

restricted

The Republic of the Union of Myanmar
Office of the Auditor General of the Union

Letter No - Sa Hsa-3/2062/ (131 / 2019)

Date - 23rd April, 2019

To

Permanent Secretary

Ministry of Agriculture, Livestock and irrigation

Subject: Submission Audit Report

Reference: The Letter no.4/2000/mway yay ky/ (1084/2018) dated 30-11-2018

1. Reference is made to the above mentioned request Letter, we have audited financial statement (2018 April to September) of Community Driven Development Project (CDD Project) funded by World Bank, Loan and Italy Soft Loan implemented by Department of Rural Development, Ministry of Agriculture, Livestock and Irrigation.

2. We herewith attach Audit Report to be able to conduct as necessary.

Attach - (a) Audit Report, (6) pages

On behalf of Union Auditor General

(Naing Thet Oo, Permanent Secretary)

Copy to:

Department of Rural Development (No attachment)

Office file

Float file

restricted

Restricted

**The Republic of the Union of Myanmar
Office of the Auditor General of the Union
Audit Department**

**Audit Report
on
Financial statement of Community Driven Development Project (CDD Project)
for the financial year ended 30.9.2018
Funded by Loan of World Bank and Italy Soft Loan
Implemented by
Department of Rural Development,
Ministry of Agriculture, Livestock and Irrigation**

Date: 23rd April, 2019

Restricted

Restricted

Contents

Sr. No	Particular	Paragraph		Page	
		From	To	From	To
1	2	3	4	5	6
1	Introduction	1	-	1	-
2	Management's Responsibility for Financial Statements	2	-	1	-
3	Auditor's Responsibility	3	4	1	2
4	Scope of Audit	5	-	2	-
5	Audit Opinion	6	-	2	4

Audit report on the financial statements of Community Driven Development Project (CDD Project) for the year ended 30th September 2018 funded by World Bank's Loan and Italy Soft Loan implemented by Department of Rural Development, Ministry of Agriculture, Livestock and Irrigation

Introduction

1. As Ministry of Agriculture, Livestock and Irrigation had sent request letter, dated 30.11.2018, the Office of the Auditor General of Union has audited the financial statements of Community Driven Development Project (CDD Project) for financial year ended 30th September 2018 funded by World Bank's Loan and Italy Soft Loan implemented by Department of Rural Development, Ministry of Agriculture, Livestock and Irrigation, with the required documents in line with Union Auditor-General Law and the Generally Accepted Auditing Standards.

Management's Responsibility for Financial Statements

2. The project's management is responsible for preparation of financial statements which are in line with Financial Management Manual, Project Accounting procedures. In addition, the Project's Management has responsibility to make sure that these financial statements are free from misstatement arising from fraud or errors which can lead to the wrong management decisions regarding to internal control.

Auditor's Responsibility

3. Our responsibility is to conduct audit on the financial statements in accordance with Generally Accepted Auditing Standards (GAAS) and comply with the code of ethics for auditors and to express appropriate audit opinion as per audit findings after conducting audit with reasonable assurance whether material misstatement exists in the financial statements.

4. During the course of audit, regarding to figures and disclosures in financial statements which include Consolidated Statement of Financial Position, Consolidated

Statement of Sources of Fund and Expenditure, Consolidated Statement of Designated Accounts and Direct Payments, Notes to the Financial Statements, we obtained audit evidence by evaluating errors and deficiencies and applying audit procedures based on auditor's assessment and judgment. In this regards, we have obtained sufficient and appropriate audit evidence in order to provide basis for audit opinion.

Scope of Audit

5. We have audited the financial statements of Community Driven Development Project (CDD Project) for the year ended 30th September 2018, implemented by Department of Rural Development, Ministry of Agriculture, Livestock and Irrigation funded by World Bank Loan, and Italy Soft Loan with monthly statements in the department, payment vouchers, cash book, bank statement, non-current asset register for purchase of office equipment and administrative expenses. Regarding to the remittance to region, the auditor general offices of Sagaing Region, Kayin State, Chin State and Naypyitaw Audit Office were assigned to audit and the other remittance to regions and states were audited in Head Office with sampling method and it was not assigned the regional offices to audit the documents of expenditure and implementation.

Audit Opinion

6. In our opinion, the financial statements of Community Driven Development Project (CDD Project) for the year ended 30th September 2018 implemented by Department of Rural Development, Ministry of Agriculture, Livestock and Irrigation, funded by World Bank's Loan and Italy Soft Loan have been prepared fairly in accordance with Project Accounting Procedures, Project Financial Management Manual, except for the following shortcoming:

- (a) The following over withdrawal in the Consolidated Statement of Sources of Fund and Expenditure were found and these withdrawals have already been re-deposited to the respective project current account:

- (1) There were contracted for one National IT Assistant for the 18 months from 14.5.2018 to 13.11.2018 in head office. As they made a payment for the accommodation charges MMK 100,000 starting from 1.5.2018, there were over withdrawn the accommodation charges MMK 41,936 under the heading of Institutional Support and it have already been re-deposited on 23.1.2019 with chalan-32.
- (2) Under the heading of Institutional Support in head office, there were permitted (70) liters for one motor car per month for the project co-staff to be convenience to travel in conducting the project work. The over withdrawal amounted to MMK 221,316 for five motor cars due to overpayment on permitted amount were re-deposited on 17.1.2019 with chalan-205 and the over withdrawal amounted to MMK 10,000 due to wrong calculation in purchasing of fuel for field trip were re-deposited on 23.1.2019 with chalan-31.
- (3) When making payment of salaries to the project staff in Palatwa Township, there were overpayments to U Dainsight (CF) for 8/2018 amounted to MMK 63870 and Daw Rodizin (CF) for 9/2018 amounted to MMK 16000, totaled MMK 79870. These overpayments were re-deposited on 25.1.2019 with chalan-10.
- (4) When checking the payment of salaries of community facilitator and Technical facilitator regarding to Project Expenditure of Myung Township, one more leave day were taken more than permitted leave as per the contract rule. There were re-deposited the salary MMK 11,000 for that day to Project Current account F-134 on 21.1.2019 with chalan-10.

- (5) When auditing the Project Expenditure of Myung Township, there were overpayments amounted to MMK 93,148.53 for 104.779 liters regarding to 54 times from 4/2018 to 9/2018 in the record of issuing fuel for one motor cycle and these were re-deposited to Project Current account F-134 on 24.1.2019 with chalan-3.
- (6) There were over payments more than the current regional price for equipment and wages for acquiring and installing the iron grilles in two village tracts in Myaung Township. These were re-deposited MMK 521,200 to the Hpwasaw tract current account F-178 on 17.1.2019 with chalan-11 and MMK 1,068,064 to the current account of Latyatma village tract F-179 on 17.1.2019 with chalan-12.
- (7) It was unable to provide the payment vouchers for the travelling expenses that given to village tract committee for Township MSR in amount MMK 72,000 (36 person x 2000) for coordination meeting held on 18.6.2018 in Township Main Hall, Banmauk Township.
- (8) It was unable to provide the payment vouchers for the payment of transportation charges MMK 932,000 for carrying the motor cycle issued by The Department of Rural Development, Nay Pyi Taw, from Nay Pyi Taw to Banmauk Township.

On behalf of Director General

(San San Win, Deputy Director General)

Dated: 23rd April, 2019