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Nexia STT

Project "Results-based Operation for Local Bridge Construction and Road Asset Management"
Component 1 – Improvement, rehabilitation of local roads

Audited Financial Statements

Under Financing Agreement No. 5810-VN between the International Development Association and the Government of the Socialist Republic of Vietnam

Year ended 31 December 2018

Project "Results-based Operation for Local Bridge Construction and Road Asset Management"

Component 1 – Improvement, rehabilitation of local roads

Under Financing Agreement No. 5810-VN between the International Development Association and the Government of the Socialist Republic of Vietnam

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Project "Results-based Operation for Local Bridge Construction and Road Asset Management"
Component 1 – Improvement, rehabilitation of local roads

Under Financing Agreement No. 5810-VN between the International Development Association and the Government of the Socialist Republic of Vietnam

STATEMENT OF THE COMPONENT MANAGEMENT BOARD

Project Management Unit 6 was assigned by the Ministry of Transport as the Owner Representative for Component 1 – Improvement, rehabilitation of local roads of the Project "Results-based Operation for Local Bridge Construction and Road Asset Management" ("the Component") using the World Bank's credit and the counterpart funds from the Government of Vietnam. Project Management Unit 6 ("the Component Management Unit") is responsible for the Financial Statements of Component 1 – Improvement, rehabilitation of local roads of the Project "Results-based Operation for Local Bridge Construction and Road Asset Management" ("the Project") for the year ended 31 December 2018

The Project

The Project "Results-based Operation for Local Bridge Construction and Road Asset Management" was implemented by the Ministry of Transport (MOT) - the Socialist Republic of Vietnam according to Decision No. 330/QD-TTg dated 2nd March 2016 signed by the Prime Minister of the Socialist Republic of Vietnam and Decision No. 622/QD-BGTVT dated 2nd March 2016 signed by the Minister of the MOT. The Project was granted by the World Bank's credit through International Development Association ("IDA") under Financing Agreement No. 5810-VN dated 4th July 2016, with the total amounts equivalent to 278,800,000 Special Drawing Rights ("SDR"), and the counterpart funds from the Government of the Socialist Republic of Vietnam for seven (7) years from 2016 to 2023.

The overall objective of the Project is to assist the Government and the Ministry of Transport in the National Strategy on Rural Transport Development and a National Program for Local Bridge Construction to ensure traffic safety in Ethnic Minority Areas and to improve access in rural areas with low accessibility, especially for areas where poor ethnic minority communities are located as well as other vulnerable groups such as single women and children.

The Project consists of: (i) A Program using the Results-Based Program (PforR) instrument ("the Program"), supported by a IDA credit of USD380.5 million; and (ii) Technical Assistance ("the Project") using the Investment Project Financing (IPF) instrument, supported by a IDA credit of USD4.5 million.

The Project's objectives are achieved by implementing the following components:

- Component 1: Improvement, rehabilitation of local roads (managed by Project Management Unit 6);
- Component 2: Local Bridge Construction (managed by Project Management 3); and
- Technical Assistance Component (managed by Project Management 6).

A Program using the PforR instrument to assist the Government's program, consisting of two (2) Components 1 and 2 of the Project.

Component 1 – Improvement, rehabilitation of local roads has been managed by the Project Management Unit 6 and implemented in 14 provinces, including: Lao Cai, Ha Giang, Nam Dinh, Thanh Hoa, Nghe An, Ha Tinh, Quang Binh, Bac Kan, Quang Tri, Thua Thien Hue, Quang Nam, Lang Son, Cao Bang, and Binh Dinh. The Component's objective is to provide support to the National Strategy for Rural Transport Development, through: (a) strengthening its institutional capacity to plan, implement and improve maintenance activities of the local road network; and (b) the improvement, rehabilitation, periodic and rountine maintenance of local roads based upon rolling Medium Term Expenditure Plans.

STATEMENT OF THE COMPONENT MANAGEMENT BOARD (CONTINUED)

Component 2 – Local Bridge Construction has been managed by the Project Management Units 3, 4, 6 and 8 and implemented in 50 provinces, including: Ha Giang, Cao Bang, Lai Chau, Dien Bien, Son La, Lao Cai, Yen Bai, Lang Son, Bac Kan, Tuyen Quang, Thai Nguyen, Phu Tho, Hoa Binh, Quang Ninh, Thanh Hoa, Nghe An, Ha Tinh, Quang Binh, Quang Tri, Thua Thien Hue, Quang Nam, Quang Ngai, Binh Dinh, Gia Lai, Kon Tum, Dak Lak, Dak Nong, Lam Dong, Bac Giang, Vinh Phuc, Ninh Binh, Hai Duong, Phu Yen, Ninh Thuan, Khanh Hoa, Binh Thuan, Binh Phuoc, Tra Vinh, Dong Nai, Vinh Long, Hau Giang, Kien Giang, An Giang, Soc Trang, Bac Lieu, Ca Mau, Tay Ninh, Can Tho, Dong Thap, and Ben Tre. The Component's objective is to provide support to the National Strategy for Rural Transport Development, through: (a) the construction of small bridges in poor and ethnic minority communities and villages with missing or unsafe links in order to facilitate access to social services, schools, and clinics within the local road network; and (b) strengthening of local communities' capacity to carry out bridge maintenance activities.

The Technical Assistance Component is implemented by Project Managment Unit 6, consisting of activities that are necessary to complete the PforR, namely activities related to: (a) auditing the Program; (b) improving the capacity of implementing agencies in environmental and social management; and (c) the Local Road Asset Management Systems support, climate resilience in the road network, and community and women based road maintenance.

Component Management Board

The members of the Component Management Board are responsible for the management of the Component 1 – Improvement, rehabilitation of local roads of the Project during the year and at the date of this report are as follows:

Mr. Nguyen Huu Long	Director
Mr. Pham Ngoc Bien	Deputy Director
Mr. Le Tuan Khanh	Head of Finance and Accounting Department
Mr. Pham Xuan Trung	Deputy Head of Project Implementation Department 1

Auditors

The accompanying Financial Statements for the year ended 31 December 2018 have been audited by NEXIA STT Co., Ltd.

Responsibility of the Component Management Board in respect of the Financial Statements

The Component Management Board is responsible for the Financial Statements which give a true and fair view of the financial position and designated account balance of the Component 1 – Improvement, rehabilitation of local roads as at 31 December 2018 and of its funds and expenditures, operations of designated account and total funds withdrawn for the year ended 31 December 2018. In preparing the Financial Statements, the Component Management Board is required to select suitable accounting policies and then apply them consistently.

STATEMENT OF THE COMPONENT MANAGEMENT BOARD (CONTINUED)

The Component Management Board is responsible for ensuring that proper accounting records are kept which enable the Financial Statements to be prepared in compliance with the accounting policies set out in Note 2 to the Financial Statements. The Component Management Board is also responsible for safeguarding the assets of the Component and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Component Management Board assumes the responsibility to provide, and has provided, the auditors with all accounting records, supporting and other documents, minutes, any pertinent information and explanations, either orally or by written confirmation, necessary for the audit.

Approval of the Financial Statements

We hereby approve the accompanying Financial Statements of the Project "Results-based Operation for Local Bridge Construction and Road Asset Management" – Component 1 – Improvement, rehabilitation of local roads on pages 11 to 28 which give a true and fair view of the financial position and designated account balance as at 31 December 2018 and its funds and expenditures, operations of designated account and total funds withdrawn for the year ended 31 December 2018 in accordance with the accounting policies as described in Note 2 to the Financial Statements and grant withdrawals have been adequately reconciled to the statements of expenditures prepared by the Component during the year, and such statements of expenditures were adequately supported. The Financial Statements were prepared in compliance with the Applicable Provisions of the Agreement and other Guidance from the World Bank.

On behalf of the Component Management Board

Mr. Pham Ngoc Bien
Deputy Director

Hanoi, 30 July 2019

Nexia STT

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INDEPENDENT AUDITORS' REPORT

On Component Financial Statements

To: The Management Board of the Project "Results-based Operation for Local Bridge Construction and Road Asset Management"
Component 1 – Improvement, rehabilitation of local roads

Audit opinion

We have audited the accompanying Balance Sheet as at 31 December 2018, the Consolidated Statement of Funds and Expenditures, the Statement of Designated Account and the SOE Withdrawal Schedule for the year ended 31 December 2018 (collectively referred to as the "Financial Statements") of the Project "Results-based Operation for Local Bridge Construction and Road Asset Management" - Component 1 – Improvement, rehabilitation of local roads ("the Component") implemented by World Bank's credit through International Development Association ("IDA") and counterpart funds, and summary of significant accounting policies and other explanatory information.

In our opinion, in all material respects:

a) the Balance Sheet and the Consolidated Statement of Funds and Expenditures give a true and fair view of the financial position of the Component 1 – Improvement, rehabilitation of local roads as at 31 December 2018 and of its funds and expenditures for the year ended 31 December 2018 in conformity with the accounting policies described in Note 2;

b) the Statement of Designated Account and the SOE Withdrawal Schedule give a true and fair view of the designated account balance as at 31 December 2018 and of operations of the designated account, and of the funds withdrawn for the year ended 31 December 2018, in conformity with the accounting policies described in Note 2; and

c) the Statements of Expenditures and Summary Sheets are fully prepared and maintained with adequate supporting documents to support for the replenishment requests submitted to the World Bank. Funds disbursed through the statements of expenditures and summary sheets are utilized for purposes defined in Financing Agreement No. 5810-VN.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Component in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in accordance with ISAs, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MEMBER OF THE FORUM OF FIRMS

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Nexia STT

Responsibilities of Component Management for the Financial Statements

Component Management is responsible for the preparation and fair presentation of the Financial Statements in accordance with Note 2 and for such internal control as management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Financial Statements

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

A further description of the auditors' responsibilities for the audit of the Financial Statements are included in Appendix I of this auditors' report. This description, which is represented at page 29, forms part of our auditors' report.

NEXIA STT Co., Ltd.
Nguyen Thanh Trung
General Director
Audit Practicing Registration Certificate
No. 0518-2018-225-1

Audit report No.: 2019/HN-AUD/WB-LRAMP

Hanoi, 30 July 2019

Nexia STT

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INDEPENDENT AUDITORS' REPORT

On Compliance with the Applicable Laws, Regulations, Procurement Procedures and Other Provisions of the Financing Agreement

To: The Management Board of the Project "Results-based Operation for Local Bridge Construction and Road Asset Management"
Component 1 – Improvement, rehabilitation of local roads

Audit opinion

We have audited the Compliance with the Applicable Laws, Regulations, Procurement Procedures and Other Provisions of Financing Agreement No. 5810-VN of the Project "Results-based Operation for Local Bridge Construction and Road Asset Management" - Component 1 – Improvement, rehabilitation of local roads ("the Component") implemented by World Bank's credit through International Development Association ("IDA") and counterpart funds for the year ended 31 December 2018.

In our opinion, the Component was, in all material respects, in compliance with the applicable laws, regulations, the procurement procedures and other provisions of Financing Agreement No. 5810-VN that could have a direct and material effect on the Component's Financial Statements for the year ended 31 December 2018.

Basis for opinion

We conducted our engagement in accordance with International Standards on Assurance Engagements 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board. Our responsibility is to express an opinion on the Component's compliance with the requirements, based on our procedures. We are independent of the Component in accordance with the ethical requirements that are relevant to our audit of the financial statements in accordance with ISAs, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Component Management

The Component Management Board is responsible for compliance with the Applicable Laws, Regulations, Procurement Procedures and Other Provisions of Financing Agreement No. 5810-VN that could have a direct and material effect on the Financial Statements for the year ended 31 December 2018.

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Auditors' Responsibilities

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

An assurance engagement to report on the compliance with regulatory and contractual requirements at a Component involves performing procedures to obtain evidence about whether the Component's activities are free of material noncompliance with the requirements. The procedures selected depend on the auditor's judgment, including the assessment of risks that the Component does not comply with the requirements and whether such noncompliance could have a direct and material effect on the Component'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 Component.

NEXIA STT Co., Ltd.
Nguyen Thanh Trung
General Director
Audit Practicing Registration Certificate
No. 0518-2018-225-1

Audit report No.: 2019/HN-AUD/WB-LRAMP

Hanoi, 30 July 2019

Nexia STT

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INDEPENDENT AUDITORS' REPORT

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 of internal control over financial reporting

To: The Management Board of the Project "Results-based Operation for Local Bridge Construction and Road Asset Management"
Component 1 – Improvement, rehabilitation of local roads

Qualified opinion

We have audited, in accordance with International Standards on Auditing, the Financial Statements of the Project "Results-based Operation for Local Bridge Construction and Road Asset Management" - Component 1 – Improvement, rehabilitation of local roads ("the Component") implemented by World Bank's credit through International Development Association ("IDA") and counterpart funds for the year ended 31 December 2018 and issued the auditors' report thereon expressing an unqualified opinion on those Financial Statements

In connection with our audit of the 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.

In our opinion, except for the possible effects of the matter described in the "Basis for Qualified Opinion" paragraph, the Component has maintained, in all material respects, effective 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 for the year ended 31 December 2018.

Basis for Qualified opinion

Quang Tri and Binh Dinh PPMUs did not perform reconciliation with contractors at the end of the fiscal year.

We conducted our engagement in accordance with International Standards on Assurance Engagements 3000. Our responsibility is to express an opinion on the effectiveness of internal control over compliance with requirements that could have a direct and material effect on the Financial Statements as well as internal control over financial reporting based on our examination. We are independent of the Component in accordance with the ethical requirements that are relevant audit evaluates the effectiveness of internal controls on the compliance of the requirements that may directly and materially affect the financial statements as well as internal control purposes in preparation of financial statements in accordance with ISAs, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

MEMBER OF THE FORUM OF FIRMS

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Responsibilities of Component Management

The Component management is responsible for designing and maintaining effective internal control over compliance with requirements that could have a direct and material 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 minimize errors and frauds; and take responsibility for its assertions as to the effectiveness of such internal control.

Auditors' Responsibilities

Our responsibility is to express an opinion on the effectiveness of internal control over compliance with requirements that could have a direct and material 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 Engagement 3000, accordingly, included obtaining an understanding of internal control over compliance with requirements that could have a direct and material 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 qualified 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 prevented or detected on a regular basis. 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.

NEXIA STT Co., Ltd.
Nguyen Thanh Trung
General Director
Audit Practicing Registration Certificate
No. 0518-2018-225-1

Audit report No.: 2019/HN-AUD/WB-LRAMP

Hanoi, 30 July 2019

BALANCE SHEET

As at 31 December 2018

	Note	As at 31/12/2018 VND	As at 31/12/2017 VND
ASSETS			
Current assets		**136,264,344,832**	**87,945,456,604**
Cash on hand	3	2,259,689,390	70,888,000
Cash at bank – Designated Account	4	-	-
Cash at bank – State Treasury	5	15,565,789,277	28,815,339,604
Cash at bank – Commercial Bank	6	4,801,155,000	-
Advances to staff		15,000,000	-
Advances to contractors/suppliers	7	110,256,306,900	58,026,985,000
Other advances	8	3,371,913,375	432,244,000
Internal receivables	9	120,000,000	600,000,000
Other receivables	10	258,349,490	-
TOTAL ASSETS		**136,648,203,432**	**87,945,456,604**
RESOURCES			
Current liabilities		**130,995,454,137**	**13,826,408,933**
Payables to contractors	11	129,867,842,295	13,618,053,111
Internal payables	12	419,387,014	-
Other payables	13	708,224,828	208,355,822
Fund balance		**5,652,749,295**	**74,119,047,671**
Fund balance, end of the year/period	21	5,652,749,295	74,119,047,671
TOTAL RESOURCES		**136,648,203,432**	**87,945,456,604**

Prepared by:

Le Tuan Khanh
Head of Finance and Accounting Department

Approved by:

Pham Ngoc Bien
Deputy Director

Hanoi, 30 July 2019

The accompanying notes form an integral part of the Financial Statements

Results-based Operation for Local Bridge Construction and Road Asset Management

Component 1 – Improvement, rehabilitation of local roads

Under Financing Agreement No. 5810-VN between the International Development Association and the Government of the Socialist Republic of Vietnam

CONSOLIDATED STATEMENT OF FUNDS AND EXPENDITURES

Year ended 31 December 2018

	Note	Year ended 31/12/2018 VND	Period from 4/10/2016 to 31/12/2017 VND	Accumulated from 4/10/2016 to 31/12/2018 VND
Funds				
Funds received from the World Bank	14	653,047,237,070	93,238,125,000	746,285,362,070
Counterpart funds	15	92,344,605,830	35,455,545,621	127,800,151,451
Counterpart funds for routine maintenance activities	20	613,419,558,333	458,384,847,211	1,071,804,405,544
		1,358,811,401,233	**587,078,517,832**	**1,945,889,919,065**
Expenditures				
1. Civil works	16	707,011,263,164	286,545,000	707,297,808,164
2. Consultants on construction investment, other expenses	17	48,388,656,524	30,788,633,111	79,177,289,635
3. Project management expenses	18	16,526,208,465	10,999,119,839	27,525,328,304
4. Site clearance, demining and other expenses	19	41,932,013,123	12,500,325,000	54,432,338,123
Disbursements for routine maintenance activities	20	613,419,558,333	458,384,847,211	1,071,804,405,544
		1,427,277,699,609	**512,959,470,161**	**1,940,237,169,770**
Surplus of funds against expenditures		**(68,466,298,376)**	**74,119,047,671**	**5,652,749,295**
Fund balance, beginning of the year/period		74,119,047,671	-	-
Fund balance, end of the year/period	**21**	**5,652,749,295**	**74,119,047,671**	**5,652,749,295**

Prepared by:

Le Tuan Khanh
Head of Finance and Accounting Department

Approved by:

Pham Ngoc Bien
Deputy Director

Hanoi, 30 July 2019

The accompanying notes form an integral part of the Financial Statements

Results-based Operation for Local Bridge Construction and Road Asset Management

Component 1 – Improvement, rehabilitation of local roads

Under Financing Agreement No. 5810-VN between the International Development Association and the Government of the Socialist Republic of Vietnam

STATEMENT OF DESIGNATED ACCOUNT

Year ended 31 December 2018

Account No.:	*174297*
Account holder:	*Local Bridge Construction and Road Asset Management (WB)*
Bank:	*Transaction Head Office - State Bank of Vietnam*
Address:	*No. 49 Ly Thai To, Hoan Kiem district, Hanoi*
Financing Agreement No.:	*5810-VN*

Part A – Account activities	**Note**	**USD**
Balance as at 31 January 2018		-
Add:		
Total amount advanced to the Designated Account	14	28,857,432.98
Deduct:		
Total amount withdrawn		(28,857,432.98)
Balance as at 31 January 2019	4	-

Part B – Account reconciliation		
Amount advanced from the World Bank		4,157,000.00
Add:		
Amount advanced by the World Bank	14	28,857,432.98
Deduct:		
Amount recovered by the World Bank according to DLIs results		(24,556,196.00)
Outstanding amount advanced to the Designated Account as at 31 December 2018		8,458,236.98
Balance of Designated Account as at 31 January 2019	4	-
Add:		
Amount withdrawn and not yet claimed	22	8,458,236.98
Total advances to Designated Account as at 31 December 2018		8,458,236.98

Prepared by:

Le Tuan Khanh
Head of Finance and Accounting Department

Approved by:

Pham Ngoc Bien
Deputy Director

Hanoi, 30 July 2019

The accompanying notes form an integral part of the Financial Statements

Results-based Operation for Local Bridge Construction and Road Asset Management

Component 1 – Improvement, rehabilitation of local roads

Under Financing Agreement No. 5810-VN between the International Development Association and the Government of the Socialist Republic of Vietnam

SOE WITHDRAWAL SCHEDULE – ACCOUNT NO. 174297

Year ended 31 December 2018

Unit: USD

Withdrawal applications		Categories
No.	***Date***	***Advances***
03-PMU6-HPD	23/1/2018	260,000.00
04-PMU6-HPD	26/1/2018	865,000.00
05-PMU6-HPD	30/1/2018	1,580,000.00
06-PMU6-HPD	26/3/2018	4,149,000.00
07-PMU6-HPD	3/4/2018	771,000.00
08-PMU6-HPD	9/4/2018	2,315,000.00
09-PMU6-HPD	4/5/2018	4,334,000.00
10-PMU6-HPD	6/6/2018	1,898,000.00
11-PMU6-HPD	24/72018	2,433,000.00
12-PMU6-HPD	11/9/2018	1,226,000.00
13-PMU6-HPD	6/11/2018	1,667,675.70
14-PMU6-HPD	6/12/2018	7,358,757.28
Total advanced amount		**28,857,432.98**

Prepared by:

Le Tuan Khanh
Head of Finance and Accounting Department

Approved by:

Pham Ngoc Bien
Deputy Director

Hanoi, 30 July 2019

The accompanying notes form an integral part of the Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

1. Project background

The Project "Results-based Operation for Local Bridge Construction and Road Asset Management" was implemented by the Ministry of Transport (MOT) - the Socialist Republic of Vietnam according to Decision No. 330/QD-TTg dated 2nd March 2016 signed by the Prime Minister of the Socialist Republic of Vietnam and Decision No. 622/QD-BGTVT dated 2nd March 2016 signed by the Minister of the MOT. The Project was granted by the World Bank's credit through International Development Association ("IDA") under Financing Agreement No. 5810-VN dated 4th July 2016, with the total amounts equivalent to 278,800,000 Special Drawing Rights ("SDR"), and the counterpart funds from the Government of the Socialist Republic of Vietnam for seven (7) years from 2016 to 2023.

The overall objective of the Project is to assist the Government and the Ministry of Transport in the National Strategy on Rural Transport Development and a National Program for Local Bridge Construction to ensure traffic safety in Ethnic Minority Areas and to improve access in rural areas with low accessibility, especially for areas where poor ethnic minority communities are located as well as other vulnerable groups such as single women and children.

The Project consists of: (i) A Program using the Results-Based Program (PforR) instrument ("the Program"), supported by a IDA credit of USD380.5 million; and (ii) Technical Assistance ("the Project") using the Investment Project Financing (IPF) instrument, supported by a IDA credit of USD4.5 million.

The Project's objectives are achieved by implementing the following components:

- Component 1: Improvement, rehabilitation of local roads (managed by Project Management Unit 6);
- Component 2: Local Bridge Construction (managed by Project Management 3); and
- Technical Assistance Component (managed by Project Management 6).

A Program using the PforR instrument to assist the Government's program, consisting of two (2) Components 1 and 2 of the Project.

Component 1 – Improvement, rehabilitation of local roads has been managed by the Project Management Unit 6 and implemented in 14 provinces, including: Lao Cai, Ha Giang, Nam Dinh, Thanh Hoa, Nghe An, Ha Tinh, Quang Binh, Bac Kan, Quang Tri, Thua Thien Hue, Quang Nam, Lang Son, Cao Bang, and Binh Dinh. The Component's objective is to provide support to the National Strategy for Rural Transport Development, through: (a) strengthening its institutional capacity to plan, implement and improve maintenance activities of the local road network; and (b) the improvement, rehabilitation, periodic and rountine maintenance of local roads based upon rolling Medium Term Expenditure Plans.

Component 2 – Local Bridge Construction has been managed by the Project Management Units 3, 4, 6 and 8 and implemented in 50 provinces, including: Ha Giang, Cao Bang, Lai Chau, Dien Bien, Son La, Lao Cai, Yen Bai, Lang Son, Bac Kan, Tuyen Quang, Thai Nguyen, Phu Tho, Hoa Binh, Quang Ninh, Thanh Hoa, Nghe An, Ha Tinh, Quang Binh, Quang Tri, Thua Thien Hue, Quang Nam, Quang Ngai, Binh Dinh, Gia Lai, Kon Tum, Dak Lak, Dak Nong, Lam Dong, Bac Giang, Vinh Phuc, Ninh Binh, Hai Duong, Phu Yen, Ninh Thuan, Khanh Hoa, Binh Thuan, Binh Phuoc, Tra Vinh, Dong Nai, Vinh Long, Hau Giang, Kien Giang, An Giang, Soc Trang, Bac Lieu, Ca Mau, Tay Ninh, Can Tho, Dong Thap, and Ben Tre. The Component's objective is to provide support to the National Strategy for Rural Transport Development, through: (a) the construction of small bridges in poor and ethnic minority communities and villages with missing or unsafe links in order to facilitate access to social services, schools, and clinics within the local road network; and (b) strengthening of local communities' capacity to carry out bridge maintenance activities.

The Technical Assistance Component is implemented by Project Managment Unit 6, consisting of activities that are necessary to complete the PforR, namely activities related to: (a) auditing the Program; (b) improving the capacity of implementing agencies in environmental and social management; and (c) the Local Road Asset Management Systems support, climate resilience in the road network, and community and women based road maintenance.

2. Summary of significant accounting policies

The significant accounting policies, which have been adopted by the Component Management Board in the preparation of the Financial Statements, are as follows:

Reporting currency

The Financial Statements, including the Balance Sheet and the Consolidated Statement Funds and Expenditures are expressed in Vietnam Dong ("VND"), except for the Statement of Designated Account and SOE Withdrawal Schedule which are expressed in United States Dollar ("USD"), are prepared considering the requirements of the World Bank.

Basis of preparation of the Financial Statements

The Financial Statements are prepared and presented by the Component in accordance with requirements of the World Bank (WB), complied with Circular No. 195/2012/TT-BTC dated 15th November 2012 issued by the Ministry of Finance guiding the accounting regime applicable to investors. The financial statements are prepared on modified cash basis under the financial year regulated by the Vietnamese Government, including payments in January of the following year for expenditures incurred before 31 December of the prior year. This basis of accounting is considered appropriate to the operation of Component by the management.

Funds

IDA funds are recorded when credited to the Designated Account of the Component.

The counterpart funds of the Vietnamese Government are recorded when payments are made directly from the Vietnamese Government to contractors/suppliers of the Component or when received.

The funds are recorded under the budget year, including payments from IDA funds and counterpart funds in January of the following year for expenditures incurred before 31 December of the prior year.

Expenditures

Expenditures financed by IDA are recorded when the obligation to pay them arises rather than when actually paid.

Expenditures financed by the counterpart funds are recorded when they are approved by the State Treasury except for expenditures for contractors/suppliers on completion of works or completion of contracts, and advances to staffs, advances to contractors/suppliers.

Overall management expenses are recognized and monitored by functional and Provincial Project Management Units for all projects managed by functional and Provincial Project Management Units, then allocated to individual projects in accordance with their corresponding annual budget, ensuring that accumulated management expenses of each Project do not exceed its overall approved budget.

Fiscal year

The fiscal year will be from 1 January to 31 December for completion volume of works/contracts and to 31 January of the following year for disbursements volume.

Foreign exchange differences

IDA funds received in United States Dollar ("USD") are converted into Vietnam Dong ("VND") under the exchange rate announced by Transaction Head Office – State Bank of Vietnam at the date of receipt.

Transactions incurred in the year via the Designated Account are converted into VND using exchange rates ruled by the Project bank at transaction dates for expenditures denominated in VND and using exchange rates announced by the Transaction Head Office – State Bank of Vietnam at the month of transaction for expenditures denominated in USD.

Foreign exchange differences are taken up in the Consolidated Statement of Funds and Expenditures.

Designated Account

Designated Account is a deposit account in USD opened at the Transation Head Office – State Bank of Vietnam, which was held by the Ministry of Finance for settlements of the Component 1 – Improvement, rehabilitation of local roads' activities. Payments made via the Designated Account are for eligible expenditures of the Component in accordance with provisions of Financing Agreement No. 5810-VN dated 4th July 2016.

3. Cash on hand

Unit	As at 31/12/2018 VND	As at 31/12/2017 VND
Lao Cai	1,879,020,600	-
Ha Giang	116,212,790	-
Cao Bang	760,000	-
Bac Kan	-	30,000,000
Nam Dinh	109,075,000	-
Thanh Hoa	60,306,000	21,144,000
Quang Tri	19,744,000	19,744,000
Thua Thien Hue	74,571,000	-
	2,259,689,390	70,888,000

Cash balances of Lao Cai and Ha Giang Provincial Project Management Units included advances from counterpart funds to pay for their site clearance and demining costs.

Cash balances of Cao Bang, Bac Kan, Nam Dinh, Thanh Hoa, and Quang Tri Provincial Project Management Units included net cash income from selling bidding documents. Such amounts are to cover bidding related expenses in the next years or refunded to the State Budget.

4. Cash at bank – Designated Account

This represented the designated account balance of the Component 1 – Improvement, rehabilitation of local roads at the Transaction Head Office – State Bank of Vietnam, which was converted into Vietnam Dong ("VND") as at 31 January 2019 because payments from IDA funds were recorded under the budget year (year ended 31 January 2019). Balance of this account as at 31 January 2019 was nil (31/1/2018: nil).

5. Cast at bank – State Treasury

Unit	As at 31/1/2019			As at 31/1/2018		
	IDA funds VND	Counterpart funds VND	Total VND	IDA funds VND	Counterpart funds VND	Total VND
Lao Cai	-	-	-	21,754,528,000	1,000,000,000	22,754,528,000
Ha Giang	1,526,300,980	-	1,526,300,980	-	-	-
Cao Bang	-	94,637,000	94,637,000	3,244,351,000	180,685,000	3,425,036,000
Lang Son	-	-	-	1,000	-	1,000
Nam Dinh	-	1,019,047,009	1,019,047,009	-	968,672,782	968,672,782
Ha Tinh (*)	6,416,997,845	-	6,416,997,845	-	-	-
Quang Binh	-	-	-	-	9,000,000	9,000,000
Quang Tri	-	-	-	-	200,000,000	200,000,000
Thua Thien Hue	-	682,138,000	682,138,000	-	1,220,728,000	1,220,728,000
Quang Nam	-	563,615,500	563,615,500	-	115,603,822	115,603,822
Binh Dinh	935	5,263,052,008	5,263,052,943	-	121,770,000	121,770,000
	7,943,299,760	7,622,489,517	15,565,789,277	24,998,880,000	3,816,459,604	28,815,339,604

These represented the bank balances at State Treasury Accounts of Provincial Project Management Units as at 31 January 2019 because payments from IDA and counterpart funds were recorded under the budget year (year ended 31 January 2019).

(*) Included in balance at the State Treasury Account of Ha Tinh PPMU, was an amount of VND202,534,000 for warranty retentions of civil contracts, being kept at the same State Treasury Account for temporary warranty of Ha Tinh Transport Construction Investment Project Management Board.

6. Cash at bank – Commercial Bank

Unit	As at 31/1/2019 VND
Nghe An	519,900,000
Ha Tinh	3,198,856,000
Quang Binh	1,082,399,000
	4,801,155,000

These represented bank balances at same Commercial Banks of Provincial Project Management Units for temporary retention from civil contracts under the World Bank's funds.

7. Advances to contractors/suppliers

Units	As at 31/12/2018			As at 31/12/2017		
	IDA funds VND	Counterpart funds VND	Total VND	IDA funds VND	Counterpart funds VND	Total VND
Lao Cai	31,073,194,300	114,000,000	31,187,194,300	19,400,000,000	-	19,400,000,000
Ha Giang	30,165,340,600	-	30,165,340,600	-	-	-
Cao Bang	-	-	-	1,040,000,000	-	1,040,000,000
Bac Kan	464,300,000	-	464,300,000	-	-	-
Lang Son	-	415,800,000	415,800,000	8,298,382,000	-	8,298,382,000
Thanh Hoa	9,903,371,000	-	9,903,371,000	-	-	-
Nghe An	30,874,002,000	-	30,874,002,000	-	-	-
Ha Tinh	4,049,327,000	-	4,049,327,000	25,328,009,000	3,960,594,000	29,288,603,000
Quang Binh	856,000,000	150,000,000	1,006,000,000	-	-	-
Thua Thien Hue	2,190,972,000	-	2,190,972,000	-	-	-
	109,576,506,900	679,800,000	110,256,306,900	54,066,391,000	3,960,594,000	58,026,985,000

8. Other advances

Units	As at 31/12/2018 VND	As at 31/12/2017 VND
Lao Cai	188,177,300	80,000,000
Cao Bang (a)	257,244,000	257,244,000
Bac Kan	120,000,000	-
Lang Son	80,000,000	95,000,000
Thanh Hoa (b)	690,597,000	-
Quang Nam (c)	2,035,895,075	-
	3,371,913,375	432,244,000

(a) This represented advances to Compensation's Committees of Bao Lac and Nguyen Binh districts, Cao Bang province to carry out site clearance activities of Cao Bang Provincial Project Management Unit.

(b) This represented advances to Compensation and Resettlement Assistance Council of Hoang Hoa district, Thanh Hoa province to carry out compensation and assistance for resettlement of Hoang Quy street - Hoang Giang, Thanh Hoa province.

(c) This represented advances to Bac Tra My Land Fund Development Center Branch, and Land Fund Development Center of Hiep Duc, Phu Ninh, Tien Phuoc district, Quang Nam province to carry out site clearance activities of Quang Nam Provincial Project Management Unit.

9. Internal receivables

Unit	As at 31/12/2018 VND	As at 31/12/2017 VND
Binh Dinh	120,000,000	600,000,000

These represented receivables from Binh Dinh Project Management Board of Traffic Works relating to the counterpart funds budgeted for 2018 management expenses that have not been utilized and being kept in the same State Treasury account of Binh Dinh Project Management Board of Traffic Works.

10. Other receivables

This represented receivables for compensation amounts being paid to households for site clearance of Xuan Thuong – Viet Tien – Minh Chuan road, Bao Yen district while waiting for the Decision from Bao Yen district People's Committee approving site clearance compensation to these households.

11. Payables to contractors

Units	As at 31/1/2019			As at 31/1/2018		
	IDA funds VND	Counterpart funds VND	Total VND	IDA funds VND	Counterpart funds VND	Total VND
Lao Cai	477,846,200	531,794,000	1,009,640,200	531,846,200	388,056,000	919,902,200
Ha Giang	590,213,360	309,975,600	900,188,960	-	-	-
Cao Bang	2,286,830	-	2,286,830	-	12,218,000	12,218,000
Bac Kan	10,067,629,836	-	10,067,629,836	3,171,365,911	-	3,171,365,911
Lang Son	50,358,031,000	5,441,807,000	55,799,838,000	2,238,362,000	-	2,238,362,000
Nam Dinh	24,728,232	392,649,342	417,377,574	-	-	-
Thanh Hoa	8,366,079,110	-	8,366,079,110	2,841,100,000	-	2,841,100,000
Nghe An	610,899,785	-	610,899,785	-	-	-
Ha Tinh	3,846,190,000	-	3,846,190,000	625,722,000	-	625,722,000
Quang Binh	1,085,051,000	-	1,085,051,000	1,458,572,000	-	1,458,572,000
Quang Tri	4,666,165,000	-	4,666,165,000	-	200,000,000	200,000,000
Thua Thien Hue	1,953,010,000	-	1,953,010,000	1,929,486,000	-	1,929,486,000
Quang Nam	14,758,082,000	48,735,000	14,806,817,000	175,082,000	46,243,000	221,325,000
Binh Dinh	26,336,669,000	-	26,336,669,000	-	-	-
	123,142,881,353	6,724,960,942	129,867,842,295	12,971,536,111	646,517,000	13,618,053,111

Payables to contractors of Project Management Units included the volume of completed works to be paid as at 31 January 2019 to contractors and temporary retentions for warranties of completed civil and consultant contracts which would be paid to contractors at the end of warranty period. Payments from IDA and counterpart funds were recorded under the budget year (year ended 31 January 2019).

12. Internal payables

This represented the Project management expenses from counterpart funds that were paid from 2018 budget of Quang Nam Transport Construction Investment Project Management Board. These will be withdrawn and repaid to Quang Nam Transport Construction Investment Project Management Board in 2019.

13. Other payables

Units	As at 31/12/2018 VND	As at 31/12/2017 VND
Lao Cai (i)	349,000,000	-
Bac Kan	-	30,000,000
Lang Son (ii)	80,000,000	-
Nam Dinh	109,075,000	-
Thanh Hoa	21,146,000	21,144,000
Quang Tri	19,744,000	19,744,000
Thua Thien Hue	14,000,000	-
Quang Nam	37,890,820	15,697,822
Binh Dinh	77,369,008	121,770,000
	708,224,828	208,355,822

(i) This represented a loan from Minh Duc General Construction Co. Ltd. to advance to the Compensation Council of Muong Khuong district and cover site clearance expenses to households to implement construction activities of the Project.

(ii) These represented loans from 496 Construction Joint Stock Company and Song Quang Construction Investment and Agricultural Development Joint Stock Company with amounts of VND50,000,000 and VND30,000,000, respectively, to advance to Land Fund Development Center in Dinh Lap district for site clearance to build Ban Chuong road.

Other payables of Nam Dinh, Thanh Hoa, Quang Tri, Thua Thien Hue, Quang Nam, and Binh Dinh PPMUs represented surplus of income over expenses from selling bidding documents by Provincial Project Management Units. Such amounts were recorded as other payables under Circular No. 195/2012/TT-BTC dated 15 November 2012 issued by the Ministry of Finance – Accounting guidance applied to Investors; and will be disbursed for bidding related expenses in the next years or refunded to the State Budget.

14. Funds received from the World Bank

Ministry of Finance – Component 1 – Improvement, rehabilitation of local roads (funds received to Account 174297)

Receipts under withdrawal applications		**Year ended 31/12/2018**	
No.	**Date**	**Original Amount USD**	**Equivalent to VND**
03-PMU6-HPD	31/1/2018	260,000.00	5,833,100,000
04-PMU6-HPD	31/1/2018	865,000.00	19,406,275,000
05-PMU6-HPD	6/2/2018	1,580,000.00	35,467,840,000
06-PMU6-HPD	3/4/2018	4,149,000.00	93,248,775,000
07-PMU6-HPD	16/4/2018	771,000.00	17,384,508,000
08-PMU6-HPD	17/4/2018	2,315,000.00	52,198,620,000
09-PMU6-HPD	17/5/2018	4,334,000.00	97,900,726,000
10-PMU6-HPD	28/6/2018	1,898,000.00	42,955,536,000
11-PMU6-HPD	9/8/2018	2,433,000.00	55,199,904,000
12-PMU6-HPD	18/9/2018	1,226,000.00	27,854,720,000
13-PMU6-HPD	15/11/2018	1,667,675.70	37,927,948,445
14-PMU6-HPD	18/12/2018	7,358,757.28	167,669,284,625
Total funds replenished to Designated Account		28,857,432.98	653,047,237,070

Details of Funds received from the World Bank by province/unit for the year ended 31 December 2018 and accumulatively to 31 December 2018 were as follows:

Units	**Year ended 31/12/2018**		**Accumulated to 31/12/2018**	
	USD	**Equivalent to VND**	**USD**	**Equivalent to VND**
Lao Cai	884,000.00	20,006,688,000	2,920,000.00	65,676,204,000
Ha Giang	1,647,000.00	37,136,556,000	1,647,000.00	37,136,556,000
Cao Bang	3,457,162.00	78,457,762,170	3,840,162.00	87,048,835,170
Bac Kan	885,000.00	19,997,295,000	885,000.00	19,997,295,000
Lang Son	1,621,000.00	36,562,757,000	2,102,000.00	47,352,068,000
Nam Dinh	3,145,779.00	71,124,387,015	3,145,779.00	71,124,387,015
Thanh Hoa	3,480,884.98	79,095,893,890	3,480,884.98	79,095,893,890
Nghe An	2,815,099.00	63,899,341,215	2,815,099.00	63,899,341,215
Ha Tinh	2,090,517.00	47,428,393,845	3,347,517.00	75,616,618,845
Quang Binh	1,569,000.00	35,252,875,000	1,569,000.00	35,252,875,000
Thua Thien Hue	1,778,000.00	40,120,419,000	1,778,000.00	40,120,419,000
Quang Nam	1,833,000.00	41,196,675,000	1,833,000.00	41,196,675,000
Binh Dinh	3,650,991.00	82,768,193,935	3,650,991.00	82,768,193,935
	28,857,432.98	653,047,237,070	33,014,432.98	746,285,362,070

15. Counterpart funds

Units	Year ended 31/12/2018 VND	Accumulated to 31/12/2018 VND
Project Management Unit 6 – Component 1	2,697,588,830	10,332,881,451
Lao Cai	12,100,000,000	17,100,000,000
Ha Giang	4,230,000,000	4,230,000,000
Cao Bang	1,714,005,000	9,638,005,000
Bac Kan	720,000,000	720,000,000
Lang Son	5,905,000,000	6,000,000,000
Nam Dinh	2,281,971,000	3,960,000,000
Thanh Hoa	2,729,757,000	3,229,757,000
Nghe An	500,000,000	500,000,000
Ha Tinh	3,577,110,000	8,285,794,000
Quang Binh	1,332,829,000	1,514,407,000
Quang Tri	-	1,375,000,000
Thua Thien Hue	596,728,000	1,817,456,000
Quang Nam (*)	45,709,617,000	50,246,851,000
Binh Dinh	8,250,000,000	8,850,000,000
	92,344,605,830	127,800,151,451

(*) Included in counterpart funds withdrawn in 2018 by Quang Nam Project Management Unit, was an advance of VND40,000,000,000 from 2019 provincial budget to ensure the construction progress of the Project in Quang Nam province.

16. Civil works

Units	Year ended 31/12/2018 VND	Accumulated to 31/12/2018 VND
Lao Cai	29,162,166,700	29,162,166,700
Cao Bang	80,311,224,000	80,311,224,000
Bac Kan	25,791,987,217	25,791,987,217
Lang Son	88,426,536,000	88,426,536,000
Nam Dinh	66,112,749,247	66,112,749,247
Thanh Hoa	72,222,910,000	72,222,910,000
Nghe An	29,372,231,000	29,372,231,000
Ha Tinh	59,162,101,000	59,448,646,000
Quang Binh	30,848,654,000	30,848,654,000
Thua Thien Hue	35,426,063,000	35,426,063,000
Quang Nam	89,320,473,000	89,320,473,000
Binh Dinh	100,854,168,000	100,854,168,000
	707,011,263,164	707,297,808,164

These represented expenditures for civil work contracts of Provincial Project Management Units incurred during the year, which were disbursed from the World Bank's funds, except for expenditures of VND286,545,000 for civil contracts of Ha Tinh PPMU being paid from counterpart funds during the period from 4/10/2016 to 31/12/2017 .

17. Consultants on construction investment, other expenses

Units	Year ended 31/12/2018 VND	Accumulated to 31/12/2018 VND
Lao Cai	871,855,000	5,918,689,200
Ha Giang	5,788,461,380	5,788,461,380
Cao Bang	2,433,176,000	6,739,898,000
Bac Kan	637,271,708	3,808,637,619
Lang Son	4,554,273,000	9,283,563,000
Nam Dinh	5,036,366,000	5,036,366,000
Thanh Hoa	2,494,592,000	5,335,692,000
Nghe An	3,744,108,000	3,744,108,000
Ha Tinh	3,121,646,000	6,607,584,000
Quang Binh	2,101,301,000	3,550,873,000
Quang Tri	4,666,165,000	4,666,165,000
Thua Thien Hue	1,953,392,000	3,882,878,000
Quang Nam	2,735,355,436	6,563,680,436
Binh Dinh	8,250,694,000	8,250,694,000
	48,388,656,524	79,177,289,635

These represented expenditures for consultancy services and other related expenses for construction activities incurred during the year, which were disbursed from the World Bank's funds.

18. Project management expenses

Units	Year ended 31/12/2018 VND	Accumulated to 31/12/2018 VND
Project Management Unit 6 – Component 1	2,697,588,830	10,332,881,451
Lao Cai	1,000,000,000	2,000,000,000
Cao Bang	917,122,000	1,900,122,000
Bac Kan	600,000,000	600,000,000
Lang Son	905,000,000	905,000,000
Nam Dinh	1,101,555,737	1,810,911,955
Thanh Hoa	2,000,000,000	2,500,000,000
Nghe An	500,000,000	500,000,000
Ha Tinh	1,548,905,000	1,548,905,000
Quang Binh	781,660,000	781,660,000
Quang Tri	419,387,014	590,858,014
Thua Thien Hue	1,542,888,000	1,542,888,000
Quang Nam	1,654,878,884	1,654,878,884
Binh Dinh	857,223,000	857,223,000
	16,526,208,465	27,525,328,304

These represented management expenditures, which were finalized during the year and disbursed from the counterpart funds.

19. Site clearance, demining and other expenses

Units	Year ended 31/12/2018 VND	Accumulated to 31/12/2018 VND
Lao Cai	10,218,190,610	13,526,246,610
Ha Giang	4,670,429,210	4,670,429,210
Cao Bang	869,953,000	7,385,242,000
Lang Son	10,121,007,000	10,121,007,000
Nam Dinh	1,522,690,378	1,522,690,378
Ha Tinh	6,016,742,000	6,478,287,000
Quang Binh	401,169,000	582,747,000
Quang Tri	-	1,203,529,000
Thua Thien Hue	105,375,000	105,375,000
Quang Nam	5,319,362,925	6,149,690,925
Binh Dinh	2,687,094,000	2,687,094,000
	41,932,013,123	54,432,338,123

These represented site clearance, demining expenditures incurred during the year, which were disbursed from the counterpart funds.

20. Disbursements for routine maintenance activities

Units	Year ended 31/12/2018					
	Provincial roads VND	District roads VND	Commune roads VND	Total routine maintenance disbursements VND	Periodic repair VND	Total VND
Lao Cai	22,410,150,223	11,169,254,960	3,255,333,500	36,834,738,683	-	36,834,738,683
Ha Giang	11,100,739,600	24,528,918,148	5,416,439,900	41,046,097,648	-	41,046,097,648
Cao Bang	10,935,008,099	14,977,288,128	1,435,940,500	27,348,236,727	17,958,104,000	45,306,340,727
Bac Kan	10,887,869,536	4,411,850,505	1,264,741,635	16,564,461,676	9,859,244,505	26,423,706,181
Lang Son	21,755,173,000	14,973,834,000	3,173,410,000	39,902,417,000	-	39,902,417,000
Nam Dinh	3,531,515,000	2,623,660,000	1,499,082,426	7,654,257,426	5,094,343,000	12,748,600,426
Thanh Hoa	50,042,876,000	8,767,590,000	1,705,910,000	60,516,376,000	63,889,749,000	124,406,125,000
Nghe An	20,500,000,000	6,542,685,000	1,831,354,800	28,874,039,800	85,635,798,000	114,509,837,800
Ha Tinh	7,248,347,993	11,658,484,235	1,648,559,608	20,555,391,836	25,824,982,000	46,380,373,836
Quang Binh	11,830,000,000	2,866,550,950	1,743,727,400	16,440,278,350	12,538,201,000	28,978,479,350
Quang Tri	8,512,374,000	17,035,134,000	683,186,000	26,230,694,000	-	26,230,694,000
Thua Thien Hue	11,778,750,000	9,443,385,682	-	21,222,135,682	-	21,222,135,682
Quang Nam	17,918,290,000	16,436,760,500	433,375,000	34,788,425,500	-	34,788,425,500
Binh Dinh	9,842,010,000	4,447,059,000	352,517,500	14,641,586,500	-	14,641,586,500
	218,293,103,451	149,882,455,108	24,443,578,269	392,619,136,828	220,800,421,505	613,419,558,333

21. Fund balance, end of the year/period

Units	As at 31/12/2018 VND	As at 31/12/2017 VND
Lao Cai	32,169,101,490	41,314,625,800
Ha Giang	30,907,665,410	-
Cao Bang	350,354,170	4,710,062,000
Bac Kan (*)	(9,483,329,836)	(3,171,365,911)
Lang Son (*)	(55,384,038,000)	6,155,021,000
Nam Dinh	601,669,435	968,672,782
Thanh Hoa	2,267,048,890	(2,841,100,000)
Nghe An	30,783,002,215	-
Ha Tinh	9,818,990,845	28,662,881,000
Quang Binh	1,003,348,000	(1,449,572,000)
Quang Tri (*)	(5,085,552,014)	-
Thua Thien Hue	980,671,000	(708,758,000)
Quang Nam (*)	(12,245,197,245)	(121,419,000)
Binh Dinh (*)	(21,030,985,065)	600,000,000
	5,652,749,295	74,119,047,671

(*) Fund balances of Bac Kan, Lang Son, Quang Tri, Quang Nam, and Binh Dinh Provincial Project Management Units represented payables for completed works of some consultancy, civil contracts to which funds have not yet been allocated. Such amounts will be recovered by the World Bank's funds and local counterpart funds in the next years.

22. Amount withdrawn and not yet claimed

These represented advances to Provincial Project Management Units in 2018 to implement contracts under the Component 1 – Improvement, rehabilitation of local roads of the Project. These expenditures will be recovered after results of DLIs indicators are accepted by the World Bank.

Prepared by:

Le Tuan Khanh
Head of Finance and Accounting Department

Approved by:

Pham Ngoc Bien
Deputy Director

Hanoi, 30 July 2019

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

• Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

• Evaluate the appropriateness of accounting policies used and related disclosures made by Component management.

• Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with Component Management Unit with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with Component Management Unit, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.