

# Audited Project Financial Statements

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Project Number: 41508-013  
Grant Numbers: L2699/G0450  
Period covered: 1 January to 31 December 2016

## VIE: Second Greater Mekong Subregion Regional Communicable Diseases Control Project

Prepared by: Ministry of Health

For the Asian Development Bank  
Date received by ADB: 29 June 2017

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Grant Thornton

Financial Statements and Independent Auditors' Report

The Second greater Mekong subregion regional  
communicable diseases control Project

Loan Agreement No. 2699 – VIE (SF); and  
Grant Agreement No. 0450 – VIE (EF)

For the year ended 31 December 2016



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# Part I

## Financial Statements

# Report of the Project Management Unit

The Project Management submits its report together with the audited financial statements of the Second greater Mekong subregion regional communicable diseases control Project ("the Project") for the year ended 31 December 2016.

## **Auditors**

The Project's financial statements for the year ended 31 December 2016 have been audited by Grant Thornton (Vietnam) Limited.

## **The Project Management**

The members of the Project Management Unit responsible for overall direction and management of the Project during the year and to the date of this report were:

### **Project Management Unit**

Mr Tran Dac Phu	Project Director
Ms Nguyen Minh Hang	Project Deputy Director
Ms Le Thu Huyen	Chief Accountant

## **Statement of the Project Management Unit**

The Project Management Unit is responsible for preparing Financial Statements for the year ended 31 December 2016 ("the year") which give a true and fair view of:

- the financial position of the Project;
- the funds received and expenditures incurred for the year;
- the activities of the Imprest account for the year ended 31 December 2016 and the balance of this account as at 31 December 2016; and
- the funds withdrawn for the year.

In preparing those Financial Statements, the Project Management Unit is required to:

- select suitable accounting policies and then apply them consistently in accordance with the Loan Agreement No. 2699 – VIE (SF) and Grant Agreement No. 0450 – VIE (EF) between Socialist Republic of Vietnam and Asian Development Bank ("ADB") and the Project Administration Manual ("PAM");
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the financial statements; and
- design and implement an effective internal control system for the purpose of properly preparing and presenting the financial statements so as to minimise errors and frauds.

The Project Management Unit is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Project and to ensure that the financial statement comply with the accounting policies as described in Note 3 to the financial statements and the PAM. The Project Management Unit is responsible for ensuring that the project funds are used only for the purposes of the Project, in accordance with the provisions of Loan Agreement No. 2699 – VIE (SF) and Grant Agreement No. 0450 – VIE (EF) as well as legal requirements applicable to the project. They are also responsible for safeguarding the assets of the Project and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Project Management Unit confirms that they have complied with the above requirements in preparing the financial statements.

#### **Approval of the financial statements**

We hereby approve the accompanying financial statements on pages 6 to 17 which give a true and fair view of the financial position of the Second greater Mekong subregion regional communicable diseases control Project as at 31 December 2016, its income and expenditures for the year ended 31 December 2016 and the balance of the Project's Imprest account as at 31 December 2016 as well as its movements for the year then ended, in accordance with the accounting policies as described in Note 3 to the financial statements. In the opinion of the Project Management Unit, the loan withdrawals have been adequately reconciled to the statements of expenditure prepared by the Project during the period, and such statements of expenditure were adequately supported.

On behalf of the Project Management Unit,



**Tran Duc Phu**  
Project Director

Hanoi, Vietnam  
15 June 2017





# Independent Auditors' Report

on the financial statements of

The Second greater Mekong subregion regional communicable diseases control Project

Loan Agreement No. 2699 – VIE (SF); and

Grant Agreement No. 0450 – VIE (EF)

for the year ended 31 December 2016

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No. 132/VIE2699

**To: Project Management Unit**

**The Second greater Mekong subregion regional communicable diseases control Project**

## Auditors' opinion

We have audited the accompanying financial statements of the Second greater Mekong subregion regional communicable diseases control Project under the Asian Development Bank Loan Agreement No. 2699 – VIE (SF) and Grant Agreement No. 0450 – VIE (EF), prepared on 15 June 2017, including the Balance sheet as at 31 December 2016, the Statement of income and expenditures, the Statement of Imprest account and the Statement of loan withdrawals for the year then ended, and a summary of significant accounting policies and other explanatory notes (collectively referred to as “the Financial Statements”) as set out on pages 6 to 17.

In our opinion, the accompanying financial statements have been prepared, in all material respects, in accordance with the accounting policies described in Note 3 to the financial statements and the Project Administration Manual.

## Basis for auditors' opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Project in accordance with the ethical requirements that are relevant to our audit of the financial statements in Vietnam, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

## Other matter

The financial statements of the Project as at and for the year ended 31 December 2015, included for comparison purpose, have been audited by other auditors whose report dated 15 June 2016 expressed an unqualified opinion.

**Responsibility of the Project Management Unit for the financial statements**

The Project Management are responsible for the preparation and fair presentation of these financial statements in accordance with accounting policies as described in Note 3 to the financial statements and PAM and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our objectives are to obtain reasonable assurance about whether the financial statements of the Project as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

We communicate with the Management, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**GRANT THORNTON (VIETNAM) LIMITED**

**Nguyễn Hồng Hà**  
CPA Vietnam Practising Certificate  
No: 1710-2014-068-1  
Deputy General Director

Hanoi, Vietnam  
15 June 2017

**Bui Tran Phuong Minh**  
CPA Vietnam Practising Certificate  
No: 2595-2014-068-1  
Auditor



# Balance sheet

as at 31 December 2016

	Notes	31 December 2016 VND	31 December 2015 VND
<b>ASSETS</b>			
<b>Cash</b>		<b>45,123,078,601</b>	<b>28,239,856,897</b>
Cash on hand		107,117,507	134,273,249
Cash at bank	4	44,526,592,100	28,105,583,648
Cash in transit	5	489,368,994	-
<b>Receivables</b>		<b>3,991,530,090</b>	<b>1,447,006,490</b>
Prepayments to suppliers		-	958,566,760
Advances to staffs	6	971,508,090	432,339,000
Other receivables	7	3,020,022,000	56,100,730
<b>TOTAL ASSETS</b>		<b>49,114,608,691</b>	<b>29,686,863,387</b>
<b>PAYABLES AND FUND BALANCE</b>			
<b>Liabilities</b>		<b>26,311,865,426</b>	<b>4,119,638,183</b>
Payables to suppliers	8	24,602,164,175	803,179,501
Payables to employees		693,968,994	299,144,796
Other payables	9	1,015,732,257	3,017,313,886
<b>Fund balance</b>		<b>22,802,743,265</b>	<b>25,567,225,204</b>
Fund balance at end of the year		22,802,743,265	25,567,225,204
<b>TOTAL PAYABLES AND FUND BALANCE</b>		<b>49,114,608,691</b>	<b>29,686,863,387</b>

Hanoi, Vietnam

15 June 2017


  
**Trần Đức Phú**  
 Project Director

  
**Le Thu Huyen**  
 Chief Accountant

# Statement of income and expenditures

For the year ended 31 December 2016

	Notes	Accumulative as at 31 December 2015 VND	For the year ended 31 December 2016 VND	Accumulative as at 31 December 2016 VND
<b>INCOME</b>				
ADB loan fund	10.1	510,937,714,965	9,676,035,780	520,613,750,745
ADB grant fund	10.2	-	37,723,013,758	37,723,013,758
Counterpart fund	11	53,331,828,920	2,749,636,179	56,081,465,099
		564,269,543,885	50,148,685,717	614,418,229,602
<b>EXPENDITURES</b>				
	12			
Laboratory and office equipment		233,455,075,485	33,824,192,600	267,279,268,085
Vehicles		59,594,131,808	-	59,594,131,808
System development		28,444,000,367	7,008,307,220	35,452,307,587
Training, workshops and fellowships		60,610,290,312	3,742,279,276	64,352,569,588
Community mobilization		21,084,874,194	1,573,792,000	22,658,466,194
Consulting services		19,332,308,635	1,058,322,000	20,390,630,635
Project management		60,589,780,580	4,948,681,179	65,538,461,759
Recurrent cost		57,562,447,481	1,330,869,455	58,893,316,936
Regional and cross-border activities		-	956,412,786	956,412,786
		540,672,708,862	54,442,856,516	595,115,565,378
<b>SURPLUS/(DEFICIT) OF INCOME</b>				
OVER EXPENDITURES		23,596,835,023	(4,294,170,799)	19,302,664,224
FOREIGN EXCHANGE DIFFERENCES		1,970,390,181	1,529,688,860	3,500,079,041
FUND BALANCE AT BEGINNING OF THE YEAR		-	25,567,225,204	-
FUND BALANCE AT END OF THE YEAR		25,567,225,204	22,802,743,265	22,802,743,265

Hanoi, Vietnam

15 June 2017

QUẢN LÝ DỰ ÁN  
PHÒNG CHỐNG TĂNG  
TRUYỀN NHIỄM  
KHU VỰC TIỂU VÙNG  
SÔNG MÊ KÔNG  
G

**Trần Đức Phú**  
Project Director

**Le Thu Huyen**  
Chief Accountant

# Statement of Imprest account

For the period:	For the year ended 31 December 2016
Account number:	1260202007390
Depository Bank:	Vietnam Joint Stock Bank for Agriculture and Rural Development – Hong Ha Branch
Address:	No. 24-26, Tran Nhat Duat, Hoan Kiem District, Hanoi, Vietnam
Credit Agreement:	No. 2699 – VIE (SF)
Currency:	USD

For the year ended  
31 December 2016  
USD

## Part A- Account activity

Opening balance as at 1 January 2016	1,234,535.88
Less:	
Total amount withdrawn during the year	(359,821.61)
<b>Closing balance as at 31 December 2016</b>	<b>874,714.27</b>

## Part B- Account reconciliation

Amount advanced by ADB at 1 January 2016	2,317,800.00
Less:	
Amount recovered by ADB	(1,257,834.21)
<b>Outstanding amount advanced to the Imprest account as at 31 December 2016</b>	<b>1,059,965.79</b>

Balance of Imprest account as at 31 December 2016	874,714.27
Add:	
Amounts disbursed but not yet claimed (*)	185,251.52
<b>Outstanding amount advanced to the Imprest account as at 31 December 2016</b>	<b>1,059,965.79</b>

(\*): Detailed amounts disbursed but not yet claimed are as follows:

	USD
Claimed at Withdrawal Application No. A0071 dated 24 January 2017	163,652.76
Cash at bank in VND at PMU	960.94
Expenditures at PMU	20,637.82
	<b>185,251.52</b>

Hanoi, Vietnam  
15 June 2017

  
Tran Duc Phu  
Project Director

  
Lc Thu Huyen  
Chief Accountant



# Statement of Imprest account

For the period:	For the year ended 31 December 2016
Account number:	1260202009850
Depository Bank:	Vietnam Joint Stock Bank for Agriculture and Rural Development – Hong Ha Branch
Address:	No. 24-26, Tran Nhat Duat, Hoan Kiem District, Hanoi, Vietnam
Credit Agreement:	No. 0450 – VIE (EF)
Currency:	USD

For the year ended  
31 December 2016  
USD

## Part A- Account activity

Opening balance as at 1 January 2016

Add:

Total amounts deposited by ADB	1,722,765.62
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Less:

Total amount withdrawn during the year	(634,489.61)
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<b>Closing balance as at 31 December 2016</b>	<b>1,088,276.01</b>
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## Part B- Account reconciliation

Amount advanced by ADB at 13 July 2016	1,584,800.00
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<b>Outstanding amount advanced to the Imprest account as at 31 December 2016</b>	<b>1,584,800.00</b>
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Balance of Imprest account as at 31 December 2016	1,088,276.01
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Add:

Amounts disbursed but not yet claimed (*)	496,523.99
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<b>Outstanding amount advanced to the Imprest account as at 31 December 2016</b>	<b>1,584,800.00</b>
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(\*): Detailed amounts disbursed but not yet claimed are as follows:

	USD
Claimed at Withdrawal Application No. A0003 dated 27 February 2017	185,114.95
Cash at bank in VND at PMU	985.37
Advances to PPMUs	172,714.30
Expenditures at PMU	137,709.37
	<b>496,523.99</b>

Hanoi, Vietnam  
15 June 2017

QUẢN LÝ DỰ ÁN  
PHÒNG CHỐNG BỆH  
TRUYỀN NHIỄM  
KHU VỰC TIỂU VÙNG  
SÔNG MÊ KÔNG  
GIAI ĐOẠN 2

Tran Duc Phu  
Project Director

Le Thu Huyen  
Chief Accountant



# Statement of loan withdrawals

Loan Agreement No. 2699 – VIE (SF)

For the year ended 31 December 2016

Amount claimed – for the year ended 31 December 2016

Withdrawal number	Date of application	Currencies	Training,						Project management	Recurrent Cost	Total
			Laboratory and office equipment	System development	Workshops and fellowships	Community Mobilization	Consulting services				
Imprest Account											
A0064	16 Feb 2016	USD	133,750.25	71,365.04	62,070.73	76,084.45	21,600.00	57,914.04	190,182.92		612,967.43
A0065	27 Apr 2016	USD	81,406.86	129,144.68	58,101.01	28,947.04	21,822.89	48,324.15	124,315.24		492,061.87
A0066	12 Aug 2016	USD	2,689.20	50,394.11	27,203.97	-	-	3,162.64	69,354.99		152,804.91
		USD	217,846.31	250,903.83	147,375.71	105,031.49	43,422.89	109,400.83	383,853.15		1,257,834.21
Direct payments											
A0067	25 Nov 2016	VND	4,629,179,280	-	-	-	-	-	-	-	4,629,179,280
A0068	25 Nov 2016	VND	5,046,856,500	-	-	-	-	-	-	-	5,046,856,500
		VND	9,676,035,780	-	-	-	-	-	-	-	9,676,035,780

  
 Hanoi, Vietnam  
 15 June 2017  
 KHU VỰC TIÊU THỰC PHẨM VÀ AN TOÀN THỰC PHẨM  
 SỞ Y TẾ THÀNH PHỐ HÀ NỘI  
 GIAI ĐOẠN 2

**Tran Duc Phu**  
 Project Director

  
**Le Thu Huyen**  
 Chief Accountant

# Statement of loan withdrawals

Grant Agreement No. 0450 – VIE (EF)

For the year ended 31 December 2016

Amount claimed – for the year ended 31 December 2016

Withdrawal number	Date of application	Currencies	Training,					Regional and cross-border activities	Project management	Total
			Laboratory and office equipment	System development	Workshops and fellowships	Community Mobilization	Consulting services			
A0001	2 Jun 2016	USD	156,400.00	731,200.00	205,200.00	75,000.00	95,000.00	172,000.00	150,000.00	1,584,800.00
A0002	30 Nov 2016	USD	-	36,004.93	62,428.80	21,218.34	-	-	18,313.55	137,965.62
		USD	156,400.00	767,204.93	267,628.80	96,218.34	95,000.00	172,000.00	168,313.55	1,722,765.62



**Tran Duc Phu**  
Project Director

**Le Thu Huyen**  
Chief Accountant

# Notes to the financial statements

For the year ended 31 December 2016

## **1 The Project's information**

The Second greater Mekong subregion regional communicable diseases control Project ("the Project") is implemented under the Loan Agreement No. 2699 - VIE (SF) dated 23 February 2011 between the Government of the Socialist Republic of Vietnam and the Asian Development Bank with total budget of USD 30,000,000. In which, ADB loan is USD 27,000,000 and Counterpart fund is USD 3,000,000.

On 19 February 2016, the Project is granted with total amount of USD2,750,000, in which ADB grant is USD2,500,000 and Counterpart fund is USD250,000, under the Grant Agreement No. 0450 – VIE (EF) between the Government of the Socialist Republic of Vietnam and the Asian Development Bank.

The implementation locations of the Project include:

- Province: 20 provinces and cities (Ha Noi, Dien Bien, Son La, Lao Cai, Thanh Hoa, Nghe An, Ha Tinh, Quang Tri, Quang Binh, Dak Lak, Dak Nong, An Giang, Ben Tre, Can Tho, Dong Thap, Kien Giang, Tay Ninh, Tra Vinh, Binh Phuoc, Long An) including 103 districts;
- Institute: 4 Pasteur/ Institutes, 3 Institutes of Malaria Parasites and Entomology; and
- Central: General Department of Preventive Medicine.

The main objective of the Project is timely and adequate control of communicable diseases likely to have a major impact on the region's health and economy.

The Project consists of the following components:

### *Component 1: Enhance regional CDC systems*

- Sub-component 1.1: Improved capacity for regional cooperation in CDC;
- Sub-component 1.2: Strengthened surveillance and response system; and
- Sub-component 1.3: Targeted support for the control of Dengue and NTDs.

### *Component 2: Improved CDC along Borders and Economic Corridors*

- Sub-component 2.1: Improved community-based CDC;
- Sub-component 2.2: Improved staff capacity in CDC; and
- Sub-component 2.3: Strengthened the management of mobile/migrant populations.

### *Component 3: Integrates Project Management.*

The Project officially came into operation since 20 May 2011 and is expected to close on 30 June 2017.

The Project is managed by Project Management Unit of the Second greater Mekong subregion regional communicable diseases control Project ("PMU"), and the Project Management Unit at four (4) Pasteur/ Institutes and 20 provinces ("PPMU").

The PMU's office is located at Mezzanine Floor, HEID Building, K3B, Lane 6A, Thanh Cong, Ba Dinh, Ha Noi.

## **2 Fiscal year and accounting currency**

### **2.1 Fiscal year**

The Project's fiscal year is from 1 January to 31 December.

### **2.2 Accounting currency**

The accounting records of the Project are maintained in Vietnamese Dong ("VND"). The financial statements are prepared in Vietnamese Dong except for the Imprest account statement and Statement of loan withdrawals, which are prepared in the original currency of United States Dollars ("USD") as required by the Asian Development Bank.

## **3 Accounting policies**

### **3.1 Basis of accounting**

The financial statements are prepared in accordance with the below accounting policies and the Project Administration Manual.

The Financial Statements are prepared in conformity with a modified cash basis of accounting rather than generally accepted accounting principles

### **3.2 Foreign exchange**

Transactions arising in currencies other than the reporting currency of VND are translated at the prevailing exchange rates at transaction dates. Foreign exchange differences are recognized separately in the statement of income and expenditures for the purpose of reconciliation of fund balances at the beginning and the end of the year.

### **3.3 Recognition of funds and expenditures**

Project funds and expenditures are recognised on modified cash basis.

- ADB loan and grant fund: funds are recognised when direct payment from ADB to suppliers or/and receipts from ADB to Imprest account.
- Counterpart fund: Fund is recognised when direct payment from Treasury to suppliers in compliance with regulations on state budget.
- Expenditures are recognised when incurred.

### **3.4 Prepayments to suppliers**

Advances to contractors are recorded as expenditure when they are cleared (i.e. when related activities are completed and the supporting documents have been submitted to and approved by the Project management for advance clearance).

### **3.5 Payables**

Payables are recognised for amount to be paid in the future for goods and services received.

### **3.6 Fixed assets**

Payments for fixed assets are recognized as the Project's expenses. Fixed assets list maintained by the Project for monitoring and management purposes.



#### 4 Cash at bank

	31 December 2016	31 December 2015
	VND	VND
Cash at bank - VND	326,064,359	921,314,874
Cash at bank - USD	44,200,527,741	27,184,268,774
- Imprest account - loan fund	19,311,941,653	27,023,990,413
- Imprest account – grant fund	24,736,513,707	-
- Imprest account interest	152,072,381	160,278,361
	44,526,592,100	28,105,583,648

#### 5 Cash in transit

This represented cash in transit from the State Treasury for concurrent staff's salaries and allowances in 2016 from counterpart funds.

#### 6 Advances to staffs

This represented advances to staff to implement the Project's activities which are cleared in 2017.

#### 7 Other receivables

	31 December 2016	31 December 2015
	VND	VND
Receivables from PPMUs (*)	3,020,000,000	-
Others	22,000	56,100,730
	3,020,022,000	56,100,730

(\*): The balance represented advanced amounts to PPMUs for implementing the Project's activities in 2017. Detailed other receivables from PPMUs as at 31 December 2016 were as follows:

	31 December 2016
	VND
Ha Tinh Project Management Unit	40,000,000
National institute of Malariaology, Parasitology and Entomology	720,000,000
Nghe An Institute of Hygiene and Epidemiology	40,000,000
Quang Binh Institute of Hygiene and Epidemiology	40,000,000
Institute of Malariaology, Parasitology and Entomology in Quy Nhon	1,090,000,000
Institute of Malariaology, Parasitology and Entomology in Ho Chi Minh City	1,090,000,000
	3,020,000,000

#### 8 Payables to suppliers

	31 December 2016	31 December 2015
	VND	VND
At PMU		
Muong Thanh Nha Trang hotel	-	123,385,000
Hanoi Printing JSC	253,740,000	-
HITD Digital Technology JSC	10,801,418,320	-
Cao Loc Phat Technology Equipment JSC	11,775,998,500	-
Others	953,754,042	-
	23,784,910,862	123,385,000
At PPMUs	817,253,313	679,794,501
	24,602,164,175	803,179,501

## 9 Other payables

	31 December 2016	31 December 2015
	VND	VND
Bank interest	173,255,439	289,886,337
Bidding guarantee payables	-	42,000,000
Accrued expenses	829,736,818	1,350,502,500
Variance between expenses and receipts of selling bidding documents	12,740,000	7,391,366
Other payables at PPMUs	-	1,327,533,683
	<b>1,015,732,257</b>	<b>3,017,313,886</b>

## 10 Income

### 10.1 ADB loan fund

	Year ended 31 December 2016		Cumulative as at 31 December 2016	
	USD	VND Equivalent	USD	VND Equivalent
<b>Imprest account</b>				
Advances	-	-	2,317,800.00	47,769,858,000
Replenishment	-	-	10,408,968.97	220,024,455,125
	-	-	12,726,768.97	267,794,313,125
<b>Direct payments</b>				
VND	-	9,676,035,780	-	29,062,320,508
USD	-	-	10,613,296.02	223,498,307,977
	-	9,676,035,780	-	252,558,628,485
Retroactive adjustments	-	-	-	260,809,135
	-	9,676,035,780	-	520,613,750,745

### 10.2 ADB grant fund

	Year ended 31 December 2016		Cumulative as at 31 December 2016	
	USD	VND Equivalent	USD	VND Equivalent
<b>Imprest account</b>				
Advances	1,722,765.62	37,723,013,758	1,722,765.62	37,723,013,758

## 11 Counterpart funds

	Year ended 31 December 2016	Cumulative as at 31 December 2016
	VND	VND
National counterpart funds	2,001,183,120	19,611,155,456
Provincial counterpart funds	748,453,059	36,470,309,643
	<b>2,749,636,179</b>	<b>56,081,465,099</b>

## 12 Expenditures

	Year ended 31 December 2016	Cumulative as at 31 December 2016
	VND	VND
<b>Expenditures covered by:</b>		
ADB – Loan fund	39,286,083,345	526,465,343,232
ADB – Grant fund	12,502,617,167	12,502,617,167
Counterpart funds	2,654,156,004	56,147,604,979
	<b>54,442,856,516</b>	<b>595,115,565,378</b>

Loan Agreement No. 2699 – VIE (SF) and Grant Agreement No. 0450 – VIE (EF) finance 100% of the Project's expenditures (including Value added tax).

## Expenditures by categories

Categories	Year ended 31 December 2016				Cumulative as at 31 December 2016			
	ADB loan fund VND	ADB grant fund VND	Counterpart funds VND	Total VND	ADB loan fund VND	ADB grant fund VND	Counterpart funds VND	Total VND
Laboratory and office equipment	33,824,192,600	-	-	33,824,192,600	267,279,268,085	-	-	267,279,268,085
Vehicles	-	-	-	-	59,594,131,808	-	-	59,594,131,808
System development	1,594,375,240	5,413,931,980	-	7,008,307,220	30,038,375,607	5,413,931,980	-	35,452,307,587
Training, workshops and fellowships	652,305,476	3,089,973,800	-	3,742,279,276	61,262,595,788	3,089,973,800	-	64,352,569,588
Community mobilization	-	1,573,792,000	-	1,573,792,000	21,084,674,194	1,573,792,000	-	22,658,466,194
Consulting services	1,058,322,000	-	-	1,058,322,000	20,390,630,635	-	-	20,390,630,635
Project management	826,018,574	1,468,506,601	2,654,156,004	4,948,681,179	18,741,602,306	1,468,506,601	45,328,352,852	65,538,461,759
Recurrent cost	1,330,869,455	-	-	1,330,869,455	48,074,064,809	-	10,819,252,127	58,893,316,936
Regional and cross-border activities	-	956,412,786	-	956,412,786	-	956,412,786	-	956,412,786
	39,286,083,345	12,502,617,167	2,654,156,004	54,442,856,516	526,465,343,232	12,502,617,167	56,147,604,979	595,115,565,378

### 13 Reconciliation of loan withdrawal amounts and actual receipts

#### 13.1 Imprest account – ADB loan fund

Withdrawal number	Date of application	Currency	Claimed amount	Received amount	Variance
Imprest Account			(a)	(b)	(b)-(a)
A0064	16 Feb 2016	USD	612,967.43	-	(612,967.43)
A0065	27 Apr 2016	USD	492,061.87	-	(492,061.87)
A0066	12 Aug 2016	USD	152,804.91	-	(152,804.91)
			<b>1,257,834.21</b>	<b>-</b>	<b>(1,257,834.21) (*)</b>
<b>Direct payments</b>					
A0067	25 Nov 2016	VND	4,629,179,280	4,629,179,280	-
A0068	25 Nov 2016	VND	5,046,856,500	5,046,856,500	-
			<b>9,676,035,780</b>	<b>9,676,035,780</b>	<b>-</b>

(\*) Variance represented the recovered amount by the ADB.

#### 13.2 Imprest account – ADB grant fund

Withdrawal number	Date of application	Currency	Claimed amount	Received amount	Variance
Imprest Account			(a)	(b)	(b)-(a)
A0001	2 Jun 2016	USD	1,584,800.00	1,584,800.00	-
A0002	30 Nov 2016	USD	137,965.62	137,965.62	-
			<b>1,722,765.62</b>	<b>1,722,765.62</b>	<b>-</b>

### 14 Approval for issuance of the financial statements

The financial statements were approved by the Project Management Unit and authorised for issue.

Hanoi, Vietnam

15 June 2017



**Tran Duc Phu**  
Project Director

**Le Thu Huyen**  
Chief Accountant



## Part II

# Auditors' Report on compliance

## Statement of Project Management Unit on compliance

The Project Management Unit declares to commit the followings:

- The financial statements of the Project are free from material misstatement, whether due to fraud or error, and fairly presented;
- The Project Management Unit uses fund received only for the Project's purposes;
- The Project complies with the Loan Agreement, the Grant Agreement and the PAM;
- The Project complies with applicable laws and regulations (in case there is a conflict between ADB's policies and regulations and other applicable laws and regulations, the application of ADB'S policies and regulations will prevail);
- Disbursement procedures comply with the ADB Loan Disbursement Handbook;
- Documents are properly maintained to support claim in the statement of expenditures in relation to reimbursement of eligible expenses and advances to the Imprest account; and
- The Project designs and implements effective internal controls, including controls over the bidding procedures.

On behalf of Project Management Unit,



**Tran Duc-Phu**  
Project Director

Hanoi, Vietnam  
15 June 2017



# Independent Auditors' Report

on compliance of the Second greater Mekong subregion regional  
communicable diseases control Project  
Loan Agreement No. 2699 – VIE (SF); and  
Grant Agreement No. 0450 – VIE (EF)  
for the year ended 31 December 2016

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**To: The Project Management Unit  
The Second greater Mekong subregion regional communicable diseases  
control Project**

We have audited the accompanying financial statements of the Second greater Mekong subregion regional communicable diseases control Project ("the Project") under the Asian Development Bank Loan Agreement No. 2699 – VIE (SF) and Grant Agreement No. 0450 – VIE (EF), prepared on 15 June 2017, including the Balance Sheet as at 31 December 2016, the Statement of income and expenditures, the Statement of Imprest account and the Statement of loan withdrawals for the year ended 31 December 2016.

## **The Project Management Unit's responsibility**

The Project Management Unit is responsible for complying with Applicable Laws, Regulations and the Procurement Procedures and other Provisions of the Loan Agreement and other Guidance from the Asian Development Bank.

## **Auditors' responsibility**

Our responsibility is to express an opinion on the Project's compliance with the requirements, based on our procedures. We conducted our engagement in accordance with the International Standard on Assurance Engagement 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board. This standard requires that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether, in all material respects, the Project has complied with the requirements.

An assurance engagement to report on the compliance with regulatory and contractual requirements at a project involves performing procedures to obtain evidence about whether the Project's activities are free of material non-compliance with the requirements. The procedures selected depend on the auditor's judgment, including the assessment of risks that the Project does not comply with the requirements and whether such non-compliance could have a direct and material effect on the Project's Financial Statements. Our procedures included testing the compliance with the requirements that we consider necessary to provide reasonable assurance that the requirements are complied by the Project.

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

**Auditors' opinion**

In our opinion, the Project was, in all material respects, in compliance with Applicable Laws, Regulations and the Procurement Procedures and other Provisions of the Loan Agreement No. 2699 – VTF (SF), Grant Agreement No. 0450 – VIE (E1) and other Guidance from the Asian Development Bank that could have a direct and material financial effect on the Project's Financial Statements for the year ended 31 December 2016.

This report is intended for the information of the Centre Project Management Unit, ADB and other related parties.

**GRANT THORNTON (VIETNAM) LIMITED**

**Nguyễn Hong Ha**  
CPA Vietnam Practising Certificate  
No: 1710-2014-068-1  
Deputy General Director

Hanoi, Vietnam  
15 June 2017



**Bui Tran Phuong Minh**  
CPA Vietnam Practising Certificate  
No: 2595-2014-068-1  
Auditor



**Grant Thornton**

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