

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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AUDIT

OF

UNDP MYANMAR

COMMUNITY DEVELOPMENT FOR REMOTE TOWNSHIPS
(Directly Implemented Project No. 63580)

Report No. 1211

Issue Date: 24 January 2014

**Report on the audit of UNDP Myanmar
Community Development for Remote Townships (Project No. 63580)
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 "Community Development for Remote Townships" (Project No. 63580) (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 2012.

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 and Statement of Cash Position as of 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	Amount (in \$'000)	Opinion
6,023	Unqualified	278	Unqualified

Key recommendations: Total = 7, 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 actual balances on unliquidated commitments. Some purchase orders were paid, however, they were not acknowledged as receipted in Atlas. As a result, the balance of unliquidated commitments as at 31 December 2012 was overstated by \$26,400. This did not result in a qualification of the financial statements as it represented only 0.4 percent of project expenditure which was below the auditors materiality level.

The Project also recorded a motor vehicle in the Atlas system twice, and as a result, the amount of un-depreciated fixed assets shown in the Funds Utilization Statement as at 31 December 2012 was overstated by \$37,364.

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.

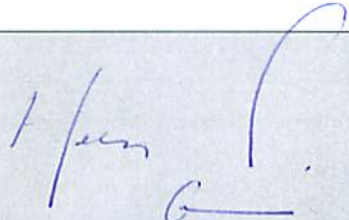
Implementation status of previous OAI audit recommendations: Report No. 1061, 28 February 2013

Total recommendations: 5

Implementation status: 78%

Management comments and action plan

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



Helge S. Osttveiten
Director
Office of Audit and Investigations

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

**Project Award No. 00051177
Project No. 00063580**

**Community Development for Remote
Townships**

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

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I. EXECUTIVE SUMMARY

1. Background

The Community Development for Remote Townships (CDRT) Project is a continuation, consolidation, improvement and expansion of activities initiated under the earlier phases of the Human Development Initiative Programme (HDI) of the United Nations Development Programme (UNDP) in Myanmar. The project implementation was started on 21 January 2003.

In 2012, the project was operating in 1,451 villages in 26 townships in five states; Kachin, Chin, Rakhin, Mon and Kayin States covering a total population of 788,684 or 140,003 households.

2. Purpose of this report

ECOVIS STT has been contracted by Office of Audit and Investigation (OAI) to conduct the financial audit of the Project "Community Development for Remote Townships" in Myanmar with Project Award No. 00051177 and Project No. 00063580 ("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.

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5. Methodology

A risk based approach was applied in performing the audit.

6. Results of financial audit

Audit opinion on the Combined Delivery Report and Funds Utilization Statement

We expressed an unqualified audit opinion on the Combined Delivery Report for the period from 1 January 2012 to 31 December 2012 and an unqualified audit opinion on Funds Utilization Statement as at 31 December 2012.

Audit opinion on the Statement of Assets and Equipment

We expressed an unqualified audit opinion on the Statement of Assets and Equipment valued at USD278,387.66 as at 31 December 2012.

7. Key findings and recommendations

There are 7 audit findings of which 1 are assessed as High priority and 6 as Medium priority.

The High Priority audit finding was the undue verification of Funds Utilization Statement which led to discrepancies between reported figures and actual status of balances on Funds Utilization Statement as at 31 December 2012.

8. Acknowledgement

We wish to place on record our thanks and appreciation to the management of UNDP Country Office in Myanmar and the Regional Audit Center for Asia and the Pacific, Office of Audit and Investigations for the cooperation extended to us during the course of audit.



ECOVIS STT Vietnam Co., Ltd.

Hanoi, 17 January 2014

II. FINANCIAL AUDIT REPORT

INDEPENDENT AUDITOR'S REPORT

**To: Project management of the Project Award No. 00051177, Project No. 00063580
"Community Development for Remote Townships"**

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. 00051177, Project No. 00063580 "Community Development for Remote Townships" ("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 unqualified audit opinion.

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Opinion

In our opinion, the Combined Delivery Report for the period from 1 December 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 USD6,023,106.02 incurred in the period from 1 January 2012 to 31 December 2012 and funds utilization status as at 31 December 2012 of the Project "Community Development for Remote Townships" 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/1000/13/UNDP-Myanmar-CDRT

Hanoi, 17 January 2014



Selection Criteria :

Business Unit : MMR10
Period : Jan-Dec (2012)
Selected Project Id : 00051177
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00063580

Project Id : 00051177 Community Development for Remo		Period :	Jan-Dec (2012)	
Output # : 00063580 Community Dev for Remote Areas		Impl. Partner :	99999 UNDP	
		Location :	UNDP-Myanmar	
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp

Dept: 42001 (Myanmar - Central)

Fund : 04000 (Core Programme, UNU Centre)

72615 - Micro Capital Grants-Other	0.00	5,393.87	0.00	5,393.87
Total for Fund 04000	0.00	5,393.87	0.00	5,393.87
Total for Dept : 42001	0.00	5,393.87	0.00	5,393.87

Dept: 42006 (Myanmar - HIV/AIDS)

Fund : 04000 (Core Programme, UNU Centre)

71405 - Service Contracts-Individuals	0.00	- 4,319.45	0.00	- 4,319.45
71610 - Travel Tickets-Local	0.00	0.00	0.00	0.00
Total for Fund 04000	0.00	- 4,319.45	0.00	- 4,319.45
Total for Dept : 42006	0.00	- 4,319.45	0.00	- 4,319.45

Dept: 42008 (Myanmar - Poverty Reduction)

Fund : 04000 (Core Programme, UNU Centre)

61105 - Salaries - NP Staff	0.00	17,656.78	0.00	17,656.78
61305 - Salaries - IP Staff	0.00	104,889.26	0.00	104,889.26
61310 - Post Adjustment - IP Staff	0.00	50,507.76	0.00	50,507.76
62105 - Dependency Allowance-NP Staff	0.00	133.56	0.00	133.56
62110 - Contrib Joint Staff Pension-NP	0.00	2,879.31	0.00	2,879.31
62115 - Contrib to Med,SocIns-NP Staff	0.00	653.02	0.00	653.02
62140 - Annual Leave Expense - NO	0.00	1,196.88	0.00	1,196.88
62305 - Dependency Allowances-IP Staff	0.00	6,575.61	0.00	6,575.61
62310 - Contrib to Jt Staff Pens Fd-IP	0.00	32,701.33	0.00	32,701.33
62315 - Contrib. to medical, social in	0.00	1,113.20	0.00	1,113.20
62320 - Mobility, Hardship, Non-remova	0.00	29,481.56	0.00	29,481.56
62330 - Rental Supplements - IP Staff	0.00	9,100.40	0.00	9,100.40
62340 - Annual Leave Expense - IP	0.00	3,395.76	0.00	3,395.76
63330 - Ed Grt Incl Trvl&Allow-IP Stf	0.00	5,599.20	0.00	5,599.20
63335 - Home Leave Trvl & Allow-IP Stf	0.00	8,759.79	0.00	8,759.79
63530 - Contribution to EOS Benefits	0.00	4,253.92	0.00	4,253.92
63535 - Contribution to Security	0.00	6,806.27	0.00	6,806.27
63540 - Contribution to Training	0.00	1,553.97	0.00	1,553.97
63545 - Contribution to ICT	0.00	2,552.36	0.00	2,552.36
63550 - Contributions to MAIP	0.00	340.26	0.00	340.26
63555 - Contribution to UN JFA	0.00	3,062.81	0.00	3,062.81

17-01-2014



Nguyen Viet Nga - Audit Partner
for ECOVIS STT Vietnam





Project Id : 00051177 Community Development for Remo	Period : Jan-Dec (2012)
Output # : 00063580 Community Dev for Remote Areas	Impl. Partner : 99999 UNDP
	Location : UNDP-Myanmar

	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
63560 - Contributions to Appendix D	0.00	510.48	0.00	510.48
65115 - Contributions to ASHI Reserve	0.00	11,060.19	0.00	11,060.19
65135 - Payroll Mgt Cost Recovery ATLA	0.00	1,187.68	0.00	1,187.68
71130 - Mission Allowance - ALD	0.00	0.00	0.00	0.00
71205 - Intl Consultants-Sht Term-Tech	0.00	54,247.50	0.00	54,247.50
71305 - Local Consult -Sht Term-Tech	0.00	5,930.50	0.00	5,930.50
71405 - Service Contracts-Individuals	0.00	2,438,037.85	0.00	2,438,037.85
71410 - MAIP Premium SC	0.00	1,737.08	0.00	1,737.08
71415 - Contribution to Security SC	0.00	14.04	0.00	14.04
71605 - Travel Tickets-International	0.00	3,732.77	0.00	3,732.77
71610 - Travel Tickets-Local	0.00	73,250.06	0.00	73,250.06
71615 - Daily Subsistence Allow-Intl	0.00	4,329.36	0.00	4,329.36
71620 - Daily Subsistence Allow-Local	0.00	189,915.01	0.00	189,915.01
71625 - Daily Subsist Allow-Mtg Partic	0.00	1,920.66	0.00	1,920.66
71635 - Travel - Other	0.00	1,215.36	0.00	1,215.36
72120 - Svc Co-Trade and Business Serv	0.00	108.00	0.00	108.00
72145 - Svc Co-Training and Educ Serv	0.00	459,495.67	0.00	459,495.67
72205 - Office Machinery	0.00	267.16	0.00	267.16
72210 - Machinery and Equipment	0.00	1,189.76	0.00	1,189.76
72215 - Transportation Equipment	0.00	1,899.57	0.00	1,899.57
72220 - Furniture	0.00	0.00	0.00	0.00
72225 - Sale of Equip & Furniture	0.00	-26,467.60	0.00	-26,467.60
72305 - Agri & Forestry Products	0.00	13,081.06	0.00	13,081.06
72311 - Fuel, petroleum and other oils	0.00	226.44	0.00	226.44
72350 - Medical Kits	0.00	9,586.12	0.00	9,586.12
72370 - Security related goods and mat	0.00	1,179.88	0.00	1,179.88
72399 - Other Materials and Goods	0.00	17,695.96	0.00	17,695.96
72405 - Acquisition of Communic Equip	0.00	-34,568.64	0.00	-34,568.64
72415 - Courier Charges	0.00	5,203.11	0.00	5,203.11
72420 - Land Telephone Charges	0.00	20,123.90	0.00	20,123.90
72425 - Mobile Telephone Charges	0.00	6,208.75	0.00	6,208.75
72430 - Postage and Pouch	0.00	3,032.15	0.00	3,032.15
72435 - E-mail-Subscription	0.00	2,733.58	0.00	2,733.58
72440 - Connectivity Charges	0.00	41,055.35	0.00	41,055.35
72445 - Common Services-Communications	0.00	1,823.73	0.00	1,823.73
72505 - Stationery & other Office Supp	0.00	40,730.46	0.00	40,730.46
72605 - Grants to Instit & other Benef	0.00	0.01	0.00	0.01
72615 - Micro Capital Grants-Other	0.00	1,166,438.13	0.00	1,166,438.13
72620 - Joint Programming Expenditure	0.00	19.02	0.00	19.02
72705 - Hospitality-Special Events	0.00	506.62	0.00	506.62
72805 - Acquis of Computer Hardware	0.00	2,891.55	0.00	2,891.55
72810 - Acquis of Computer Software	0.00	20,946.25	0.00	20,946.25
72815 - Inform Technology Supplies	0.00	1,195.58	0.00	1,195.58
73104 - Leased Building	0.00	136,634.13	0.00	136,634.13
73105 - Rent	0.00	-10.26	0.00	-10.26
73115 - Moving Expenses	0.00	7,726.57	0.00	7,726.57
73120 - Utilities	0.00	345.10	0.00	345.10
73125 - Common Services-Premises	0.00	17,741.31	0.00	17,741.31
73305 - Maint & Licensing of Hardware	0.00	4,036.68	0.00	4,036.68
73405 - Rental & Maint-Other Office Eq	0.00	71,606.09	0.00	71,606.09
73410 - Maint, Oper of Transport Equip	0.00	111,683.69	0.00	111,683.69
73420 - Leased Vehicles	0.00	2,665.89	0.00	2,665.89
74105 - Management and Reporting Srvs	0.00	0.00	0.00	0.00
74110 - Audit Fees	0.00	34,547.00	0.00	34,547.00

17-01-2014



Nguyen Viet Nga - Audit Partner
for ECOVIS STT Vietnam



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Project Id : 00051177 Community Development for Remo	Period : Jan-Dec (2012)
Output # : 00063580 Community Dev for Remote Areas	Impl. Partner : 99999 UNDP
	Location : UNDP-Myanmar

	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
74210 - Printing and Publications	0.00	350.89	0.00	350.89
74325 - Contrib.To CO Common Security	0.00	29,787.78	0.00	29,787.78
74510 - Bank Charges	0.00	4,563.89	0.00	4,563.89
74525 - Sundry	0.00	13,994.37	0.00	13,994.37
74605 - Prepaid Project Expenses	0.00	212.68	0.00	212.68
75705 - Learning costs	0.00	27,472.48	0.00	27,472.48
75706 - Learning - ticket costs	0.00	22,771.15	0.00	22,771.15
75707 - Learning - subsistence allowan	0.00	39,285.43	0.00	39,285.43
75708 - Learning - subcontracts	0.00	424.92	0.00	424.92
76125 - Realized Loss	0.00	881.82	0.00	881.82
76135 - Realized Gain	0.00	- 970.56	0.00	- 970.56
77270 - Overtime & Night Diff-GS-TA	0.00	23,265.88	0.00	23,265.88
77630 - Dep Exp Owned - ITC	0.00	7,440.44	0.00	7,440.44
77660 - Dep Exp Owned -Vehicle	0.00	1,927.03	0.00	1,927.03
Total for Fund 04000	0.00	5,395,287.52	0.00	5,395,287.52

Fund : 30000 (PROGRAMME COST SHARING)

71205 - Intl Consultants-Sht Term-Tech	0.00	4,887.00	0.00	4,887.00
71305 - Local Consult -Sht Term-Tech	0.00	864.00	0.00	864.00
71405 - Service Contracts-Individuals	0.00	33,067.82	0.00	33,067.82
71610 - Travel Tickets-Local	0.00	2,903.47	0.00	2,903.47
71620 - Daily Subsistence Allow-Local	0.00	30,240.56	0.00	30,240.56
72145 - Svc Co-Training and Educ Serv	0.00	18,996.54	0.00	18,996.54
72205 - Office Machinery	0.00	845.74	0.00	845.74
72210 - Machinery and Equipment	0.00	216.97	0.00	216.97
72220 - Furniture	0.00	159.69	0.00	159.69
72399 - Other Materials and Goods	0.00	2,301.05	0.00	2,301.05
72415 - Courier Charges	0.00	44.98	0.00	44.98
72420 - Land Telephone Charges	0.00	- 38.27	0.00	- 38.27
72430 - Postage and Pouch	0.00	- 4.33	0.00	- 4.33
72505 - Stationery & other Office Supp	0.00	7,240.48	0.00	7,240.48
72605 - Grants to Instit & other Benef	0.00	49,305.98	0.00	49,305.98
72615 - Micro Capital Grants-Other	0.00	175,954.80	0.00	175,954.80
72805 - Acquis of Computer Hardware	0.00	288.55	0.00	288.55
72815 - Inform Technology Supplies	0.00	277.58	0.00	277.58
73104 - Leased Building	0.00	4,758.02	0.00	4,758.02
73115 - Moving Expenses	0.00	51.49	0.00	51.49
73405 - Rental & Maint-Other Office Eq	0.00	100.85	0.00	100.85
73410 - Maint, Oper of Transport Equip	0.00	9,199.38	0.00	9,199.38
73505 - Reimb to UNDP for Supp Srvs	0.00	245.77	0.00	245.77
74210 - Printing and Publications	0.00	2,346.75	0.00	2,346.75
74525 - Sundry	0.00	405.05	0.00	405.05
74965 - Low value equipment	0.00	8,845.00	0.00	8,845.00
75105 - Facilities & Admin - Implement	0.00	24,918.59	0.00	24,918.59
76125 - Realized Loss	0.00	2.93	0.00	2.93
76135 - Realized Gain	0.00	40.38	0.00	40.38
77630 - Dep Exp Owned - ITC	0.00	2,475.00	0.00	2,475.00
Total for Fund 30000	0.00	380,941.82	0.00	380,941.82

Fund : 43020 (EE MMRPRCMAEDUCAVIANINF)

17-01-2014



Nguyen Viet Nga - Audit Partner
for ECOVIS STT Vietnam





Project Id : 00051177 Community Development for Remo		Period :	Jan-Dec (2012)	
Output # : 00063580 Community Dev for Remote Areas		Impl. Partner :	99999 UNDP	
		Location :	UNDP-Myanmar	
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
74525 - Sundry	0.00	143.79	0.00	143.79
75105 - Facilities & Admin - Implement	0.00	10.07	0.00	10.07
Total for Fund 43020	0.00	153.86	0.00	153.86
Fund : 54050 (SIDA TF UNDP Sepsific Actv)				
71405 - Service Contracts-Individuals	0.00	84,385.60	0.00	84,385.60
71410 - MAIP Premium SC	0.00	2.28	0.00	2.28
71415 - Contribution to Security SC	0.00	- 14.04	0.00	- 14.04
71610 - Travel Tickets-Local	0.00	4,584.14	0.00	4,584.14
71615 - Daily Subsistence Allow-Intl	0.00	0.00	0.00	0.00
71620 - Daily Subsistence Allow-Local	0.00	4,102.18	0.00	4,102.18
71635 - Travel - Other	0.00	68.96	0.00	68.96
72145 - Svc Co-Training and Educ Serv	0.00	75,119.81	0.00	75,119.81
73405 - Rental & Maint-Other Office Eq	0.00	- 352.97	0.00	- 352.97
73410 - Maint, Oper of Transport Equip	0.00	- 195.13	0.00	- 195.13
74605 - Prepaid Project Expenses	0.00	412.12	0.00	412.12
75105 - Facilities & Admin - Implement	0.00	16,076.58	0.00	16,076.58
75705 - Learning costs	0.00	9,983.25	0.00	9,983.25
75706 - Learning - ticket costs	0.00	10,022.14	0.00	10,022.14
75707 - Learning – subsistence allowan	0.00	30,266.55	0.00	30,266.55
75708 - Learning - subcontracts	0.00	11,280.36	0.00	11,280.36
76125 - Realized Loss	0.00	34.73	0.00	34.73
76135 - Realized Gain	0.00	- 128.16	0.00	- 128.16
Total for Fund 54050	0.00	245,648.40	0.00	245,648.40
Total for Dept : 42008	0.00	6,022,031.60	0.00	6,022,031.60
Total for Output : 00063580	0.00	6,023,106.02	0.00	6,023,106.02
Project Total :	0.00	6,023,106.02	0.00	6,023,106.02

Mr. Toily Kurbanov
Resident Representative a.i.

Signed By : _____ Date : _____

Signed By : _____ Date : 15 / 11 / 2013

17-01-2014
Certified by
NGUYEN VIET ANH
Audit Partner
for ECOVIS STT Vietnam





Funds Utilization

Selection Criteria :

Business Unit : MMR10
Period : Jan-Dec (2012)
Selected Project Id : 00051177
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00063580

Project/Award: 00051177 Community Development for Remo

Period : As at Dec 31, 2012

Output #	00063580	Impl. Partner :99999 UNDP	UNDP AMOUNT
Outstanding NEX advances			0.00
Undepreciated Fixed Assets			151,545.36
Inventory			0.00
Prepayments			0.00
Commitments			53,612.75

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

17-01-2014



Nguyen Viet Nga - Audit Partner
for ECOVIS STT Vietnam



15/11/2013

INDEPENDENT AUDITOR'S REPORT

To: Project management of the Project Award No. 00051177, Project No. 00063580 "Community Development for Remote Townships"

We have audited the accompanying Statement of Assets and Equipment ("the Statement") of the Project Award No. 00051177, Project No. 00063580 "Community Development for Remote Townships" ("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

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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 USD278,387.66 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/1000/13/UNDP-Myanmar-CDRT

Hanoi, 17 January 2014

Project Award ID 00051177, Project No. 00063580
Community Development for Remote Townships
Statement of Assets and Equipment as at 31 December 2012

Categories	Chin USD	Kachin USD	Rakhine USD	Mon/Kayin USD	Yangon office USD	Total USD
Electricity equipment	2,781.29	-	2,284.40	-	-	5,065.69
Field equipment	-	-	514.29	-	-	514.29
Information system	13,379.99	7,718.22	14,890.29	7,765.00	4,516.70	48,270.20
Office equipment	3,300.00	7,257.63	13,630.00	605.00	10,596.00	35,388.63
Vehicles	77,598.72	11,482.92	62,067.21	-	38,000.00	189,148.85
	97,060.00	26,458.78	93,386.18	8,370.00	53,112.70	278,387.66

Project: CDRT
 Project Number: 00051177
 Output Number: 00063580
 Date: 31/12/2012

United Nations Development Programme
 Statement of Assets and Equipment

No.	Location	Profile ID	Coda ID	SqID	Description	Serial No.	Model
Area: Mon - Kayin							
1	Office	Office equipment	OE	10	Projector	M3YF9X2017L	Epson EB-S7
2	Office	IT	CP	2	Laptop, Lenovo brand	CBS2082765	IdeaPad Y550
3	Office	IT	CP	1	Monitor, Lenovo brand, 18.5" LED	3M04625C2624532	
4	Office	IT	CP	1	System Unit, Lenovo Idea Centre H330, Intel Core i3	ES09441571	IdeaCentre H330
5	Office	IT	CP	2	Laptop, Lenovo brand, Model: Lenovo Idea Pad Z470	Q803969580	Lenovo Idea Pad Z470
6	Office	IT	CP	1	Monitor, Lenovo brand, 18.5" LED	3M04625C2624367	
7	Office	IT	CP	1	System Unit, Lenovo Idea Centre H330, Intel Core i3	ES09441746	IdeaCentre H330
8	Office	IT	CP	2	Laptop, Lenovo brand, Model: Lenovo Idea Pad Z470	Q803932382	Lenovo Idea Pad Z470
9	Office	IT	CP	1	Monitor, Lenovo brand, 18.5" LED	3M04625C2624501	
10	Office	IT	CP	1	System Unit, Lenovo Idea Centre H330, Intel Core i3	ES09441437	IdeaCentre H330
11	Office	IT	CP	3	Monitor 18.5" LED	3M04625C2624408, 11243636 (Monitor)	Lenovo
12	Office	IT	CP	3	Desktop computer, Key board, mouse -Lenovo	ESO 9441654 (CPU)	IdeaCentre H330
13	Office	IT	CP	1	Desktop computer (Monitor Samsung, Key board A4Tech)	Monitor-HA17HVQG09607A, Key Board-KM 720	
14	Office	IT	CP	2	Laptop, Lenovo brand, Model: Lenovo Idea Pad Z470	Q803969610	Lenovo Idea Pad Z470
Sub Total (Mon - Kayin Area)							
Area: Kachin							
1	Office	IT	CP	2	Laptop, Lenovo brand, Model: Lenovo Idea Pad Z470	Q803969650	Lenovo Idea Pad Z470
2	Office	Office equipment	OE	25	Safe Box (LEECCO)	Q801091527	SD
3	Office	IT	CP	2	Laptop, Lenovo brand, Model: Lenovo Idea Pad Z470	Q803969637	Idea Pad Z470
4	Office	Office equipment	OE	51	Iridium Satellite Phone	IMEI:300115010622270, Phone No.881622	IC-4629A-9555-FCC ID:Q639555A
5	Office	Vehicle	VH	46	Toyota Landcruiser S/W, Registration No#UN-2/24	Engine No#1VD00092 331, Chassis No#JTM HV 09 J404046343	VDJ200LGNMNZ
6	Office	IT	CP	2	Laptop, Lenovo brand, Model: Lenovo Idea Pad Z470	Q803969596	Model: Lenovo Idea Pad Z470
7	Office	Office equipment	OE	51	Iridium Satellite Phone	IMEI:300115010620300; Phone No.881651411982	IC-4629A-9555-FCC ID:Q639555A
8	Office	IT	CP	2	Laptop, Lenovo brand, Model: Lenovo Idea Pad Z470	Q803969647	Lenovo Idea Pad Z470
9	Office	IT	CP	2	Laptop, Lenovo brand, Model: Lenovo Idea Pad Z470	Q803633301	Model: Lenovo Idea Pad Z470
10	Office	Office equipment	OE	51	Iridium Satellite Phone	IMEI:300115010623330, Phone No.881651411981	IC-4629A-9555-FCC ID:Q639555A
11	Office	IT	CP	2	Laptop, Lenovo brand, Model: Lenovo Idea Pad Z470	Q803932438	Lenovo Idea Pad Z470
12	Office	IT	CP	1	Monitor, Lenovo Brand, 18.5" LCD	V1CKG67	

Acquisition date	Currency	Amount	Qty/Unit	Priort	Inventory Tag No.		Condition
					Tsp	Code	Sr
3-May-10	USD	605.00	1	DGCU	YGN	OE	10
31st May 2010	USD	899.00	1	DGCU	YGN	CP	2
31st Nov 2012	USD	716.00	1	CDRT	Hpa-an	CP	1
31st Nov 2012	USD	716.00	1	CDRT	Hpa-an	CP	1
15th Dec 2011	USD	909.00	1	CDRT	BIL	CP	2
31st Nov 2012	USD	716.00	1	CDRT	BIL	CP	1
31st Nov 2012	USD		1	CDRT	BIL	CP	1
15th Dec 2011	USD	909.00	1	CDRT	KHT	CP	2
31st Nov 2012	USD	716.00	1	CDRT	KHT	CP	1
31st Nov 2012	USD		1	CDRT	KHT	CP	1
10-Dec-12	USD	716.00	1	CDRT	KMR	CP	1
10-Dec-12	USD		1	CDRT	KMR	CP	1
20-Jan-09	USD	559.00	1	CDRT	KMR	CP	1
15-Dec-11	USD	909.00	1	CDRT	KMR	CP	2
		8,370.00					
15th Dec 2011	USD	909.00	1	CDRT	MKN/Myi	CP	2
27-10-08	USD	2,560.63	1	CDRT	MKN/Myi	OE	25
15-Dec-11	USD	909.00	1	CDRT	WAI	CP	2
16th Aug 2011	USD	1,199.00	1	CDRT	KAC	OE	51
5th Oct 2010	USD	11,482.82	1	CDRT	KAC	VH	46
15-Dec-11	USD	909.00	1	CDRT	TAN	CP	2
16th Aug 2011	USD	1,199.00	1	CDRT	MOM	OE	51
15th Dec 2011	USD	909.00	1	CDRT	MOM	CP	2
15th Dec 2011	USD	909.00	1	CDRT	Marsi	CP	2
16th Aug 2011	USD	1,199.00	1	CDRT	YGN	OE	51
15th Dec 2011	USD	909.00	1	CDRT	PUT	CP	2
15th Dec 2011	USD	754.74	1	CDRT	PUT	CP	1

15/12/2011

No.	Location	Profile ID	Code ID	SqID	Description	Serial No.	Model	Acquis. date	Currency	Amount	Qty/Unit	Priort	Inventory Tag No. Tsp Code Sq	Condition
13	Office	IT	CP	1	System Unit, Lenovo brand, Intel Core i3 2100, Model: Lenovo H330	ES09077237	Lenovo H330	15th Dec 2011	USD		1	CDRT	CP 1	Running
14	Office	Office equipment	OE	7	Cannon brand, Model: IR1024	DQT13309	Model:IR1024	20th Dec 2011	USD	1,100.00	1	CDRT	MAC OE 7	Running
15	Office	IT	CP	1	Monitor, Lenovo Brand, 18.5" LCD	V1CHN77		15th Dec 2011	USD	754.74	1	CDRT	MAC CP 1	Running
16	Office	IT	CP	1	System Unit, Lenovo brand, Intel Core i3 2100	ES09077352	Lenovo H330	15th Dec 2011	USD		1	CDRT	MAC CP 1	Running
17	Office	IT	CP	1	Monitor, Lenovo Brand, 18.5" LCD	V1CHP05		15th Dec 2011	USD	754.74	1	CDRT	MAC CP 1	Running
18	Office	IT	CP	1	System Unit, Lenovo brand, Intel Core i3 2100	ES09077361	Lenovo H330	15th Dec 2011	USD		1	CDRT	MAC CP 1	Running
					Sub Total (Kachin Area)					26,458.78				
Area:	Chin													
1	Hakha	Vehicle	VH		Toyota Land Cruiser Prado Wagon	Chassis: JTMHV09J404046343; Engine: 1VD0092331		12-Dec-12	USD	38,000.00	1	CDRT	HAK VH	Running
2	Hakha	IT	CP	2	Laptop, Lenovo brand, Model: Lenovo Idea Pad Z470	QB03633233	Lenovo Idea Pad Z470	15th Dec 2011	USD	909.00	1	CDRT	HAK CP 2	Running
3	Hakha	Electrical	EL	31	Generator, Jaling Dong 22HP/ 2200 RPM 10 KW	21105310834	2011 06 11	16-Dec-11	USD	1,011.38	1	CDRT	HAK EL 31	Running
4	Hakha	Office equipment	OE	7	Copier, Cannon brand, Model: IR1024	DQT13372	IR1024	20th Dec 2011	USD	1,100.00	1	CDRT	HAK OE 7	Running
5	Hakha	Vehicle	VH	46	Toyota Landcruiser S/W. Registration No#JUN-2-23	Chassis No# JTMHV09J604046330; Engine No#1VD0092297	VDJ200LGNMNZ	5th Oct 2010	USD	11,482.92	1	CDRT	NCH VH 46	Running
6	Falam	Office equipment	OE	7	Copier, Cannon brand, Model: IR1024	DQT14430	IR1024	20th Dec 2011	USD	1,100.00	1	CDRT	FAL OE 7	Running
7	Falam	IT	CP	2	Laptop, Lenovo brand, Model: Lenovo Idea Pad Z470	QB03969599	Lenovo Idea Pad Z470	15th Dec 2011	USD	909.00	1	CDRT	FAL CP 2	Running
8	Falam	IT	CP	1	Monitor, Lenovo Brand, 18.5" LCD	VICKG15		15th Dec 2011	USD	755.00	1	CDRT	FAL CP 1	Running
9	Falam	IT	CP	1	System Unit, Lenovo brand, Intel Core i3 2100, Model: Lenovo H330	ES09077157	Lenovo H330	15th Dec 2011	USD		1	CDRT	FAL CP 1	Running
10	Falam	IT	CP	1	Monitor, Lenovo Brand, 18.5" LCD	V1CHR40		15th Dec 2011	USD	755.00	1	CDRT	FAL CP 1	Running
11	Falam	IT	CP	1	System Unit, Lenovo brand, Intel Core i3 2100, Model: Lenovo H330	ES09077130	Lenovo H330	15th Dec 2011	USD		1	CDRT	FAL CP 1	Running
12	Tedim	Electrical	EL	31	Generator, Jiang Dong, DIESEL ENGINE	Engine No.21011120036	S195D	19-Dec-11	USD	884.96	1	CDRT	TED EL 31	Running
13	Tedim	Office equipment	OE	7	Copier, Cannon brand, Model: IR1024	DQT14672	IR1024	20th Dec 2011	USD	1,100.00	1	CDRT	TED OE 7	Running
14	Tedim	IT	CP	2	Laptop, Lenovo brand, Model: Lenovo Idea Pad Z470	QB03969585	Lenovo Idea Pad Z470	15th Dec 2011	USD	909.00	1	CDRT	TED CP 2	Running
15	Tonzang	IT	CP	2	Laptop, Lenovo brand	QB03969639	Lenovo Idea Pad	15-Dec-11	USD	909.00	1	CDRT	TON CP 2	Running
16	Tonzang	IT	CP	1	Monitor, Lenovo Brand, 18.5" LCD	V1CHP90		15-Dec-11	USD	754.74	1	CDRT	TON CP 1	Running
17	Tonzang	IT	CP	1	System Unit, Lenovo brand, Intel Core i3 2100	ES09077339	Lenovo H330	15-Dec-11	USD		1	CDRT	TON CP 1	Running
18	Thantlang	Vehicle	VH	47	Motorcycle, Viva 110	E 443TH200345 (Yah 85198)	SUZUKI BE42B-MM103963	3-Nov-11	USD	1,915.80	1	CDRT	THL VH 47	Running
19	Thantlang	IT	CP	1	Monitor, Lenovo Brand, 18.5" LCD	V1CKF78		15th Dec 2011	USD	754.74	1	CDRT	THL CP 1	Running
20	Thantlang	IT	CP	1	System Unit, Lenovo brand, Intel Core i3 2100, Model: Lenovo H330	ES09077231	Lenovo H330	15th Dec 2011	USD		1	CDRT	THL CP 1	Running
21	Thantlang	Electrical	EL	31	Generator, JIANGDONG	21105230340	S 195	22-Dec-11	USD	884.96	1	CDRT	THL EL 31	Running

10/10/2011

No.	Location	Profile ID	Code ID	Squid	Description	Serial No.	Model
22	Thanilang	IT	CP	1	Monitor, Lenovo Brand, 18.5" LCD	V1CHN90	
23	Thanilang	IT	CP	1	System Unit, Lenovo brand, Intel Core i3 2100, Model: Lenovo H330	ES09077245	Lenovo H330
24	Thanilang	IT	CP	2	Laptop, Lenovo brand, Model: Lenovo Idea Pad Z470	QB03932389	Lenovo Idea Pad Z470
25	At Area office	Vehicle	VH	47	Motorcycle, Suzuki E42B-MM103713	E443TH200528 (1Ya/85021)	
26	At Area office	IT	CP	1	System Unit, Lenovo brand	ES05611475	
27	At Area office	IT	CP	2	Laptop (Lenovo)	CBS2083644	Ideapad Y550
28	At Area office	IT	CP	1	Monitor, Lenovo Brand, 18.5" LCD	V1CKG13	
29	At Area office	IT	CP	1	System Unit, Lenovo brand, Intel Core i3 2100, Model: Lenovo H330	ES09077336	Lenovo H330
30	At Mindat	IT	CP	1	Monitor, Lenovo Brand, 18.5" LCD	V1CHN71	
31	At Mindat	IT	CP	1	System Unit, Lenovo brand, Intel Core i3 2100, Model: Lenovo H330	ES09077333	Lenovo H330
32	Matupi	IT	CP	2	Laptop, Lenovo brand, Model: Lenovo Idea Pad Z470	QB03969627	Lenovo Idea Pad Z470
33	Matupi	Vehicle	VH	46	Motor Car	2KD-7026054 MROFR 22G 100503169 7B/ 8735	Double Cab
34	Kampellet	IT	CP	2	Laptop, Lenovo brand, Model: Lenovo Idea Pad Z470	QB03969608	Lenovo Idea Pad Z470
Sub Total (Chin Area)							

Area:	Rakhine
1	Vehicle
2	Vehicle
3	IT
4	Office equipment
5	Office equipment
6	Vehicle
7	Field Equipment
8	Office Equipment
9	Office Equipment
10	Office Equipment
11	IT
12	IT
13	IT
14	Office
15	Office
16	Office
17	IT
18	IT
19	Office equipment
20	Electrical
21	Vehicle
22	Vehicle
23	Vehicle
24	Vehicle
25	Vehicle
26	Vehicle
27	Vehicle
28	Vehicle
29	Vehicle
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95	Vehicle
96	Vehicle
97	Vehicle
98	Vehicle
99	Vehicle
100	Vehicle

Acquis. date	Currency	Amount	Qty/Unit	Priort	Inventory Tag No. Code	Sr	Condition
15th Dec 2011	USD	754.74	1	CDRT	THL	CP 1	Running
15th Dec 2011	USD		1	CDRT	THL	CP 1	Running
15th Dec 2011	USD	909.00	1	CDRT	THL	CP 2	Running
28-Aug-12	USD	1,800.00	1	CDRT	Mindat - Ar/VH	47	Running
22nd March 2010	USD	834.29	1	DGCU	YGN	CP 1	Running
6-May-10	USD	899.00	1	DGCU	YGN	CP 2	Running
15th Dec 2011	USD	754.74	1	CDRT	MDT	CP 1	Running
15th Dec 2011	USD		1	CDRT	MDT	CP 1	Running
15th Dec 2011	USD	754.74	1	CDRT	MDT	CP 1	Running
15th Dec 2011	USD		1	CDRT	MDT	CP 1	Running
15th Dec 2011	USD	909.00	1	CDRT	MAAT	CP 2	Running
15-Jan-11	USD	24,400.00	1	CDRT	MAAT	VH 46	Running
20-Dec-11	USD	909.00	1	CDRT	KAN	CP 2	Running
97,060.00							

5-Dec-12	USD	6,491.00	1	CDRT	BUT	VH	Running
20-Oct-10	USD	11,482.92	1	CDRT	Mandel Ar/VH	46	Running
15th Dec 2011	USD	909.00	1	CDRT	KYA	CP 2	Running
5th Oct 2009	USD	655.00	1	CDRT	KYA	OE 3	Running
20th Dec 2011	USD	1,100.00	1	CDRT	KYA	OE 7	Running
1-May-08	USD	4,300.00	1	CDRT	KYA	VH 50	Running
30-Jun-10	USD	514.29	1	CDRT	MIN	FE 50	Running
16th Nov 2010	USD	665.00	1	CDRT	MIN	OE 3	Running
16th Nov 2010	USD	665.00	1	CDRT	MIN	OE 3	Running
15th Nov 2010	USD	2,690.00	1	CDRT	MIN	OE 7	Running
11th Nov 2010	USD	777.14	1	CDRT	MIN	CP 2	Running
11th Nov 2010	USD	777.14	1	CDRT	MIN	CP 2	Running
11th Nov 2010	USD	777.14	1	CDRT	MIN	CP 2	Running
11th Nov 2010	USD	777.14	1	CDRT	MIN	CP 2	Running
11th Nov 2010	USD	777.14	1	CDRT	MIN	CP 2	Running
15th Dec 2011	USD	909.00	1	CDRT	MIN	CP 2	Running
15th Dec 2011	USD	909.00	1	CDRT	MRA	CP 2	Running
15th Dec 2011	USD	909.00	1	CDRT	PAAL OV	CP 2	Running
21-Oct-09	USD	655.00	1	CDRT	PAAL	OE 3	Running
26-Dec-11	USD	581.54	1	CDRT	PAAL	EL 31	Running
20-Sep-10	USD	613.14	1	CDRT	PAL	VH 50	Running

12/1/2011

No.	Location	Profile ID	Code ID	SqID	Description	Serial No.	Model	Acquis.	date	Currency	Amount	Qty/Unit	Prjct	Inventory Tag No.			Condition
														Tsp	Code	Sq	
22	Office	Vehicle	VH	50	Boat Engine	21005140338	Jaing Daung Engine ZH1115 (25 HP)	20-Sep-10	USD		613.14	1	CDRT	PAL	VH	50	Running
23	Office	Office equipment	OE	7	Copier,Canon brand, Model: IR1024	DQT14670	IR1024	20th Dec 2011	USD		1,100.00	1	CDRT	PAL	OE	7	Running
24	Office	IT	CP	2	Laptop	CBA2236647	Lenovo G450	26-Jun-10	USD		937.14	1 set	CDRT	NRS	CP	2	Running
25	Office	Office equipment	OE	3	Printer , Canon	MFMA000552	LBP6650DN	26-Jun-10	USD		690.00	1	CDRT	NRS	OE	3	Running
26	Office	Vehicle	VH	46	Car, PRADO, Land Cruiser, 1997.	Chassis no:R2J85.0002490	1997	22-Sep-08	USD		17,319.00	1	CDRT	NRS	VH	46	Running
27	Office	Office equipment	OE	7	No. 18/9397	Engine No: 1282091	IR1024	20th Dec 2011	USD		1,100.00	1	CDRT	NRS	OE	7	Running
28	Office	IT	CP	2	Laptop Lenovo(Intel Core 2 Duo Processor T6570(2.1 GHz, 800 MHz, 2MBL 2Cache) 2 GB DRR3 RAM)	CBA2235826	G450	26-Jun-10	USD		937.14	1	CDRT	RAT	CP	2	Running
29	Office	IT	CP	2	Laptop G460, 14 WXGA LED Intel Core i3 Processor 380M(2.53 GHz/1066MHz/3MB L3 Cache), 2 GB	CBS4129098	20041	2nd Dec 2010	USD		808.57	1	CDRT	RAT	CP	2	Running
30	Office	Vehicle	VH	47	Motorcycle (Star-125, 18/Ya-41451)	IP52FMI91318714	MM-125-2 (125cc)	13-Jul-10	USD		928.00	1	CDRT	RAT	VH	47	Running
31	Office	Vehicle	VH	47	Motorcycle (Star-125, 18/Ya-41452)	IP52FMI91318715	MM-125-2 (125cc)	13-Jul-10	USD		928.00	1	CDRT	RAT	VH	47	Running
32	Office	Electrical	EL	31	22-HP/2200 RPM Jiang Dong Generator with starter	20708220233	ZH1110D	17-Oct-10	USD		651.43	1	CDRT	RAT	EL	31	Running
33	Office	Electrical	EL	31	KDE Diesel Generator	31210060866	KDE6700TA	9-Nov-10	USD		1,051.43	1	CDRT	RAT	EL	31	Running
34	Office	Office equipment	OE	7	Copier , Canon Brand	EQV24134	IR2318L	20th Dec 2010	USD		1,865.00	1	CDRT	RAT	OE	7	Running
35	Office	Office equipment	OE	3	Printer-Multifunction	MF-4370DN	CANON	22-Oct-09	USD		655.00	1	CDRT	BUT	OE	3	Running
36	Office	IT	CP	2	Laptop (Intel Core 2 Duo Processor T6570 (2.1 GHz, 800 MHz,2MBL2 Cache) 2GB DRR3 RAM	CBA2236678	G450	26-Jun-10	USD		937.14	1	CDRT	BUT	CP	2	Running
37	Office	IT	CP	2	Laptop (Intel Core 2 Duo Processor T6570 (2.1 GHz, 800 MHz,2MBL2 Cache) 2GB DRR3 RAM	CBA2236658	G450	26-Jun-10	USD		937.14	1	CDRT	BUT	CP	2	Running
38	Office	IT	CP	2	Laptop (Intel Core 2 Duo Processor T6570 (2.1 GHz, 800 MHz,2MBL2 Cache) 2GB DRR3 RAM	CBA2236691	G450	26-Jun-10	USD		937.14	1	CDRT	BUT	CP	2	Running
39	Office	IT	CP	2	Laptop (Intel Core 2 Duo Processor T6570 (2.1 GHz, 800 MHz,2MBL2 Cache) 2GB DRR3 RAM	CBA2236673	G450	26-Jun-10	USD		937.14	1	CDRT	BUT	CP	2	Running
40	Office	IT	CP	2	Laptop (Intel Core 2 Duo Processor T6570 (2.1 GHz, 800 MHz,2MBL2 Cache) 2GB DRR3 RAM	CBA2236224	IDEAL PAD G450	15-Jul-10	USD		937.14	1	CDRT	BUT	CP	2	Running
41	Office	Office equipment	OE	3	Printer-Multifunction	MFMA000343	CANON	7th July 2010	USD		690.00	1	CDRT	BUT	OE	3	Running
42	Office	Vehicle	VH	47	Motorcycle Cycle -125, 18 YA / 41444	Engine No#91318707	MM-125-2 (125cc)	24th July 2010	USD		928.00	1	CDRT	BUT	VH	47	Running
43	Office	Vehicle	VH	49	Boat Engine (60 HP)	6H2K-1011852	60FETL	5th Aug 2010	USD		7,833.65	1	CDRT	BUT	VH	49	Running
44	Office	Vehicle	VH	49	Boat Engine (60 HP)	6H2K-1012088	60FETL	5th Aug 2010	USD		7,833.65	1	CDRT	BUT	VH	49	Running
45	Office	Vehicle	VH	49	Boat Engine (15 HP)	684K-1088512	15 FMHS	5th Aug 2010	USD		2,796.71	1	CDRT	BUT	VH	49	Running

No.	Location	Profile ID	Code ID	SqID	Description	Serial No.	Model	Acquis. date	Currency	Amount	Qty/Unit	Priort	Inventory Tsp	Code Sq	St	Condition
46	Office	Office equipment	OE	7	Copier, Cannon brand, Model: IR1024	DQT14432	IR1024	20th Dec 2011	USD	1,100.00	1	CDRT	BUT	OE	7	Running
Sub Total (Rakkhine Area)																
Yangon																
1	Office	Vehicle			Toyota Land Cruiser Prado Wagon	Chassis: JTEBD9FJ40K011763; Engine: 5L6213886	Thinkpad X220	12-Dec-12	USD	38,000.00	1	CDRT	YGN	VH		Running
2	Office	IT	CP	2	Thinkpad X220, 12.5" HD, 4GB DDR3 SDRAM	R9-DR77E	Thinkpad X220	27th May 2011	USD	1,639.70	1	CDRT	YGN	CP	2	Running
3	Office	Office equipment	OE	51	Iridium Satellite Phone	IMEI:300115010623330; Phone No.881651411981	IC:4629A-9555;FCC ID:O639555A	16th Aug 2011	USD	1,199.00	1	CDRT	YGN	OE	51	Running
4	Office	Office equipment	OE	51	Iridium Satellite Phone	IMEI:300115010620300; Phone No.881651411982	IC:4629A-9555;FCC ID:O639555A	16th Aug 2011	USD	1,199.00	1	CDRT	YGN	OE	51	Running
5	Office	Office equipment	OE	51	Iridium Satellite Phone	IMEI:300115010622270; Phone No.881622441996	IC:4629A-9555;FCC ID:O639555A	16th Aug 2011	USD	1,199.00	1	CDRT	YGN	OE	51	Running
6	Office	Office equipment	OE	51	BGAN Satellite Terminal Phone	11438747, 89870-99104-12456-690	BGAN Explore500	16th Aug 2011	USD	2,900.00	1	CDRT	YGN	OE	51	Running
7	Office	Office equipment	OE	51	Iridium Satellite Phone	IMEI:300115010622290,8 9881-69514-00049-4596	IC:4629A-9555;FCC ID:O639555A	16th Aug 2011	USD	1,199.00	1	CDRT	YGN	OE	51	Running
8	Office	Office equipment	OE	51	BGAN Satellite Terminal Phone	11438738,89870-99104-12456-698	BGAN Explore500	16th Aug 2011	USD	2,900.00	1	CDRT	YGN	OE	51	Running
9	Office	IT	CP	2	Laptop, Lenovo Idea Pad Y570 Notebook	CB10549908	Lenovo Idea Pad Y570, Model Name:20091	12th Dec 2011	USD	1,059.00	1	CDRT	YGN	CP	2	Running
10	Office	IT	CP	2	Laptop, Lenovo brand, Model: Lenovo Idea Pad Z470	QB03969634	Lenovo Idea Pad Z470	15th Dec 2011	USD	909.00	1	CDRT	YGN	CP	2	Running
11	Office	IT	CP	2	Laptop, Lenovo brand, Model: Lenovo Idea Pad Z470	QB03969629	Lenovo Idea Pad Z470	15th Dec 2011	USD	909.00	1	CDRT	YGN	CP	2	Running
Sub Total (Yangon Area)										53,112.70						
Total										278,387.66						

Physical Checked by:

Certified by:

Approved by:

for Zin Mung Maung
Administrative Associate/Asset Focal
HDI Projects

Win Win
National Project Coordinator
HDI Projects

Thin Khaing
Programme Analyst
UNDP

Endorsed by CAP and CO Operations:

Thuy Hang To
Thay Hang To



Ngy Ngy Aung

Myint Ngwe Mon

Saw Daniel



Nguyen Viet Nga Audit Partner
for ECOVIS STT Vietnam

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

1. PROJECT BACKGROUND

The Community Development for Remote Townships (CDRT) Project, MYA/01/002, under HDI-IV is a continuation, consolidation, improvement and expansion of activities initiated under the earlier phases of the Human Development Initiative Programme (HDI) of the United Nations Development Programme (UNDP) in Myanmar. The project document for HDI-IV was signed on 13 December 2002 and implementation was started on 21 January 2003. Initially, the project operated in 13 townships in the Border States. In 2005, the project expanded into 13 new townships in different Border States.

In 2010, a one year extension of the HDI (including CDRT) till end of 2011 was approved by the UNDP Executive Board and agreed by the 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 HDI (including CDRT 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 Government.

In 2012, the project was operating in 1,451 villages in 26 townships in five states; Kachin, Chin, Rakhine, Mon and Kayin States covering a total population of 788,684 or 140,003 households.

The development objective of Project is to strengthen the capacity of poor communities in selected remote border townships to address their basic needs through a participatory and transparent community development approach.

The immediate objective of Project is to cultivate and strengthen the capacity of village institutions and community based organizations 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 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 service; and
- Village communities with improved income and food security as a result of increased skills, knowledge and access to sustainable livelihood service 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").

Project Award No. 00051177, Project No. 00063580

Community Development for Remote Townships

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

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.

Use of estimates

Preparing financial statements in accordance with IPSAS requires the UNDP Myanmar Country Office to make estimates, judgements and assumptions in the selection and application of accounting policies and in the reported amounts of assets, liabilities and expenses. For this reason, actual results may differ from those estimates. Accounting estimates and underlying assumptions are reviewed on an ongoing basis, and revisions to estimates are recognized in the year in which the estimates are revised and in any future year affected. Significant estimates and assumptions that may result in material adjustments in future years include selection of useful lives and the depreciation/amortization method for property, plant and equipment/intangible assets; impairment on assets.

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.

All qualified property, plant and equipment since 2012 are stated at historical cost, less accumulated depreciation and accumulated impairment losses. This includes costs that are directly attributable to the acquisition of the asset and the initial estimate of dismantling and site restoration costs. Where an asset is acquired for nil or nominal consideration, the fair value at the date of acquisition is deemed to be its cost.

UNDP Myanmar Country Office elected to apply the cost model to measurement after recognition instead of the revaluation model. Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset only when it is probable that future economic benefits associated with the item will flow to UNDP and the cost of the item can be measured reliably. Repairs and maintenance are charged to surplus or deficit in the statement of expenditures in the year in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line basis over the estimated useful lives, except for land, which is not subject to depreciation. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, i.e., major components of property, plant and equipment. Assets under construction are not depreciated, as they are not yet available for use.

The estimated useful lives are as follows

- | | |
|----------------------------------|---------|
| ▪ Vehicles | 5 years |
| ▪ Communication and IT equipment | 4 years |

Given the expected pattern of usage of property, plant and equipment, there are no residual values following full depreciation. A gain or loss resulting from the disposal of property, plant and equipment arises where proceeds from disposal differ from its carrying amount. Those gains or losses are recognized in surplus or deficit in the statement of expenditures.

Impairment of non-cash generating assets

Since 2012, qualified property, plant and equipment are reviewed for impairment at each reporting date. For property, plant and equipment, the UNDP Myanmar Country Office reviews for impairment during the biannual physical verification process. An impairment loss is recognized in surplus or deficit in the statement of expenditures when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the higher of an asset's fair value, less costs to sell, and its value in use. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the impairment of value has decreased or no longer exists. An impairment deficit is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment deficit had been recognized.

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.

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. UN-DPRECIATED FIXED ASSETS

	Communication and IT equipment USD	Vehicles USD	Total USD
Cost			
Opening balance	-	-	-
Additions	42,896.71	120,491.12	163,387.83
Closing balance	42,896.71	120,491.12	163,387.83
Accumulated depreciation			
Opening balance	-	-	-
Charge for the year	9,915.44	1,927.03	11,842.47
Closing balance	9,915.44	1,927.03	11,842.47
Net book value			
Closing balance	32,981.27	118,564.09	151,545.36
Opening balance	-	-	-

7. COMMITMENTS

PO No.	Description	As at 31/12/2012 USD
5793	Internet services	31,680.00
5879	Courier delivery	1,325.00
6129	Boat rental and leased vehicle	6.18
6142	Office rental expenses	(3.70)
6143	Leased building	(1.23)
6154	Leased building	(8.64)
6155	Leased building	(3.70)
6156	Leased building	(2.72)
6158	Leased building	(5.56)
6162	Leased building	(1.11)
6240	Courier delivery	4,664.00
6298	Security systems services	96.00
6299	Security systems services	180.00
6432	Consultant fees	4,620.00
6451	Consultant fees	8,400.00
6718	Telecommunication services	2,668.23
		<hr/>
		53,612.75
		<hr/>

III. MANAGEMENT LETTER

The Resident Representative, UNDP Myanmar Country
Office
The Project Management
Project Award No. 00051177, Project No. 00063580
"Community Development for Remote Townships"

Hanoi, 17 January 2014

Dear Sir/Madam,

Project Award No. 00051177, Project No. 00063580
"Community Development for Remote Townships" ("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 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 access 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.

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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 balance shown in Funds Utilization Statement as at 31 December 2012 was US\$53,612.75. Based on verification, the commitment 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 the result, commitments balance in the Funds Utilization Statement as at 31 December 2012 was overstated by USD26,400.
- The project double recorded in the ATLAS system a motor vehicle with cost of US\$38,000. This asset was depreciated by US\$636 during 2012. As consequence, an amount of un-depreciated fixed assets shown in Funds Utilization Statement as at 31 December 2012 was overstated by US\$37,364; and

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

Risk

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

Management agrees that fixed asset and commitment as reported in the fund utilization page of the CDR are overstated.

Action: Management team took note of Auditors' recommendation to perform periodic verification on items reported under funds utilization page.

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

Priority

Medium

Observation

The Terms of Reference (TOR) of Sectoral Specialist for the Monitoring and Evaluation Unit provided that the M&E team should spend approximately 40% of their time (approximately 100 days) to travel to project areas. We noted that the M&E team proposed M&E Plan and carried out M&E activities for year 2012 with 7 field visits with total time of 38 working days.

As per our review of M&E reports, 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

Monitoring trips to the field were done by not only the M & E staff but also conducted by other UNDP staff on different occasions: RR/RC/HC, CD, ARRs, Programme Officers as well as Project Managers and National Project Coordinators as and when needed.

Apart from that, M & E team under HDI was not only the staff who are designated as M & E Specialist and M & E Associate, project managers at different levels (Area, Township) and even Community Development Facilitators also participated in monitoring project activities. The project M & E system and plan is based on participatory approach as we directly implemented project activities by our own staff, therefore monitoring was carried out in different phases of monitoring for planning and designing, implementation and process monitoring. Therefore, the frequency of field visit and the total days spent in the field were more than you mentioned once you considered the all concerned UNDP staff field visits for M & E purpose.

Another significant factor during 2012 was that the field level implementation were completed by end of September 2012 and we started to implement the transition programme activities resulting in the actual implementation period of HDI during 2012 was shorter than normal previous years and consequently it become shorter period for field monitoring by M & E Specialist and Associates. Therefore, the proposed field visit period in terms of % of time and # of days were not fully achieved as proposed.

Action:

Since the project has been closed, the Management team took note of the audit observation and will ensure M&E activities under the new 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, 8 profiles in 45 selected SC holders were missing at the country office and there were no copies maintained at township offices because the CDRT 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 unit will ensure that all documents are maintained in soft and hard copies for all recruitments in the future.

4. Absence of compulsory forms in recruitment process

Priority

Medium

Observation

During 2012, there were 7 recruitments under Service Contracts (SC) carried out in some townships of the project. Through performing compliance tests for 5 recruitments (Service Contracts) at Bilin, Matupi, Waingmaw and Hpa-an townships during the year, we noted that 4 Minutes of the Service Contract Review Committee's Meeting for 4 successful recruitments at the Bilin (recruited posts is Senior Community Development Facilitator and Community Development Facilitator), Waingmaw (recruited post is Security Guard) and Hpa-an townships (recruited post is Community Development Facilitator) are not available for our reviews.

Moreover, the DEX Service Request Form was neither prepared with justifications for replacement/new recruitment nor submitted to Project Manager and DEX Human Resource Unit for approval (4/5 reviewed recruitments lacked Request for DEX Service Centre Support Services).

Risk

The absence of obligated supporting documents indicates weaknesses in filing and monitoring documents at the Human Resource Unit in Yangon office. Besides, without the DEX Service Request Form and SC Review Committee's Meeting Minutes, it might raise questions to third parties about the correctness as well as compliance of such recruitments.

Recommendation

The Project should ensure that all relevant recruitment documents are filed in Recruitment's files in a locked location that is only accessible to Human Resource staff.

The DEX Service Request Forms should be prepared and approved by Project Manager and DEX HRU for all replacement/new recruitments at the townships as well as Yangon office.

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 project has not yet adopted new accounting policies in the following aspects:

- There were some expenses recorded in 2013 when payments were made, however, the related services were provided/completed in 2012. As the result, expenditures in 2012 were understated by USD19,440.
- There were some prepayments for leased building expenses recorded as expenditures incurred in year. As the result, the expenditures were overstated by USD29,618.

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 Combined Delivery Report for the period from 1 January 2012 to 31 December 2012.

Recommendation

The Project should adopt IPSAS immediately to present fairly the Combined Delivery Report.

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.

Starting 2012, **in accordance with IPSAS**, un-depreciated assets, un-used inventory, commitment, and prepayment are reported separately which in the past have been reported as expense in the CDR. All UNDP offices adopted IPSAS since 1 January 2012.

Action: Management agrees with auditors' recommendation and will use prepayment modality for future lease payments to be fully IPSAS compliant.

6. Signatures on the list of participants

Priority

Medium

Based on the audit sample for expenditure line – Training, workshop & conference, we noted that:

- Some participants signed on attendance lists acknowledging their receipt of allowance on behalf of others without attached note/explanation; and
- Some lists of participants lacked signature of the receivers.

Details of the payments were as follows:

Transaction ID	Date	Description	Amount MMK	USD equivalent	Noted
MMR10-00078755-1-1-ACCR-DST	08/16/12	STOVE TRANSPORTATION COST	3,400,000	3,890	The participant signed on behalf of others
MMR10-00073779-1-1-ACCR-DST	03/25/12	LABOUR CHARGES FOR 19 VILLAGES	4,872,000	5,905	The participant signed on behalf of others
MMR10-00082417-1-1-ACCR-DST	11/20/2012	HDI CLOSING WORKSHOP BUDGET	5,628,400	6,661	The participant signed on behalf of others and some signatures of the receivers were missing
MMR10-00082414-1-1-ACCR-DST	11/20/2012	HDI EXIT WORKSHOP COST	5,628,400	6,661	The participant signed on behalf of others and some signature of the receivers were missing

Risk

Failure to require each participant to sign on list of beneficiaries may make it difficult to prove that allowance payments have been made to genuine participants recorded in the list of participants.

Recommendation

The Project Management should ensure that all payments to those in the attendance lists are acknowledged by the participants themselves.

Management comments and Action Plan

We have monitoring tools to check whether the beneficiaries actually received or not. In these cases, we found that all the training participants have already received actual amounts of allowance but they could not sign on paper due to low level of literacy and requested another beneficiary to sign on their behalf.

Action:

Management team noted the audit observation and recommendation and will share this concern to all staff under the new project for future compliance with financial rules when processing payment.

E. Procurement

No significant findings noted during the year.

F. Assets management

7. Overall management of assets and equipment

Priority

Medium

Observation

Many assets used by the Project were tagged under the name of other Projects such as DGCU, HH. These assets had been used by the previous Projects and after they had closed, these assets were managed and used for CDRT Project. However, their tags were not amended and updated under the name of CDRT Project.

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 CDRT from other Projects with tags under name of the Project for management purpose.

Management comments and Action Plan

We take note of the auditor's recommendation and will replace the old tags of assets transferred from CDRT to other projects with the new tag under new project.

G. Information Systems

No significant findings noted during the year.

H. General Administration

No significant findings noted during the year.

I. Follow- up findings of previous audit

There were 8 audit findings raised for the period from 1 January 2011 to 31 December 2011. Six of those were fully implemented. One audit finding about the lack of Project board was not implemented. However, we did not re-raise as it was not applicable with project status. One remaining audit finding about was that Field visits were not undertaken by M&E Sectoral Specialists. This matter was partially implemented and hence, re-raised in this year's management letter in point B.2.