

**CENTRAL HIGHLANDS POVERTY REDUCTION  
PROJECT – KON TUM PROVINCE**

**Financing Agreement – Credit number Cr. 5330-VN**

**AUDITED FINANCIAL STATEMENTS,  
ASSURANCE REPORTS AND  
MANAGEMENT LETTER**

**For the year ended 31 December 2018**



**TABLE OF CONTENTS**

<b><u>CONTENTS</u></b>	<b><u>PAGE(S)</u></b>
<b>PART I FINANCIAL STATEMENTS</b>	
Statement of the Project Management Unit	2
Independent Auditors' Report	3 - 4
Balance Sheet	5
Statement of Incomes and Expenditures	6
Statement of Sources and Uses of Funds	7
Statement of Designated Account	8
Statement of Withdrawals	9
Notes to the financial statements	10 - 12
<b>PART II INDEPENDENT AUDITORS' ASSURANCE REPORT ON INTERNAL CONTROL</b>	<b>13 - 14</b>
<b>PART III INDEPENDENT AUDITORS' ASSURANCE REPORT ON COMPLIANCE</b>	
Statement of the Project Management Unit on Compliance	15
Independent Auditors' Assurance Report on Compliance	16 - 17
<b>PART IV MANAGEMENT LETTER</b>	<b>18 - 23</b>



**PART I**  
**FINANCIAL STATEMENTS**

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**STATEMENT OF THE PROJECT MANAGEMENT UNIT**

The Project Management Unit of the Central Highlands Poverty Reduction Project - Kon Tum Province (the "Project Management Unit") presents this report together with the financial statements of the Central Highlands Poverty Reduction Project - Kon Tum Province (the "Project") for the year ended 31 December 2018.

**The Project Management Unit**

The members of the Project Management Unit who held office during the year and to the date of this report are as follows:

Mr. Phan Van The	Director
Mr. Nguyen Van Sy	Deputy Director
Mr. Phan Van Binh	Chief Accountant

**The Project Management Unit's Statement of Responsibility**

The Project Management Unit is responsible for preparing the financial statements of the Project, which comprise the Balance Sheet as at 31 December 2018, the Statement of Incomes and Expenditures, Statement of Sources and Uses of Funds, Statement of Designated Account, Statement of Withdrawals for the year ended 31 December 2018 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 and designated account balances as at 31 December 2018 as well as of the incomes and expenditures, the receipts and disbursements of the Project, designated account movements and fund withdrawals for the year then ended, in accordance with the accounting convention and the accounting policies set out in Note 2 and Note 3 of the Notes to the financial statements and the covenants contained in Financing Agreement - Credit number Cr. 5330-VN. 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 Project will continue in business; and
- Design and maintain 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.

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 the accounting policies set out in Note 2 and Note 3 of the Notes to the financial statements. The Project Management Unit is responsible for ensuring that the funds have been used as intended for the Project and for complying with Financing Agreement - Credit number Cr. 5330-VN 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 the Project Management Unit,

Phan Van The  
Director

Kon Tum, 19 June 2019



No.: 0097/VN1A-HN-BC

## INDEPENDENT AUDITORS' REPORT

**To: The Project Management Unit of the Central Highlands Poverty Reduction Project  
- Kon Tum Province**

### Opinion

We have audited the financial statements of the Central Highlands Poverty Reduction Project - Kon Tum Province (the "Project") prepared on 19 June 2019, as set out from page 05 to page 12, which comprise the Balance Sheet as at 31 December 2018, the Statement of Incomes and Expenditures, Statement of Sources and Uses of Funds, Statement of Designated Account, Statement of Withdrawals for the year then ended, and the Notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Project and designated account balances as at 31 December 2018 as well as of the incomes and expenditures, the receipts and disbursements of the Project, designated account movements and fund withdrawals for the year then ended, in accordance with the accounting convention and the accounting policies set out in Note 2 and Note 3 of the Notes to the financial statements.

### 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 Project in accordance with the ethical requirements that are relevant to our audit of the financial statements, 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.

### Emphasis of Matter - Basis of Accounting

We draw attention to Note 2 and Note 3 of the Notes to the financial statements, which describes the accounting convention and the summary of the significant accounting policies. The financial statements are prepared in accordance with the accounting convention and the accounting policies set out in Note 2 and Note 3 of the Notes to the financial statements and the requirements of the World Bank. Our opinion is not modified in respect of this matter.

### Responsibilities of the Project Management Unit and those charged with governance 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 and Note 3 of the Notes to the financial statements, and for such internal control as the Project Management Unit 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, the Project Management Unit 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 the Project Management Unit either intends to liquidate the Project, or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Project's financial reporting process.

## INDEPENDENT AUDITORS' REPORT (Continued)

### Auditors' Responsibilities for the Audit of the Financial Statements

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 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 International Standards on Auditing (ISAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Conclude on the appropriateness of the Project Management Unit's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Project's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Project to cease to continue as a going concern.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Project Management Unit.

We communicate with those charged with governance and the Project 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.



**Vũ Đức Nguyễn**  
**Deputy General Director**  
Audit Practising Registration Certificate  
No. 0764-2018-001-1

**Nguyen Tien Quoc**  
**Auditor**  
Audit Practising Registration Certificate  
No. 3008-2019-001-1

**DELOITTE VIETNAM COMPANY LIMITED**

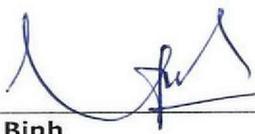
19 June 2019  
Hanoi, S.R. Vietnam

**BALANCE SHEET**

As at 31 December 2018

	Notes	31/12/2018 VND	31/12/2017 VND
<b>ASSETS</b>			
<b>Current assets</b>		<b>38,532,786,196</b>	<b>23,651,180,629</b>
<b>Cash</b>	<b>5</b>	<b>30,724,287,579</b>	<b>22,730,037,230</b>
Cash on hand		76,970,000	65,000,000
Cash in bank		30,647,317,579	22,665,037,230
<b>Receivables</b>		<b>7,808,498,617</b>	<b>921,143,399</b>
Prepayments to suppliers	6	7,808,086,764	921,143,399
Other receivables		411,853	-
<b>Total assets</b>		<b>38,532,786,196</b>	<b>23,651,180,629</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>44,789,391,331</b>	<b>63,336,722,489</b>
Taxes and amounts payable to the State Budget		4,598,332	-
Payables to suppliers	7	44,467,855,068	62,487,540,205
Payables to employees		271,330,666	782,614,746
Other payables	8	45,607,265	66,567,538
<b>Total liabilities</b>		<b>44,789,391,331</b>	<b>63,336,722,489</b>
<b>NET ASSETS</b>			
		<b>(6,256,605,135)</b>	<b>(39,685,541,860)</b>
Exchange differences		7,037,301,170	3,554,098,960
Deficit of incomes over expenditures		(13,293,906,305)	(43,239,640,820)
<b>TOTAL</b>		<b>(6,256,605,135)</b>	<b>(39,685,541,860)</b>


  
 Phan Van The  
 Director  
 Kon Tum, 19 June 2019


  
 Phan Van Binh  
 Chief Accountant/Preparer

The accompanying notes are an integral part of these financial statements

**STATEMENT OF INCOMES AND EXPENDITURES**

*For the year ended 31 December 2018*

	Notes	2018	Accumulated to
		VND	31 December 2018
		VND	VND
<b>INCOMES</b>			
IDA funds	9	167,951,394,198	382,496,232,214
<i>Fund disbursed in cash</i>		167,951,394,198	377,405,232,214
<i>Fund disbursed by fixed assets</i>		-	5,091,000,000
Counterpart funds		5,089,999,752	18,343,750,989
Other funds		11,982,406	70,559,219
<b>TOTAL INCOMES</b>		<b>173,053,376,356</b>	<b>400,910,542,422</b>
<b>EXPENDITURES</b>			
Part I: Village and Commune Infrastructure Development		56,440,814,768	140,085,166,008
Part II: Sustainable Livelihoods Development		31,921,683,319	100,631,925,797
Part III: Connective Infrastructure Development, Capacity Building, and Communications		41,739,955,159	120,773,212,007
Part IV: Project Management		12,949,744,722	52,628,563,508
Others (Bank charges)		55,443,874	85,581,408
<b>TOTAL EXPENDITURES</b>		<b>143,107,641,842</b>	<b>414,204,448,727</b>
<b>SURPLUS/(DEFICIT) OF INCOMES OVER EXPENDITURES</b>		<b>29,945,734,514</b>	<b>(13,293,906,305)</b>

Phan Van The  
 Director

Kon Tum, 19 June 2019

Phan Van Binh  
 Chief Accountant/Preparer

*The accompanying notes are an integral part of these financial statements*

STATEMENT OF SOURCES AND USES OF FUNDS

For the year ended 31 December 2018

Unit: VND

No.	Contents	2018				Accumulated to 31 December 2018			Total
		IDA funds	Counterpart funds	Other funds	Total	IDA funds	Counterpart funds	Other funds	
<b>I.</b>	<b>Receipts</b>	<b>167,951,394,198</b>	<b>5,089,999,752</b>	<b>11,982,406</b>	<b>173,053,376,356</b>	<b>382,496,232,214</b>	<b>18,343,750,989</b>	<b>70,559,219</b>	<b>400,910,542,422</b>
1	IDA funds	167,951,394,198	-	-	167,951,394,198	382,496,232,214	-	-	382,496,232,214
	Fund disbursed in cash	167,951,394,198	-	-	167,951,394,198	377,405,232,214	-	-	377,405,232,214
	Fund disbursed by fixed assets	-	-	-	-	5,091,000,000	-	-	5,091,000,000
2	Counterpart funds	-	5,089,999,752	-	5,089,999,752	-	18,343,750,989	-	18,343,750,989
3	Other funds	-	-	11,982,406	11,982,406	-	-	70,559,219	70,559,219
<b>II.</b>	<b>Disbursements</b>	<b>163,754,910,485</b>	<b>4,715,200,064</b>	<b>55,443,874</b>	<b>168,525,554,423</b>	<b>360,673,913,626</b>	<b>16,513,854,723</b>	<b>85,581,408</b>	<b>377,273,349,757</b>
1	Part I: Village and Commune Infrastructure Development	70,822,986,710	211,892,119	-	71,034,878,829	116,968,595,316	211,892,119	-	117,180,487,435
2	Part II: Sustainable Livelihoods Development	26,487,679,992	-	-	26,487,679,992	89,153,738,688	-	-	89,153,738,688
3	Part III: Connective Infrastructure Development, Capacity Building, and Communications	56,844,031,866	20,400,000	-	56,864,431,866	120,259,899,492	20,400,000	-	120,280,299,492
4	Part IV: Project Management	9,600,211,917	4,482,907,945	-	14,083,119,862	34,291,680,130	16,281,562,604	-	50,573,242,734
5	Others (Bank charges)	-	-	55,443,874	55,443,874	-	-	85,581,408	85,581,408
	<b>Surplus/ (Deficit) of Receipts over Disbursements</b>	<b>4,196,483,713</b>	<b>374,799,688</b>	<b>(43,461,468)</b>	<b>4,527,821,933</b>	<b>21,822,318,588</b>	<b>1,829,896,266</b>	<b>(15,022,189)</b>	<b>23,637,192,665</b>
	Exchange differences	3,483,202,210	-	-	3,483,202,210	7,037,301,170	-	-	7,037,301,170
<b>III.</b>	<b>Surplus of Receipts over Disbursement - Opening balance</b>	<b>21,179,933,835</b>	<b>1,455,096,578</b>	<b>28,439,279</b>	<b>22,663,469,692</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>IV.</b>	<b>Surplus/ (Deficit) of Receipts over Disbursement - Closing balance</b>	<b>28,859,619,758</b>	<b>1,829,896,266</b>	<b>(15,022,189)</b>	<b>30,674,493,835</b>	<b>28,859,619,758</b>	<b>1,829,896,266</b>	<b>(15,022,189)</b>	<b>30,674,493,835</b>
Presented by:									
Cash									
Other receivables									
Other payables not related to expenditures									
Taxes and amounts payable to the State Budget									

30,724,287,579

411,853

(45,607,265)

(4,598,332)



Phan Van The  
Director  
Kon Tum, 19 June 2019

Phan Van Binh  
Chief Accountant/Preparer

The accompanying notes are an integral part of these financial statements

**STATEMENT OF DESIGNATED ACCOUNT**

For the period from 01/01/2018 to 31/12/2018

Account Number: 5100201009391  
 Depository Bank: Vietnam Bank for Agriculture and Rural Development - Kon Tum Branch  
 Address: No. 88, Tran Phu Street, Kon Tum City, Kon Tum Province  
 Financing Agreement: Credit Number Cr. 5330-VN  
 Currency: USD

	<u>Amount</u>
<b>PART A: ACCOUNT ACTIVITIES</b>	
<b>Opening balance (01/01/2018)</b>	<b>696,590.44</b>
<b>Add:</b>	<b>7,432,782.06</b>
Total amount replenished by the World Bank to the Designated Account in the year	7,432,782.06
<b>Deduct:</b>	<b>7,512,094.07</b>
Total amount withdrawn from the Designated Account	7,511,964.07
Total bank charges incurred for the year	130.00
<b>Closing balance (31/12/2018)</b>	<b>617,278.43</b>
<b>PART B: ACCOUNT RECONCILIATION</b>	
1 Opening balance of advances by the World Bank	2,500,000.00
2 Add: Amount advanced by the World Bank to the Designated Account in the year (withdrawal application No. 31-KON TUM)	1,274,922.19
3 Deduct: Expense accepted by World Bank for disbursement by deducting from the Designated Account (withdrawal application No. 28-KON TUM)	1,274,922.19
<b>4 Total advances to the Designated Account as at 31/12/2018</b>	<b>2,500,000.00</b>
5 Closing balance of the Designated Account as at 31/12/2018	617,278.43
6 Add: Amount withdrawn but not yet claimed for reimbursement	941,813.96
7 Add: Amount withdrawn and claimed but not yet replenished by the World Bank (withdrawal application No. 38-KON TUM)	939,201.19
8 Add: Bank charges (if not included in lines 6 and 7 above)	1,706.42
<b>9 Total advances to the Designated Account as at 31/12/2018</b>	<b>2,500,000.00</b>

  
**Phan Van The**  
 Director  
 Kon Tum, 19 June 2019

  
**Phan Van Binh**  
 Chief Accountant/Preparer

CENTRAL HIGHLANDS POVERTY REDUCTION PROJECT - KON TUM PROVINCE  
Financing Agreement - Credit number Cr. 5330-VN

FINANCIAL STATEMENTS  
For the year ended 31/12/2018

STATEMENT OF WITHDRAWALS  
For the year ended 31 December 2018

Withdrawal applications				Amount disbursed			
No.	Date	Currency	Advance	Advance clearance	Total	Difference	Notes
<b>Advance to Designated Account</b>							
31 - KON TUM	12/7/2018	USD	1,274,922.19	-	1,274,922.19	-	
			<b>1,274,922.19</b>	<b>-</b>	<b>1,274,922.19</b>	<b>-</b>	
<b>Replenished to Designated Account</b>							
24 - KON TUM	18/12/2017	USD	-	221,924.38	221,924.38	-	(i)
25 - KON TUM	18/12/2017	USD	-	509,213.87	509,213.87	-	(i)
26 - KON TUM	23/01/2018	USD	-	1,071,373.51	1,071,373.51	-	
27 - KON TUM	02/02/2018	USD	-	1,362,823.72	1,362,823.72	-	
29 - KON TUM	14/5/2018	USD	-	33,864.32	33,864.32	-	
30 - KON TUM	12/7/2018	USD	-	109,404.95	109,404.95	-	
32 - KON TUM	26/7/2018	USD	-	176,222.18	176,222.18	-	
33 - KON TUM	18/9/2018	USD	-	296,826.18	296,826.18	-	
34 - KON TUM	18/9/2018	USD	-	520,525.93	520,525.93	-	
35 - KON TUM	15/10/2018	USD	-	632,284.72	632,284.72	-	
36 - KON TUM	21/11/2018	USD	-	628,893.01	628,893.01	-	
37 - KON TUM	10/12/2018	USD	-	594,503.10	594,503.10	-	
38 - KON TUM	25/12/2018	USD	-	939,201.19	939,201.19	-	(ii)
			<b>Total</b>	<b>- 7,097,061.06</b>	<b>7,097,061.06</b>	<b>939,201.19</b>	
<b>Expense accepted by World Bank for disbursement by deducting from Designated Account</b>							
28 - KON TUM	17/4/2018	USD	-	1,274,922.19	1,274,922.19	-	(iii)
			<b>Total</b>	<b>1,274,922.19</b>	<b>8,371,983.25</b>	<b>7,432,782.06</b>	
						<b>1,274,922.19</b>	

- (i) Represent Withdrawal Applications prepared in 2017 and disbursed in 2018 by the World Bank.  
(ii) Represent Withdrawal Application prepared in 2018 and disbursed in 2019 by the World Bank.  
(iii) Represent Disbursements by returning documentation for expense reimbursement and deducting from the Designated Account.

Phan Van The  
Director  
Kon Tum, 19 June 2019



Phan Van Binh  
Chief Accountant/Preparer

**NOTES TO THE FINANCIAL STATEMENTS**

*(These notes are an integral part of and should be read in conjunction with the accompanying financial statements)*

**1. GENERAL INFORMATION**

The Central Highlands Poverty Reduction Project operates under Financing Agreement - Credit number Cr. 5330-VN dated 24 April 2014 signed between the Socialist Republic of Vietnam and the International Development Association ("IDA").

The objective of the Central Highlands Poverty Reduction Project is to improve living standards through improved livelihood opportunities for poor communes in the project area by improving infrastructure systems and communal villages and hamlets; increased autonomy and livelihood opportunities through strengthening food security and nutrition, and promote diversification of livelihoods, developing market linkages; improve infrastructure conditions connected at the district level; staff capacity building at all levels.

Total fund of the Central Highlands Poverty Reduction Project is USD 165.000.000. The Fund includes the State budget of the Government of Vietnam and ODA loans from the World Bank.

The Project Management Unit of the Central Highlands Poverty Reduction Project - Kon Tum Province (the "Project Management Unit") was established under Decision No. 552/QĐ-UBND dated 31 October 2013.

The Project started its operations on 31 October 2013 (the establishment date of the Project Management Unit) and is expected to be completed in 2019.

**2. ACCOUNTING CONVENTION AND FINANCIAL YEAR**

**Accounting convention**

The accompanying financial statements, expressed in Vietnam Dong (VND), are prepared under the historical cost convention, except for the Statement of Designated Account and the Statement of Withdrawals which are prepared in original currency. The financial statements are prepared in accordance with the accounting policies set out in Note 3 and the requirements of the World Bank.

**Financial year**

The Project's financial year begins on 01 January and ends on 31 December.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies, which have been adopted by the Project Management Unit in the preparation of these financial statements, are as follows:

**Foreign currency translation**

Transactions arising in foreign currencies are translated into Vietnam Dong (VND) at exchange rates ruling on the transaction date. The balances of monetary items denominated in foreign currencies at the Balance Sheet date are retranslated at the December exchange rates announced by the Ministry of Finance.

Foreign exchange differences are not cash flows. However, the effect of exchange rate changes is reported separately in the Statement of Sources and Uses of Funds in order to reconcile with balances of assets and liabilities in the Balance Sheet.

**Recognition of funds and expenditures**

Funds are recognised on the receipt of credit notes from the serving bank and the state treasury regarding the amount received.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

*(These notes are an integral part of and should be read in conjunction with the accompanying financial statements)*

Expenditures are recognised on an accrual basis.

**4. STATEMENT OF DESIGNATED ACCOUNT**

Designed Account is a deposit account in USD opened at Vietnam Bank for Agriculture and Rural Development - Kon Tum Branch to serve the Project's activities. Payments out of the Designated Account are made in accordance with the relevant covenants of Financing Agreement - Credit number Cr. 5330-VN and relevant regulations established by the World Bank.

**5. CASH**

	<u>31/12/2018</u>	<u>31/12/2017</u>
	VND	VND
<b>Cash on hand</b>	<b>76,970,000</b>	<b>65,000,000</b>
Kon Tum Provincial Project Management Unit	22,000,000	22,000,000
Kon Plong District Project Management Unit	54,969,000	42,999,000
Sa Thay District Project Management Unit	1,000	1,000
<b>Cash in bank</b>	<b>30,647,317,579</b>	<b>22,665,037,230</b>
<b>IDA funds</b>	<b>30,647,317,579</b>	<b>22,665,037,230</b>
Kon Tum Provincial Project Management Unit	14,031,232,815	15,639,151,969
Ngoc Hoi District Project Management Unit	779,428,951	6,605,415
Dak Glei District Project Management Unit	9,604,822,400	1,758,907,300
Kon Plong District Project Management Unit	161,492,920	29,737,785
Sa Thay District Project Management Unit	2,006,137,380	955,626,850
Kon Ray District Project Management Unit	2,445,890,888	1,034,772,618
Tu Mo Rong District Project Management Unit	1,618,312,225	3,240,235,293
	<u><b>30,724,287,579</b></u>	<u><b>22,730,037,230</b></u>

**6. PREPAYMENTS TO SUPPLIERS**

	<u>31/12/2018</u>	<u>31/12/2017</u>
	VND	VND
Kon Tum Provincial Project Management Unit	4,892,505,000	-
Kon Plong District Project Management Unit	1,271,109,800	-
Kon Ray District Project Management Unit	1,644,471,964	905,673,900
Sa Thay District Project Management Unit	-	15,469,499
	<u><b>7,808,086,764</b></u>	<u><b>921,143,399</b></u>

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. PAYABLES TO SUPPLIERS

	<u>31/12/2018</u>	<u>31/12/2017</u>
	VND	VND
Kon Tum Provincial Project Management Unit	793,978,819	3,515,399,118
Ngoc Hoi District Project Management Unit	2,394,885,871	13,243,216,814
Dak Glei District Project Management Unit	17,057,438,244	11,837,507,193
Kon Plong District Project Management Unit	191,342,851	3,014,003,451
Sa Thay District Project Management Unit	11,599,140,420	13,599,038,267
Kon Ray District Project Management Unit	5,724,206,636	4,157,755,708
Tu Mo Rong District Project Management Unit	6,706,862,227	13,120,619,654
	<b><u>44,467,855,068</u></b>	<b><u>62,487,540,205</u></b>

8. OTHER PAYABLES

	<u>31/12/2018</u>	<u>31/12/2017</u>
	VND	VND
<b>Bank interest payables</b>	<b>44,977,630</b>	<b>55,000,628</b>
Kon Tum Provincial Project Management Unit	17,958,718	17,464,618
Ngoc Hoi District Project Management Unit	3,017,064	6,350,560
Dak Glei District Project Management Unit	11,279,544	11,500,916
Kon Plong District Project Management Unit	2,980,099	3,069,660
Sa Thay District Project Management Unit	3,941,502	5,007,220
Kon Ray District Project Management Unit	3,975,293	5,077,361
Tu Mo Rong District Project Management Unit	1,825,410	6,530,293
<b>Other payables</b>	<b>629,635</b>	<b>11,566,910</b>
	<b><u>45,607,265</u></b>	<b><u>66,567,538</u></b>

9. IDA FUNDS

	2018		Accumulated to 31 December 2018	
	USD	VND equivalent	USD	VND equivalent
Added to the Designated Account	7,432,782.06	167,951,394,198	16,913,151.41	377,405,232,214
Fund disbursed by fixed assets	-	-	232,818.81	5,091,000,000
	<b><u>7,432,782.06</u></b>	<b><u>167,951,394,198</u></b>	<b><u>17,145,970.22</u></b>	<b><u>382,496,232,214</u></b>

10. COMPARATIVE FIGURES

Comparative figures are the figures of the Project's audited financial statements for the year ended 31 December 2017.

Phan Van The  
Director

Kon Tum, 19 June 2019

Phan Van Binh  
Chief Accountant/Preparer

**PART II**  
**INDEPENDENT AUDITORS' ASSURANCE REPORT ON**  
**INTERNAL CONTROL**

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## INDEPENDENT AUDITORS' ASSURANCE REPORT ON INTERNAL CONTROL

**To: The Project Management Unit of the Central Highlands Poverty Reduction Project  
- Kon Tum Province**

### *Report on internal control*

We have audited, in accordance with International Standards on Auditing, the financial statements of the Central Highlands Poverty Reduction Project - Kon Tum Province (the "Project") for the year ended 31 December 2018 and issued the Independent auditors' report thereon dated 19 June 2019 expressing an unmodified 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, and issue the Report of Independent Auditor on internal control.

### *Responsibilities of Project Management Unit*

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 Independence and Quality Control*

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

We apply International Standard on Quality Control 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### *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 financial effect on the financial statements as well as internal control over financial reporting based on our examination based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000, Assurance Engagements other than Audits and Reviews of Historical Financial Information ("ISAE 3000"), issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain reasonable assurance about whether, in all material respects, the management 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.

## INDEPENDENT AUDITORS' ASSURANCE REPORT ON INTERNAL CONTROL (Continued)

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion, as well as our findings as presented in the Management Letter on page 18 to page 23.

### 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 year ended 31 December 2018.



**Vu Duc Nguyen**  
**Deputy General Director**  
Audit Practising Registration Certificate  
No. 0764-2018-001-1

**DELOITTE VIETNAM COMPANY LIMITED**

19 June 2019  
Hanoi, S.R. Vietnam

**Nguyen Tien Quoc**  
**Auditor**  
Audit Practising Registration Certificate  
No. 3008-2019-001-1

**PART III**  
**INDEPENDENT AUDITORS' ASSURANCE REPORT ON**  
**COMPLIANCE**



**STATEMENT OF THE PROJECT MANAGEMENT UNIT ON COMPLIANCE**

The Project Management Unit is responsible for complying with Financing Agreement - Credit number Cr. 5330-VN, laws and regulations applicable to the Project.

The Project Management Unit confirms the following:

- An effective internal control has been designed and maintained over compliance with Financing Agreement - Credit number Cr. 5330-VN, laws and regulations applicable to the Project;
- The Project has complied with Financing Agreement - Credit number Cr. 5330-VN, laws and regulations that could have a direct and material financial effect on the Project's financial statements for the year ended 31 December 2018;
- The Project's receipts and disbursements via the designated account for the year ended 31 December 2018 are in accordance with the relevant covenants of Financing Agreement - Credit number Cr. 5330-VN and prevailing relevant regulations established by the World Bank;
- The withdrawal applications were adequately reconciled to the statements of expenditures (SOEs) prepared by the Project Management Unit for the year ended 31 December 2018 and those SOEs were adequately supported;
- The proceeds of the loan were used only for the purpose(s) of the Project.

For and on behalf of the Project Management Unit,



Phan Văn Thế  
Director

Kon Tum, 19 June 2019

## INDEPENDENT AUDITORS' ASSURANCE REPORT ON COMPLIANCE

**To: The Project Management Unit of the Central Highlands Poverty Reduction Project  
- Kon Tum Province**

### ***Report on compliance***

We have audited, in accordance with International Standards on Auditing, the financial statements of the Central Highlands Poverty Reduction Project - Kon Tum Province (the "Project") for the year ended 31 December 2018 and issued the Independent auditors' report thereon dated 19 June 2019 expressing an unmodified opinion on those financial statements.

In connection with the audit of the financial statements, we also performed procedures on the Project's compliance with Financing Agreement - Credit number Cr. 5330-VN, laws and regulations that could have a direct and material financial effect on the Project's financial statements for the year ended 31 December 2018 (the "requirements").

### ***Responsibilities of Project Management Unit***

The Project Management Unit is responsible for complying with Financing Agreement - Credit number Cr. 5330-VN, laws and regulations applicable to the Project.

### ***Our Independence and Quality Control***

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

We apply International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### ***Auditors' Responsibilities***

Our responsibility is to express an opinion on Project's compliance based on the evidence we have obtained. 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 conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000, Assurance Engagements other than Audits and Reviews of Historical Financial Information ("ISAE 3000"), issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain reasonable assurance about whether, in all material respects, the Project has complied with the requirements.

An reasonable assurance engagement in accordance with ISAE 3000 to report on the Project's compliance with the requirements 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.

## INDEPENDENT AUDITORS' ASSURANCE REPORT ON COMPLIANCE (Continued)

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion, as well as our findings as presented in the Management Letter on page 18 to page 23.

### Opinion

In our opinion:

- The Project has complied, in all material respects, with Financing Agreement - Credit number Cr. 5330-VN, laws and regulations that could have a direct and material financial effect on the Project's financial statements for the year ended 31 December 2018.
- The Project's receipts and disbursements via the designated account for the year ended 31 December 2018 are in accordance with the relevant covenants of Financing Agreement - Credit number Cr. 5330-VN and prevailing relevant regulations established by the World Bank.
- The withdrawal applications were adequately reconciled to the statements of expenditures (SOEs) prepared by the Project Management Unit for the year ended 31 December 2018 and those SOEs were adequately supported.
- The proceeds of the loan were used only for the purpose(s) of the Project.



**Vu Duc Nguyen**  
**Deputy General Director**  
Audit Practising Registration Certificate  
No. 0764-2018-001-1

**DELOITTE VIETNAM COMPANY LIMITED**

19 June 2019  
Hanoi, S.R. Vietnam

**Nguyen Tien Quoc**  
**Auditor**  
Audit Practising Registration Certificate  
No. 3008-2019-001-1

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