

**PROJECT ON SUPPORT FOR THE REDD+
READINESS PREPARATION IN VIETNAM - PHASE 2**

Grant No. TF0A1122

AUDITED FINANCIAL STATEMENTS AND MANAGEMENT LETTER

For the period from October 06, 2016 to December 31, 2017

2018 -06- 2 9



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PART I
INDEPENDENT AUDITORS' REPORT
ON THE FINANCIAL STATEMENTS

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REPORT OF THE PROJECT MANAGEMENT UNIT

The Project Management Unit of the Project on Support for the REDD+ Readiness Preparation in Vietnam - Phase 2 ("the Project") presents this report and the Financial Statements of the Project for the period from November 18, 2016 to December 31, 2017.

The Project Management Unit

The Project Management Unit was established according to the Decision No. 1015/QĐ-BNN-TCCB dated March 28, 2017 of Ministry of Agriculture & Rural Development

Members of the Project Management Unit in the year and to the reporting date are:

Mrs. Nguyen Thi Thu Thuy	Director
Mr. Nguyen Viet Hung	Deputy Director

Responsibilities of the Project Management Unit

The Project Management Unit is responsible for preparing the financial statements of the Project, which comprise Balance sheet, Statement of Funds and Expenditures, Statements of Funds balance, Statements of Designated Account, Statement of Withdrawals and the Notes to the Financial statements including a summary of significant accounting policies which give a true and fair view of the financial position of the Project as at December 31, 2017 as well as its receipts, disbursements and expenditures of the Project for the period then ended, in accordance with the accounting convention and accounting policies set out in Note 2 of the Notes to the financial statements. In preparing these financial statements, the Project Management Unit is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments 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;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Subproject will continue in operation; and
- Design and maintain an effective internal control over compliance with requirements that could have a direct and material financial effect on the financial statements, as well as over financial reporting for the purpose of properly preparing and presenting the financial statements so as to minimise errors and frauds; and take responsibility for its assertion as to the effectiveness of such internal control.

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 that the financial statements comply with the accounting convention and accounting policies set out in Note 2 of the Notes to the Financial statements. The Project Management Unit is responsible for using the Project's funds as intended for the Project and for complying with covenants contained in Grant agreement No. TF0A1122 as well as laws and regulations applicable to the Project. The Project Management Unit is also responsible for safeguarding the assets of the Project and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

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

For and on behalf of,

**PROJECT ON SUPPORT FOR THE REDD+
READINESS PREPARATION IN VIETNAM - PHASE 2**



Nguyen Thi Thu Thuy
Director
Hanoi, June 18, 2018

No: 442-18/BC-TC/T-VAE

Hanoi, June 29, 2018

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

**To: The Project Management Unit of
Project on Support for the REDD+ Readiness Preparation in Vietnam - Phase 2**

Opinion

We have audited the financial statements of the Project on Support for the REDD+ Readiness Preparation in Vietnam - Phase 2 ("the Project"), which comprise Statement of Funds balance as at December 31, 2017, Statement of Funds and Expenditures, Statement of Designated Account, Statement of Withdrawals for the period from October 06, 2016 to December 31, 2017 and Notes to the Financial Statements including a summary of significant accounting policies.

In our opinion:

- The Financial Statements give a true and fair view, of the financial position of the Project, including the balance of the Designated Account as at December 31, 2017, funds received and expenditures incurred, movements of the Designated Account for the period then ended in accordance with the basis of the principal accounting policies described in the Notes to the Financial Statements and the provision of the Grant No. TF0A1122 dated October 06, 2016.
- In addition, with respect to Statements of Expenditures, adequate supporting documents have been fully maintained to support to the replenishment requests submitted to the World Bank. The expenditures are eligible and in right purposes of the Grant No. TF0A1122 dated October 06, 2016.

Basis of 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 Project Management Unit in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

The Project Management Unit is responsible for the preparation of the financial statements in accordance with the accounting convention and the accounting policies set out in Note 2 of the Notes to the financial statements, 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.

In preparing the financial statements, management is responsible for assessing the Project's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Project or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statements 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

(Continued)

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

- We communicate with the Project Management Unit regarding 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.



For and on behalf of
VIETNAM AUDITING AND EVALUATION CO., LTD



Nguyen Thi Hong Van
Auditor
Certificate of Audit practice Registration
No.: 0946-2018-034-1

BALANCE SHEET
As at December 31, 2017

Unit: VND

	Notes	31/12/2017
A - ASSETS		
Current assets		4,022,275,083
Cash on hand		80,780,700
Cash in bank	9.	3,765,939,720
Advance	11.	175,554,663
Advances to suppliers		-
Taxes and receivables from the State budget		-
Other receivables		-
Total assets		4,022,275,083
B - LIABILITIES		
Current liabilities		2,066,450,592
Trade accounts payable	10.	1,076,615,140
Taxes and payables to the State budget	12.	335,860,452
Payables to employees	13.	653,975,000
Other payables		-
Total liabilities		2,066,450,592
NET ASSETS (A- B)		1,955,824,491
NET FUNDS		
Difference of income over expenditures		1,955,824,491
TOTAL NET FUNDS		1,955,824,491

Hanoi, June 18, 2018

PROJECT ON SUPPORT FOR THE REDD+
 READINESS PREPARATION IN VIETNAM - PHASE 2

Accountant



Nguyen Hoang Nam

Director



Nguyen Thi Thu Thuy

STATEMENT OF FUNDS AND EXPENDITURES
 The period from October 06, 2016 to December 31, 2017

Unit: VND

	Notes	The period ended December 31, 2017	December 31, 2017
I. Funds			
1. Funds from the World Bank		22,442,000,000	22,442,000,000
2. Counterpart funds		3,115,755,671	3,115,755,671
3. Others funds (*)		187,945,978	187,945,978
Total		25,745,701,649	25,745,701,649
II. Expenditures			
1. Goods		4,141,981,000	4,141,981,000
2. Consulting service		7,926,956,468	7,926,956,468
3. Training and Workshops		5,939,148,114	5,939,148,114
4. Incremental Operating Costs		5,781,791,576	5,781,791,576
Total		23,789,877,158	23,789,877,158
III. Surplus/(Deficit)		1,955,824,491	1,955,824,491

(*) Foreign Exchange rate differences and receipts from sales of bidding documents.

Hanoi, June 18, 2018

**PROJECT ON SUPPORT FOR THE REDD+
 READINESS PREPARATION IN VIETNAM - PHASE 2**

Accountant



Nguyen Hoang Nam

Director



Nguyen Thi Thu Thuy

STATEMENT OF FUNDS BALANCE

As at December 31, 2017

	Notes	Unit: VND 31/12/2017
Difference of income over expenditures		
Difference of income over expenditures as at beginning		-
Difference of income over expenditures in the period		1,955,824,491
Difference of income over expenditures as at closing		1,955,824,491
<u>Represented by:</u>		
Current assets		4,022,275,083
Cash on hand		80,780,700
Cash at bank		3,765,939,720
Advance		175,554,663
Advances to suppliers		-
Other receivables		-
Current liabilities		2,066,450,592
Trade accounts payable		1,076,615,140
Personal income tax		335,860,452
Payables to employees		653,975,000
Net worth		1,955,824,491

Hanoi, June 18, 2018

**PROJECT ON SUPPORT FOR THE REDD+
 READINESS PREPARATION IN VIETNAM - PHASE 2**

Accountant



Nguyen Hoang Nam

Director



Nguyen Thi Thu Thuy

STATEMENT OF DESIGNATED ACCOUNT

For the period: From October 06, 2016 to December 31, 2017
Account No.: 1504 201035231
At: Vietnam Bank for Agriculture and Rural Development - Dong Da Branch
Address: No. 21 Xa Dan Street, Nam Dong Ward, Dong Da district, Hanoi
Grant No.: TF0A1122

Part A: ACTIVITIES

USD

Opening balance

Add: Total amounts deposited by the World Bank 1,000,000.00

Deduct:

Total amounts withdrawn 832,259.60

Amount refunded to the World Bank -

Bank charges -

Closing balance 167,740.40

Part B: RECONCILIATION

1. Amount advanced by the World Bank 1,000,000.00

2. Deduct: Amount recovered by the World Bank -

3. Deduct: Amount refunded to the World Bank -

4. Total amounts withdrawn 832,259.60

5. Closing balance 167,740.40

6. Total advance as at period end 1,000,000.00

Hanoi, June 18, 2018

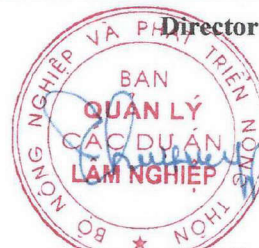
PROJECT ON SUPPORT FOR THE REDD+
READINESS PREPARATION IN VIETNAM - PHASE 2

Accountant



Nguyen Hoang Nam

Director



Nguyen Thi Thu Thuy

PROJECT ON SUPPORT FOR THE REDD+
READINESS PREPARATION IN VIETNAM - PHASE 2

Grant No. TF0A1122

FINANCIAL STATEMENTS

For the period from

October 06, 2016 to December 31, 2017

STATEMENT OF WITHDRAWALS
The period from October 06, 2016 to December 31, 2017

Withdrawals application		Amount claimed		Amount received		Difference	Note
No.	Date	Currency	Goods, works, non-consulting services, consulting services, incremental costs and training, workshops	Date	Goods, works, non-consulting services, consulting services, incremental costs and training, workshops		
			(a)		(b)	(b) - (a)	
Designated Account			1,000,000.00		1,000,000.00	-	
01	June 19, 2017	USD	1,000,000.00	June 20, 2017	1,000,000.00	-	
Total			1,000,000.00		1,000,000.00	-	

Hanoi, June 18, 2018

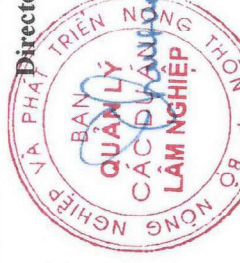
PROJECT ON SUPPORT FOR THE REDD+
READINESS PREPARATION IN VIETNAM - PHASE 2

Accountant



Nguyen Hoang Nam

Director



Nguyen Thi Thu Thuy

NOTES TO THE FINANCIAL STATEMENTS

(Notes are an integral part of these Financial Statements and they shall be read in conjunction with such enclosed Financial Statements)

1. Background

The Project on Support for the REDD+ Readiness Preparation in Vietnam (the "Project") is implemented under the Grant No.TF0A1122 dated October 06, 2016 (the "Agreement") between the Government of the Socialist Republic of Vietnam and the World Bank.

The objective of the Additional Readiness Preparation Activities is to support Vietnam to become ready for future REDD+ implementation by preparing the key elements, systems, and policies needed in a socially and environmentally sound manner.

The Project consists of the following components:

Component 1: Analytical studies and development of capacities for the effective and efficient REDD+ implementation at national and provincial levels

Component 2: Policies and technical support on SFC and FMB reform for REDD+ service provision; private sector engagement and support for FLEGT

Component 3: Development of the Strategic Environmental and Social Assessment national and sub-national REDD+ strategy options; stakeholder consultation and participation

Component 4: Project management and monitoring and evaluation

The Project officially came into force since November 18, 2016 and closed on December 31, 2019.

The Project is implemented by the Central Project Management Unit located at Room 043, No. 14 Thuy Khue, Tay Ho, Hanoi and 6 Provincial Project Management Unit (PPMU) of Thanh Hoa, Nghe An, Ha Tinh, Quang Binh, Quang Tri and Thua Thien Hue.

2. Principal Accounting Policies

a. Basis of preparation of the Financial Statements

The annual accounting period commences from January 01 and ends December 31. The first accounting period is from October 06, 2016 to December 31, 2017.

The financial statements are prepared in accordance with the requirements of the World Bank and presented in Vietnam Dong (VND), except for the Statement of Designated Account and Statement of Withdrawals, which are prepared in United State Dollar (USD).

The principal accounting policies are summarized as below:

b. Foreign currencies

Funds received from World Bank in foreign currency is translated into VND using the exchange rates announced by the Ministry of Finance at the date of receiving the funds or at the date of direct payment made to contractors/suppliers.

Transactions in foreign currencies are translated into VND using the actual exchange rate at the date of transaction announced by the Vietnam Bank for Agriculture and Rural Development - Dong Da Branch.

Monetary assets and liabilities denominated in foreign currencies are revalued at the actual exchange rate announced by the Ministry of Finance in December 2017. All differences on foreign exchange are recorded into exchange rate differences account and presented as other funds on Statement of Funds and Expenditures.

c. Funds and Expenditures

Funds:

- Funds received from the World Bank are recognized when remittance made into the Designated Account or direct payment made to contractors/suppliers.

NOTES TO THE FINANCIAL STATEMENTS (continued)

(Notes are an integral part of these Financial Statements and they shall be read in conjunction with such enclosed Financial Statements)

- Counterpart funds are recognized when payments are made directly from the State Treasury to contractors/suppliers of the project or funds are withdrawn to the PMU for settlement of project's activities.

Expenditures:

- Expenditures are recorded when it is actually incurred.

d. Designated account

Designated account is the deposit account in USD opened at Vietnam Bank for Agriculture and Rural Development - Dong Da Branch for the Project's activities. Payments made via the Designated Account are for eligible expenditures of the Project in accordance with the provisions of the Grant No. TF0A1122 dated October 06, 2016.



NOTES TO THE FINANCIAL STATEMENTS (continued)

(These notes are an integral part of and should be read in conjunction with the accompanying Financial Statements)

3. Funds received from the World Bank

	The period ended December 31, 2017	
	USD	VND equivalent
Designated Account	1,000,000.00	22,442,000,000
Advance	1,000,000.00	22,442,000,000
Total	1,000,000.00	22,442,000,000

4. Counterpart funds

	The period ended December 31, 2017	
		VND
<i>Counterpart funds were granted at:</i>		
State Treasury - Tay Ho branch		643,585,891
State Treasury - Thanh Hoa Province		508,000,000
State Treasury - Nghe An Province		1,017,985,630
State Treasury - Quang Binh Province		200,000,000
State Treasury - Quang Tri Province		619,000,000
State Treasury - Thua Thien Hue Province		127,184,150
Total		3,115,755,671

5. Expenditures

	The period ended December 31, 2017	
		VND
<i>Expenditures covered by:</i>		
The World Bank		20,674,121,487
CPMU		16,868,976,150
Thanh Hoa PPMU		768,696,649
Nghe An PPMU		722,990,265
Ha Tinh PPMU		254,300,060
Quang Binh PPMU		820,446,000
Quang Tri PPMU		677,230,500
Thua Thien Hue PPMU		561,481,863
The Counterpart funds		3,115,755,671
CPMU		643,585,891
Thanh Hoa PPMU		508,000,000
Nghe An PPMU		1,017,985,630
Quang Binh PPMU		200,000,000
Quang Tri PPMU		619,000,000
Thua Thien Hue PPMU		127,184,150
Total		23,789,877,158

Grant No. TF0A1122 dated October 06, 2016 fund 100% of the project's expenditures (including tax).

NOTES TO THE FINANCIAL STATEMENTS (continued)

(These notes are an integral part of and should be read in conjunction with the accompanying Financial Statements)

6. Expenditures by components

Unit: VND

Components	The period ended December 31, 2017		
	Funds received from the World	Counterpart funds	Other funds
Component 1: Analytical studies and development of capacities for the effective and efficient REDD+ implementation at national and provincial levels	10,289,922,182	-	-
Component 2: Policies and technical support on SFC and FMB reform for REDD+ service provision; private sector engagement and support for FLEGT	1,518,876,564	-	-
Component 3: Development of the Strategic Environmental and Social Assessment national and sub-national REDD+ strategy options; stakeholder consultation and participation	4,138,089,426	-	-
Component 4: Project management and monitoring and evaluation	4,727,233,315	3,115,755,671	-
Total	20,674,121,487	3,115,755,671	-

23,789,877,158

Components	Accumulated to December 31, 2017		
	Funds received from the World	Counterpart funds	Other funds
Component 1: Analytical studies and development of capacities for the effective and efficient REDD+ implementation at national and provincial levels	10,289,922,182	-	-
Component 2: Policies and technical support on SFC and FMB reform for REDD+ service provision; private sector engagement and support for FLEGT	1,518,876,564	-	-
Component 3: Development of the Strategic Environmental and Social Assessment national and sub-national REDD+ strategy options; stakeholder consultation and participation	4,138,089,426	-	-
Component 4: Project management and monitoring and evaluation	4,727,233,315	3,115,755,671	-
Total	20,674,121,487	3,115,755,671	-

23,789,877,158

PROJECT ON SUPPORT FOR THE REDD+
 READINESS PREPARATION IN VIETNAM - PHASE 2
 Grant No. TF0A1122

FINANCIAL STATEMENTS
 For the period from
 October 06, 2016 to December 31, 2017

NOTES TO THE FINANCIAL STATEMENTS (continued)
 (These notes are an integral part of and should be read in conjunction with the accompanying Financial Statements)

7. Expenditures by categories

Unit: VND

Categories	The period ended December 31, 2017		
	Funds received from the World	Counterpart funds	Other funds
Goods	4,141,981,000	-	-
Consulting services	7,926,956,468	-	-
Training, workshops	5,939,148,114	-	-
Incremental costs	2,666,035,905	3,115,755,671	-
Total	20,674,121,487	3,115,755,671	-
23,789,877,158			
Categories	Accumulated to December 31, 2017		
	Funds received from the World	Counterpart funds	Other funds
Goods	4,141,981,000	-	-
Consulting services	7,926,956,468	-	-
Training, workshops	5,939,148,114	-	-
Incremental costs	2,666,035,905	3,115,755,671	-
Total	20,674,121,487	3,115,755,671	-
23,789,877,158			

NOTES TO THE FINANCIAL STATEMENTS (continued)

(These notes are an integral part of and should be read in conjunction with the accompanying Financial Statements)

8. Summary of actual disbursement by items accumulated to December 31, 2017 (Fund from the World Bank)

Category	TF0A1122	Accumulated to December 31, 2017	Difference	Percentage
	USD [1]	USD [2]	USD [1] - [2]	%
Goods, works, non-consulting services, consulting services, incremental costs and training, workshops	5,000,000.00	832,259.60	4,167,740.40	16.65%
Total	5,000,000.00	832,259.60	4,167,740.40	16.65%

9. Cash in bank

	31/12/2017 USD	31/12/2017 VND equivalent
Designated Account	167,740.40	3,765,939,720
Total	167,740.40	3,765,939,720

10. Trade accounts payable

	31/12/2017 VND
Nguyen Khang Printing Technology Development JSC.	190,900,000
Phu Dong hotel branch - Phu Dong JSC.	183,590,000
International Media Travel and Hotel Business JSC.	148,400,000
Ngan Ha Trading and Investment JSC.,	100,260,000
Ngan Ha Media Co., Ltd.	87,571,000
Sen Viet Hotel Company Limited	32,500,000
Hai Au Hotel - Branch of Construction JSC. No. 47	28,000,000
Tuan Dat Trading and Services Co., Ltd.	19,619,000
Others	285,775,140
Total	1,076,615,140

11. Advance

	31/12/2017 VND
Thanh Hoa PPMU	3,303,351
Nghe An PPMU	9,735
Ha Tinh PPMU	60,699,940
Quang Binh PPMU	92,554,000
Quang Tri PPMU	4,469,500
Thua Thien Hue PPMU	14,518,137
Total	175,554,663

NOTES TO THE FINANCIAL STATEMENTS (continued)

(These notes are an integral part of and should be read in conjunction with the accompanying Financial Statements)

12. Taxes and payables to the State budget

	31/12/2017 VND
Personal income tax	335,860,452
Total	335,860,452

13. Payables to employees

	31/12/2017 VND
Le Vu Khanh Hoa	24,115,000
Phan Xuan Ngoc	31,450,000
Le Quang Hanh	31,450,000
Nguyen Ngoc Tuan	31,450,000
Tran Bao Thi	21,990,000
Bui Le Inh	31,450,000
Hoang Van Tuan	31,450,000
Nguyen Huy Ninh	31,450,000
Nguyen Tuan Hien	32,170,000
Nguyen Viet Dung	117,000,000
Dinh Quang Tuan	270,000,000
Total	653,975,000

14. Subsequent events

There have been no significant events occurring after the reporting date, which would require adjustments or disclosures to be made in the Financial Statements.

15. Comparative information

This is the first operating period of the Project therefore, no comparative data are available.

16. Approval of the Financial Statements

The Financial Statements have been approved by the Project Management Unit for issuance on June 18, 2018.



Nguyen Hoang Nam
Accountant



Nguyen Thi Thu Thuy
Director
Hanoi, June 18, 2018

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No.: 442/18/BC-TC/I-VAE

Hanoi, June 29, 2018

INDEPENDENT AUDITORS' REPORT
On the internal control system

To: The Project Management Unit of
Project on Support for the REDD+ Readiness Preparation in Vietnam - Phase 2

We have audited, in accordance with International Standards on Auditing, the Financial Statements of Project on Support for the REDD+ Readiness Preparation in Vietnam - Phase 2 ("the Project") for the period from October 06, 2016 to December 31, 2017 and issued the Independent Auditor's Report thereon dated June 29, 2018 expressing an opinion on those Financial Statements.

In connection with our audit of the Project's Financial Statements, we also examined the effectiveness of internal control over compliance with requirements that could have a direct and material financial effect on the Financial statements as well as of internal control over financial reporting.

As stated in the Statement of the Project Management Unit on page 2, the Project Management Unit is responsible for designing and maintaining effective internal control over compliance with requirements that could have a direct and material financial effect on the financial statements as well as over financial reporting for the purpose of properly preparing and presenting the financial statements so as to minimise errors and frauds; and take responsibility for its assertions as to the effectiveness of such internal control. Our responsibility is to express an opinion on the effectiveness of internal control over compliance with requirements that could have a direct and material financial effect on the financial statements as well as internal control over financial reporting based on our examination.

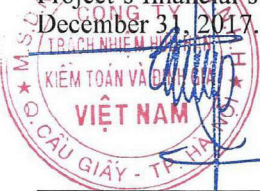
Our examination was conducted in accordance with International Standard on Assurance Engagements (ISAE) 3000 (revised). That standard requires that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether, in all material respects, the Project Management Unit has maintained effective internal control over compliance with the requirements that could have a direct and material financial effect on the financial statements as well as internal control over financial reporting.

Our examination included obtaining an understanding of internal control over compliance with requirements that could have a direct and material financial effect on the financial statements as well as of internal control over financial reporting, testing, and evaluating the design and operating effectiveness of the internal control, and performing such other procedures as we considered necessary in the circumstances to obtain sufficient appropriate evidence on which to base our opinion. Because of inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not to be detected. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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

In our opinion, the Project Management Unit has maintained, in all material respects, effective internal control over compliance with requirements that could have a direct and material financial effect on the Project's financial statements as well as over financial reporting for the period from October 06, 2016 to

December 31, 2017



Tran Quoc Tuan
General Director

Certificate of audit practising registration
No.: 0148-2018-034-1

For and on behalf of
VIETNAM AUDITING AND EVALUATION CO., LTD

Nguyen Thi Hong Van
Auditor

Certificate of audit practising registration
No.: 0946-2018-034-1

PART III
INDEPENDENT AUDITORS' REPORT
ON THE COMPLIANCE

13/10/2014

No.: 442-18/BC-TC/I-VAE

Hanoi, June 29, 2018

INDEPENDENT AUDITOR'S REPORT
On compliance

To: The Project Management Unit of
Project on Support for the REDD+ Readiness Preparation in Vietnam - Phase 2

We have audited, in accordance with International Standards on Auditing, the Financial statements of Project on Support for the REDD+ Readiness Preparation in Vietnam - Phase 2 ("the Project") for the period from October 06, 2016 to December 31, 2017 and issued the Independent Auditor's Report thereon dated June 29, 2018 expressing an opinion on those Financial Statements.

In connection with our audit of the Project's Financial Statements, we also performed procedures on the Project's compliance with the Grant agreement No. TF0A1122, laws and regulations that could have a direct and material financial effect on the Project's Financial Statements for the period from October 06, 2016 to December 31, 2017 ("the requirements").

The Project Management Unit is responsible for complying with the requirements. Our responsibility is to express an opinion on the Project's compliance with the requirements based on our procedures. We limited our tests of compliance to the requirements, and we did not test compliance with all laws and regulations applicable to the Project.

We performed our work in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised). That 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 the requirements at the Project involves performing procedures to obtain evidence about whether the Project's activities are free of material noncompliance with the requirements, including obtaining an understanding of the internal control relevant to the Project's compliance with the requirements. The procedures selected depend on the auditors' judgment, including the assessment of risks that the Project does not comply with the requirements and whether such noncompliance could have a direct and material financial 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.

In our opinion, the Project has complied, in all material respects, with Grant agreement No. TF0A1122, laws and regulations that could have a direct and material financial effect on the Project's Financial Statements for the period from October 06, 2016 to December 31, 2017.



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For and on behalf of
VIETNAM AUDITING AND EVALUATION CO., LTD