

# Audited Project Financial Statements

---

Project Number: 44057-013  
Loan Number: L3037-LAO (SF)  
Period covered: 01 October 2015 to 30 December 2016

## Lao People's Democratic Republic: Second Private Sector and Small and Medium-Sized Enterprises Development Program, Subprogram 2

Prepared by Ministry of Industry and commerce

For the Asian Development Bank  
Date received by ADB: 30 June 2017

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 Industry and Commerce

**LAO PEOPLE DEMOCRATIC REPUBLIC**  
**MINISTRY OF INDUSTRY AND COMMERCE**

**Second Private Sector and Small And Medium-Sized  
Enterprises Development Program, Subprogram 2**  
**ADB Loan No. 3037-Lao(SF)**

**AUDITOR'S REPORT**  
**FOR THE PERIOD FROM 1<sup>st</sup> OCTOBER 2015 UP TO 30<sup>th</sup>**  
**SEPTEMBER 2016 AND FROM 1<sup>st</sup> OCTOBER 2010 UP TO**  
**30<sup>th</sup> December 2016**



**June 30<sup>th</sup> 2017**

## CONTENS

	Pages
AUDITOR'S REPORT IN FISCAL YEAR .....	1-2
LETTER CERTIFICATE.....	3
NOTES TO THE FINANCIAL STATEMENTS .....	4-33
MANAGEMENT LETTER.....	34-43



Lao People's Democratic Republic  
Peace Independence Democracy Unity Prosperity

State Audit Organization  
Vientiane, Lao PDR  
Phone: 222 550  
Fax: 219 115

839  
No. /SAO  
Vientiane, Date: 29 JUN 2017

## **AUDITOR'S REPORT** **(Unmodified Opinion)**

### **To: Second private Sector and SME Development program, Subprogram 2**

We have audited the accompanying financial statement of receipts and payments, statement of expenditure, statement of disbursements and attached documents of **Second private Sector and SME Development program, Subprogram 2** Loan for the period ended 31<sup>st</sup> December 2016.

These financial statements made available to us are the responsibility of the management of **Second private Sector and SME Development program, Subprogram 2** in accordance with the accounting policies. The responsibility includes designing, implementing, maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement. In addition, the responsibility also includes selecting and applying appropriate accounting policies.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Auditing Standard of State Audit Organization of Lao PDR. Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by project management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

### **In our opinion:**

A. The financial statements present fairly in all material respects the financial position of **Second private Sector and SME Development program, Subprogram 2** as of 31<sup>st</sup> December 2016 and expenditures of the project for the year then ended in accordance with accounting principles adopted by the government of the Lao PDR;

**B. Second private Sector and SME Development program, Subprogram 2** has utilized in all material respects all proceeds of the grant only for purposes of the project, in accordance with the grant agreement, and no proceeds of the grant have been utilized for other purposes;

**C. Second private Sector and SME Development program, Subprogram 2** has complied in all material respects with all financial covenants of the loan agreement number 0307-Lao (SF); and

**D.** The accompanying statement of Imprest Account for grant gives a true and fair view of the balance of Imprest Account as at 31<sup>st</sup> December 2016 and the Project's receipts and disbursements via the Imprest Account for the year ended 31<sup>st</sup> December 2016 in accordance with the relevant covenants of grant agreement and relevant regulations established by the Asian Development Bank;

**E.** The grant withdrawals were reconciled to the Statement of Expenditures (SOEs) prepared by the project during the period and those SOEs were adequately supported and are eligible for financing under the grant agreement of the project.

*for* **President**  
**State Audit Organization of Lao PDR**



**Dr Padapphet SAYAKHOT**



Lao People's Democratic Republic  
Peace Independence Democracy Unity Prosperity

ADB Loan 3037 - LAO (SF): Second Private Sector and SME  
Development Program, Subprogram 2

No: 0058 /psme2  
Date: 20-Jun-2017

**Management Representation Letter**

**To: Audit team of the Second Private Sector and Small and Medium Sized Enterprises  
Development Program, Program 2 (Loan No. 3037)**

- According to the agreement appointed committee responsible for working with audit No. 131/DOSMEP, dated: 23 February 2017.

In connection with your examination of the financial statements of the **Second Private Sector and Small and Medium Sized Enterprises Development Program, Program 2** for the fiscal year 2015-2016 and 3 months of year 2016, these financial statements are the responsibility of the project management, we hereby confirm the following representations made by us to you during the examination.

1. We are responsible for the accounting system of the project, including the system of internal accounting control and the production of the annual financial statements;
2. The financial statements present fairly, in all material respects, the financial position of **Second Private Sector and Small and Medium Sized Enterprises Development Program, Program 2** for the fiscal year 2015-2016 and 3 months ended as of December 31<sup>st</sup> 2016 and the expenditures of the project in accordance with accounting principles adopted by the government of Lao P D R;
3. All transactions for the year ended as of December 31<sup>st</sup> 2016 have been properly reflected in the financial statements;
4. No event has occurred subsequent to the balance sheet date that requires adjustment to the financial statements;
5. We have made available to you all books and records of the project;
6. All goods and services acquired with project funds have been used exclusively for project proposes, and no project funds have been used for any other purposes;
7. We have complied with all the financial covenants of the Loan Agreement and with all the financial provisions of rules and regulations pronounced by the government of Lao P DR; and
8. There is no lien on any assets of the project.

Yours truly

Executing Agency  
Management team

Project Finance Office



Somdy INMYXAI

*Phuangphanh Keovanthong*





Lao People's Democratic Republic  
Peace Independence Democracy Unity Prosperity

Ministry of Industry and Commerce  
Department of Small and Medium Enterprise promotion  
Second private Sector and SME Development program, Subprogram 2  
ADB Loan No 3037-Lao (SF)

**Note to the Financial Statement**

Second private Sector and SME Development program,  
Subprogram 2 For the period of 1<sup>st</sup> October 2015 to 30<sup>th</sup> September 2016  
and 1<sup>st</sup> October 2016 to 31<sup>st</sup> December 2016

**I. Reference:**

- With reference to Laws, Decrees and Regulations to Lao PDR and Donor;
- With reference to Loan Agreement ADB Loan No. 3037, dated 11<sup>st</sup> October 2013;

**II. Background of the Project**

**1. Project Location**

The Second private Sector and SME Development program, Subprogram 2 is located in the Department of Small and Medium Enterprise promotion, Ministry of Industry and Commerce and under guidance of the vice Minister, Telephone number 021-450025, Fax 021-450026..

The Second private Sector and SME Development program, Subprogram 2 there are Project Management Unit (PMU) and Implementation Agencies (IAs) as following:

1. The Department of Small and Medium Enterprise promotion, MOIC (PMU) ;
2. The Department of Enterprise Registry and Management, Ministry of Justice (IA- Business climate support);
3. Ministry of Science and Technology (IA- Enhance SME's Export through Geographical indication);
4. The Department of Import and Export, MOIC (IA- SMS Access to Asian market through E-Commerce Platform);

**2. Project objectives**

The Second private Sector and SME Development program, Subprogram 2 look to build capacity of SME competitiveness through business climate form, Technology upgrade, and skill development. Objective of the project are: (i) to mainstream the reforms completed in subprogram 2 including by setting up institution to make these reform sustainable; (ii) to



provide capacity building support to the government beyond 2013; and (iii) to help the government accomplish the P3F actions.

### 3. Project funds

Total costs of the project agreed on October 11 <sup>st</sup> , 2013	= USD	<b><u>4,628,000.00</u></b>
- ADB Loan	= USD	<b><u>4,378,000.00</u></b>
- Lao Government Contribution Funds (In Kind)	= USD	<b><u>250,000.00</u></b>

### 4. Project duration

The project duration according to Loan agreement: 4 years, commencing from October 11<sup>st</sup>, 2013 to June 30<sup>th</sup> 2018.

### 5. Regulatory Guidelines

The Second private Sector and SME Development program, Subprogram 2 used double entry recording system; project expenditure will be record whenever payment to the supplier by using Microsoft Excel to record and create financial statement as of the project objectives, Project has Project Administration manuals. Recording expenditure in US dollar and record in English, accounting were 12 Months based on the fiscal year;

### 6. Budget Implementation

Code	Description	Budget (Allocation)	Payment			Balance
			previous period	Current 15 Month 2015-2016	cumulative	
<b>I.</b>	<b><u>ADB Loan</u></b>	<b><u>4,378,000.00</u></b>	<b><u>43,132.34</u></b>	<b><u>992,953.68</u></b>	<b><u>1,036,086.02</u></b>	<b><u>3,341,913.98</u></b>
1	Vehicles	108,000.00	0,00	96,285.00	96,285.00	11,715.00
2	Equipment	1,015,753.00	0,00	422,028.04	422,028.04	593,724.96
3	Consultants	2,280,707.00	41,558.75	395,596.61	437,155.36	1,843,551.64
4	Training	490,900.00	0,00	49,809.73	49,809.73	441,090.27
5	Surveys	110,000.00	0,00	0,00	0,00	110,000.00
6	Miscellaneous Administration and support costs	204,190.00	1,573.59	29,234.3	30,807.89	173,382.11
7	<b>Unallocated</b>	168,450.00	0,00	0,00	0,00	168,450.00
<b>II.</b>	<b><u>Government Contribution</u></b>	<b><u>250,000.00</u></b>	<b><u>0.00</u></b>	<b><u>78,186.45</u></b>	<b><u>78,186.45</u></b>	<b><u>171,813.55</u></b>
7	Office accommodation, facilities and admin cost	142,280.00	0,00	78,186.45	78,186.45	64,093.55





C	Interest charges during implementation	107.720,00	0,00	0,00	0,00	107.720,00
Total I+II		<u>4.628.000,00</u>	<u>4.628.000,00</u>	<u>43.132,34</u>	<u>1.071.140,13</u>	<u>1.114.272,47</u>

**III. Financial Status of the Second private Sector and SME Development program, Subprogram 2 for the period of 1<sup>st</sup> October 2015 to 30<sup>th</sup> September 2016 and 1<sup>st</sup> October 2016 to 31<sup>st</sup> December 2016.**

**1. First generation Imprest-Account (MOF)**

- The ceiling of the first generation imprest account is **US\$ 200.000,00**. The balance of the first generation imprest account is as of 1<sup>st</sup> October 2016 was **US\$ 84.600,30**. The total receipts during the fiscal year 2015-2016 under review amounted to **US\$ 498.440,01**. The total payments made from the account under review amounted to **US\$ 582.440,01** and the account balance as of 30<sup>th</sup> September 2016 was **US\$ 600,30**.

- The balance of the first generation imprest account is as of 1<sup>st</sup> October 2016 was **US\$ 600,30**. The total receipts during for 3 Months 2016 under review amounted to **US\$ 136.696,93**. The total payments made from the account under review amounted to **US\$ 136.696,93** and the account balance as of 31<sup>st</sup> December 2016 was **US\$ 600,30**.

**2. Second Generation Imprest-Account**

- The ceiling of the second generation imprest-account is **US\$ 200.000,00**. The balance of the second generation imprest account is as of 1<sup>st</sup> October 2016 was **US\$ 1.640,75**. The total receipts during the fiscal year 2015-2016 under review amounted to **US\$ 591.156,97**. The total payments made from the account under review amounted to **US\$ 510.289,70** and the account balance as of 30<sup>th</sup> September 2016 was **US\$ 82.508,02**.

- The balance of the second generation imprest-account is as of 1<sup>st</sup> October 2016 was **US\$ 82.508,02**. The total receipts during for 3 Months 2016 under review amounted to **US\$ 137.757,93**. The total payments made from the account under review amounted to **US\$ 191.324,70** and the account balance as of 31<sup>st</sup> December 2016 was **US\$ 28.941,25**.



### 3. Cash Account

Currency: US dollar

No	Description	Balance Brought Down 1/10/2015	Receives	Payment	Balance 31/12/2016
1	Fiscal year 2015-2016 (1 <sup>st</sup> October 2015 to 30 <sup>th</sup> September 2016)	2,61	24.250,59	23.892,64	360,56
2	3 Month (1 <sup>st</sup> October to 31 <sup>st</sup> December 2016)	360,56	6.170,00	6.126,89	403,67
	Total		<u>30.423,20</u>	<u>30.019,53</u>	<u>403,67</u>

### 4. Petty Cash

Currency: US dollar

No	Description	Balance Brought Down 1/10/2015	Receives	Payment	Balance 31/12/2016
1	Fiscal year 2015-2016 (1 <sup>st</sup> October 2015 to 30 <sup>th</sup> September 2016)	0,00	1.523,07	1.152,38	370,69
2	3 Month (1 <sup>st</sup> October to 31 <sup>st</sup> December 2016)	370,69	982,32	982,32	370,69
	Total		<u>2.505,39</u>	<u>2.134,70</u>	<u>370,69</u>

### 5. Advance Account

Currency: US dollar

No	Description	Balance Brought Down 1/10/2015	Receives	Payment	Balance 31/12/2016
1	Fiscal year 2015-2016 (1 <sup>st</sup> October 2015 to 30 <sup>th</sup> September 2016)	0,00	58.433,08	56.300,84	2.132,24
2	3 Month (1 <sup>st</sup> October to 31 <sup>st</sup> December 2016)	2.132,24	7.902,44	7.270,49	2.764,19
	Total		<u>51.357,99</u>	<u>48.964,50</u>	<u>2.764,19</u>

### 6. Expenditures

#### 6.1 Expenditures for fiscal year 2015-2016



The total payment made by Second private Sector and SME Development program, Subprogram 2 during fiscal year 2015-2016 under review amounted **US\$ 651.368,53**, of which were paid for the following categories as below:

(USD Currency)

Category of payment	Descriptions	Asia Development Bank Loan fund	GOL fund	Total
1	Vehicle	96.285,96		96.285,96
2	Equipment	184.409,58		184.409,58
3	Consult	297.430,25		297.430,25
4	Training	49.527,47		49.527,47
5	Surveys	-		-
6	Admin and support cost	23.715,27		23.715,27
7	Contingencies	-		-
8	Gov. contribution in kind	-	62.549,16	62.549,16
	<b>Total</b>	<b>651.368,53</b>	<b>62.549,16</b>	<b>713.917,69</b>

## 6.2 Expenditures for fiscal year 2015-2016

The total payment made by Second private Sector and SME Development program, Subprogram 2 during for 3 Months 2016 (1<sup>st</sup> October to 31<sup>st</sup> December 2016) under review amounted **US\$ 713.917,69**, of which were paid for the following categories as below:

Currency: US dollar

Category of payment	Descriptions	Asia Development Bank Loan fund	GOL fund	Total
1	Vehicle	-		-
2	Equipment	237.618,46		237.618,46
3	Consult	98.166,36		98.166,36
4	Training	282,26		282,26
5	Surveys	-		-



Category of payment	Descriptions	Asia Development Bank Loan fund	GOL fund	Total
6	Admin and support cost	5.521,56		5.521,56
7	Contingencies	-		-
8	Gov. contribution inkind	-	15.637,29	15.637,29
	<b>Total</b>	<b>341.588,64</b>	<b>15.637,29</b>	<b>357.225,93</b>

#### **7. Direct Payment**

- The total direct payment made by ADB for the fiscal year 2015-2016 amounted to **US\$ 152.285,96**. for Consultant amounted to **US\$ 56.000,00** and procurement of Vehicle amounted to **US\$ 96.285,96** and Replenishment to the first generation imprest account amounted to **US\$ 498.440,01**.

- The total direct payment made by ADB for 3 Months 2016 (1<sup>st</sup> October to 31<sup>st</sup> December 2016) amounted to **US\$ 288.696,93** For Consultant amounted to **US\$ 152.000** and Replenishment to the first generation imprest account amounted to **US\$ 136.696,93**.

#### **8. Government Contribution**

The amount show in the accounts as Lao Government Contribution for fiscal year 2015-2016 amounted to **US\$ 62.549,16** and 3 Months of year 2016 (1<sup>st</sup> October to 31<sup>st</sup> December 2016) amounted to **US\$ 15.637,29** which is Contributed for In Kind.



# Project financial Statement

## Seconprivate and Small and Medium Sized Enterprises Development Program-Subgram 2

ADB Loan No. 3037-Lao (SF) Statement of Cash Receipts and payments For the Period From 1 October 2015  
to 30 September 2016 and 1 October to 30 December 2016

In US\$

Description		Note	31/12/2016	30/9/2016	30/9/2015	Cumulative
<b>CASH RECEIPTS</b>			<b>304.334,22</b>	<b>713.275,13</b>	<b>129.376,00</b>	<b>1.146.985,35</b>
Government Contribution		III.8	15.637,29	62.549,16	-	78.186,45
ADB Loan		III.7	288.696,93	650.725,97	129.376,00	1.068.798,90
	Direct Payment		152.000,00	152.285,96	6.900,00	311.185,96
	Imprest Account		136.696,93	498.440,01	122.476,00	757.612,94
	Interest charge during imprematiom					-
<b>CASH PAYMENTS ( Per loan Agreement Category)</b>		III.6	<b>357.225,93</b>	<b>713.917,69</b>	<b>43.132,34</b>	<b>1.114.275,95</b>
1	Vehicles		-	96.285,96		96.285,96
2	Equipments		237.618,46	184.409,58		422.028,04
3	Consulting Services		98.166,36	297.430,25	41.558,75	437.155,36
4	Training		282,26	49.527,47		49.809,73
5	Survey		-	-		-
6	Miscellaneous administration support costs		5.521,56	23.715,27	1.573,59	30.810,41
7	Government Contribution (In kind)		15.637,29	62.549,16		78.186,45
<b>(Deficp)/excess of receipt over payment</b>			<b>- 52.891,71</b>	<b>- 642,56</b>	<b>86.243,66</b>	<b>32.709,40</b>
Add:	Foreign Exchange Difference					-
	Net Change in Cash		(52.891,71)	(642,56)		32.709,40
<b>Balance at beginning of year</b>			<b>85.601,11</b>	<b>86.243,66</b>	<b>-</b>	<b>-</b>
Imprest-Account (BOL)		III.1	600,30	84.600,30		-
Sub-Account		III.2	82.508,02	1.640,75		-
Cash Account		III.3	360,56	2,61		
Petty cash		III.4	370,69			
Cash Advances		III.5	1.761,54	-		-
Add:	Net Change in Cash		32.709,40	85.601,10		32.709,40
<b>Net Cash Available</b>			<b>32.709,40</b>			
<b>Closing Cash Balances</b>				<b>-</b>		<b>-</b>
Imprest-Account (BOL)		III.1	600,30			
Sub-Account		III.2	28.941,25			
Cash Account		III.3	403,67			
Petty cash		III.4	370,69			
Cash Advances		III.5	2.393,49			





# **ANNUAL FINANCIAL PROGRESS REPORT**

For fiscal year: 1 October 2015 to 30 September 2016

Project Number: 44057-013

Loan No. 3037

**Lao People's Democratic Republic:  
Second Private Sector and Small and Medium-Sized  
Enterprises Development Program, subprogram 2**

**The Ministry of Industry and Commerce  
Department of Small and Medium Enterprises Promotion  
(The Project Executing Agency)**



## BASIC DATA

### A. Project Identification

- |   |  |
|---|--|
| 1. Country                              | Lao PDR  |
| 2. Loan/Grant Number                    | ADB Loan No. 3037 LAO-(SF)   |
| 3. Project Title                        | Second Private Sector and Small and Medium-Sized Enterprises Development Program, Subprogram 2 |
| 4. Borrower/Recipient:                  | The Government of Lao PDR  |
| 5. Executing Agency                     | The Ministry of Industry and Commerce<br>Department of Small and Medium Enterprises Promotion  |
| 6. Amount of Loan/Grant Total (\$'000): | USD 4.378  |
| 7. Project Report Period                | 1 October 2015 to 30 September 2016  |

### B. Loan/Grant Data

- |   |                                  |   |
|---|----------------------------------|---|
| 1 | Date of Board Approval           | 8 August 2013                                   |
| 2 | Date of Loan/Grant Agreement     | 11 October 2013                                 |
| 3 | Date of Loan/Grant Effectiveness | 11 November 2013                                |
| 4 | Project Closing Date             | 30 June 2018                                    |
| 8 | Terms of Loan/Grant              |   |
|   | – Interest Rate                  | 1% during grace period<br>1.5% during repayment |
|   | – Maturity (number of years)     | 48 years  |

## **CONTENTS**

- I. Project Overview**
- II. Project Funds**
- III. Financial Management Roles**
- IV. Basis Project Financial Statements**
  - 1. A statement of cash receipts and payments
  - 2. A statement of budget versus actual expenditures
  - 3. Significant accounting policies and explanatory notes
    - A statement of First Generation Imprest Account (FGIA)
    - A statement of Second Generation Imprest Account (SGIA)
    - A summary statement of expenditures
    - A statement of Withdrawal Applications by specific reference number and amount by expenditure
    - Summary of Assets for the period ended 30<sup>th</sup> September 2016

## **I. Project Overview**

MOIC is the Executing Agency (EA) for the Project. MOIC delegates Department of SME Promotion (DOSMEP) to coordinate the project implementation with the Implementation Agencies (IAs), DOSMEP establish a Project Management Unit (PMU) that is responsible for project coordination and management. The project comprises four components:

- Executing Agency (Component4): Establish Project Management Unit (PMU) to help implement and oversee the activities of each component/output
- Implementing Agency:
  - Component 1-Output 1: Department of Enterprise Registry and Management (DERM)- to improve the procedures for enterprise registration, enhance capabilities of the enterprise registry including capabilities for online registration, link to tax numbers and fiscal incentives based on investment promotion law and complete the roll out of 27 Enterprise offices across the country
  - Component 1-Output 2: Ministry of Justice (MOJ) to provide enhanced capacity building towards institutionalizing RIA in Lao PDR
  - Component 2: Ministry of Science and Technology (MOST)- to support relevant government agencies enhance SME's exports through GI registration which is a discipline of intellectual property to brand and market products that meet GI requirements
  - Component 3: Department of Import and Export (DIMEX)- to put in place a system to facilitate trade of SME products both internally in Laos and internationally via E-commerce platform

## **II. Project Funds**

- Total project cost	:	USD 4.628.000
- ADB Loan	:	USD 4.378.000
- Government contribution funds (In Kind)	:	USD 250.000

## **III. Financial Management Roles**

The Project use a double entry bookkeeping system to produce the financial statements, account transaction and report that is suitable with the project purpose. The report is presented in US dollar Unit. The fiscal year is from 1 October to 30 September.

#### IV. Basis Financial Statement

##### 1. A statements of cash receipts and payments

**Statement of Cash Receipts and Payments**  
For the Period: From 1st October 2015 to 30th September 2016

Cat.	Description	Previous Year	Current Year	Cumulative to date
<b>Receipts</b>				
	<u>ADB</u>	129,376.00	650,725.97	780,101.97
	Direct payment	6,900.00	152,285.96	159,185.96
	Imprest account	122,476.00	498,440.01	620,916.01
	Government of Lao contribution (in kind)		62,549.16	62,549.16
	Other			-
	<b>Total Receipts</b>	129,376.00	713,275.13	842,651.13
<b>Payment by Category</b>				
1	Vehicles		96,285.96	96,285.96
2	Equipment		184,409.58	184,409.58
3	Consultants	41,558.75	297,430.25	338,989.00
4	Training		49,527.47	49,527.47
5	Surveys			-
6	Miscellaneous administration and support costs	1,573.59	23,715.27	25,288.86
7	Government of Lao contribution (in kind)		62,549.16	62,549.16
	<b>Total Payments</b>	43,132.34	713,917.69	757,050.03
<b>Opening Balance</b>				
<b>Cash at Bank and Cash on hand</b>				
	First Generation IAR	122,476.00	84,600.30	84,600.30
	SGIA	500.00	1,640.75	1,640.75
	Cash on hand	2,000.00	2.61	2.61
	Petty cash			
	Cash advance		-	-
	<b>Total Opening Fund Balance</b>	124,976.00	86,243.66	86,243.66
<b>Closing Fund Balance</b>				
<b>Cash at Bank and Cash on hand</b>				
	First Generation IAR	84,600.30	600.30	600.30
	SGIA	1,640.75	82,508.02	82,508.02
	Cash on hand	2.61	360.56	360.56
	Petty cash		370.69	370.69
	Cash advance		1,761.54	1,761.54
	<b>Total Closing Fund Balance</b>	86,243.66	85,601.11	85,601.11



Approved by: \_\_\_\_\_  
Director General, Department of SME Promotion  
Project Director

**Somdy INMYXAI**

Certified by: \_\_\_\_\_  
Project Manager  
Ms. Phanmany Khamphilavong

Prepared by: \_\_\_\_\_  
Chief Accountant  
Ms. Phuangphanh Keovanthong

## 2. A statements of budgeted versus actual expenditures

### Statement of Comparison of Budget and Actual Expenditure

For the Period: From 1st October 2015 to 30 September 2016

Cat.	Description	Original Fund Allocated		Disbursement			Diff./Balance
		Category	Subcategory	Current year	Previous year	Cumulative	
	<b>ADB Fund</b>						
1	Vehicle	108,000.00					
a	Component 1		31,000.00	32,095.32		32,095.32	- 1,095.32
b	Component 2		46,000.00	32,095.32		32,095.32	13,904.68
c	Component 4		31,000.00	32,095.32		32,095.32	- 1,095.32
2	Equipment	1,015,750.00					
a	Component 1		190,990.00	87,425.14		87,425.14	103,564.86
b	Component 2		270,600.00	15,562.84		15,562.84	255,037.16
c	Component 3		552,060.00	72,829.05		72,829.05	479,230.95
d	Component 4		2,100.00	8,592.54		8,592.54	- 6,492.54
3	Consultant	2,280,710.00					
a	Component 1		1,202,830.00	188,131.86		188,131.86	1,014,698.14
b	Component 2		499,760.00	-		-	499,760.00
c	Component 3		189,460.00	7,280.00		7,280.00	182,180.00
d	Component 4		388,660.00	102,018.39	41,558.75	143,577.14	245,082.86
4	Training	490,900.00					
a	Component 1		414,000.00	34,053.28		34,053.28	379,946.72
b	Component 2		56,500.00	11,017.82		11,017.82	45,482.19
c	Component 3		20,400.00	4,456.38		4,456.38	15,943.62
5	Surveys	110,000.00					
a	Component 1		50,000.00			-	50,000.00
b	Component 2		60,000.00			-	60,000.00
6	Admin and support costs	204,190.00	204,190.00	23,715.27	1,573.59	25,288.86	178,901.14
7	Contingencies	168,450.00	168,450.00				168,450.00
	<b>Sub-total-ADB</b>	<b>4,378,000.00</b>	<b>4,378,000.00</b>	<b>651,368.53</b>	<b>43,132.34</b>	<b>694,500.87</b>	<b>3,683,499.13</b>
	<b>Government Fund</b>						
	Gov. contribution inkind	250,000.00	250,000.00	62,549.16	-	62,549.16	187,450.84
	<b>Sub-total-GOL</b>	<b>250,000.00</b>	<b>250,000.00</b>	<b>62,549.16</b>	<b>-</b>	<b>62,549.16</b>	<b>187,450.84</b>
	<b>Total</b>	<b>4,628,000.00</b>	<b>4,628,000.00</b>	<b>713,917.69</b>	<b>43,132.34</b>	<b>757,050.03</b>	<b>3,870,949.97</b>

Approved by:

Certified by:

Prepared by:



**Somdy INMYXAI**

Director General, Department of SME Promotion  
Project Director

Project Manager  
Ms. Phanmany Khamphilavong

Chief Accountant  
Ms. Phuangphanh Keovanthong

### 3. Statement of Imprest Account

- A statement of First Generation Imprest Account (FGIA)

#### Statement of First Generation Imprest Account (FGIA) For the Period: From 1st October 2015 to 30th September 2016

Description	Notes	Current Year	Previous Year
Balance carryover from previous year		84.600,30	0,00
Advance		77.524,00	122.476,00
Replenishment		420.916,01	
Interest Earned			
Total Receipts		498.440,01	122.476,00
Payment:			
Payments made during the period		582.440,01	37.875,70
Amount refunded during the period			
Foreign Exchange Gain/(Loss)			
Total Closing Fund Balance		600,30	84.600,30
Expenditure not yet claimed			
Balance carryover from previous period			
Add. Payment made during the year			
Liquidation			
Expenditure not yet claim		-	-



Approved by: \_\_\_\_\_  
Director General, Department of SME Promotion  
Project Director

**Somdy INMYXAI**

Certified by: \_\_\_\_\_  
Project Manager  
Ms. Phanmany Khamphilavong

Prepared by: \_\_\_\_\_  
Chief Accountant  
Ms. Phuangphanh Keovanthong



- A statement of Second Generation Imprest Account (SGIA)

**Statement of Second Generation Imprest Account (SGIA)**  
For the Period: From 1st October 2015 to 30th September 2016

Description	Notes	Current Year	Previous Year
Balance carryover from previous year		1,640.75	0.00
2nd Advance		77,524.00	8,500.00
Replenishment		504,916.01	
Received from advance reconcile		8,716.96	
Total Receipts		591,156.97	8,500.00
Payment:			
Payments made during the period		510,289.70	6,859.25
Amount refunded during the period			
Foreign Exchange Gain/(Loss)			
Total Payment:		510,289.70	6,859.25
Expenditure not yet claimed			
Balance carryover from previous period			
Add. Payment made during the year			
Liquidation			
Expenditure not yet claim		-	-
Total Closing Fund Balance		82,508.02	1,640.75



Director General, Department of SME Promotion  
Project Director

**Somdy INMYXAI**

Project Manager  
Ms. Phanmany Khamphilavong

Chief Accountant  
Ms. Phuangphanh Keovanthong

- A summary statement of expenditures

Total payment made by Second Private Sector and SME Development Program, subprogram 2 during the period of 1<sup>st</sup> October 2015 to 30<sup>th</sup> September 2016 amount USD 651,368.53 which were paid from following categories:

Statement of Use Fund by Component/Output  
For the Period: From 1<sup>st</sup> October 2015 to 30<sup>th</sup> September 2016

Category	Current Year				Previous Year				Cumulative			
	Comp 1, Output 1	Comp 1, Output 2	Comp 2	Comp 3	Comp 4	Total	Comp 1, Output 1	Comp 1, Output 2	Comp 2	Comp 3	Comp 4	Total
1 Vehicle	32,095.32		32,095.32			96,285.96						
2 Equipment	71,440.14	15,985.01	15,562.84	72,829.05	8,592.54	184,409.58	71,440.14	15,985.01	15,562.84	72,829.05	8,592.54	184,409.58
3 Consultant	78,739.21	109,392.65	-	7,280.00	102,018.39	297,430.25	78,739.21	109,392.65	-	7,280.00	143,577.14	338,989.00
4 Training	8,991.95	25,061.33	11,017.82	4,456.38		49,527.47	8,991.95	25,061.33	11,017.82	4,456.38		49,527.47
5 Surveys												
6 Admin and support costs	707.85	1,082.48	148.11	-	21,776.83	23,715.27	707.85	1,082.48	148.11	-	23,350.42	25,288.86
<b>Total Payments</b>	<b>191,974.47</b>	<b>151,521.47</b>	<b>58,824.08</b>	<b>84,565.43</b>	<b>164,483.09</b>	<b>651,368.53</b>	<b>191,974.47</b>	<b>151,521.47</b>	<b>58,824.08</b>	<b>84,565.43</b>	<b>207,615.43</b>	<b>694,500.87</b>



Approved by

Director General, Department of SME Promotion  
Project Director

**Somdy INMYXAI**

Certified by:

Project Manager  
Ms. Phanmany Khamphavong

Prepared by:

Chief Accountant  
Ms. Phuangphanh Keovanthong


- A statement of Withdrawal Applications

**STATEMENT OF WITHDRAWALS - ADB Loan**  
Report for the Period Ended, 30 September 2016 (US\$)

Withdrawal Applications			Amount Disbursed			Amount Liquidate			
No.	Date	Currency	Total	Direct payment	Imprest account	Others	Date	Amount	Adv. Balance
00001	7-Jul-15	USD	122.476,00		122.476,00		20-Jul-15		122.476,00
00003	7-Jul-15	USD	6.900,00	6.900,00			21-Jul-15		-
00004	23-Oct-15	USD	77.524,00		77.524,00		24-Nov-15		77.524,00
00005	11-Mar-16	USD	96.285,96	96.285,96			21-Mar-16		-
00006	11-Dec-15	USD	56.000,00	56.000,00			18-Dec-16		-
00007	12-Feb-16	USD	140.274,78		140.274,78		2-Mar-16	140.274,78	-
00008	6-May-16	USD	83.201,81		83.201,81		24-May-16	83.201,81	-
00009	12-Jul-16	USD	79.271,85		79.271,85		18-Jul-16	79.271,85	-
00010	5-Aug-16	USD	44.747,65		44.747,65		23-Aug-16	44.747,65	-
00011	30-Aug-16	USD	73.419,92		73.419,92		7-Sep-16	73.419,92	-
Sub total:			780.101,97	159.185,96	620.916,01	-		420.916,00	200.000,01

Approved by:   
  
 Director General, Department of SME Promotion  
 Project Director

Certified by:

  
 Project Manager  
 Ms. Phanmany Khamphilavong

Prepared by:

  
 Chief Accountant  
 Ms. Phuangphanh Keovanthong

Somdy INMYXAI



**- Summary of Assets for the period ended 30<sup>th</sup> September 2016**

Equipment Items	Component 1, Output 1			Component 1, Output 2			Component 2			Component 3			Component 4		
	Qty	Unit Price	Total Amount	Qty	Unit Price	Total Amount	Qty	Unit Price	Total Amount	Qty	Unit Price	Total Amount	Qty	Unit Price	Total Amount
Laptop	3	5,670.000	17,010.000	2	5,670.000	11,340.000	3	5,670.000	17,010.000	3	5,670.000	17,010.000	1	5,670.000	5,670.000
Desktop Computer	5	6,150.000	30,750.000	5	6,150.000	30,750.000	7	6,150.000	43,050.000	3	6,150.000	18,450.000	2	6,150.000	12,300.000
All-in-One Color Printer/Fax/Scan/Copy	1	3,550.000	3,550.000	1	3,550.000	3,550.000	1	3,550.000	3,550.000	1	3,550.000	3,550.000	1	3,550.000	3,550.000
B&W Professional Laser Printer	1	2,700.000	2,700.000	2	2,700.000	5,400.000	1	2,700.000	2,700.000	1	2,700.000	2,700.000	1	2,700.000	2,700.000
B&W Professional Photocopier with Feeder	1	13,700.000	13,700.000				1	13,700.000	13,700.000				1	13,700.000	13,700.000
B&W Heavy Duty, High Speed Photocopier with Feeder and Sorter				1	28,350.000	28,350.000									
LED Projector	1	4,850.000	4,850.000	1	4,850.000	4,850.000				1	4,850.000	4,850.000	1	4,850.000	4,850.000
Screen	1	1,361.250	1,361.250	1	1,361.250	1,361.250				1	1,361.250	1,361.250	1	1,361.250	1,361.250
UPS 800 VA	5	759.000	3,795.000				10	759.000	7,590.000						
8GB USB	10	59.483	594.825	5	59.483	297.413	10	59.483	594.825						
16GB USB										8	84.975	679.800			
Internet Wifi Router				1	1,300.000	1,300.000	1	1,300.000	1,300.000	2	1,300.000	2,600.000			
8 Port Hub Switch							1	161.453	161.453						
Internet Lan Cable (150 m)										1	1,150.875	1,150.875			
Telephone with speaker							1	611.820	611.820				2	611.820	1,223.640
External Hard Drive (4 TB)							1	860.000	860.000	2	860.000	1,720.000			
Portable Hard Drive (1 TB)							2	630.000	1,260.000						
Digital Camera				1	3,150.000	3,150.000				1	3,150.000	3,150.000			
<b>TOTAL</b>	<b>28</b>	<b>38,799.733</b>	<b>78,311.075</b>	<b>20</b>	<b>57,140.733</b>	<b>90,348.663</b>	<b>39</b>	<b>36,151.756</b>	<b>92,388.098</b>	<b>23</b>	<b>28,127.100</b>	<b>54,521.925</b>	<b>10</b>	<b>38,593.070</b>	<b>45,354.890</b>
<b>Equipment Items for 27 EROs</b>															
Wifi Router	1	2,867.519	2,867.519												
Servers	3	35,362.635	106,087.905												
Server hardware	1	4,339.500	4,339.500												
Laptop															
Desktop computers	27	12,158.465	328,278.555										1	14,921.940	14,921.940
Transportation to Provinces	18	16,500.000	16,500.000										1	12,158.465	12,158.465
<b>TOTAL</b>	<b>50</b>	<b>71,228.119</b>	<b>458,073.479</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>27,080.405</b>	<b>27,080.405</b>
<b>Furniture Items</b>															
Meeting Table for 10 and 10 Chairs	1	14,580.000	14,580.000	1	14,580.000	14,580.000	1	14,580.000	14,580.000						
Meeting Table for 6 and 6 Chairs															
Shelves Cabinet with Glass Doors				3	1,833.000	5,499.000	3	1,833.000	5,499.000	4	1,833.000	7,332.000	2	1,833.000	3,666.000
Low Cabinets													2	960.000	1,920.000
4 Drawers Metal vertical filing cabinet				2	1,408.000	2,816.000									
Office desk L-shaped with chair															
Office desk with Chair				5	2,735.000	13,675.000	5	2,735.000	13,675.000	4	2,735.000	10,940.000	2	2,883.000	5,766.000
Office chairs															
Visitor couches				1	3,200.000	3,200.000				4	715.000	2,860.000			
White Board															
Foam Board															
<b>TOTAL</b>	<b>1</b>	<b>14,580.000</b>	<b>14,580.000</b>	<b>12</b>	<b>23,756.000</b>	<b>39,770.000</b>	<b>11</b>	<b>19,687.000</b>	<b>34,293.000</b>	<b>12</b>	<b>5,283.000</b>	<b>21,132.000</b>	<b>9</b>	<b>16,176.000</b>	<b>24,587.000</b>

**Summary equipment purchase for Cpn.1-4**

Item	Amount in LAK	Amount in USD
Component 1- Output 1	578,044.959	71,440.14
Component 1- Output 2	130,118.663	15,985.01
Component 2	611,834.982	15,562.84
Component 3	75,653.925	9,294.05
Component 4	69,941.890	8,592.54
<b>TOTAL in cluded tax 10%</b>	<b>1,465,594.418</b>	<b>120,874.58</b>

Certified by:  Project Manager

Verified by:  Chief Accountant

Prepared by:  Accountant



# **ANNUAL FINANCIAL PROGRESS REPORT**

For the period: 1 October to 31 December 2016

Project Number: 44057-013

Loan No. 3037

**Lao People's Democratic Republic:  
Second Private Sector and Small and Medium-Sized  
Enterprises Development Program, subprogram 2**

**The Ministry of Industry and Commerce  
Department of Small and Medium Enterprises Promotion  
(The Project Executing Agency)**

## **BASIC DATA**

### **A. Project Identification**

- |   |  |
|---|--|
| 1. Country                              | Lao PDR  |
| 2. Loan/Grant Number                    | ADB Loan No. 3037 LAO-(SF)   |
| 3. Project Title                        | Second Private Sector and Small and Medium-Sized Enterprises Development Program, Subprogram 2 |
| 4. Borrower/Recipient:                  | The Government of Lao PDR  |
| 5. Executing Agency                     | The Ministry of Industry and Commerce<br>Department of Small and Medium Enterprises Promotion  |
| 6. Amount of Loan/Grant Total (\$'000): | USD 4.378  |
| 7. Project Report Period                | 1 October to 31 December 2016  |

### **B. Loan/Grant Data**

- |   |                                  |   |
|---|----------------------------------|---|
| 1 | Date of Board Approval           | 8 August 2013                                   |
| 2 | Date of Loan/Grant Agreement     | 11 October 2013                                 |
| 3 | Date of Loan/Grant Effectiveness | 11 November 2013                                |
| 4 | Project Closing Date             | 30 June 2018                                    |
| 8 | Terms of Loan/Grant              |   |
|   | – Interest Rate                  | 1% during grace period<br>1.5% during repayment |
|   | – Maturity (number of years)     | 48 years  |



## **CONTENTS**

- I. Project Overview**
- II. Project Funds**
- III. Financial Management Roles**
- IV. Basis Project Financial Statements**
  - 1. A statement of cash receipts and payments
  - 2. A statement of budget versus actual expenditures
  - 3. Significant accounting policies and explanatory notes
    - A statement of First Generation Imprest Account (FGIA)
    - A statement of Second Generation Imprest Account (SGIA)
    - A summary statement of expenditures
    - A statement of Withdrawal Applications by specific reference number and amount by expenditure
    - Summary of Assets for the period ended 31<sup>th</sup> December 2016

## **I. Project Overview**

MOIC is the Executing Agency (EA) for the Project. MOIC delegates Department of SME Promotion (DOSMEP) to coordinate the project implementation with the Implementation Agencies (IAs), DOSMEP establish a Project Management Unit (PMU) that is responsible for project coordination and management. The project comprises four components:

- Executing Agency (Component4): Establish Project Management Unit (PMU) to help implement and oversee the activities of each component/output
- Implementing Agency:
  - Component 1-Output 1: Department of Enterprise Registry and Management (DERM)- to improve the procedures for enterprise registration, enhance capabilities of the enterprise registry including capabilities for online registration, link to tax numbers and fiscal incentives based on investment promotion law and complete the roll out of 27 Enterprise offices across the country
  - Component 1-Output 2: Ministry of Justice (MOJ) to provide enhanced capacity building towards institutionalizing RIA in Lao PDR
  - Component 2: Ministry of Science and Technology (MOST)- to support relevant government agencies enhance SME's exports through GI registration which is a discipline of intellectual property to brand and market products that meet GI requirements
  - Component 3: Department of Import and Export (DIMEX)- to put in place a system to facilitate trade of SME products both internally in Laos and internationally via E-commerce platform.

## **II. Project Funds**

- |   |   |               |
|---|---|---------------|
| - Total project cost                      | : | USD 4.628.000 |
| - ADB Loan                                | : | USD 4.378.000 |
| - Government contribution funds (In Kind) | : | USD 250.000   |

## **III. Financial Management Roles**

The Project use a double entry bookkeeping system to produce the financial statements, account transaction and report that is suitable with the project purpose. The report is presented in US dollar Unit. The report period is from 1<sup>st</sup> October to 31<sup>th</sup> December 2016.

#### IV. Basis Financial Statement

##### 1. A statements of cash receipts and payments

**Statement of Cash Receipts and Payments**  
For the Period: From 1st October 2016 to 31st December 2016

Cat.	Description	Previous period	Current period	Cumulative to date
<b>Receipts</b>				
	ADB	780,101.97	288,696.93	1,068,798.90
	Government of Lao contribution (in kind)	62,549.16	15,637.29	78,186.45
	Other			-
	<b>Total Receipts</b>	<b>842,651.13</b>	<b>304,334.22</b>	<b>1,146,985.35</b>
<b>Payment by Category</b>				
1	Vehicles	96,285.96		96,285.96
2	Equipment	184,409.58	237,618.46	422,028.04
3	Consultants	338,989.00	98,166.36	437,155.36
4	Training	49,527.47	282.26	49,809.73
5	Surveys			-
6	Miscellaneous administration and support costs	25,288.86	5,521.55	30,810.41
7	Government of Lao contribution (in kind)	62,549.16	15,637.29	78,186.45
	<b>Total Payments</b>	<b>757,050.03</b>	<b>357,225.92</b>	<b>1,114,275.95</b>
<b>Opening Balance</b>				
<b>Cash at Bank and Cash on hand</b>				
	First Generation IAR	84,600.30	600.30	600.30
	SGIA	1,640.75	82,508.02	82,508.02
	Cash on hand	2.61	360.56	360.56
	Petty cash		370.69	370.69
	Cash advance		1,761.54	1,761.54
	<b>Total Opening Fund Balance</b>	<b>86,243.66</b>	<b>85,601.11</b>	<b>85,601.11</b>
<b>Closing Fund Balance</b>				
<b>Cash at Bank and Cash on hand</b>				
	First Generation IAR	600.30	600.30	600.30
	SGIA	82,508.02	28,941.25	28,941.25
	Cash on hand	360.56	403.67	403.67
	Petty cash	370.69	370.69	370.69
	Cash advance	1,761.54	2,393.49	2,393.49
	<b>Total Closing Fund Balance</b>	<b>85,601.11</b>	<b>32,709.40</b>	<b>32,709.40</b>



Approved by:  
Director General, Department of SME Promotion  
Project Director

**Somdy INMYXAI**

Certified by:   
Project Manager  
Ms. Phanmany Khamphilavong

Prepared by:   
Chief Accountant  
Ms. Phuangphanh Keovanthong

## 2. A statements of budgeted versus actual expenditures

### Statement of Comparison of Budget and Actual Expenditure

For the Period: From 1st October 2016 to 31 December 2016

Cat.	Description	Original Fund Allocated		Disbursement			Diff./Balance
		Category	Subcategory	Current period	Previous year	Cumulative	
	<b>ADB Fund</b>						
1	Vehicle	108,000.00					
a	Component 1		31,000.00		32,095.32	32,095.32	1,095.32
b	Component 2		46,000.00		32,095.32	32,095.32	13,904.68
c	Component 4		31,000.00		32,095.32	32,095.32	1,095.32
2	Equipment	1,015,750.00					
a	Component 1		190,990.00	85,618.46	97,426.14	173,043.60	17,046.40
b	Component 2		270,600.00		15,562.84	15,562.84	255,037.16
c	Component 3		552,060.00	152,000.00	72,829.05	224,829.05	327,230.95
d	Component 4		2,100.00		8,592.54	8,592.54	6,492.54
3	Consultant	2,280,710.00					
a	Component 1		1,202,830.00	83,067.60	188,131.86	271,199.46	931,630.54
b	Component 2		499,760.00				499,760.00
c	Component 3		189,460.00	5,200.00	7,280.00	12,480.00	176,980.00
d	Component 4		388,660.00	9,898.76	143,577.14	153,475.90	235,184.10
4	Training	490,900.00					
a	Component 1		414,000.00	262.26	34,053.28	34,335.54	379,664.46
b	Component 2		56,500.00		11,017.82	11,017.82	45,482.18
c	Component 3		20,400.00		4,456.38	4,456.38	15,943.62
5	Surveys	110,000.00					
a	Component 1		50,000.00				50,000.00
b	Component 2		60,000.00				60,000.00
6	Admin and support costs	204,190.00	204,190.00	5,521.55	25,288.86	30,810.41	173,379.59
7	Contingencies	168,450.00	168,450.00				168,450.00
	<b>Sub-total-ADB</b>	<b>4,378,000.00</b>	<b>4,378,000.00</b>	<b>341,588.63</b>	<b>694,500.87</b>	<b>1,036,089.50</b>	<b>3,341,910.50</b>
	<b>Government Fund</b>						
	Gov. contribution in kind	250,000.00	250,000.00	15,637.29	62,549.16	78,186.45	171,813.55
	<b>Sub-total-GOL</b>	<b>250,000.00</b>	<b>250,000.00</b>	<b>15,637.29</b>	<b>62,549.16</b>	<b>78,186.45</b>	<b>171,813.55</b>
	<b>Total</b>	<b>4,628,000.00</b>	<b>4,628,000.00</b>	<b>357,225.92</b>	<b>757,050.03</b>	<b>1,114,275.95</b>	<b>3,513,724.05</b>

Approved by:



Director General, Department of SME Promotion  
Project Director

Somdy INMYXAI

Certified by:

Project Manager  
Ms. Phanmany Khamphilavong

Prepared by:

Chief Accountant  
Ms. Phuangphanh Keovanthong

### 3. Statement of Imprest Account


*A statement of First Generation Imprest Account (FGIA)*

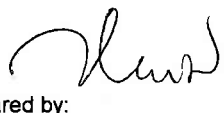
#### Statement of First Generation Imprest Account (FGIA) For the Period: From 1st October 2016 to 31st December 2016

Description	Notes	Current Period	Previous period
Balance carryover from previous year		600,30	600,30
Advance		-	200.000,00
Replenishment		136.696,93	420.916,01
Interest Earned			
Total Receipts		136.696,93	620.916,01
Payment:			
Payments made during the period		136.696,93	620.315,71
Amount refunded during the period			
Foreign Exchange Gain/(Loss)			
Total Closing Fund Balance		600,30	600,30
Expenditure not yet claimed			
Balance carryover from previous period			
Add. Payment made during the year			
Liquidation			
Expenditure not yet claim		-	-



Approved by:   
Director General, Department of SME Promotion  
Project Director

Certified by:   
Project Manager  
Ms. Phanmany Khamphilavong

Prepared by:   
Chief Accountant  
Ms. Phuangphanh Keovanthong

**Somdy INMYXAI**



*A statement of Second Generation Imprest Account (SGIA)*

**Statement of Second Generation Imprest Account (SGIA)**


For the Period: From 1st October 2016 to 31th December 2016


Description	Notes	Current period	Previous period
Balance carryover from previous year		82,508.02	0.00
Advance			86,024.00
Replenishment		136,696.93	504,916.01
Received from advance reconcile		1,061.00	8,716.96
Total Receipts		137,757.93	599,656.97
Payment:			
Payments made during the period		191,324.70	517,148.95
Amount refunded during the period			
Foreign Exchange Gain/(Loss)			
Total Payment:		191,324.70	517,148.95
Expenditure not yet claimed			
Balance carryover from previous period			
Add. Payment made during the year			
Liquidation			
Expenditure not yet claim		-	-
Total Closing Fund Balance		28,941.25	82,508.02

Approved by:   
 Director General, Department of SME Promotion  
 Project Director



Somdy INMYXAI

Certified by:   
 Project Manager  
 Ms. Phanmany Khamphilavong

Prepared by:   
 Chief Accountant  
 Ms. Phuangphanh Keovanthong

- A summary statement of expenditures

Total payment made by Second Private Sector and SME Development Program, subprogram 2 during the period of 1<sup>st</sup> October to 31<sup>st</sup> December 2016 amount USD 341,586,11 which were paid from following categories:

Statement of Use Fund by Component/Output  
For the Period: From 1<sup>st</sup> October 2016 to 31<sup>st</sup> December 2016

Category	Current period					Previous period					Cumulative				
	Comp 1, Output 1	Comp 1, Output 2	Comp 2	Comp 3	Comp 4	Total	Comp 1, Output 1	Comp 1, Output 2	Comp 2	Comp 3	Comp 4	Total	Comp 1, Output 1	Comp 1, Output 2	Total
1 Vehicle	-	-	-	-	-	-	32,095.32	71,440.14	32,095.32	32,095.32	32,095.32	96,285.96	32,095.32	-	96,285.96
2 Equipment	85,618.46	-	-	-	-	237,618.46	71,440.14	15,985.01	15,985.01	72,829.05	8,592.54	184,409.58	157,058.60	15,985.01	422,028.04
3 Consultant	13,217.92	68,849.68	-	-	9,898.76	98,166.36	78,739.21	109,392.65	-	7,280.00	143,577.14	338,989.00	91,957.13	179,242.33	437,155.36
4 Training	-	282.26	-	-	-	282.26	8,991.95	25,061.33	11,017.82	4,456.38	-	49,527.47	8,991.95	25,343.59	49,809.73
5 Surveys	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6 Admin and support costs	-	494.05	-	-	4,672.14	5,215.55	707.85	1,082.48	148.11	-	23,350.42	25,288.66	707.85	1,566.53	30,810.41
<b>Total Payments</b>	<b>98,836.38</b>	<b>70,615.99</b>	<b>-</b>	<b>157,565.36</b>	<b>14,570.90</b>	<b>341,588.63</b>	<b>191,974.47</b>	<b>151,521.47</b>	<b>58,824.08</b>	<b>84,565.43</b>	<b>207,515.42</b>	<b>684,500.87</b>	<b>290,810.85</b>	<b>222,137.46</b>	<b>1,036,089.50</b>

Certified by:



Project Manager  
Ms. Phannany Khamphilaovong

Prepared by:



Chief Accountant  
Ms. Phuangphanh Keavanthong



Somy INMYXAI

- A statement of Withdrawal Applications

**STATEMENT OF WITHDRAWALS - ADB Loan**  
Report for the Period Ended, 31 December 2016 (US\$)

Withdrawal Applications			Amount Disbursed		Amount Liquidate		
No.	Date	Currency	Total	Direct payment	Imprest account	Others	Adv. Balance
00001	7-Jul-15	USD	122.476,00		122.476,00		122.476,00
00003	7-Jul-15	USD	6.900,00	6.900,00			-
00004	23-Oct-15	USD	77.524,00		77.524,00		77.524,00
00005	11-Mar-16	USD	96.285,96	96.285,96			-
00006	11-Dec-15	USD	56.000,00	56.000,00			-
00007	12-Feb-16	USD	140.274,78		140.274,78		-
00008	6-May-16	USD	83.201,81		83.201,81		-
00009	12-Jul-16	USD	79.271,85		79.271,85		-
00010	5-Aug-16	USD	44.747,65		44.747,65		-
00011	30-Aug-16	USD	73.419,92		73.419,92		-
00012	21-Oct-16	USD	114.398,90		114.398,90		-
00013	6-Dec-16	USD	22.298,03		22.298,03		-
00014	12-Dec-16	USD	152.000,00	152.000,00			-
Sub total:			1.068.798,90	311.185,96	757.612,94	-	200.000,01

Approved by:   
Director General, Department of SME Promotion  
Project Director

Certified by:



Project Manager  
Ms. Phanmany Khamphilavong

Prepared by:



Chief Accountant  
Ms. Phuangphanh Keovanthong

Somy INMYXAI

10


31

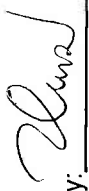


**- Summary of Assets for the period ended 31<sup>st</sup> December 2016**

Equipment Items	Component 1, Output 1			Component 1, Output 2			Component 2			Component 3			Component 4		
	Qty	Unit Price	Total Amount	Qty	Unit Price	Total Amount	Qty	Unit Price	Total Amount	Qty	Unit Price	Total Amount	Qty	Unit Price	Total Amount
Laptop	3	5,670.000	17,010.000	2	5,670.000	11,340.000	3	5,670.000	17,010.000	3	5,670.000	17,010.000	1	5,670.000	5,670.000
Desktop Computer	5	6,150.000	30,750.000	5	6,150.000	30,750.000	7	6,150.000	43,050.000	3	6,150.000	18,450.000	2	6,150.000	12,300.000
All-in-One Color Printer/Fax/Scan/Copy	1	3,550.000	3,550.000	1	3,550.000	3,550.000	1	3,550.000	3,550.000	1	3,550.000	3,550.000	1	3,550.000	3,550.000
B&W Professional Laser Printer	1	2,700.000	2,700.000	2	2,700.000	5,400.000	1	2,700.000	2,700.000						
B&W Professional Photocopier with Feeder	1	13,700.000	13,700.000												
B&W Heavy Duty, High Speed Photocopier with Feeder and Sorter															
LED Projector	1	4,850.000	4,850.000	1	28,350.000	28,350.000									
Screen	1	1,361.250	1,361.250	1	4,850.000	4,850.000									
UPS 800 VA	5	759.000	3,795.000	1	1,361.250	1,361.250									
8GB USB	10	59.483	594.825	5	59.483	297.413	10	59.483	594.825						
Internet Wifi Router															
8 Port Hub Switch				1	1,300.000	1,300.000	1	1,300.000	1,300.000	2	84.975	169.950			
Internet Lan Cable (150 m)															
Telephone with speaker															
External Hard Drive (4 TB)															
Portable Hard Drive (1 TB)															
Digital Camera															
<b>TOTAL</b>	<b>28</b>	<b>38,799.733</b>	<b>78,311.075</b>	<b>20</b>	<b>57,140.733</b>	<b>90,348.663</b>	<b>39</b>	<b>36,151.756</b>	<b>92,388.098</b>	<b>23</b>	<b>28,127.100</b>	<b>54,521.925</b>	<b>10</b>	<b>38,593.070</b>	<b>45,354.890</b>
<b>Equipment Items for 27 EROs</b>															
Wifi Router	1	2,867.519	2,867.519												
Servers	3	35,362.635	106,087.905												
Server hardware	1	4,339.500	4,339.500												
Laptop															
Desktop computers	27	12,158.465	328,278.555												
B&W Laser Printer	27	1,273.250	34,377.750												
Fax Machine	27	1,510.443	40,781.961												
B&W Pro Photocopier with Feeder	27	15,196.297	410,300.006												
UPS 800 VA	27	1,177.935	31,804.245												
8GB USB	27	33.000	891.000												
Mobile Wi-Fi 4G Router	27	1,035.419	27,956.313												
Air Conditioning unit															
Transportation to Provinces	18	38,500.000	693,000.000												
<b>TOTAL</b>	<b>212</b>	<b>113,454.462</b>	<b>1,026,184.753</b>	<b>0</b>			<b>0</b>			<b>0</b>			<b>3</b>	<b>38,135.075</b>	<b>38,135.075</b>
<b>Furniture Items</b>															
Meeting Table for 10 and 10 Chairs	1	14,580.000	14,580.000	1	14,580.000	14,580.000	1	14,580.000	14,580.000						
Meeting Table for 6 and 6 Chairs															
Shelves Cabinet with Glass Doors	3	1,833.000	5,499.000	3	1,833.000	5,499.000	4	1,833.000	7,332.000				1	7,765.000	7,765.000
Low Cabinets													2	1,833.000	3,666.000
4 Drawers Metal vertical filing cabinet	2	1,408.000	2,816.000										2	960.000	1,920.000
Office desk L-shaped with chair															
Office desk with chair	5	2,735.000	13,675.000	5	2,735.000	13,675.000	4	2,735.000	10,940.000				2	2,883.000	5,766.000
Office chairs													2	2,735.000	5,470.000
Visitor couches															
White Board	1	3,200.000	3,200.000												
Foam Board															
<b>TOTAL</b>	<b>1</b>	<b>14,580.000</b>	<b>14,580.000</b>	<b>12</b>	<b>23,756.000</b>	<b>39,770.000</b>	<b>11</b>	<b>19,687.000</b>	<b>34,293.000</b>	<b>12</b>	<b>5,283.000</b>	<b>21,132.000</b>	<b>9</b>	<b>16,176.000</b>	<b>24,587.000</b>

Summary equipment purchase for Cpn.1-4		
Item	Amount in LAK	Amount in USD
Component 1- Output 1	1,119,075.828	142,442.46
Component 1- Output 2	130,118.663	15,985.01
Component 2	126,681.098	15,562.84
Component 3	75,653.925	9,294.05
Component 4	108,076.965	8,592.54
<b>TOTAL in cluded tax 10%</b>	<b>1,559,606.479</b>	<b>191,876.90</b>

Certified by:   
Project Manager

Verified by:   
Chief Accountant

Prepared by:   
Accountant

Description		Component 1, Output 1			Component 1, Output 2			Component 2			Component 3			Component 4		
Vehicles	Qty	Unit Price	Total Amount	Qty	Unit Price	Total Amount	Qty	Unit Price	Total Amount	Qty	Unit Price	Total Amount	Qty	Unit Price	Total Amount	
Vehicle Chevrolet Colorado, 2500CC 4WD (LT) 6-Manual Transmission	1	259,940.000	259,940.000			-	1	259,940.000	259,940.000			-	1	259,940.000	259,940.000	
						-						-			-	
						-						-			-	
						-						-			-	
						-						-			-	
TOTAL	1	259,940.000	259,940.000	0	-	-	1	259,940.000	259,940.000	0	-	-	1	259,940.000	259,940.000	

Item	Amount in LAK	Amount in USD
Component 1- Output 1	259,940,000	32,095,32
Component 1- Output 2		
Component 2	259,940,000	32,095,32
Component 3		
Component 4	259,940,000	32,095,32
<b>TOTAL in cluded tax 10%</b>	<b>779,820,000</b>	<b>96,285,96</b>

Verified by: [Signature]  
Chief Accountant

Prepared by: \_\_\_\_\_  
Accountant





Lao People's Democratic Republic  
Peace Independence Democracy Unity Prosperity

State Audit Organization

No.: 840 /SAO

Vientiane Capital, Date: 29 JUN 2017

### **Management Letter**

**To:** The project management of the **Second Private Sector and SME Development Program, Subprogram 2.**

**Re:** Report on audit findings of the **Second Private Sector and SME Development Program, Subprogram 2, ADB Loan No: 3037-LAO (SF)** for the fiscal year 2015-2016 and three months additional (October, November and December 2016).

The audit team conducts an audit the project implementation in the fiscal year 2015-2016 and three months additional (October, November and December 2016). The audit team also reviews the previous year's recommendations, of which observes that there are some goodness, weakness, implications about internal control system, financial, accounting system and relevant issues. The audit team made some recommendations and solutions to the project management in order to improve weakness in the near future, the details are following:

**1. Audit findings on the project's implementation for the fiscal year 2015-2016 and three months additional (October, November and December 2016)**

**1.1. Internal control**

**A. Goodness**

The project has its own organizational structure, decision on National Steering Committee (NSC), Project Management, Financial Management Manual (FMM) and the

project creates term of references (TORs) to the NSC, Project Management and also project's staffs.

**B. Weakness**

- There was not decision on role, duty and right of which developed from the Project Administration Manual sign on approval by the chair of the NSC;
- The Financial Management Manual of the did not sign by the chair of NSC and the administration advance account did not mentioned in the Project Administration Manual (PAM), dated January 2016;
- The accountant-finance and the staff responsible for project's fixed assets was the same person;
- The decision on procurement committee did not have representative from Ministry of Planning and Investment (MPI).

**C. Implications**

- The oversight, management and implementation of the project did not have legislation to be reference;
- The project may face difficulties on implementation, oversight, summarizing the amount receipt-payment by each account;
- The process on procurement may not have efficiency and effectiveness.

**D. Recommendations**

- *To be reference on the implementation, the Second Private Sector and SME Development Program, Subprogram 2 should have to prepared decision on role duty right by developed from the Project Administration Manual (PAM) then proposes to the higher sectors for the consideration on approval the said decision.*
- *To be reference on implementation the accounting work of the project, the Financial Management Manual needs to be signed by the chair of national steering committee of the project and the journals should have to implement in compliance to the PAM of the project, dated January 2016.*

- *The project should have to separate the responsibility of accounting-finance and the responsibility of fixed assets as per prescribed by clause 1, article 70 of the law on accounting (amended version), No: 47/NA, dated December 26<sup>th</sup>, 2013.*

- *The decision on procurement committee of the Second Private Sector and SME Development Program, Subprogram 2 should exist a representative from Ministry of Planning and Investment and a representative from Ministry of Foreign Affairs (MOFA) as stipulated in para 1, clause 1, article 21 of the procurement rule on constructions, maintenances and services by state fund, No: 0063/MOF, dated March 12<sup>th</sup>, 2004.*

**Management response:**

- Role, right and duty of the project describes in page 8 of the Project Administration Manual (PAM) that initial agreement between government of Lao PDR and ADB, the project uses PAM to be reference for the implementation in order to decrease administration process and time.

- The project organized meeting to present and spread contents of the project's FMM to the Project Implementation Offices (PIOs) on August 23<sup>rd</sup>, 2016. The said FMM would be improved in compliance to the rule and actual condition.

- In the year of 2017, the project will propose to higher sectors to appoint the staff responsible for fixed assets and separate responsibility of finance-accountant.

- The project will consider improving the procurement committee as per actual condition and will include representative from Ministry of Planning and Investment in the procurement committee.

**1.2. Budget planning**

**A. Goodness**

The Project Implementation Offices prepared annual budget plan to be reference on the activities disbursement of the project.

**B. Weakness**

The project did not develop annual budget plan into detailed plan by month and quarter.

**C. Implications**

The project may not oversight or inspects the monthly and quarterly of the project's activity in comparison to the annual plan.

#### **D. Recommendations**

*To implement in accordance to clause 2.2.3 of the Project Accounting System Manual, No: 1013/MOF, dated June 26<sup>th</sup>, 1998, the project management should have to give advices to the staff responsible for budget planning to develop the annual plan into monthly and quarterly budget plan.*

**Management response:** The project agrees to improve as the recommendations of audit team.

#### **1.3. Accounting recording and summarization**

##### **A. Goodness**

The transactions recording into journals showed previous balance, receipts, actual payment and balance to date. The journals were summarized by month, quarter and year.

##### **B. Weakness**

- The transactions recorded to the journal on loan, second general imprest account, cash advance and pretty cash, the audit team noted that the fund receipts recorded in the credit and the fund payment recorded in the debit, the transactions recording into journals did not comply to the accounting principle and to the prescribed Project Accounting System Manual.
- The account summarization may not be accurate as per actual payment.
- The annual report of the Loan account, first general imprest account (FGIA), second general imprest account, pretty cash, cash advance and general ledger did not date and did not name of person's signature.

##### **C. Implications**

- The transactions occurred recorded into the journals did not be accurate as per prescribed accounting principle.
- The diary recording did not be accurate as per actual payment.
- The implementation on accounting did not comply with the rule and regulation.

#### **D. Recommendations**

- *To implement in accordance with the project accounting system manual, No: 1013/MOF, dated June 26<sup>th</sup>, 1998, the management of the project should have to give advices to the staff responsible on accounting to record transactions to journals as per prescribed manual.*

- *To implement in compliance to clause 4, article 17 of the law on accounting (amended version), No: 47/NA, dated December 26<sup>th</sup>, 2013, the project management should have to advise to the project's accountant to record transaction occurred as per actual date and chronologically record to the journals.*

- *To implement in compliance to article 6 of the decree on official document, No: 239/GOL, dated August 13<sup>th</sup>, 2015, the accounting report of the project needs to date and name by the person's signature.*

**Management response:** The project agrees to improve as the recommendations of audit team.

#### **1.4. Cheque's counterfoil**

##### **A. Goodness**

The project has cheque's book for fund disbursement from second general imprest account and disburse fund to use in the diary operation of the project.

##### **B. Weakness**


The counterfoil of cheque used pencil and the description wrote in the counterfoil did not complete such as: description on payment, previous balance, fund receipts, accumulative payment and balances to date.

##### **C. Implications**

The project may not know the forward accumulative balance, fund receipts amount, balance in the counterfoil of cheque and it may risky to adjust withdrawal figure from second general imprest account.

##### **D. Recommendations**

*To implement in compliance to clause 2, article 20 of the law on accounting (amended version), No: 47/NA, dated December 26<sup>th</sup>, 2013; para 2, article 14 of the Cheque's decree, No: 386/GOL, dated October 27<sup>th</sup>, 2014 and the instruction on the use of cheque that issued by Banque Pour Le Commerce Exterior Lao Public (BCEL), the project management should give advices to the staff responsible on cheque to use pen instead of pencil into cheque in detailed information and avoid dirtiness or cross out occurred in the cheque.*

**Management response:** The project agrees to improve to the recommendations of audit team. 



### **1.5. Contracts preparation and implementation on contracts**

#### **A. Goodness**

The project made procurement and the procurement implemented in compliance to the prescribed rule on procurement such as the procurement documents, decision on winner of bidding, acceptance letter the bidding winner, approval letter from funder and contract between supplier and the project.

#### **B. Weakness**

The 5 contracts on consultant amounted to 794.985,20 USD of the Second Private Sector and SME Development Program, Subprogram 2 were signed before approval decision of the Director General of the SMEs Department.

#### **C. Implications**

There is no reference to sign the contract with the consultants.

#### **D. Recommendations**

*To implement in compliance to clause 1.6, chapter 1, part I of the procurement manual, dated May 05<sup>th</sup>, 2009, the preparation on consultants' contract should have to implement in accordance with prescribed process in the procurement manual.*

**Management response:** the project agrees to improve as the recommendations of audit team. Due to the procurement committee implemented in accordance with ADB procurement process, in the period the project procured international consultant and the procurement committee strictly followed to ADB's procedure.

### **1.6. Expenditure on Vehicles**

#### **A. Goodness**

The project procured administration vehicle in order to facilitate the operation work of the project. The procurement made price comparison from 3 suppliers and the project appointed procurement committee as per prescribed rule.

#### **B. Weakness**

The procurement on 3 units of truck amounted to 96.285,96 USD equivalent to 779.820,00 LAK noted that the documents attachment did not complete sets such as: no detailed



procurement plan, no request procurement letter; and the bidding advertisement did not place in Lao language.

**C. Implications**

The documents composition did not complete sets as per prescribed procurement rule of the Ministry of Finance.

**D. Recommendations**

*To implement in compliance to clause 2.3, chapter 2 of the procurement manual, dated May 05<sup>th</sup>, 2009 and clause A, article 14 of the implementation decree of the procurement rule on constructions, maintenances, services by state fund, No: 0063/MOF, dated March 12<sup>th</sup>, 2004, the project management should have to give advices to the staff responsible for the procurement to prepare detailed procurement plan in order to propose to the higher sectors on approval. And the procurement advertisement should stipulate in Lao language.*

**Management response:** the project agrees to improve as the recommendations of audit team.

**1.7. Expenditure on Consultants**

**A. Goodness**

The disbursement on Consultants noted that implemented in accordance with the prescribed rule and regulation. The said payment approved by the higher authorities and attached complete sets of supporting documents.

**B. Weakness**

The 3 times money transfer to the consultants amounted to 39.101,25 USD, the project withdrew from bank in cash and deposited the said cash into project's staff bank account then transferred fund from project's staff bank account to the consultants. The project did not transfer from second general imprest account directly into consultants' bank account.

**C. Implications**

The fund use of the project may not accurate as per project's purpose.



#### **D. Recommendations**

*The project management should have to give advices to the staff responsible for finance to directly transfer fund from second general imprest account to the consultants' bank account as per mentioned in the request letter of the disbursements.*

**Management response:** The project agrees to improve as the recommendations of audit team. Because, the staff responsible for cheque did not mention of which fund will transfer to the international consultants. So the staff withdrew cash and transferred cash into international consultants.

#### **1.8. Expenditure on Training**

##### **A. Goodness**

The disbursement on Training attached complete sets of supporting document such as: disbursement request letter, disbursement order, training agenda and bills.

##### **B. Weakness**

The training of the Project Implementation Offices did not have decision on training approval, no budget plan and payment report did not date. After training completion, the project did not create training report.

##### **C. Implications**

There was not reference on activities implementation and the disbursement did not tighten.

#### **D. Recommendations**

*To implement in compliance to clause 2.4 of the instruction on attachment of documents, oversight and conservation of documents, No: 19/MOF, dated January 05<sup>th</sup>, 2012 and article 6 of decree on official documents, No: 239/GOL, dated August 13<sup>th</sup>, 2015. The training should have to create approval decision on training, budget plan; the disbursement report needs to date and after training completion, the project should have to prepare training report to the higher authority of the project.*

**Management response:** For the training activities is referred to annual activities plan of the Project Implementation Offices (PIOs). The procedure on the implementation is the PIOs propose request letter to the National Project Management Office (NPMO) and every time on implementations are agreed/approved by the related Departments in order to implement on time frame.

For the training reports were included in the POI consultant's report (monthly progress report of the PIO) and if the training organized in the provincial, the project issues every time decision. To strictly implementation as the recommendations of audit team, the project will give advices to the PIOs issue decision as per actual condition.

**1.9. Expenditure on Miscellaneous Administration and Support Costs**

**A. Goodness**

The disbursement for the Miscellaneous Administration and Support Costs attached complete sets of supporting documents such as: request letter to the Departments, signature of the payee and related documents.

**B. Weakness**


The fund disbursement for monthly office maintenance the SMEs Department for the fiscal year 2015-2016 amounted to 74.488.000,00 LAK equivalent to 9.180,00 USD and the 3 months additional amounted to 12.462.360,00 LAK equivalent to 1.530,00 USD with total amount of 86.950.749,57 equivalent to 10.710,00. The said payment did not include in the plan and no reference for the disbursement.

**C. Implications**

The use of project fund may not achieve economy and not reasonable payment.

**D. Recommendations**

*To implement in compliance to article 26 of the law on accounting (amended version), No: 47/NA, dated December 26<sup>th</sup> 2013 and clause 1, 2, 3 para 6 of the 2.3 II of the instruction on attachment of documents, oversight and conservation of documents, No: 19/MOF, dated January 05<sup>th</sup>, 2012. All disbursement needs to attach complete sets of supporting documents.*

**Management response:** The project agrees to improve as the recommendations of audit team. The project will improve in the year of 2017. 

## **2. Review the previous year recommendations of audit team.**

### **2.1. Improvement to the previous year recommendations of audit team**

#### **1) Internal control**

- The project creates role right and duty of the project management and prepares TORs to the project management and project's staffs. The Financial Management Manual (FMM) is available in the project;
- The duty of cashier and accountant are not the same person.

#### **2) Accounting system**

- The single entry changes to double entry and the project prepares reconciliation of fund receipt with the ADB semi-monthly;
- The project record transactions as per actual description to the journals, the financial statements are in Lao language and English, the thousand, million and billion use period mark (.) instead of comma (,) as per prescribed by rule and regulation of Lao government.

#### **3) Fixed assets management**

The project fixed assets states source of fund, code tagged and at the end of year the project conducts physical counting and prepares fixed assets counting report to be evidence.

## **3. Conclusion**

In general, the management system of the **Second Private Sector and SME Development Program, Subprogram 2, ADB Loan No: 3037-LAO (SF)** has implemented according to guidelines of the Lao PDR government and that of the funder, with fully attached documents. In any case, in order that the strict enforcement of internal control to improve and optimize the project operational objectives, with efficiency and effectiveness, the project management needs a close oversight and adherence to the recommendations as cited above.

 **President**

**State Audit Organization of Lao P.D.R**

