	0.00	4,559.91
72815 - Inform Technology Supplies	0.00	385.94	0.00	385.94
73104 - Leased Building	0.00	50,567.61	0.00	50,567.61
73105 - Rent	0.00	438.10	0.00	438.10
73115 - Moving Expenses	0.00	4,138.01	0.00	4,138.01
73120 - Utilities	0.00	382.01	0.00	382.01
73125 - Common Services-Premises	0.00	14,393.41	0.00	14,393.41
73405 - Rental & Maint-Other Office Eq	0.00	14,251.56	0.00	14,251.56
73410 - Maint, Oper of Transport Equip	0.00	43,736.43	0.00	43,736.43
74210 - Printing and Publications	0.00	312.98	0.00	312.98
74215 - Promotional Materials and Dist	0.00	30.89	0.00	30.89
74325 - Contrib.To CO Common Security	0.00	20,927.40	0.00	20,927.40
74505 - Insurance	0.00	0.00	0.00	0.00
74510 - Bank Charges	0.00	2,378.96	0.00	2,378.96
74525 - Sundry	0.00	41,448.36	0.00	41,448.36
74605 - Prepaid Project Expenses	0.00	915.77	0.00	915.77
74705 - Port Operation	0.00	101.82	0.00	101.82

17-01-2014



Nguyen Viet Nga - Audit Partner
for ECOVIS STT Vietnam





Project Id : 00013948 ICDP	Period :	Jan-Dec (2012)
Output # : 00013948 Integrated Comm. Dev. Project	Impl. Partner :	02198 United Nations Development P
	Location :	UNDP-Myanmar

	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
74720 - Distribution Cost	0.00	478.53	0.00	478.53
74965 - Low value equipment	0.00	2,183.75	0.00	2,183.75
75105 - Facilities & Admin - Implement	0.00	433.32	0.00	433.32
75705 - Learning costs	0.00	27,760.49	0.00	27,760.49
75706 - Learning - ticket costs	0.00	10,330.70	0.00	10,330.70
75707 - Learning - subsistence allowan	0.00	17,768.27	0.00	17,768.27
75708 - Learning - subcontracts	0.00	424.93	0.00	424.93
76125 - Realized Loss	0.00	4,168.25	0.00	4,168.25
76135 - Realized Gain	0.00	- 582.94	0.00	- 582.94
77305 - Salaries - IP Staff-TA	0.00	0.00	0.00	0.00
77310 - Post Adjustment - IP Staff-TA	0.00	0.00	0.00	0.00
77315 - Contrib-Med,Socins-IP Staff-TA	0.00	0.00	0.00	0.00
77320 - Assg hardship & mob allow-TA	0.00	0.00	0.00	0.00
77345 - Dep Allowances-IP Staff-TA	0.00	0.00	0.00	0.00
77357 - Repat. Grt/Comm Ann Lv-IP-TA	0.00	0.00	0.00	0.00
77375 - Contrib-Jt Staff Pens Fd-IP-TA	0.00	0.00	0.00	0.00
77385 - Contribution to Security	0.00	0.00	0.00	0.00
77386 - Contribution to ICT_TA	0.00	0.00	0.00	0.00
77395 - MAIP Premium TA/IP	0.00	0.00	0.00	0.00
77396 - PAYROLL MGT COST RECOVERY	0.00	0.00	0.00	0.00
77397 - Appendix D TA/IP	0.00	0.00	0.00	0.00
Total for Fund 04000	0.00	3,863,303.43	0.00	3,863,303.43

Fund : 11888 (Country Co-Financing CS)

74510 - Bank Charges	0.00	308.19	0.00	308.19
74525 - Sundry	0.00	474.35	0.00	474.35
75105 - Facilities & Admin - Implement	0.00	54.78	0.00	54.78
Total for Fund 11888	0.00	837.32	0.00	837.32

Fund : 30000 (PROGRAMME COST SHARING)

61305 - Salaries - IP Staff	0.00	0.00	0.00	0.00
61310 - Post Adjustment - IP Staff	0.00	0.00	0.00	0.00
62310 - Contrib to Jt Staff Pens Fd-IP	0.00	0.00	0.00	0.00
62315 - Contrib. to medical, social in	0.00	0.00	0.00	0.00
62320 - Mobility, Hardship, Non-remova	0.00	0.00	0.00	0.00
62340 - Annual Leave Expense - IP	0.00	0.00	0.00	0.00
63335 - Home Leave Trvl & Allow-IP Stf	0.00	0.00	0.00	0.00
63530 - Contribution to EOS Benefits	0.00	0.00	0.00	0.00
63535 - Contribution to Security	0.00	0.00	0.00	0.00
63540 - Contribution to Training	0.00	0.00	0.00	0.00
63545 - Contribution to ICT	0.00	0.00	0.00	0.00
63550 - Contributions to MAIP	0.00	0.00	0.00	0.00
63555 - Contribution to UN JFA	0.00	0.00	0.00	0.00
63560 - Contributions to Appendix D	0.00	0.00	0.00	0.00
65115 - Contributions to ASHI Reserve	0.00	0.00	0.00	0.00
65135 - Payroll Mgt Cost Recovery ATLA	0.00	0.00	0.00	0.00
71405 - Service Contracts-Individuals	0.00	56,758.15	0.00	56,758.15
71620 - Daily Subsistence Allow-Local	0.00	12,929.02	0.00	12,929.02
71635 - Travel - Other	0.00	1,917.98	0.00	1,917.98
72145 - Svc Co-Training and Educ Serv	0.00	451.90	0.00	451.90

17-01-2014



Nguyen Viet Nga - Audit Partner
for ECOVIS STT Vietnam





Project Id : 00013948 ICDP	Period :	Jan-Dec (2012)
Output # : 00013948 Integrated Comm. Dev. Project	Impl. Partner :	02198 United Nations Development P
	Location :	UNDP-Myanmar

	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
72165 - Svc Co-Social Svcs, Social Sci	0.00	167,038.33	0.00	167,038.33
72220 - Furniture	0.00	2,858.85	0.00	2,858.85
72315 - Food & Textile Products	0.00	0.00	0.00	0.00
72399 - Other Materials and Goods	0.00	7,095.31	0.00	7,095.31
72410 - Acquisition of Audio Visual Eq	0.00	2.74	0.00	2.74
72415 - Courier Charges	0.00	52.56	0.00	52.56
72420 - Land Telephone Charges	0.00	169.62	0.00	169.62
72425 - Mobile Telephone Charges	0.00	1,380.00	0.00	1,380.00
72440 - Connectivity Charges	0.00	3,040.00	0.00	3,040.00
72505 - Stationery & other Office Supp	0.00	774.42	0.00	774.42
72615 - Micro Capital Grants-Other	0.00	89,809.17	0.00	89,809.17
73405 - Rental & Maint-Other Office Eq	0.00	539.36	0.00	539.36
73410 - Maint, Oper of Transport Equip	0.00	244.34	0.00	244.34
74210 - Printing and Publications	0.00	2,448.92	0.00	2,448.92
74325 - Contrib.To CO Common Security	0.00	5,897.00	0.00	5,897.00
74525 - Sundry	0.00	1,324.60	0.00	1,324.60
74725 - Other L.T.S.H.	0.00	1,080.00	0.00	1,080.00
75105 - Facilities & Admin - Implement	0.00	24,437.97	0.00	24,437.97
76125 - Realized Loss	0.00	36.96	0.00	36.96
76135 - Realized Gain	0.00	-59.84	0.00	-59.84
Total for Fund 30000	0.00	380,227.36	0.00	380,227.36
Fund : 30079 (EUROPEAN COMMISSION)				
72145 - Svc Co-Training and Educ Serv	0.00	3,841.54	0.00	3,841.54
72165 - Svc Co-Social Svcs, Social Sci	0.00	62,099.54	0.00	62,099.54
72405 - Acquisition of Communic Equip	0.00	0.00	0.00	0.00
75105 - Facilities & Admin - Implement	0.00	4,615.87	0.00	4,615.87
76135 - Realized Gain	0.00	-0.01	0.00	-0.01
Total for Fund 30079	0.00	70,556.94	0.00	70,556.94
Fund : 54050 (SIDA TF UNDP Sepsific Actv)				
71405 - Service Contracts-Individuals	0.00	141,111.58	0.00	141,111.58
71410 - MAIP Premium SC	0.00	1.28	0.00	1.28
71415 - Contribution to Security SC	0.00	0.00	0.00	0.00
71610 - Travel Tickets-Local	0.00	150.30	0.00	150.30
71620 - Daily Subsistence Allow-Local	0.00	18,621.66	0.00	18,621.66
72165 - Svc Co-Social Svcs, Social Sci	0.00	74,624.96	0.00	74,624.96
72620 - Joint Programming Expenditure	0.00	0.00	0.00	0.00
72810 - Acquis of Computer Software	0.00	7,419.95	0.00	7,419.95
73410 - Maint, Oper of Transport Equip	0.00	-527.80	0.00	-527.80
75105 - Facilities & Admin - Implement	0.00	20,198.64	0.00	20,198.64
75705 - Learning costs	0.00	5,220.75	0.00	5,220.75
75706 - Learning - ticket costs	0.00	5,152.99	0.00	5,152.99
75707 - Learning - subsistence allowan	0.00	31,936.02	0.00	31,936.02
75708 - Learning - subcontracts	0.00	11,280.36	0.00	11,280.36
76125 - Realized Loss	0.00	178.16	0.00	178.16
76135 - Realized Gain	0.00	-8.81	0.00	-8.81
Total for Fund 54050	0.00	315,360.04	0.00	315,360.04

17-01-2014



Nguyễn Việt Nga - Audit Partner
for ECOVIS STT Vietnam





Combined Delivery Report By Project

Project id : 00013948 ICDP	Period :	Jan-Dec (2012)		
Output # : 00013948 Integrated Comm. Dev. Project	Impl. Partner :	02198 United Nations Development P		
	Location :	UNDP-Myanmar		
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
Total for Dept : 42008	0.00	4,630,285.09	0.00	4,630,285.09
Total for Output : 00013948	0.00	4,635,950.28	0.00	4,635,950.28
Project Total :	0.00	4,635,950.28	0.00	4,635,950.28

Mr.Toily Kurbanov
Resident Representative a.i.

Signed By : _____ Date : _____

Signed By : _____ Date : 15-11-2013

17-01-2014



Nguyen Viet Nga - Audit Partner
for ECOVIS STT Vietnam



Funds Utilization

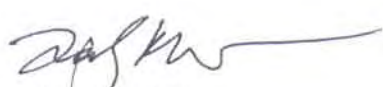
Selection Criteria :

Business Unit : MMR10
 Period : Jan-Dec (2012)
 Selected Project Id : 00013948
 Selected Fund Code : ALL
 Selected Dept. IDs : ALL
 Selected Outputs : 00013948

Project/Award: 00013948 ICDP

Period : As at Dec 31, 2012

Output #	00013948	Impl. Partner :02198 United Nations Development P	UNDP AMOUNT
Outstanding NEX advances			0.00
Undepreciated Fixed Assets			-5.15
Inventory			0.00
Prepayments			0.00
Commitments			55,873.25


 Signed by: Mr. Toily Kurbanov
 Resident Representative a.i.

17-01-2014



Nguyen Viet Nga - Audit Partner
 for ECOVIS STT Vietnam



INDEPENDENT AUDITOR'S REPORT

To: Project management of the Project Award No. 00013948, Project No. 00013948 "Integrated Community Development Project"

We have audited the accompanying Statement of Assets and Equipment ("the Statement") of the Project Award No. 00013948, Project No. 00013948 "Integrated Community Development Project" ("the Project") as at 31 December 2012 which has been prepared in accordance with the accounting policies set out in Note 2 of the Financial Statements of the Project.

Management's Responsibility for the Statement of Assets and Equipment

UNDP Myanmar Country Office is responsible for the preparation and fair presentation of the Statement in accordance with the accounting policies set out in Note 2 of the Financial Statements and for such internal control as management determines is necessary to enable the preparation of the Statement that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Statement based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with relevant ethical requirements and plan, perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

ECOVIS STT VIETNAM

Hanoi Office

18th Floor, C'Land Tower, 156 Xa Dan II, Dong Da District
Hanoi, Vietnam
Phone: +84 4 39 35 09 90 - Fax: +84 4 39 35 09 91
E-Mail: hanoi@ecovis.com

Hochiminh City Office

Unit 11, 14th Floor, Vincom Center, 72 Le Thanh Ton Street, District 1
Hochiminh City, Vietnam
Phone: +84 8 39 93 96 38 - Fax: +84 8 39 93 96 39
E-Mail: hochiminh@ecovis.com

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Opinion

In our opinion, the Statement of Assets and Equipment presents fairly, in all material respects, the assets and equipment balance of the Project as at 31 December 2012, amounting to USD226,288.51 in accordance with UNDP accounting policies.

Emphasis of Matter

We draw attention that value of assets and equipment indicated in the Statement of Assets and equipment as at 31 December 2012 is the acquisition value. Our opinion is not qualified in respect of this matter.



ECOVIS STT Vietnam Co., Ltd.

Audit report No. HN/AU/1001/13/UNDP-Myanmar-ICDP

Hanoi, 17 January 2014

Project Award No. 00013948, Project No. 00013948
Integrated Community Development Project
Statement of Assets and Equipment as at 31 December 2012

Categories	Dry Area USD	Shan Area USD	Delta Area USD	Yangon Office USD	Total USD
Electricity equipment	963.46	-	35,600.00	1,643.49	38,206.94
Field equipment	20,459.12	22,255.20	-	-	42,714.32
Information system	1,656.13	1,000.00	21,134.89	18,542.07	42,333.09
Office equipment	-	3,080.07	8,569.00	7,677.86	19,326.92
Vehicles	24,223.79	33,808.51	25,674.94	-	83,707.23
	47,302.49	60,143.77	90,978.83	27,863.41	226,288.51

Project: ICDP
Project Number: 00013948
Output Number: 00013948
Date: 12/31/2012

United Nations Development Programme
Statement of Assets and Equipment

No	Location	Profile ID	Code ID	SqID	Description	Serial No.	Model	Acquisition date	Currency	Amount	Qty/Unit	Inventory Tag No.			Condition		
												Pri	Tsp	Sr			
Area: Dry Zone																	
1	Office	Vehicle	VH	46	Toyota Land Cruiser SW, Registration No. UN2/27	Chassis No. JTMHV09J004045996, Engine No#1VD0090983	VDJ200L-GNMNZ	5th Oct 2010	USD	11,482.92	1	ICDP	DRY	VH	46	2	Running
2	Office	IT	CP	2	Laptop Computer - Lanovo Z 470	BQ 03232706		1st July 2011	USD	828.07	1	GIRI	MYE	CP	2	4	Running
3	Office	IT	CP	2	Laptop, Lanovo Brand 3000Z470, 14 WXGA LED Intel Core i3 Processor 2310M	QB03049228	Lenovo Z470 i3 W/G NB	3rd June 2011	USD	828.07	1	ICDP	TCL	CP	2	1	Running
4	Office	Electrical	EL	31	Generator (22HP/2200 RPM Start Engine)	Engine no. 20805130191	2080515	2-Dec-08	USD	963.46	1	ICDP	MGY	EL	31	3	Running
5	Office	Field equipment	FE	58	Trauma Kit	Bag		1.12.10	USD	788.38	1 set	ICDP	DRY	FE	58	1	Running
6	Office	Field equipment	FE	58	Trauma Kit	Bag		1.12.10	USD	788.38	1 set	ICDP	MGY	FE	58	1	Running
7	Office	Field equipment	FE	58	Trauma Kit	Bag		1.12.10	USD	788.38	1 set	ICDP	KPD	FE	58	1	Running
8	Office	Field equipment	FE	58	Trauma Kit	Bag		1.12.10	USD	788.38	1 set	ICDP	TYT	FE	58	4	Running
9	Office	Vehicle	VH	47	Motorcycle (1Dha/16727) New Licence No: 16Ya/99164	DY-150FMH 70341317 Frame- Z/2007-MDY/CYMD/2392	Stream YMD110	19th March 2008	USD	980.07	1	ICDP	DRY	VH	47	2	Running
10	Office	Vehicle	VH	47	Motorcycle (Dayaemhol/16725) New Licence No. 16 Ya-99162	Eng.No.70341315 Frame no. Z/2007/MDY/YYMD/2340	Stream YMD110	19th March 2008	USD	980.07	1	ICDP	MGY	VH	47	14	Running
11	Office	Vehicle	VH	47	Motorcycle (Dayaemhol/16759) New Licence No. 16Ya- 99196	Eng.No.70341349 Frame no Z/2007/MDY/YYMD/2424	Stream YMD110	19th March 2008	USD	980.07	1	ICDP	MGY	VH	47	15	Running
12	Office	Vehicle	VH	47	Motorcycle Da/16758	Engine No#DY150FMH-70341348; Frame No# Z/2007-MDY/CYMD/2423	Stream YMD110	19th March 2008	USD	980.07	1	ICDP	KPD	VH	47	14	Running
13	Office	Vehicle	VH	47	Motorcycle 16Ya-99204	Engine No#DY150FMH-70341357; Frame No# Z/2007-MDY/CYMD/2432	Stream YMD110	19th March 2008	USD	980.07	1	ICDP	KPD	VH	47	15	Running
14	Office	Vehicle	VH	47	Motorcycle , Registration No#16Ya/99168(Old-Da/16731)	Engine No#DY150FMH -70341321, Frame No# Z/2007-MDY/CYMD/2396	Stream YMD110	19th March 2008	USD	980.07	1	ICDP	CHU	VH	47	5	Running
15	Office	Vehicle	VH	47	Motor cycle - (Da Yin Moke-16740) 16ya-99177	Stream YMD - 110 E-DY-150FMH 70341330 F-Z/2007 MDY/CYMD/2405	Stream YMD110	19th March 2008	USD	980.07	1	ICDP	PKS	VH	47		Running
16	Office	Vehicle	VH	47	Motor cycle - (Da Yin Moke-16749) 16ya-99186	Stream YMD - 110 E-DY-150FMH 70341339 F-Z/2007 MDY/CYMD/2414	Stream YMD110	19th March 2008	USD	980.07	1	ICDP	PKS	VH	47		Running

MYANMAR

No	Location	Profile ID	Code ID	SqID	Description	Serial No.	Model	Acquisition date	Currency	Amount	Qty/Unit	Inventory Tag No.	Condition
												Priort Tsp Code Sq Sr	
24	Office	IT	CP	1	Desktop Computer NEC Powrtmate with PHILIPS - 191EW Monitor, NEC	monitor -hp W1907 CND-7521Xz1 NEC Power mate S/N-3542677043	HP-W1907	21st April 2009	USD	762.00	1 set	ER MLG CP 1 16	Running
25		IT	CP	1								ER	
26	Office	IT	CP	1	Desktop Computer NEC Powrtmate with PHILIPS - 191EW Monitor, NEC	HP W-1707 monitor SNC-83405FY S/N-3542677010	HP-W-1707	21st April 2009	USD	762.00	1 set	ER MLG CP 1 17	Running
27		IT	CP	1								ER	
28	Office	IT	CP	2	TOSHIBA Laptop computer	191133772W	PPM81L-01-0003	20th April 2009	USD	1,090.00	1	ER MLG CP 2 5	Running
29	Office	Office equipment	OE	3	Laser Jet HP 2015n with Printer USB cable	CNC1T32949	CB449A	27-Nov-08	USD	520.00	1	ER MLG OE 3 6	Running
30	Office	Office equipment	OE	12	LCD Projector	49344375	TLP-XE30	13.8.09	USD	980.00	1	ER MLG OE 12 1	Running
31	Office	IT	CP	2	Compaq Presario CQ 45	CND8433XSH	CQ45-219ix	2nd March 2009	USD	1,285.71	1	ER MLG CP 2 2	Running
32	Office	IT	CP	2	Compaq Presario CQ 45	CND8433XRF	CQ45-219ix	2nd March 2009	USD	1,285.71	1	ER MLG CP 2 3	Running
33	Office	Vehicle	VH	49	Boat		30"x38"x26", Teak body	15th Sep 2008	USD	3,239.20	1	ER MLG VH 49 6	Running
34	Office	Vehicle	VH	49	Boat		30"x38"x26", Teak body	15th Sep 2008	USD	3,239.20	1	ER MLG VH 49 7	Running
35	Office	Vehicle	VH	50	Boat Engine		JineMeng 18HP, China made	23-Jan-09	USD	510.20	1	ER MLG VH 50 21	Running
36	Office	Vehicle	VH	50	Boat Engine		JineMeng 18HP, China made	23-Jan-09	USD	510.20	1	ER MLG VH 50 22	Running
37	Office	IT	CP	1	Computer Desktop NEC Pentium	3490977015	NEC Powermate, with Philips LCD Monitor 191EWg, USB Mouse, USB Keyboard	21st April 2009	USD	762.00	1 set	ER KLT CP 1 7	Running
38	Office	IT	CP	1	Computer Desktop Core 2 Duo NEC	3542677009	NEC Powermate, with Philips LCD Monitor 191EWg, USB Mouse, USB Keyboard	21st April 2009	USD	762.00	1 set	ER KLT CP 1 8	Running
39	Office	IT	CP	2	Laptop Computer- Toshiba PORTEGE M800	19133752W	PPM81L-0100003	20th April 2009	USD	1,090.00	1 set	ER KLT CP 2 3	Running
40	Office	vehicle	VH	47	Motorcycle, Registration No#Da/16726, New; 16YA/99163	Engine No#DY150FMH70341316, Frame No#22007-MDY/CYMD/2391	Stream YMD110	19th March 2008	USD	980.07	1	ER KLT VH 47 6	Running
41	Office	IT	CP	2	Laptop Computer- Toshiba PORTEGE M800	19133761W	PPM81L-0100003	20th April 2009	USD	1,090.00	1 set	ER YGN CP 2 5	Running
42	Office	Office equipment	OE	11	Projector	49344384	TOSHIBA TLP-XE30	29th July 2009	USD	980.00	1	ER KLT OE 11 1	Running
43	Office	vehicle	VH	49	Fiber Boat (28"x4.5"x2.5")	101108807A	ZEST-188F	25-Jul-08	USD	1,162.79	1	ER KLT VH 49 3	Running
44	Office	vehicle	VH	49	Fiber Boat (28"x4.5"x2.5")	101110607A	ZEST-188F	25-Jul-08	USD	1,162.79	1	ER KLT VH 49 4	Running
45	Office	IT	CP	1	Computer	3542677001	System Unit (2.8GHz Intel Core 2 Duo; 2GB DDR 2 SDRAM; 250BG Hard Drive; DVD+/-RW; RJ45; At least 3USB Ports;Win XP SP 3)	21-Apr-2009	USD	622.00			
46	Office	IT	CP	1	Computer	3542677075	System Unit (2.8GHz Intel Core 2 Duo; 2GB DDR 2 SDRAM; 250BG Hard Drive; DVD+/-RW; RJ45; At least 3USB Ports;Win XP SP 3)	21-Apr-2009	USD	622.00			
47	Office	Office equipment	OE	10	LCD Projector	49344366	TLP- XE30U	29-Jul-09	USD	980.00	1	ICDP NPD OE 10 1	Running
48	Office	Electrical	EL	31	Generator	PL2758/5	Generator 20 KVA Power Link , Model-WPS20S	11-Dec-2008	USD	8,900.00	1	ICDP NPD EL 31 1	Running
49	Office	IT	CP	1	CPU, NEC	3542677073	NEC	June 2009	USD	622.00		ER LBT CP 1 17	reparable
50	Office	IT	CP	1	Monitor (PHILIPS)	AU3A0910007636	191EW9FB/69	23.9.2009	USD	762.00	1 set	ER MLG CP 1 14	Running
51	Office	IT	CP	1	CPU	SN/3542677002	UTOW-AMU		USD				

No.	Location	Profile ID	Code ID	SqID	Description	Serial No.	Model
52	Office	IT	CP	2	Laptop Computer	L V002F1 08/10	Lenovo Thinkpad X200
53	Office	Office equipment	OE	12	Projector	Epson S7 Projector	
54	Office	Electrical	EL	31	Generator	PL 2758/2	20 KVA (Perkins) (without battery)
55	Office	Vehicle	VH	47	Motorcycle (Old D/16717) New: 16YA/99154	DY150FMH-70341307	Stream YMD110
56	Office	Vehicle	VH	47	Motorcycle (Old D/16730), New: 16YA/99167	DY150FMH-70341320	Stream YMD110
57	Office	Vehicle	VH	47	Motorcycle (Old D/16733), New: 16YA/99170	DY150FMH-70341323	Stream YMD110
58	Office	IT	CP	2	Laptop computer	CND8433X4H	CQ45-219ix
59	Office	Vehicle	VH	47	Motor Bike old registration number (Da Yin Hnake /16715) "new registration number 16 ya - 99152"	Engine no-DY150 FMH.70341305, Frame No-Z/2007-MDY/CYMD/2380	Stream YMD110
Sub-Total (Delta Zone)							

90,978.83

Area: Shan Zone							
1	Office	Vehicle	VH	47	Motorcycle, Registration No# D/16760	Engine No# DY 150FMH-70341350, Frame No# Z/2007-MDY/CYMD/2325	Stream YMD110
2	Office	Office equipment	VH	47	Motorcycle, Registration No#16YA/99189 (Old Registration No.D/16762)	Engine No#DY150FMH-70341352, Frame No#Z/2007 MDY/CYMD/2427	Stream YMD110
3	Office	Vehicle	VH	47	Motorcycle (Old-DA16748)	E/DY 150FMH 70341338 FIZ/2007-MDY/2413	Stream YMD110
4	Office	Vehicle	VH	47	Motorcycle, Registration No#16YA/99182 (Old-DA16745)	E/DY 150FMH 70341335 FIZ/2007-MDY/2410	Stream YMD110
5	Office	Office equipment	OE	7	Copier (Digital, including 1. Single Pass Feeder Model:AR-RP10, Serial No: F8Y347 2. Pages Motor Cycle	93058981	AR-5520D
6	Office	Vehicle	VH	47	Motor Cycle Da Yin Mole/16719 (New No. 16YA/99156)	Engine no. DY150FMH-70341309 Frame no. Z/2007-MDY/CYMD/2384	Stream YMD110
7	Office	Vehicle	VH	47	Motor Cycle Da Yin Mole/16720 (New No. 16YA/99157)	Engine no. DY150FMH-70341310 Frame no. Z/2007-MDY/CYMD/2385	Stream YMD110
8	Office	Vehicle	VH	47	Motor Cycle Da Yin Mole/16722 (New No. 16YA/99159)	Engine no. DY150FMH-70341312 Frame no. Z/2007-MDY/CYMD/2387	Stream YMD110
9	Office	Vehicle	#REF!	47	16YA/99174 (Old D/16737)	Engine No#DY150FMH 70341327	Stream YMD110
10	Office	Vehicle	VH	47	16YA/99207 (Old D/16770)	Engine No#DY150FMH 70341360	Stream YMD110

quisition date	Currency	Amount	Qty/Unit	Inventory Tsp No	Condition
24th Sep 2008	USD	1,384.03	1 set	ICDP YKI CP 2 1	Running
6.5.2010	USD	605.00	1	DGC YGN OE 12 3	Running
23.6.09	USD	8,900.00	1	ER LBT EL 31 6	Running
19th March 2008	USD	980.07	1	ICDP YKI VH 47 1	Running
19th March 2008	USD	980.07	1	ICDP YKI VH 47 2	repairable
19th March 2008	USD	980.07	1	ICDP YKI VH 47 3	Running
31-Mar-09	USD	1,285.71	1	ER LBT CP 2 2	Running
19th March 2008	USD	872.09	1	ER MLG VH 47 3	Running
Sub-Total (Delta Zone)					

90,978.83

19th March 2008	USD	980.07	1	ICDP KME VH 47 5	Running
19th March 2008	USD	980.07	1	ICDP KME VH 47 7	Running
19-Mar-08	USD	980.07	1	ICDP TBW VH 47 2	Running
19-Mar-08	USD	980.07	1	ICDP TBW VH 47 4	Running
5-Jun-2009	USD	2,100.00	1 set	ICDP NCO OE 7 1	Running
19th March 2008	USD	980.07	1 set	ICDP NCO VH 47 1	Running
19th March 2008	USD	980.07	1 set	ICDP NCO VH 47 2	Running
19th March 2008	USD	980.07	1 set	ICDP NCO VH 47 3	Running
19th March 2008	USD	980.07	1	ICDP LKW VH 47 3	Running
19th March 2008	USD	980.07	1	ICDP LKW VH 47 4	Running

No	Location	Profile ID	Code ID	SqID	Description	Serial No.	Model	Acquisition date	Currency	Amount	Qty/Unit	Prict Tsp	Inventory Tag No. Code Sq Sr	Condition
11	Office	Vehicle	VH	47	16Ya/99203(Old D16766)	Engine No#DY150FMH 70341356	Stream YMD110	19th March 2008	USD	980.07	1	ICDP LKW	VH 47 5	Running
12	Office	Vehicle	VH	47	Motor Cycle - 16Ya/99178(Old-16741)	Engine No#DY 150FMH 70341331, Frame No#Z2007-MDY/CYMD/2406	Stream YMD110	19th March 2008	USD	980.07	1	ICDP PLG	VH 47 8	Running
13	Office	Vehicle	VH	47	Motor Cycle - 16Ya/99190(Old-Da16743)	Engine No#DY150FMH70341333, Frame No#Z2007/MDY/CYMD/2408	Stream YMD110	19th March 2008	USD	980.07	1	ICDP PLG	VH 47 9	Running
14	Office	Vehicle	VH	47	Motor Cycle - 16Ya/99206(Old-Da16769)	Engine No#DY150FMH7034859, Frame No # Z2007/MDY/CYMD/2434	Stream YMD110	19th March 2008	USD	980.07	1	ICDP PLG	VH 47 10	Running
15	Office	IT	CP	1	Desktop Computer	3CQ8141CWF	hp W1907v, 2.40 GHz, 1 GB, 32 bit operating system	25-Nov-2009	USD	1,000.00	1 set	ICDP SHA N	CP 1 2	Running
16	Office	Vehicle	VH	47	Motor Cycle - 16Ya/99205	Engine No. DY150FMH-70341358	Stream YMD110	19th March 2008	USD	980.07	1	ICDP SHA N	VH 47 1	Running
17	Office	Vehicle	VH	47	Motor Cycle - 16Ya/99190	Engine No. DY150FMH-70341343	Stream YMD110	19th March 2008	USD	980.07	1	ICDP SHA N	VH 47 2	Running
18	Office	Vehicle	VH	46	Motorcar (Registration No.UN2/26), Toyota Landcruiser SW	Engine No#1VD090771, Chassis No#JTMHV08J704045963	VDJ200LGNMNZ	5-Oct-2010	USD	11,482.92	1	ICDP SHA N	VH 46 1	Running
19	Office	Vehicle	VH	47	Motor cycle - 16Ya/99189	Engine No#DY150FMH70341342, Frame No#Z2007-MDY/CYMD/2417	Stream YMD110	19th March 2008	USD	980.07	1	ICDP NSE VH	47 10	Running
20	Office	Vehicle	VH	47	Motor cycle - 16Ya/99202	Engine No#DY-150FMH70341355, Frame No#Z2007-MDY/CYMD/2430	Stream YMD110	19th March 2008	USD	980.07	1	ICDP NSE VH	47 12	Running
21	Office	Vehicle	VH	47	Motor cycle - 16Ya/99181 Stream DY 150FMH-70341334 Z/2007 MDY/CYMD/2409	DY 150FMH-70341334	Stream YMD110	19th March 2008	USD	872.09	1	ICDP KLV VH	47 11	Running
22	Office	Vehicle	VH	47	Motor cycle - 16Ya/99193 Stream D 4150 FMH 70341346	D 4150 FMH 70341346	Stream YMD110	19th March 2008	USD	872.09	1	ICDP KLV VH	47 12	Running
23	Office	Vehicle	VH	47	Motor cycle - DY150FMH 70341336 Z/2007-MDY/CYMD/2411	DY150FMH 70341336 Z/2007-MDY/CYMD/2411	Stream YMD110	19th March 2008	USD	980.07	1	ICDP PDY VH	47 4	Running
24	Office	Vehicle	VH	47	Motor Cycle, 16Ya/99184	DY150FMH70341337	Stream YMD110	19th March 2008	USD	980.07	1	ICDP YNN VH	47 6	Running
25	Office	Vehicle	VH	47	Motor Cycle, 16Ya/99192	DY150FMH70341345	Stream YMD110	19th March 2008	USD	980.07	1	ICDP YNN VH	47 7	Running
26	Office	Field equipment	FE	22	Wagtech Potatlab Portable Water Test Kit	Nil	Wag-WE 10010 Wagtech	1-May-06	USD	8,652.60	1 set	ICDP KME FE	22 1	Running
27	Office	Field equipment	FE	22	Wagtech Potatlab Portable Water Test Kit	Nil	Wag-WE 10010 Wagtech	2-Sep-09	USD	4,950.00	1 set	ICDP KME FE	22 2	Running
28	Office	Field equipment	FE	22	Wagtech Potatlab Water Test kit	Wag -WE10010 Wagtech	Stream YMD110	1-Mar-06	USD	8,652.60	1	ICDP TBW FE	22 1	Running
29	Office	Vehicle	VH	47	Motor cycle - 16Ya/99189	Engine No#DY150FMH70341342, Frame No#Z2007-MDY/CYMD/2417	Stream YMD110	19th March 2008	USD	980.07	1	ICDP NSE VH	47 10	Running
30	Office	Vehicle	VH	47	Motor cycle - 16Ya/99202	Engine No#DY-150FMH70341355, Frame No#Z2007-MDY/CYMD/2430	Stream YMD110	19th March 2008	USD	980.07	1	ICDP NSE VH	47 12	Running
Sub-Total (Shan Zone)										60,143.77				
Area: Yangon Head Office														
1	Office	IT	CP	2	Laptop	19133749W	PPM81L-01-0003	May-09	USD	1,090.00	1	ER YGN CP	2 2	Running
2	Office	IT	CP	1	Computer-System Unit	3542677069		11-Jun-09	USD	622.00	1	ER YGN CP	1 7	Running
3	Office	IT	CP	1	Computer-System Unit	3518077021		11-Jun-09	USD	622.00	1	ER YGN CP	1 9	Running
4	Office	IT	CP	2	Laptop	CND8433Y1R		Apr-09	USD	1,285.71	1	ER YGN CP	2 3	Running

These notes form an integral part of, and should be read in conjunction with, the accompanying financial statements.

1. PROJECT BACKGROUND

The Integrated Community Development Project ("ICDP") under Human Development Initiative (HDI)-IV is a continuation, consolidation, improvement and expansion of activities initiated under the earlier phases of the HDI Programme of the United Nations Development Programme (UNDP) in Myanmar. The project is the outcome of a merger of seven sectorial projects implemented previously under HDI-III by various UN agencies in 11 townships. Currently United Nations Development Programme (UNDP) is executing the Project under the DEX (direct execution) modality. Initially, the Project operated from January 2003 in 11 earlier townships and expanded to nine new townships from April 2005 and three townships in 2008. In September 2007, the project was extended for three years from 2008 to 2010.

In 2010, a one-year extension of the HDI (including ICDP) till the end of 2011 was approved by the UNDP Executive Board and agreed by the Myanmar Government. In the light of the preparation of a new three year UNDP program, UNDP in September 2011 proposed to the Executive Board to extend the HHI (including ICDP project activities) for another year till the end of 2012, which was eventually approved by the Executive Board in September 2011 and agreed by the Myanmar Government.

In 2012, the project was operating in 2,798 villages in 23 townships in three areas Dry, Shan, Delta covering a total population of 1,503,125 or 322,995 households.

The development objective of the Project is to strengthen the capacity of poor communities to address the basic needs of the community, especially those of the poor and disadvantaged. And the immediate objective is to cultivate and strengthen the capacity of village institutions and Community Based Organisations and households in project villages to plan and undertake development activities that address their basic social and food security needs in a participatory, sustainable and transparent manner.

The Project has the following outcomes:

- Village community institutions able to prepare and implement more effective village development activities in a participatory, transparent and equitable manner;
- Village communities able to take care of their and their families' basic social needs (health and education) as a result of increased skills and knowledge and access to social infrastructure and services; and
- Village communities with improved incomes and food security as a result of increased skills, knowledge and access to sustainable livelihood services and assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies have been adopted by the UNDP Myanmar Country Office in the preparation of these financial statements.

Basis of financial statements preparation

The financial statements, expressed in United States Dollars ("USD"), have been prepared in accordance with the International Public Sector Accounting Standards ("IPSAS").

The financial statements have been prepared in accordance with IPSAS, which is an accrual basis of accounting. Prior to 1 January 2012, UNDP Myanmar Country Office prepared the project's financial statements in accordance with the United Nations system accounting standards (UNSAS), which prescribed the use of a modified accrual basis of accounting.

Fiscal year

The fiscal year of the Project is from 1 January to 31 December.

Foreign currency transactions

Transactions arising in currencies other than USD during the year have been translated into USD at the exchange rates set by the UNDP for the month of the transactions. Any exchange differences arising from these transactions are dealt with in the UNDP Country Office accounts.

Property, plant and equipment

The threshold for recognition of property, plant and equipment as an asset is USD500 or more per unit, and for leasehold improvements it is USD50,000 ("qualified assets").

UNDP Myanmar Country Office has capitalized all projects' qualified assets acquired as at 1 January 2012 and thereafter. Project assets acquired pre-2012 controlled by UNDP Myanmar Country Office were capitalized and a memorandum listings is maintained by for control and management purposes.

During the year, there was no procurement of qualified property, plant and equipment. There have therefore been no assets capitalized in the specified year.

Expense recognition

Expenses are recognized when goods/services are delivered/rendered and accepted by UNDP Myanmar Country Office.

Advances transferred to executing entities/implementing partners are recognized as expenses when goods are delivered or services rendered by the executing entities/ implementing partners and confirmed by receipt by UNDP Myanmar Country Office of certified expense reports as applicable, i.e., financial reports, Funding Authorization and Certificate of Expenditures forms or project delivery reports. Once those expense reports are received, UNDP Myanmar Country Office recognizes expenses in its statement of expenditures. Data may be obtained from the audited statements of executing entities/implementing partners or, when such statements are not available at the reporting year end, from the entities' statements as submitted for audit/unaudited statements.

Integrated Community Development Project

Notes to the financial statements for the period from 1 January 2012 to 31 December 2012 (continued)

Commitments

Commitments are future expenses and liabilities to be incurred on contracts entered into at the reporting date for which UNDP Myanmar Country Office has minimal discretion, if any, to avoid in the ordinary course of operations. Commitments relating to employment contracts are excluded. Commitments include contracts for the supply of goods or services which UNDP Myanmar Country Office is expecting to be delivered in the ordinary course of operations.

3. SERVICES CONTRACT - INDIVIDUALS

This represented salary for service contract holder in area/township office.

4. SVC CO-TRAINING AND EDUC SERV

This represented training/workshop expenses for Community Based Organizations (CBOs)/Self Reliance Groups (SRGs) such as hall rental, refreshment, stationeries, etc.

5. MICRO CAPITAL GRANTS - OTHER

This represented grants for villages/communes for livestock breeding.

6. COMMITMENTS

PO No.	Description	As at 31/12/2012 USD
5815	Connectivity charges	36,960.00
5879	Courier charges delivery	6,262.00
6106	Leased building	(4.32)
6115	Leased building	(9.88)
6222	Leased building	(1.23)
6298 & 6299	Security systems services	372.00
	International consultants-	
6432	technical	4,620.00
6659	Mobile telephone charges	3,780.00
6718	Services	3,894.68
Total		55,873.25

III. MANAGEMENT LETTER

The Resident Representative, UNDP Myanmar
Country Office
The Project Management

Project Award No. 00013948
Project No. 00013948
"Integrated Community Development Project"

Hanoi, 17 January 2014

Dear Sir/Madam,

Project Award No. 00013948
Project No. 00013948
Integrated Community Development Project ("the Project")

Findings and Recommendations - Audit for the period from 1 January 2012 to 31 December 2012

Besides the purpose of our audit of the Combined Delivery Report ("CDR") of the Project for the period from 1 January 2012 to 31 December 2012, and accompanying Statement of Funds Utilization, Statement of Assets and Equipment as at 31 December 2012 ("the financial statements") which was to enable us to form an opinion in accordance with International Standards on Auditing as to these statements for the period from 1 January 2012 to 31 December 2012, we also performed additional procedures in accordance with the terms of reference for the 2012 audit, which require us to assess compliance with UNDP regulations, rules, policies and procedures. Our review was conducted in the areas of organization and staffing, project management, human resources management, financial and cash management, procurement, asset management, information systems and general administration.

Following the completion of the audit and the examination of the Project's management, we set out in the attached report certain matters. We have used the following system to categorize these matters by priority:

High (critical)	Action that is considered imperative to ensure that UNDP is not exposed to high risks. Failure to take action could result in major consequences and issues.
Medium (Important)	Action that is considered necessary to avoid exposure to significant risks. Failure to take action could result in significant consequences.
Low	Action that is considered desirable and should result in enhanced control or better value for money. Low priority recommendations, if any, are dealt with by the Auditors directly with the Office management, during the exit meeting and through a separate memo subsequent to the fieldwork. Therefore, low priority recommendations are not included in the audit report.

ECOVIS STT VIETNAM

Hanoi Office

18th Floor, C-Land Tower, 156 Xa Dan II, Dong Da District
Hanoi, Vietnam
Phone: +84 4 39 35 09 90 - Fax: +84 4 39 35 09 91
E-Mail: hanoi@ecovis.com

Hochiminh City Office

Unit 11, 14th Floor, Vincom Center, 72 Le Thanh Ton Street, District 1
Hochiminh City, Vietnam
Phone: +84 8 39 93 96 38 - Fax: +84 8 39 93 96 39
E-Mail: hochiminh@ecovis.com

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

- Lack of/or inadequate policies/procedures/guidelines;
- Lack of/or inadequate guidance/supervision at the project level;
- Inadequate guidance/monitoring at UNDP country office level;
- Lack of/or insufficient resources (specify: financial, human or, technical resources);
- Inadequate planning;
- Inadequate training;
- Human error;
- Intentional overriding of internal controls; and
- Inadequate management structure.

One finding might be associated with more than one cause; however the main cause has been indicated.

The report has been shared with UNDP Myanmar Country Office for their comments and further inputs (if any). These comments have been reflected in the relevant sections and under each observation.

We would like to take this opportunity to record our appreciation of the assistance and co-operation of the Project and UNDP Myanmar staff throughout the course of our work.

Yours sincerely,



Nguyen Viet Nga
Partner

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A. Organisation and Staffing

No significant findings noted during the year.

B. Project Management

1. Verification of Funds Utilization Statement

Priority

High

Observation

During the audit, we noted some discrepancies between reported figures and actual status of balances on Funds Utilization Statement. Details were as follows:

- Commitments presented balance of US\$55,873.25. Based on our verification, the commitments balance was misstated by errors of queries in the ATLAS systems. The way commitment is captured in the system is purchase order ("PO") less any un-vouchered receipts as it was assumed that all POs, except travel POs, will have receipts. However in 2012, which is the start of IPSAS year, there were some POs opened with receipt not required option. Thus there is no receipt for the PO and consequently although the payment has been made, the commitment did not get reduced due to lack of associated receipt. As a result, commitments balance in the Funds Utilization Statement as at 31 December 2012 was overstated by USD34,844.57.

We noted that the Project management did not verify the nature and accuracy or maintain any independent tracking of such balance as at 31 December 2012.

Risk

Without proper verification of balances on Funds Utilization Statement, the Project might not ensure completeness and mathematical accurateness of such balances and have in-place adjustments to correct for error of misstatements.

Recommendation

The Project should perform periodically a verification of balances on Funds Utilization Statement (i.e. on quarterly or semi-annually basis) and institute an independent tracking system for such balances to ensure significant misstatements are adequately corrected.

Management comments and Action Plan

We agree that commitment as reported in the fund utilization page of the CDR is overstated to some extent. This was due to the set-up of the commitment query and Project Management is not in a position to fix it on its own.

2. Improve quality of Monitoring & Evaluation ("M&E") activities

Priority

Medium

Observation

The Terms of Reference of Sectoral Specialist for the Monitoring and Evaluation Unit provided that the M&E team should spend approximately 40% of their time, approximated 90 working days, to travel to project areas. During the audit, we noted that the M&E team proposed M&E Plan for year 2012 with 7 field visits with total time of 38 working days.

As per our review of M&E report, only findings and recommendations were presented. No revisit plan and/or follow-up actions were scheduled.

Risk

Without adequate coverage, quality of M&E activities might not be ensured. Limited time and townships might lead to difficulties in identifying systematic weaknesses as well as number of factual findings. Without a revisit plan, implementations might not be properly followed-up.

Recommendation

Plan of field visits should be properly prepared and implemented to adequately monitor and evaluate progress of the Project, including identification of action plan and follow-up where necessary.

Management comments and Action Plan

- 1) Regarding Monitoring, not only the M & E staff but also CD, ARRs, programme officers as well as project Managers and National Project Coordinators involved in M&E visit.
- 2) Regarding M&E Plan, M & E team under HDI, M & E associate and different level of project managers at Area Levels, Township levels and even Community Development Facilitators planned together. According to M&E plan, project staff including Area Manager, Township Manager and their project staff planned to visit in different phases and monitoring process in the field. In addition, they usually reviewed and discussed regarding M&E during the annual work plan preparation. So, M&E field visit was less than their plan.

Action:

In future, we will properly prepare a plan of field visit including follow up activities to monitor on progress of the project.

C. Human Resources

3. Management of human resources documents

Priority

Medium

Observation

During the audit, we noted that profiles of Service Contract ("SC") holders were partially maintained in both country office and township offices. Based on the testing conducted, 3 profiles in 42 selected SC holders were missing at the country office and there were no copies maintained at township offices because the ICDP project was already closed.

Risk

Partially maintaining profiles of SC holders might lead to difficulties in management of such SCs, especially for monitoring and custody purposes. Current status of SC staffs might not be adequately updated.

Recommendation

Human resources Unit should maintain a consolidated and accurate structural database of staff profiles within the country office to township offices. All staff profiles should be maintained in both forms of softcopies and hardcopies and the softcopies should be periodically backed up for completeness of the database.

Management comments and Action Plan

The HR unit always ensure all required documents are obtained in recruitment process. The reason for missing documents is that the office was under renovation and therefore filing cabinets were moved from one place to the other one, which resulted in misplacement of HR files.

Action:

HR will make sure that filing system is in place, both soft and hard copies for easy reference in the future.

4. Absence of compulsory forms in personnel file

Priority

Medium

Observation

Through performing compliance tests for 3 recruitments (service contracts) carried out in 3 townships (Pekhon, Thibaw, and Kyaukpadaung) during the year, we noted that each of the employees has their own personnel file maintained by Human Resource Unit in Yangon Office. However, there were some documents that contain protected information and have been removed from the personnel files as follows:

No. Recruitments

Unavailable documents

- | | |
|--|---|
| 1. Title: Security Guard
Township: Thibaw | • Minutes for the Meeting of the Service Contract Review Panel; |
| 2. Title: Security Guard
Township: Kyaukpadaung | • Service Contract |

Risk

The absence of some obligated forms in personnel file also indicates absence of effective personnel monitoring by the Human Resource Unit in Yangon Office. Missing documents may result in a disclosure of confidential employee information, resulting in a breach of UNDP's code of practice on confidential personnel information.

Recommendation

The Project should ensure that all relevant personnel forms are filed in personnel file in a locked location that is only accessible to Human Resource staff and the employee's immediate supervisors and managers.

Management comments and Action Plan

The HR unit always ensure all required documents are obtained in recruitment process. The reason for missing documents is that the office was under renovation and therefore filing cabinets were moved from one place to the other one, which resulted in misplacement of HR files.

Action:

HR will make sure that filing system is in place, both soft and hard copies for easy reference in the future.

D. Finance and Cash Management

5. Accounting policies

Priority

Medium

Observation

Prior to 1 January 2012, UNDP prepared its financial statements in accordance with the United Nations system accounting standards (UNSAS), which prescribed the use of a modified accrual basis of accounting. For the period from 1 January 2012 to 31 December 2012 and onwards, UNDP is required to prepare financial statements in accordance with International Public Sector Accounting Standards (IPSAS) which is an accrual basis of accounting. The adoption of IPSAS is mandatory for Headquarters and Country Offices. However during the audit, we noted that the ICDP project has not yet adopted new accounting policies in the following aspects:

- As a result of our review, expenditures were understated by USD8,535.29 because 2 purchase orders were rendered in 2012 but recorded as expenditures in 2013.
- The recognition of advance was not applied (as required in Funds Utilizations). The Project only used a temporary expenditures account for tracking of operational advances to remote townships and settled all advances at the year ends;
- The recognition of prepayment was not applied (as required in Funds Utilizations). The Project records all prepayments (if any) as expenditures and does not have allocation/amortization plan for prepayments in compliance with IPSAS.

Risk

Without adopting new accounting policies which are in accordance with IPSAS, the Project has not complied with UNDP accounting policies, which in turn resulted in misstatements in its financial reports including CDR for the period from 1 January 2012 to 31 December 2012 and Fund Utilization Statements as at 31 December 2012.

Recommendation

The Project should adopt IPSAS immediately to present fairly the Statement of Expenditures/Combined Delivery Report and Funds Utilization Statement.

The Project is closed at date of our review. However, we would like to raise this matter for implementing new country programme.

Management comments and Action Plan

Payment requests for those POs were received by Finance unit only in January 2013 although the services were received in 2012. The importance of timely receipting was re-communicated and Requesting units are aware of the need to enter receipt to reflect expenditure in the period in which goods/services were received.

CO charged 74605, after approval from HQ, for operational advance as there was no project petty cash account code in system at that time. Since 1 July 2013, appropriate advance account code was used for both petty cash and other project advances as per new Cash Management Guidelines.

It has been the usual practice for the CO to pay lease in advance without using prepayment. Management agrees with auditors' recommendation and will use prepayment modality for future lease payments.

6. Accounting records

Priority

Medium

Observation

Based on the audit sample, we noted that there were two payments for consulting service and miscellaneous expenses from two other projects (DIPECHO – DRR project and IHICA project) recorded as expenditures for implementing activities of the ICDP Project amounting to USD5,600 and MMK250,000 (equivalent to USD294), respectively.

We understand from the Project that such payments were approved to be charged into expenditures of Project ICDP for a temporary period for processing due to some limitations in the ATLAS systems. However, the DEX Finance Unit did not reverse from the Project's expenditures.

Risk

The recording of transactions which do not actually occur at the project, even though for managerial purpose, would lead to the overstatements of the ICDP Project's expenditures and an absence of effective controls of Finance Unit in accounting system. In addition, use of project funds other than the authorized purpose is disallowed.

Recommendation

The Project should ensure that expenditures recorded in the Combined Delivery Report for the year relate project activities to avoid any overstatement of the Project's expenditure and use of project funds for unauthorized purposes.

Management comments and Action Plan

Management noted Auditors' Observation and will ensure that only relevant expenditure is reported.

7. Supporting documents

Priority

Medium

Observation

Based on the audit sample for expenditure line – Training, workshop & conference, we noted that there was absence of supporting documents in some payments for review. Details were as follows:

ID number for advances	Date	Actual payment references	Description	Local currency MMK	USD equivalent	Unavailable documents
MMR10-00082360-1-1-ACCR-DST	11/19/2012	SBW-PR(0070/2012)	Costs for HDI transition closing/workshop (village level) 2012	2,494,000	2,951.48	List of participants in the village participating the trainings
MMR10-00082337-1-1-ACCR-DST	11/19/2012	KLW-PR(082/2012)	Costs for HDI Project closing village level (90 village)	4,085,000	4,834.32	Transition/HDI closing minutes in each village; List of participants jointed the meeting.

Risk

Absence of supporting documents shows ineffective controls over payments by the Finance Unit. Unavailability of significant supporting documents might make expenditures considered ineligible and the CDR might be qualified accordingly.

Recommendation

The Finance Unit should obtain proper supporting documents before settling payments and take responsibilities in filling all supporting documents of the Project.

Management comments and Action Plan

Finance unit always makes payment upon receipt of original payment request and valid supporting document. The list of participants was missing in the liquidation statement after completion of the event.

E. Procurement

No significant findings noted during the year.

F. Assets management

8. Overall management of assets and equipment

Priority

Medium

Observation

During the audit, we noted that many assets utilized by the Project were tagged under the name of other Projects such as ER, HH. These were assets that had been used by the previous Projects and after they had closed, these assets were managed and used for ICDP. However, the labels for them were not amended and updated to be under the name of ICDP.

Risk

The assets used for the Project were tagged under the name of other Projects and might result in difficulties in overall management of assets by the Project. It could be possible that these assets were misused for other purposes rather than the Project's activities.

Recommendation

The Project should replace the old tags of assets transferred to ICDP from other Projects with tags under name of the Project for management purpose.

Management comments and Action Plan

We took note of auditors' observation.

Action taken: new tags will be attached to assets under new project number.

G. Information Systems

No significant findings noted during the year.

H. General Administration

No significant findings noted during the year.

I. Follow up on Previous Audits

The project has not been audited under the audit of DIM projects within the previous 3-year period; therefore there are no prior audit recommendations to follow-up and report.