

Audited Project Financial Statements

Project Number: 41508-013

Grant Numbers: G0450

Period covered: 1 January to 25 December 2017

VIE: Second Greater Mekong Subregion Regional Communicable Diseases Control Project

Prepared by: Ministry of Health

For the Asian Development Bank

Date received by ADB: 24 May 2018

The audited project financial statements are documents owned by the borrower. The views expressed herein do not necessarily represent those of ADB's Board of Directors, Management, or staff. These documents are made publicly available in accordance with ADB's Public Communications Policy 2011 and as agreed between ADB and the Ministry of Health.



Grant Thornton

Financial Statements and Independent Auditors' Report

The Second greater Mekong subregion regional
communicable diseases control Project - Phase II

Grant Agreement No. 0450 – VIE (EF)

For the period from 1 January 2017 to 25 December 2017



Contents

	Page
Part I – Financial Statements	1
Report of the Project Management Unit	2
Independent Auditors' Report	4
Balance sheet	6
Statement of income and expenditures	7
Statement of Imprest account	8
Statement of loan withdrawals	9
Statement of expenditure by categories	10
Notes to the financial statements	11
Part II - Auditors' Report on compliance	15
Statement of Project Management Unit on compliance	16
Independent Auditors' Report on compliance	17
Management letter	19

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 – Phase II ("the Project"), funded by the Grant Agreement No. 0450 – VIE (EF), for the period from 1 January 2017 to 25 December 2017.

Auditors

The Project's financial statements for the period from 1 January 2017 to 25 December 2017 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 period and to the date of this report were:

Project Management Unit

Name	Position
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 period from 1 January 2017 to 25 December 2017 ("the period") which give a true and fair view of:

- the financial position of the Project;
- the funds received and expenditures incurred for the period;
- the activities of the Imprest Account for the period from 1 January 2017 to 25 December 2017 and the balance of this account as at 25 December 2017; and
- the funds withdrawn for the period.

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 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 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 14 which give a true and fair view of the financial position of the Second greater Mekong sub region regional communicable diseases control Project – funded by the Grant Agreement No. 0450 – VIE (EF) as at 25 December 2017, its income and expenditures for the period from 1 January 2017 to 25 December 2017 and the balance of the Project's Imprest account as at 25 December 2017 as well as its movements for the period from 1 January 2017 to 25 December 2017, 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
25 December 2017

Independent Auditors' Report

on the financial statements of

The Second greater Mekong sub region regional communicable diseases control Project - Phase II

Grant Agreement No. 0450 – VIE (EF)

for the period from 1 January 2017 to 25 December 2017

Grant Thornton (Vietnam) Limited
18th Floor
Hoa Binh International Office Building
106 Hoang Quoc Viet Street
Cau Giay District, Hanoi
Vietnam

T +84 24 3850 1686
F +84 24 3850 1688

No. 16-11-000-2-1

To: Asia Development Bank and Project Management Unit
The Second greater Mekong sub region regional communicable diseases control Project - Phase II, funded by the Grant Agreement No. 0450 – VIE (EF)

Auditors' opinion

We have audited the accompanying financial statements of the Second greater Mekong subregion regional communicable diseases control Project funded by the Grant Agreement No. 0450 – VIE (EF) between the Socialist Republic of Vietnam and Asia Development Bank, prepared on 25 December 2017, including the Balance sheet as at 25 December 2017, the Statement of income and expenditures, the Statement of Imprest account, the Statement of loan withdrawals and the Statement of expenditure by categories for the period from 1 January 2017 to 25 December 2017, 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 14.

In our opinion, in all material respects:

- The accompanying financial statements give a true and fair view of the financial position as at 25 December 2017 as well as of the funds received and expenditures of the Project for the period from 1 January 2017 to 25 December 2017 in conformity with the accounting policies described in Note 3 of the Notes to the financial statements.
- The accompanying statements of Imprest accounts give a true and fair view of the balance of the Imprest account as at 25 December 2017 and the Project's receipts and disbursements via this Imprest accounts for the period from 1 January 2017 to 25 December 2017 in conformity with the relevant regulations of Grant Agreement No. 0450 – VIE (EF) between the Socialist Republic of Vietnam and the Asian Development Bank.
- Withdrawal Applications were adequately reconciled to the statements of expenditures ("SOEs") prepared by the Project Management Unit for the period from 1 January 2017 to 25 December 2017 and those SOEs were adequately supported by accounting vouchers.

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.

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.



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

Hanoi, Vietnam
25 December 2017

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

Balance sheet

as at 25 December 2017

	Notes	25 December 2017 VND	31 December 2016 VND
ASSETS			
Cash		79,456,950	24,825,927,897
Cash on hand		-	89,414,190
Cash at bank	4	79,456,950	24,736,513,707
Receivables		-	3,851,166,890
Advances to staffs		-	831,144,890
Other receivables		-	3,020,022,000
TOTAL ASSETS		79,456,950	28,677,094,787
PAYABLES AND FUND BALANCE			
Liabilities		76,647,560	2,504,193,494
Payables to suppliers		76,647,560	1,771,007,355
Payables to employees		-	168,600,000
Other payables		-	564,586,139
Fund balance		2,809,390	26,172,901,293
Fund balance at end of the period		2,809,390	26,172,901,293
TOTAL PAYABLES AND FUND BALANCE		79,456,950	28,677,094,787



Tran Duc Phu
Project Director

Le Thu Huyen
Chief Accountant

Statement of income and expenditures

for the period from 1 January 2017 to 25 December 2017

	Notes	Accumulative as at 31 December 2016 VND (Reclassified)	Period from 1 January 2017 to 25 December 2017 VND	Accumulative as at 25 December 2017 VND
INCOME				
ADB grant fund	5	37,723,013,758	6,655,434,641	44,378,448,399
Counterpart fund	6	586,833,004	2,400,723,689	2,987,556,693
		38,309,846,762	9,056,158,330	47,366,005,092
EXPENDITURES				
Laboratory and office equipment	7	-	3,378,300,000	3,378,300,000
System development		5,413,931,980	16,337,153,329	21,751,085,309
Training, workshops and fellowships		3,089,973,800	4,040,752,090	7,130,725,890
Community mobilization		710,742,000	3,146,203,000	3,856,945,000
Consulting services		-	153,295,120	153,295,120
Project management		2,918,389,605	5,240,130,317	8,158,519,922
Recurrent cost		-	-	-
Regional and cross-border activities		956,412,786	3,162,154,915	4,118,567,701
		13,089,450,171	35,457,988,771	48,547,438,942
SURPLUS/(DEFICIT) OF INCOME OVER EXPENDITURES		25,220,396,591	(26,401,830,441)	(1,181,433,850)
Foreign exchange differences		952,504,702	231,738,538	1,184,243,240
FUND BALANCE AT BEGINNING OF THE PERIOD		-	26,172,901,293	-
FUND BALANCE AT END OF THE PERIOD		26,172,901,293	2,809,390	2,809,390

Hanoi, Vietnam
25 December 2017
PHÒNG CHỐNG BỆNH
TRUYỀN NHIỄM
KHU VỰC TIỂU VÙNG
SÔNG MÊ KÔNG
GIAI ĐOẠN 2
Tran Duc Phu
Project Director

Le Thu Huyen
Chief Accountant

Statement of Imprest account

For the period:	For the period from 1 January 2017 to 25 December 2017
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

Period from 1 January 2017 to
25 December 2017
USD

Part A- Account activity

Opening balance as at 1 January 2017	1,088,276.01
Add:	
Total reimbursement amounts deposited by ADB	298,740.12
Less:	
Total amount withdrawn during the period	(1,383,499.52)
Closing balance as at 25 December 2017	3,516.61

Part B- Account reconciliation

Amount advanced by ADB as at 1 January 2017	1,584,800.00
Less:	
Amount recovered by the ADB	(859,831.51)
Outstanding amount advanced to the Imprest account as at 25 December 2017	724,968.39

Balance of Imprest account as at 25 December 2017	3,516.61
Add:	
Amounts disbursed but not yet claimed (*)	724,842.51
Less:	
Amount withdrawn but not yet paid (**)	(3,390.73)
Outstanding amount advanced to the Imprest account as at 25 December 2017	724,968.39

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

	USD
Expenditures at PMU	628,593.73
Expenditures at PPMU- Binh Phuoc	96,248.78
	724,842.51

(**) Amount withdrawn but not yet paid is the audit fee for period that was paid on 26 December 2017.

Hanoi, Vietnam
25 December 2017
QUẢN LÝ DỰ ÁN
PHÒNG CHỐNG BỆNH
TRUYỀN NHIỄM
KHU VỰC TIỂU VÙNG
SÔNG MÊ KÔNG
CƠ QUAN 2
Tran Duc Phu
Project Director

Le Thu Huyen
Chief Accountant

Statement of loan withdrawals

Grant Agreement No. 0450 – VIE (EF)
for the period from 1 January 2017 to 25 December 2017

		Amount claimed – for the period from 1 January 2017 to 25 December 2017							Amount disbursed by ADB			
Withdrawal number	Date of application	Currency	Laboratory and office equipment	Training, Workshops, fellowships			Community Mobilization	Consulting services	Project management	Regional and cross-border activities	Total	Differences (*)
				System development								
Imprest Account												
A0003	27 Feb 2017	USD	-	67,385.02	50,338.52		22,295.10	-	20,772.01	24,324.30	185,114.95	185,114.95
A0004	16 Mar 2017	USD	-	37,088.97	25,569.53		26,741.43	-	24,225.24	-	113,625.17	113,625.17
A0005	29 Aug 2017	USD	34,455.03	129,815.48	18,797.50		-	-	38,022.05	15,975.54	237,065.60	237,065.60
A0006	31 Oct 2017	USD	114,864.29	265,770.35	63,828.30		38,836.38	3,392.99	92,269.84	43,803.86	622,766.01	622,766.01
		USD	149,319.32	500,059.82	158,533.85		87,872.91	3,392.99	175,289.14	84,103.70	1,158,571.73	298,740.12
		USD										859,831.61

(*) Differences represents amounts recovered by ADB to reduce advance balance of Imprest Account.

Hanoi, Vietnam
25 December 2017
C. PHẠM THỊ THUẬN
TRUYỀN NHIỆM
KHU VỰC TIỂU VÙNG
SÔNG MÊ KÔNG
GIẢI ĐOÀN 2

Trần Đức Phú
Project Director

Le Thu Huyen
Chief Accountant

Statement of expenditure by categories for the period from 1 January 2017 to 25 December 2017

Categories	Accumulative as at 31 December 2016			For the period from 1 Jan 2017 to 25 Dec 2017			Accumulative as at 25 December 2017		
	ADB grant fund VND	Counterpart funds VND	Total VND	ADB grant fund VND	Counterpart funds VND	Total VND	ADB grant fund VND	Counterpart funds VND	Total VND
Laboratory and office equipment	-	-	-	3,378,300,000	-	3,378,300,000	3,378,300,000	-	3,378,300,000
System development	5,413,931,980	-	5,413,931,980	16,337,153,329	-	16,337,153,329	21,751,085,309	-	21,751,085,309
Training, workshops and fellowships	3,089,973,800	-	3,089,973,800	4,040,752,090	-	4,040,752,090	7,130,725,890	-	7,130,725,890
Community mobilization	710,742,000	-	710,742,000	3,146,203,000	-	3,146,203,000	3,856,945,000	-	3,856,945,000
Consulting services	-	-	-	153,295,120	-	153,295,120	153,295,120	-	153,295,120
Project management	2,331,556,601	586,833,004	2,918,389,605	2,839,406,628	2,400,723,689	5,240,130,317	5,170,963,229	2,987,556,693	8,158,519,922
Recurrent cost	-	-	-	-	-	-	-	-	-
Regional and cross-border activities	956,412,786	-	956,412,786	3,162,154,915	-	3,162,154,915	4,118,567,701	-	4,118,567,701
	12,502,617,167	586,833,004	13,089,450,171	33,057,265,082	2,400,723,689	35,457,988,771	45,559,882,249	2,987,556,693	48,547,438,942

Hanoi, Vietnam

25 December 2017

TRƯỜNG ĐẠI HỌC Y DƯỢC HÀ NỘI
TRUYỀN NHIỆM
KHU VỰC TIỀN VÙNG
SÔNG MÊ KÔNG
GIẢI ĐÁP

Tran Duc Phu

Project Director

Le Thu Huyen

Chief Accountant

Notes to the financial statements

for the period from 1 January 2017 to 25 December 2017

1. The Project's information

The Second greater Mekong subregion regional communicable diseases control Project – Phase II ("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 16 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.

Under the agreement dated 19 February 2016 between the Asian Development Bank and the Socialist Republic of Vietnam, the project is extended to 31 December 2017.

The Project is managed by Project Management Unit of the Second greater Mekong subregion regional communicable diseases control Project – Phase II ("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. Basis for preparation of the Project's financial statements

2.1 Basis for preparation of financial statements

As presented in Note 1 to the financial statements, the Project is implemented under the Loan Agreement No. 2699 - VIE (SF) dated 23 February 2011 and the Grant Agreement No. 0450 – VIE (EF) dated 16 February 2016. The accompanying financial statements were only prepared for the Project operations under the Grant Agreement No. 0450 – VIE (EF). Therefore they only present income, expenditures, fund balance, loan withdrawals, the Imprest accounts under the Grant Agreement No. 0450 – VIE (EF). The financial statements do not cover activities funded by the Loan Agreement No. 2699 - VIE (SF) which are presented in a separate financial statements.

2.2 Fiscal period

The Project's fiscal year is from 1 January to 31 December. The last fiscal period was from 1 January 2017 to 25 December 2017.

2.3 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 following:

- 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; and
- Expenditures in USD as presented in Note of comparison between actual expenditures and budget. Accordingly, all actual expenditures are converted into USD using real foreign exchange rate of Vietnam Bank for Agriculture and Rural Development at transaction dates.

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 ("PAM").

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 period.

3.3 Recognition of funds and expenditures

Project funds and expenditures are recognised on modified cash basis.

- ADB 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

	25 December 2017	31 December 2016
	VND	VND
Cash at bank – VND	-	-
Cash at bank – USD	79,456,950	24,736,513,707
- <i>Imprest account – grant fund</i>	79,456,950	24,736,513,707
	79,456,950	24,736,513,707

All bank deposit balances as at 25 December 2017 will be processed as follows:

	USD	VND in equivalent
Payment to suppliers	3,390.73	76,647,560
Refunded to ADB	125.88	2,809,390
	3,516.61	79,456,950

5. Grant fund

	Period from 1 January 2017 to 25 December 2017		Cumulative as at 31 December 2017	
	USD	VND Equivalent	USD	VND Equivalent
Imprest account				
Advances	-	-	1,584,800.00	34,606,585,174
Replenishment	298,740.12	6,655,434,641	436,705.74	9,771,863,225
	298,740.12	6,655,434,641	2,021,505.74	44,378,448,399

6. Counterpart funds

	Period from 1 January 2017 to 25 December 2017	Cumulative as at 25 December 2017
	VND	VND
National counterpart funds	1,945,130,159	1,945,130,159
Provincial counterpart funds	455,593,530	1,042,426,534
	2,400,723,689	2,987,556,693

7. Expenditures

	Period from 1 January 2017 to 25 December 2017	Cumulative as at 25 December 2017
	VND	VND
Expenditures covered by:		
ADB – Grant fund	33,057,265,082	45,559,882,249
Counterpart funds	2,400,723,689	2,987,556,693
	35,457,988,771	48,547,438,942

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

8. Reconciliation of loan withdrawal amounts and actual receipts

Withdrawal number	Date of application	Currency	Claimed amount	Received amount	Variance
Imprest Account			(a)	(b)	(b)-(a)
A0003	27 Feb 2017	USD	185,114.95	185,114.95	-
A0004	16 Mar 2017	USD	113,625.17	113,625.17	-
A0005	29 Aug 2017	USD	237,065.60	-	237,065.60
A0006	31 Oct 2017	USD	622,766.01	-	622,766.01
A0007 (**)		USD	605,951.68	-	605,951.68
A0008 (**)		USD	22,642.05	-	22,642.05
A0009 (**)		USD	96,248.78	-	96,248.78
			1,883,414.24	298,740.12	1,584,674.12 (*)

(*) Variances were funded by advance balance as presented in the Project's Imprest account.

(**) These withdrawals have not submitted to ADB as at report date. They are going to submit in Jan 2018.

9. Comparison between actual expenditures and budget


Categories	Cumulative as at 25 December 2017				
	Actual expenditures VND	Actual expenditures USD in equivalent	Budget USD	Variance USD	%
Laboratory and office equipment	3,378,300,000	149,319.32	156,400.00	(7,080.68)	-5%
System development	21,751,085,309	964,815.50	960,705.74	4,109.76	0%
Training, workshops and fellowships	7,130,725,890	317,570.07	352,400.00	(34,829.93)	-10%
Community mobilization	3,856,945,000	171,230.63	150,000.00	21,230.63	14%
Consulting services	153,295,120	6,783.72	27,000.00	(20,216.28)	-75%
Project management	5,170,963,229	229,289.33	211,000.00	18,289.33	9%
Recurrent cost	-	-	-	-	-
Regional and cross-border activities	4,118,567,701	182,371.29	164,000.00	18,371.29	11%
	45,559,882,249	2,021,379.86	2,021,505.74	(125.88)	0%

10. Approval for issuance of the financial statements

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

Hanoi, Vietnam
25 December 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 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
25 December 2017



Independent Auditors' Report

on compliance of the Second greater Mekong subregion regional
communicable diseases control Project- Phase II
Grant Agreement No. 0450 – VIE (EF)
for the period from 1 January 2017 to 25 December 2017

Grant Thornton (Vietnam) Limited
18th Floor
Hoa Binh International Office Building
106 Hoang Quoc Viet Street
Cau Giay District, Hanoi
Vietnam

T +84 24 3850 1686
F +84 24 3850 1888

No. 16-11-000-2-2

To: Asian Development Bank and The Project Management Unit
The Second greater Mekong subregion regional communicable diseases control
Project- Phase II, funded by the Grant Agreement No. 0450 – VIE (EF)

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 Grant Agreement No. 0450 – VIE (EF), prepared on 25 December 2017, including the Balance Sheet as at 25 December 2017, the Statement of income and expenditures, the Statement of Imprest account, the Statement of loan withdrawals and the Statement of Expenditure by categories for the period from 1 January 2017 to 25 December 2017.

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 Grant Agreement No. 0450 – VIE (EF) 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 period from 1 January 2017 to 25 December 2017.

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

GRANT THORNTON (VIETNAM) LIMITED

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

Hanoi, Vietnam
25 December 2017


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