Financial Management Assessment (FMA)

1 Executing Agency

1. The Executing Agency (EA) for the project in Vietnam will be the Ministry of Transport (MOT) and the Implementing Agency is Cuu Long Corporation for Investment, Development and Project Management of Infrastructure (Cuu Long CIPM) which is a company wholly owned by the Ministry of Transport. Cuu Long CIPM was established by the Ministry of Transport (MOT) in 2011, based on the conversion of three organizations a) My Thuan Project Management Unit, b) Single Member Limited Liability Company Road and Bridge Repairing and Maintenance Company No. 715, and c) Single Member Limited Liability Company for Can Tho Bridge Operation and Maintenance. Cuu Long CIPM is organized and operates under the model of parent company-subsidiary company as shown in the organization chart below.

![Organization Chart]

2. Cuu Long CIPM retained the entire staff of PMU My Thuan, which was the most experienced project management unit operating in the transport sector in southern Vietnam. It had extensive experience in implementing externally-financed projects; they include:
   - the Southern Coastal Corridor Project funded by ADB (Loan 2372-VIE (SF), and co-financed by AusAID. This is an ongoing project;
   - the Can Tho Bridge and QL1A Connection Road Project funded by JBIC. This is an ongoing project;
   - the My Thuan Bridge Project funded by the Government of Australia. This is a completed project;
   - the HCMC to Phnom Penh Road Improvement Project funded by ADB (Loan 1660-VIE). This is a completed project.

3. It is planned that Cuu Long CIPM will continue its role as a project management unit, and in addition will act as an investor in mainly expressway projects. Several projects are under study; until now no commitment has been made to any project, since its charter capital is not yet paid up. Accordingly it continues to function largely as a project management unit. It plans to create special purpose companies for each expressway project, with equity investment by Cuu Long CIPM and other investors...
4. It is noted that project management units in Vietnam do not carry any project risks such as costs, delay, traffic, and foreign exchange. These risks are borne by the Government. The project management unit also does not own any of the infrastructure assets constructed by the project. Project management units cannot in principle make a profit, and are reimbursed allowable costs for their operation up to specified limits which are a function of the value of the projects that they manage. In the case of CMDCP, Cuu Long CIPM will operate as a project management unit and bear none of the project risks, and will own none of the assets constructed.

5. As in the previous projects, Cuu Long CIPM will follow ADB and Government of Viet Nam (GOV) procedures for the reporting requirements. Based on GOV procedures, Cuu Long CIPM will prepare (i) monthly, quarterly, and annual progress reports, and; (ii) a project completion report (PCR) no later than six months as of the completion date of the project. Except for the PCR, program and financial reports will be prepared separately. As required by ADB, Cuu Long CIPM will submit quarterly progress reports and annual audited project accounts. These reports will provide a detailed description of the sources of funds, physical progress, procurement and contractual status, and highlights of any implementation issues.

2 Fund Flow Arrangement

6. Funding is summarized Based on discussions at the PCC Meeting of August 10, 2012, the commitments by the co-financiers fall short of the amount required to fund the project. Additional commitments will be needed to complete the financial plan.

<table>
<thead>
<tr>
<th>Source</th>
<th>Total</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADB</td>
<td>372</td>
<td>42.2</td>
</tr>
<tr>
<td>AusAID</td>
<td>130</td>
<td>14.7</td>
</tr>
<tr>
<td>KEXIM Korea</td>
<td>260</td>
<td>29.5</td>
</tr>
<tr>
<td>Government of Viet Nam</td>
<td>120</td>
<td>13.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>882</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Source: PCC Meeting of August 10, 2012

7. Cuu Long CIPM will be responsible for signing all consultant and civil works contracts, and, for civil works contracts it will act as the Engineer under the contract (FIDIC), while the Project Manager for the DDCS Consultant will act as the Engineer’s Representative. Direct payment procedures may be used for all contracts with consultants. Payments for civil works contractors may be paid by direct payment procedures or may be made by Cuu Long CIPM from an imprest account held at a commercial bank acceptable to the GOV and ADB.

8. GOV will finance USD 120 million equivalent in local currency costs which will cover all of or part of the cost of land acquisition and resettlement, unexploded ordinance (UXO) clearance, and taxes and duties. GOV will be the Borrower and will make its financing (the counterpart funds) available to Cuu Long CIPM through annual budgetary allocations at Central State Treasury (CST). In parallel to ADB funds, State Treasury will transfer the counterpart funds on a priority basis.

9. ADB and AusAID with the GOV will fund the costs of the Cao Lanh cable stayed bridge and approach roads (Component 1) and the Interconnecting Road between the bridges (Component 2). KEXIM will finance USD 260 million for Component 3 which covers the construction of the approach road and cable stayed bridge at Vam Cong and the DDCS Consultant services for the KEXIM
sections. Details of KEXIM financial arrangements are not known.

10. Figure 1 presents the flow of funds for ADB and GOV funded activities. The proposed arrangements to transfer the loan proceeds from GOV to the Cuu Long CIPM should be satisfactory as Cuu Long CIPM has utilized these procedures on other ADB funded projects and has not encountered any major problems in the past with this arrangement. AusAID will continue to fund the cost of DDCS consulting services for Components 1 and 2 and some of the civil works for Component 2.

![Figure 1: Funds Flow Arrangements](image)

3 Disbursement Arrangements

11. Loan proceeds will be disbursed directly to the contractors, based on an approved contract using direct payment procedures. Cuu Long CIPM will establish and maintain a separate imprest account for ADB funds for the Project in commercial bank acceptable to ADB. The imprest accounts will be
established, managed, replenished, and liquidated in accordance with ADB’s Loan Disbursement Handbook (2012 and as amended from time to time) and detailed arrangements agreed upon between the Government and ADB. The statement of expenditure (SOE) procedure will be used to reimburse/liquidate eligible expenditures under contracts not exceeding $100,000. The currency of imprest accounts will be in US Dollars. The imprest accounts for ADB funds should be separate from other accounts of the Cuu Long CIPM and should be used exclusively to finance ADB’s share of eligible expenditures. The aggregate amount to be deposited into the imprest accounts shall not exceed the lower of (i) the estimated expenditures to be financed from the imprest accounts for 6 months of Project implementation, or (ii) the equivalent of 10% of the Loan amount. The amount to be deposited to a particular imprest account shall not exceed the estimated expenditure to be financed from the imprest account for 6 months of Project implementation. The initial advance to the each imprest account will be based on Cuu Long CIPM’s estimated expenditures for 6 months to be paid out of the imprest account. The amount of initial advances to imprest account, in any event, is not to exceed the ceiling.

12. The request for initial advance to the imprest account should be accompanied by an Estimate of Expenditure Sheet setting out the estimated expenditures for six (6) months of project implementation, and submission of evidence satisfactory to ADB that the imprest account has been duly opened. For every liquidation and replenishment request of the imprest account, the Cuu Long CIPM will furnish to ADB (a) Statement of Account (Bank Statement) where the imprest account is maintained, and (b) the Imprest Account Reconciliation Statement (IARS) reconciling the above mentioned bank statement against the Cuu Long CIPM’s records.

13. Cuu Long CIPM will maintain SOE records which will be made readily available for review by ADB’s disbursement and review mission or upon ADB’s request for submission of supporting documents on a sampling basis, and for independent audit.

14. Before the submission of the first withdrawal application, Cuu Long CIPM should submit to ADB sufficient evidence of the authority of the person(s) who will sign the withdrawal applications on behalf of the borrower, together with the authenticated specimen signatures of each authorized person. The minimum value per withdrawal application is US$100,000, unless otherwise approved by ADB. The Cuu Long CIPM consolidates claims to meet this limit for reimbursement and imprest account claims. Withdrawal applications and supporting documents will demonstrate, among other things that the goods, and/or services were produced in or from ADB members, and are eligible for ADB financing.

4 Capacity to Manage Foreign Exchange Risks

15. The foreign exchange risk for the Project may arise due to the fluctuations of exchange rate between Special Drawing Rights, the currency of loan denomination and the Vietnam Dong (VND). The fluctuation may occur during the time lag between loan commitment and disbursement and in denoting future revenue streams that are expected to be used for repaying the loan.

16. As this is a non-revenue earning project, GOV should bear foreign exchange risk. GOV influences foreign exchange rates through monetary, fiscal policy and foreign currency market interventions. GOV will continue monitoring foreign exchange, export-import and commercial credit for imports, in order to avoid possible debt shocks. GOV also controls foreign borrowings more strictly, including government and private borrowings, because of their relationship to its debt servicing capacity.

17. Cuu Long CIPM does not directly manage foreign exchange risks. As required by MOF and based on the general accepted accounting standards applicable to ADB financed projects, Cuu Long CIPM has a very limited capacity to manage foreign exchange risk by maintaining an account for differences of foreign exchange rate when using USD denomination for its Imprest Account. This account is reflected in the Cuu Long CIPM’s financial statement.
5 Access to Counterpart Funds and Payment Mode

18. After the Project Loan Agreement is signed, MOF will allocate counterpart funds on an annual basis to CST. Based on the approved budget, State Treasury will pay in cash to Cuu Long CIPM the operational and maintenance (O&M) costs such as salary, travel allowance, and mission expenses. For other expenses - such as phones, electricity, water, and fuel - State Treasury will pay directly to suppliers after Cuu Long CIPM verifies and approves the invoices. For contractors and consultants that will be fully financed by GOV, direct payments will be made by State Treasury after all invoices have been verified and approved by Cuu Long CIPM. For activities that are jointly financed by GOV, ADB, and/or other financiers, State Treasury will transfer the counterpart funds in parallel to the payments made by other financiers. For compensation and resettlement, the payment will be managed by local authorizes in coordinate with State Treasury System.

6 Staffing

19. The organizational structure of the Cuu Long CIPM’s Financial and Accounting Division (FAD) is shown in Figure 2. FAD has a current complement of 10 staff members including a Manager, 1 Deputy Manager, 1 General Accountant, 1 Cashier and 6 Accountants. The functions and tasks of FAD is described in writing documents prepared by Cuu Long CIPM. Based on the functions and tasks of each member of the staff, FAD also developed job descriptions. The Manager of FAD is responsible in accounting and finance for all projects that are fully funded by GOV and other operation of Cuu Long CIPM.

Figure 2: Cuu Long CIPM Organizational Structure for FAD

20. All members of FAD are permanent employees of Cuu Long CIPM with long-term contracts. Table 1 summarizes the academic qualifications, experience and duration with Cuu Long CIPM of FAD’s staff. This table indicates that most of them have Bachelors in Finance and Accounting, and a minimum of five years of working experience in managing ADB and other donor funded projects. Cuu Long CIPM stated that the qualifications and experience of its accounting staff are adequate, as they have been trained in ADB procedures and proved to manage effectively the funds in previous projects. Cuu Long CIPM.

21. The FAD staff currently has two finance and accounting functions. One is directed toward project management and other is operational management of the company. The project finance and accounting functions were developed from PMU-MT experience. Most members of the staffs were
directly involved in financial management; they are: project accountants, Deputy Manager and Manager. Based on their past experience, they satisfy the basic requirements for project accounting, including past and continuing training in computers, accounting and financial reporting following the updated regulations by taking part in workshops, and trainings seminars organized by the State Treasury, Tax Agency, Auditor, MOF and donors.

Table 2: Cuu Long CIPM – FAD staff and experience

<table>
<thead>
<tr>
<th>No.</th>
<th>Name</th>
<th>Position/Discipline</th>
<th>Education Level</th>
<th>Years of Working Experience</th>
<th>Years of Working with CL CIPM</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Nguyen Thu Mai</td>
<td>Manager of Financial &amp; Accounting Division</td>
<td>Bachelor of Financial &amp; Accounting</td>
<td>25</td>
<td>2</td>
</tr>
<tr>
<td>2</td>
<td>Dinh Thi Thuy Ha</td>
<td>Deputy Manager of Financial &amp; Accounting Division</td>
<td>Bachelor of economy</td>
<td>7</td>
<td>4</td>
</tr>
<tr>
<td>3</td>
<td>Le Thi Thu Trang</td>
<td>Financial &amp; Accounting Staff</td>
<td>Bachelor of economy</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>4</td>
<td>Ngo Thanh Tuyen</td>
<td>General Accountant</td>
<td>Bachelor of Accounting &amp; Auditing</td>
<td>12</td>
<td>1</td>
</tr>
<tr>
<td>5</td>
<td>Le Thi Lan Hong</td>
<td>Financial &amp; Accounting Staff</td>
<td>Economic construction engineer</td>
<td>13</td>
<td>11</td>
</tr>
<tr>
<td>6</td>
<td>Tran Ngoc Quoc Khanh</td>
<td>Financial &amp; Accounting Staff</td>
<td>Bachelor of Accounting &amp; Auditing</td>
<td>13</td>
<td>13</td>
</tr>
<tr>
<td>7</td>
<td>Luu Que Duy Phuong</td>
<td>Financial &amp; Accounting Staff</td>
<td>Bachelor of economy</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>8</td>
<td>Nguyen Van Nhuong</td>
<td>Financial &amp; Accounting Staff</td>
<td>Bachelor of economy</td>
<td>6</td>
<td>1</td>
</tr>
<tr>
<td>9</td>
<td>Pham Thi Huong</td>
<td>Cashier</td>
<td>Diploma</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>10</td>
<td>Dao Nguyen Ngoc Loan</td>
<td>Financial &amp; Accounting Staff</td>
<td>Bachelor of Accounting</td>
<td>13</td>
<td>13</td>
</tr>
</tbody>
</table>

7 Accounting Policies, Procedures, and Segregation of Duties

22. Cuu Long CIPM has implemented accounting policies and procedures by MOF and ADB. In its new role as a company, Cuu Long CIPM’s accounting complies with Decision No. 214/2000/QĐ-BTC regarding the accounting regimes applied for Clients and the other complies with Decision No.15/2006/QĐ-BTC used for the Enterprises. The system for project accountancy allows proper recording of project financial transactions, including allocations of expenditures in accordance with the respective components, disbursement categories, and sources of funds. The system has ensured that controls are in place concerning the preparation and approval of transactions; all transactions are correctly made and adequately explained, and the general ledger and subsidiary ledgers are reconciled and in balance. All the accounting and supporting documents will be retained on a permanent basis that will allow authorized users easy access.

23. From January 2012, the Corporation began using the BRAVO¹ accounting software in order to monitor all Projects and other activities managed by the Corporation. Each Project has its own code, the transactions of each project is entered in the account system following every item and separate

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¹ Website: http://www.bravo.com.vn.
fund source. The software allows preparing the separate reports for each project; the report preparation is flexibility and can be programmed to meet every requirement. The software is used for Project accounting and for corporate financial accounting and management.

24. Cuu Long CIPM is led by a General Director who delegates his authority to manage projects to the Vice General Directors. The Vice General Director for ADB projects is authorized to execute all transactions for ADB financed projects. Cuu Long CIPM has issued a document that describes the functions and tasks for each department. Each department regulates functions and tasks for every position. This regulation is separated from functions on approval, implementation and management of related property. The delegated Project Accountant will prepare and record all transactions, including the custody of assets involved in the transactions. Project management staff order and monitor all goods and services, and all payments are prepared by accounting staff. Bank reconciliation is prepared by accounting staff and approved by the Manager FAD and General Director.

25. Vietnamese Accounting System regulates the chart of accounts for every project and corporate transactions. Cuu Long CIPM prepares two types of financial reports: a) following Decision No. 214/2000/QĐ-BTC regarding the accounting regimes applied for Investing Units, and b) following Decision No.15/2006/QĐ-BTC for Enterprises. Cuu Long CIPM system allows preparation of separate reports for each source of funds as well as disbursement categories under each project. Cost allocations to various funding sources are made accurately and are in accordance with established agreements and other project documents. This shall be double checked when preparing reports by the periodic reconciliation between the Corporation and State, between the Department of Debt management (Ministry of Finance) and State Treasury.

8 Budgeting System and Payments

26. Cuu Long CIPM has experience and has proved to be efficient in managing budgeting system and payments in previous projects. The Project’s budgets, including physical and financial targets, will be prepared in sufficient detail for all significant activities under each project component. The actual expenditures will be compared to the budget at least on a quarterly basis, and explanations will be prepared for significant variations from the budgets. The procedures are in place to plan project activities, collect information from Cuu Long CIPM. The Project’s plans and budgets are realistic, based on valid assumptions, and developed by knowledgeable individuals (CL CIPM’s experts, consultants, MOT officials, donors’ staffs). Approvals for each project budget and its variations are required in advance.

27. Cuu Long CIPM has implemented the following invoice-processing procedures: (i) project management staff prepares copies of purchase orders and receiving reports; (ii) account staff compare invoice quantities, prices and terms, with those indicated on the purchase order and with records of goods and services actually received and check the accuracy of calculations.

28. All invoices should include appropriate signatures, in accordance to the level of authority with respect to verifying and approving payment, including:
   - payment requesters,
   - payment accountants, and
   - Chief of accountant and of the General Director of State Treasury and Bank.

The invoices are filed according to time are marked clearly with proper account codes.

29. Operational controls exist at Cuu Long CIPM. For example, this is found in the preparation of the payroll. Payroll is based on approved timesheets prepared by each employee assigned to a department with approval by the departmental manager. If there are changes to the payroll, the changes must be properly authorized. Pay is also based on the salary policy approved by Cuu Long CIPM. The salaries are changed according to the State salary policy.

9 Accounting Policies and Procedures
30. Cuu Long CIPM uses accrual accounting and follows Vietnam Accounting Standards. Expenditures and payable amounts are recorded when the Treasury approves the payment.

31. Cuu Long CIPM has an adequate policy and procedures manual to guide activities and ensure staff accountability. Cuu Long CIPM has issued in writing the functions and tasks for every division. Job descriptions of personnel are issued for each member of the FAD. In addition to guidelines on accounting regimes issued by the Ministry of Finance, Ministry of Tax and State Treasury and project documents, the FAD under the Corporation also issues specific and timely guidelines for every project. For ADB funded projects, Cuu Long CIPM uses project documents such as Project Administration Manual, Handbook on Processing and Implementation of ADB financed Projects in Vietnam (ADB and MPI, 2009) and updates it as necessary and in accordance with the changes required by ADB and GOV. The procedures exist to ensure that only authorized persons (from Cuu Long CIPM) can establish a new accounting principle, policy or procedure to be used by Cuu Long CIPM, and that procedures are in accordance, with current general regulations issued by the GOV and in accordance to the law.

32. Cuu Long CIPM has a documentation management system which is online on network and on Internet. Cuu Long CIPM’s staffs can upload the reference documents, incoming and outgoing letters from network and website. The written policies and procedures have covered all routine financial management and related administrative activities.

10 Cash and Bank Accounts

33. The operation of bank accounts requires two signatures, typically the General Director of Cuu Long CIPM and the Manager FAD. The General Director can delegate his authority to a Vice General Director (VDG). The VDG and the Manager FAD act as authorized signatories for the bank accounts.

34. Cuu Long CIPM maintains up-to-date cashbooks, recording receipts and payments, and other accounting books. Other accounting books include Bank Account Record, by categories of expenditures; Cash Payment Record, by categories of expenditures; Records of Project Expenditures incurred but not paid by categories of expenditures. Cuu Long CIPM has a simple general ledger to record payment totals and receipts totals by monthly basis. The accounting books consist of consolidated accounting books and detailed accounting books.

35. Controls by Cuu Long CIPM exist for the collection, timely deposit and recording of receipts. Bank and cash are reconciled on a monthly basis. All unusual items on the bank reconciliation will be reviewed and approved by the General Director and the Chief Accountant. All receipts are deposited on a timely basis.

11 Safeguards over Assets

36. Cuu Long CIPM follows the GOV system of adequate safeguards to protect assets from fraud, waste, abuse, and corruption. Measures taken are based on from the Anti-corruption Ordinance dated 26 February 1998. The Ordinance defines the corruption activities, and prescribes rights and responsibilities of the Standing Committee of the National Assembly, State Management Agencies, and other organizations in detecting corruption. Solutions for preventing and detecting corruption, and penalties for corruption, are also included. This legislation - coupled with the determination and strictness of law enforcement agencies in recent corruption cases - has restored some degree of confidence in the law and justice systems regarding anti-corruption measures. Cuu Long CIPM will advise their employees, beneficiaries and other recipients to whom to report if they suspect fraud, waste or misuse of project resources or property.

37. Road and Bridge Assets belonging to MOT: Cuu Long CIPM only manages the assets that it owns such as building, vehicles, furniture, and office equipments. The Cuu Long CIPM’s assets are
monitored by the Administration and Accounting Departments which includes user information and status of the property. The Administration Department is responsible for managing property and preparing effective usage and property protection measures. Record for monitoring the fixed assets is managed by Administration Division and is compared with the accounting account. Assets are inventoried annually, Administration Division together FAD compare between the inventory minutes and specific monitoring record on the fixed assets, and solve difference. Cuu Long CIPM bought insurance for their assets.

12 Internal and External Audit Requirements

38. Cuu Long CIPM does not have an internal audit division. As a corporation, the role of internal auditor is very important especially since Cuu Long CIPM has just evolved from a smaller and less complex entity. Internal auditing provides an independent, objective assessment of accounting and financial operations and internal consulting activity designed to add value and improve an organization's operations and accountability. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. Cuu long CIPM needs to set up an internal audit division. The Internal Audit Division for Cuu Long CIPM will be established as part of the new corporate structure in accordance to existing GOV regulations and international practice. The Terms of Reference for the Internal Audit Division are appended to this report as Appendix E.

39. There was no requirement to audit the financial statements when the Cuu Long CIPM acted as a PMU. As an enterprise, Cuu Long CIPM will have to submit annual audit to MOT. However, Cuu Long CIPM only started operating as a corporation in September 2011. They do not have audit report for the year 2011, but will have one for 2012

40. There are several audit reports conducting separately at Cuu Long CIPM but are project oriented: State Audit, Investment Audit (for project), annual audit, and project audit. As a PMU, it was necessary only that the Cuu Long CIPM auditor review the project financial statements. Subject to the requirement made by the Donor and Client, the project auditor selected through bidding procedures. The results are usually accepted by the Donor and Cuu Long CIPM. It may be another auditor.

41. GOV requires Government Auditors (SAGO) to conduct auditing for projects in all government institutions, including projects financed by or granted externally. In the case where the project is audited by SAGO, the auditor report shall only be used for GOV purpose. However, the auditor report of SAGO is used by an independent auditor or the borrower, as audit evidence or as the reference and supplementing documents, in order to give their own opinions over the auditing process. Not all projects under MOT are audited by SAGO as the internal audit is conducted on a random sampling basis.

42. Investment Audit is conducted when all important national projects, projects of groups A, and B

2 using state capital are completed, settled prior to being submitted to the competent authorities for verification and approval of the settlement.

43. Financial statements of Cuu Long CIPM will be audited regularly by independent auditors as requirement by the donors. The engagement of an auditor for annual audits is a donor requirement and is approved by the State Management Agency and by the donor. The latest auditing is done for the Southern Coastal Corridor Project prepared by Southern Auditing and Accounting Financial Consulting Services Company Limited (AASCs). AASCs is an independent auditing company in Vietnam.

44. There are no standard terms of reference for an annual project audit. The requirements of the

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audit are part of the contract usually in one or two paragraphs. This method is common used due to the cost for auditing which is funded through counterpart funds. A draft Terms of References for Auditor acceptable to ADB will be prepared by DDIS Consultant for the annual project audits and approved by Cuu Long CIPM. The auditing company will be hired through bidding process to inspect and substantiate the accuracy and sustainability of accounting documents and figures and other accounting finalization reports kept by Cuu Long CIPM. The audit reports are normally issued annually in the middle of the second quarter of the financial year. The audit of Cuu Long CIPM will be conducted mostly in accordance to the International Standards on Auditing for public institutions. A draft TOR is appended to this report as Annex C.

45. There were not any major accountability issues brought out in the audit reports during the past three years. There were only some minor recommendations on how data should be presented. So far there are not any recommendations made by the auditors in prior audit reports or management letters that have not yet been implemented.

13 Reporting, Monitoring, and Information Systems

46. Cuu Long CIPM has two systems of report, one is for projects based on the Decision No. 214/2000/QD-BTC dated 28 December 2000 and other is for the Corporation based on the Decision No.15/2006/ QD -BTC dated 20 March 2006. Cuu Long CIPM’s financial statements are prepared in accordance with Vietnamese’s Accounting Standard (VAS). Financial statements will be prepared on monthly, quarterly basis, and these reports can be extracted from Accounting Software BRAVO according to the project components as well as report according to the project categories following the management requirement of the Corporation as well as of the donor. Cuu Long CIPM will ensure that the reporting system will have the capacity to link the financial information with the Project’s physical progress. Although there is a separated system in reporting physical progress, Cuu Long CIPM will ensure that the physical data will be synchronized with the financial data.

47. Cuu Long CIPM is experienced in establishing financial management reporting systems. It has specified what reports are to be prepared, contain, and how they are to be used. The previous financial management reports were used by management and are useful for decision making.

48. Since 2011, Cuu Long CIPM has been using a Project Management System (PMS) to monitor and evaluate financial information and physical progress for Southern Coastal Corridor Project (2372-VIE(SF)). PMS is online system, contractors, consultants, PIDs and accounting Department can access the system by internet to input data or certify. This system is helpful in managing the financial information, and the project’s physical progress.

49. The Financing and Accounting Department work together with the Construction Transport Management Division in preparing reports that compare actual expenditures with budget and programmed allocations periodically or when required and with physical output. Financial Reports are prepared directly by the accounting software (BRAVO). Most of them are presently in the Vietnamese language. Cuu Long CIPM will be developing a bilingual report system.

50. The BRAVO software was installed in the computers of all members of the Financial and Accounting Division and allows accountants to update or access data according to tasks and functions needed. The system can safeguard the confidentiality, integrity and availability of the data. The BRAVO accounting software can export all reports into excel format. Cuu Long CIPM staff is trained to maintain the systems.

14 Financial Plan

51. The financial plan is developed based on the financial commitments made by the international donors (ADB, AusAID and KEXIM) and the GOV. The financial plan considers:
- Base costs (Civil Works, Project Management, Project Implementation Consultants, Other costs (UXO), Taxes and Import Duties, Land Acquisition, Resettlement and Income Restoration Program)
- Physical and price contingencies.
- Financial Charges During Construction (the conditions and cost of ADB loans during construction as well as those of KEXIM, which are not fully known at this time).

52. The financial plan is considered only a draft since the financial gap is sizable (78m USD) and that the financial commitments by the donors and GOV will have to be increased. The financial plan is found in Appendix D