



ပြည်ထောင်စုသမ္မတမြန်မာနိုင်ငံတော်

ပြည်ထောင်စုစာရင်းစစ်ချုပ်ရုံး

စစ်ဆေးရေးဦးစီးဌာန

စာအမှတ်၊ စဆ - ၅ / ၄၀၉၁ (၃၈ / ၂၀၁၉)

ရက်စွဲ၊ ၂၀၁၉ ခုနှစ်၊ ဇန်နဝါရီလ (၂၈) ရက်

သို့

ညွှန်ကြားရေးမှူးချုပ်

ရသုံးမှန်းခြေငွေစာရင်းဦးစီးဌာန

အကြောင်းအရာ။ စီမံကိန်းနှင့် ဘဏ္ဍာရေးဝန်ကြီးဌာန၊ ရသုံးမှန်းခြေငွေစာရင်းဦးစီးဌာန၏ ကမ္ဘာ့ဘဏ်ထောက်ပံ့ငွေဖြင့် ဆောင်ရွက်လျက်ရှိသော မြန်မာနိုင်ငံတွင်းထွက် သယံဇာတအရင်းအမြစ်တူးဖော်ရေးလုပ်ငန်းများ ပွင့်လင်းမြင်သာမှု အကောင်အထည်ဖော်ဆောင်ရွက်ရေးစီမံကိန်း၏ ၂၀၁၇-၁၈ ဘဏ္ဍာရေးနှစ် စစ်ဆေးတွေ့ရှိချက်အစီရင်ခံစာနှင့် စီမံခန့်ခွဲမှုအကြောင်းကြားစာ ဘာသာပြန်ဆိုမှုအား ပြန်လည်ပေးပို့ခြင်း

ရည်ညွှန်းချက်။ ယင်း၏ ၁၈-၁၂-၂၀၁၈ ရက်စွဲပါစာအမှတ်၊ ဘ-၈/MEITI/PFA(၂၄၁/၂၀၁၈)

၁။ စီမံကိန်းနှင့် ဘဏ္ဍာရေးဝန်ကြီးဌာန၊ ရသုံးမှန်းခြေငွေစာရင်းဦးစီးဌာန၏ ကမ္ဘာ့ဘဏ်ထောက်ပံ့ငွေဖြင့် ဆောင်ရွက်လျက်ရှိသော မြန်မာနိုင်ငံတွင်းထွက်သယံဇာတအရင်းအမြစ်တူးဖော်ရေးလုပ်ငန်းများ ပွင့်လင်းမြင်သာမှုအကောင်အထည်ဖော်ဆောင်ရွက်ရေးစီမံကိန်း၏ ၂၀၁၇-၁၈ ဘဏ္ဍာရေးနှစ် စစ်ဆေးတွေ့ရှိချက်အစီရင်ခံစာနှင့် စီမံခန့်ခွဲမှုအကြောင်းကြားစာတို့အား အင်္ဂလိပ်ဘာသာသို့ ပြန်ဆိုထားခြင်းကို ရည်ညွှန်းပါစာဖြင့် ပေးပို့လာပါသည်။

၂။ ပေးပို့လာသည့် အင်္ဂလိပ်ဘာသာပြန်ဆိုထားသော စစ်ဆေးတွေ့ရှိချက်အစီရင်ခံစာနှင့် စီမံခန့်ခွဲမှုအကြောင်းကြားစာတို့ကိုစိစစ်၍ လိုအပ်သည်များကိုပြင်ဆင်ပြီး ပြန်လည်ပေးပို့အပ်ပါ သည်။

- ပူးတွဲ - (၁) စစ်ဆေးတွေ့ရှိချက်အစီရင်ခံစာ တစ်စောင် (၃) ရက်ရေ
- (၂) စီမံခန့်ခွဲမှုအကြောင်းကြားစာ တစ်စောင် (၈) ရက်ရေ

H= At
ခိုင်ခိုင်အောင်
ညွှန်ကြားရေးမှူးချုပ်
Ph

မိတ္တူ
ရုံးလက်ခံ/မျှော

Restrict



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

Letter No-Salone Salain-5/4091(313 /2018)

Date - December 6th 2018

To

Budget Department

Subject Matter: **Delivering Audit Report and Management Letter**

Reference: According to the letter number SaBa/Bandar-5/2/1 (1722/2018) on 21-8-2018

1. According to the request with reference letter from the Budget Department, Ministry of Planning and Finance, Office of the Auditor General of Union has audited the Financial Statements of the Project on the implement of Myanmar Extractive Industries Transparency Initiative (MEITI) Funded by World Bank, for 2017-18 financial year have been audited.

2. The audit report and management letter are delivered together with this letter for further processing.

Attached: (1) Audit Report (12 papers)

(2) Management Letter (8 papers)

(Signed)

On Behalf of Auditor General
(Naing Thet Oo, Permanent Secretary)

Copy to

Director General, Budget Department

Office File

Float File

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

Audit Report

on

Financial Statement of Project on

The implementation of

Myanmar Extractive Industries Transparency Initiative

(EITI) Project Funded by the World Bank

during the Fiscal Year 2017-2018

By

**Ministry of Planning and Finance
Budget Department**

Date- December 6th, 2018

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Restrict

Audit Report on the Financial Statements of Myanmar Extractive Industries Transparency Initiative (MEITI) Project for the Financial Year 2017-2018 funded by the World Bank and implemented by the Budget Department, Ministry of Planning and Finance.

Introduction

1. The Financial Statements of Myanmar Extractive Industries Transparency Initiative (MEITI) Project for the Financial Year 2017-2018 implemented by the Budget Department, the Ministry of Planning and Finance funded by World Bank which were prepared in accordance with the Generally Accepted Accounting Principles (GAAP) were audited by the Office of the Auditor General of the Union in line with the Generally Accepted Auditing Standards (GAAS).

Management's Responsibility for the Financial Statements

2. The project management is responsible for preparation of Financial Statements which are in line with project's Financial Management Manual and the Generally Accepted Accounting Principles (GAAP) and those statements must be free from material misstatement arising from fraud or errors which can lead to the wrong management decisions regarding to the internal control.

Auditor's Responsibilities

3. Our responsibility is to conduct audit on the Financial Statements in accordance with Generally Accepted Auditing Standards (GAAS) and those standards require us to 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 Financial Statements.

4. During the course of audit, regarding to figures in Balance Sheet, Sources and Uses of Funds Statement, Statement of Uses of Funds by Sub - components and Statement of Uses of Funds by Categories, we obtained audit evidence by

assessment and judgment. In this regards, we have obtained sufficient audit evidence in order to give audit opinion.

Scope of Audit

5. Office of the Auditor General of the Union audited the Financial Statements of Myanmar Extractive Industries Transparency Initiative (MEITI) Project for the year ended 31st March 2017 implemented by the Budget Department , Ministry of Planning and Finance with claim bills for expenditure and voucher as well as performance report.

Opinions of Auditors

6. In our opinion, the Financial Statements of Myanmar Extractive Industries Transparency Initiative (MEITI) Project for the year ended 31st March 2017 funded by World Bank are true and fair in accordance with Generally Accepted Accounting Principles (GAAP).

(Signed)

Khine Khine Aung

Director General

Date – December 6th, 2018

Annex 3: Balance Sheet

Myanmar: Extractive Industries Transparency Initiatives
Interim Financial Reports
Balance Sheet
Semester ended 31st March 2018

DA-A MMK

Accounts	Description		Actual Year To Date
			MMK
	ASSETS		
	Cash		
	Bank		57,522,889.89
	Advances		
	TOTAL ASSETS	(a)	57,522,889.89
	PROJECT EXPENDITURES:		
	Component 1: Support to the MSG and EITI Secretariat		306,708,223.29
	Component 2: Improving Data Quality and Operator's Readiness to for EITI Implementation		25,595,568.00
	Component 3: Institutional Development for EITI Implementation - Ministries		10,007,158.00
	TOTAL PROJECT EXPENDITURES	(b)	342,310,949.29
	TOTAL ASSETS AND PROJECT EXPENDITURES	c = a + b	399,833,839.18
FUNDS	IDA		399,830,000.00
	Opening Balance		3,839.18
	TOTAL FUNDS	(d)	399,833,839.18
	Check (d) = c	(d) = c	-

Annex 4.1: Statement of Sources and Uses of Funds template

Myanmar Extractive Industries Transparency Initiatives Project Phase II
Sources and Uses of Funds Statement
Semester ended 31st March 2018

DA-A MMK

		Actual		
		Current Semester	Year to date	Cumulative to date
Receipts				
"Myanmar Partnership MDTF" Designated Account		199,830,000.00	399,830,000.00	399,830,000.00
MP-MDTF Direct Payment from WB				
Government financing				
Total receipts	(a)	199,830,000.00	399,830,000.00	399,830,000.00
Expenditure by project component				
Component 1: Support to the MSG and EITI Secretariat to implement EITI		288,125,918.29	306,708,223.29	306,708,223.29
Component 2: Improve operators' readiness for EITI implementation		25,595,568.00	25,595,568.00	25,595,568.00
Component 3: Institutional development for EITI implementation		10,007,158.00	10,007,158.00	10,007,158.00
Total payments	(b)	323,728,644.29	342,310,949.29	342,310,949.29
Excess/(deficit) receipts over payments	c = a - b	(123,898,644.29)	57,519,050.71	57,519,050.71
Opening funds balance				
Cash at Bank		77,762,534.18	3,839.18	3,839.18
Advance payments		103,659,000.00	-	-
Petty Cash				
Total opening funds balance	(d)	181,421,534.18	3,839.18	3,839.18
Closing funds balance	e = c + d	57,522,889.89	57,522,889.89	57,522,889.89
Represented by:				
Cash at Bank		57,522,889.89	57,522,889.89	57,522,889.89
Advance payments				
Petty Cash				
Total	f	57,522,889.89	57,522,889.89	57,522,889.89
Check (all should zero)	g = e - f	-	-	-

SIGNATURE:

NAME: U Sun Win

TITLE: Deputy Director

DATE: 14-5-2018

SIGNATURE:

NAME: Daw Thin Thin Aung

TITLE: Assistant Director

DATE: 14-5-2018

Annex 4.2: Statement of Uses of Funds by Sub-Components template

Myanmar Extractive Industries Transparency Initiatives Project Phase II
 Statement of Uses of Funds by Sub-Components
 Semester ended 31st March 2018

DA-A MMK

	Budget			Actual			Variance		
	Current Semester	Current year	Project budget per PAD	Current Semester	Year to date	Cumulative to date	Current Semester	Current year	Project Life
Expenditure by component/sub-components									
Component 1: Support to the MSG and EITI Secretariat to implement EITI									
1A: EITI Reconciliation Reports and dissemination	10,138,000.00	23,290,000.00	548,000,000.00	12,078,520.00	12,078,520.00	12,078,520.00	(1,940,520.00)	11,211,480.00	535,921,480.00
1B: MSG, sub-committees, regional MSG meetings, sub-national production of annual activity reports	129,602,000.00	260,163,000.00	548,000,000.00	57,141,496.00	62,123,301.00	62,123,301.00	72,460,504.00	198,039,699.00	485,876,699.00
1C: Outreach and communications	3,425,000.00	16,546,860.00	274,000,000.00	-	11,984,150.00	11,984,150.00	3,425,000.00	4,562,710.00	262,015,850.00
1D: Capacity building, training, and study tours for EITI implementation and project execution	10,275,000.00	20,550,000.00	411,000,000.00	8,090,100.00	8,090,100.00	8,090,100.00	2,184,900.00	12,459,900.00	402,909,900.00
1E: Secretariat Office functioning and coordination	197,029,290.00	261,670,000.00	411,000,000.00	210,815,802.29	212,432,152.29	212,432,152.29	(13,786,512.29)	49,237,847.71	198,567,847.71
Sub-Total	350,469,290.00	582,219,860.00	2,192,000,000.00	288,125,918.29	306,708,223.29	306,708,223.29	62,343,371.71	275,511,636.71	1,885,291,776.71
Component 2: Improve operators' readiness for EITI implementation									
2A: Training and advisory services on improving data quality for reporting entities, including SEEs	30,140,000.00	30,140,000.00	123,300,000.00	25,595,568.00	25,595,568.00	25,595,568.00	4,544,432.00	4,544,432.00	97,704,432.00
2B: Defining and piloting a methodology for beneficial ownership reporting and contract disclosure	13,700,000.00	27,400,000.00	82,200,000.00	0	0	0	13,700,000.00	27,400,000.00	82,200,000.00
Sub-Total	43,840,000.00	57,540,000.00	205,500,000.00	25,595,568.00	25,595,568.00	25,595,568.00	18,244,432.00	31,944,432.00	179,904,432.00
Component 3 – Institutional development for EITI Implementation									
3A: Mineral license registration	0.00	0.00	650,750,000.00	-	-	-	-	-	650,750,000.00
3B: Integrated mapping and mineral cadaster design	0.00	0.00	719,250,000.00	-	-	-	-	-	719,250,000.00
3C: Extractive industries statistics and tax information, including on sub-national	0.00	0.00	137,000,000.00	-	-	-	-	-	137,000,000.00
3D: Capacity building and training	27,400,000.00	54,800,000.00	479,500,000.00	10,007,158.00	10,007,158.00	10,007,158.00	17,392,842.00	44,792,842.00	469,492,842.00
3E: Legal, sector reports, legislative strengthening, research	-	-	411,000,000.00	-	-	-	-	-	411,000,000.00
Sub-Total	27,400,000.00	54,800,000.00	2,397,500,000.00	10,007,158.00	10,007,158.00	10,007,158.00	17,392,842.00	44,792,842.00	2,387,492,842.00
Total Expenditure	421,709,290.00	694,559,860.00	4,795,000,000.00	323,728,644.29	342,310,949.29	342,310,949.29	97,980,645.71	352,248,910.71	4,452,689,050.71

Annex 4.3: Statement of Uses of Funds by Expenditure Category template

Myanmar Extractive Industries Transparency Initiatives Project Phase II

Statement of Uses of Funds by Categories

Semester ended 31st March 2018

DA-A MMK

	Budget			Actual			Variance		
	Current Semester	Current year	Project budget per PAD	Current Semester	Year to date	Cumulative to date	Current Semester	Current year	Project Life
Expenditure by expenditure categories									
<i>Disbursement Category 1</i>									
Goods	-	-	650,750,000.00	-	-	-	-	-	650,750,000.00
Consultants Services	-	-	1,349,450,000.00				-	-	1,349,450,000.00
Non-Consulting Services	84,803,000.00	152,176,860.00	671,300,000.00	3,228,915.29	4,008,765.29	4,008,765.29	81,574,084.71	148,168,094.71	667,291,234.71
Training and Workshop	129,602,000.00	260,163,000.00	1,233,000,000.00	92,744,222.00	108,930,327.00	108,930,327.00	36,857,778.00	151,232,673.00	1,124,069,673.00
Incremental Operating Cost			-						
Sub-Total	214,405,000.00	412,339,860.00	3,904,500,000.00	95,973,137.29	112,939,092.29	112,939,092.29	118,431,862.71	299,400,767.71	3,791,560,907.71
<i>Disbursement Category 2</i>									
Goods	20,550,000.00	20,550,000.00	20,550,000.00	19,629,640.00	19,629,640.00	19,629,640.00	920,360.00	920,360.00	920,360.00
Consultants Services	10,275,000.00	20,550,000.00	41,100,000.00	8,090,100.00	8,090,100.00	8,090,100.00	2,184,900.00	12,459,900.00	33,009,900.00
Non-Consulting Services							-	-	-
Training and Workshop							-	-	-
Incremental Operating Cost	18,837,500.00	37,538,000.00	280,850,000.00	12,396,579.00	14,012,929.00	14,012,929.00	6,440,921.00	23,525,071.00	266,837,071.00
Sub-Total	49,662,500.00	78,638,000.00	342,500,000.00	40,116,319.00	41,732,669.00	41,732,669.00	9,546,181.00	36,905,331.00	300,767,331.00
<i>Disbursement Category 3</i>									
Goods							-	-	-
Consultants Services - MOU	157,641,790.00	203,582,000.00	548,000,000.00	187,639,188.00	187,639,188.00	187,639,188.00	(29,997,398.00)	15,942,812.00	360,360,812.00
Non-Consulting Services							-	-	-
Training and Workshop							-	-	-
Operating Cost (includint office rent)									
Sub-Total	157,641,790.00	203,582,000.00	548,000,000.00	187,639,188.00	187,639,188.00	187,639,188.00	(29,997,398.00)	15,942,812.00	360,360,812.00
Total Expenditure	421,709,290.00	694,559,860.00	4,795,000,000.00	323,728,644.29	342,310,949.29	342,310,949.29	97,980,645.71	352,248,910.71	4,452,689,050.71

Annex 3: Balance Sheet

Myanmar: Extractive Industries Transparency Initiatives
 Interim Financial Reports
 Balance Sheet
 Semester ended 31st March 2018


DA-B USD


Accounts	Description		Actual Year To Date
			US\$
	ASSETS		
	Cash		
	Bank		66,894.00
	Advances		
	TOTAL ASSETS	(a)	66,894.00
	PROJECT EXPENDITURES:		
	Component 1: Support to the MSG and EITI Secretariat		269,901.00
	Component 2: Improving Data Quality and Operator's Readiness to for EITI Implementation		36,000.00
	Component 3: Institutional Development for EITI Implementation - Ministries		80,041.00
	TOTAL PROJECT EXPENDITURES	(b)	385,942.00
	TOTAL ASSETS AND PROJECT EXPENDITURES	c = a + b	452,836.00
FUNDS	IDA		95,000.00
	Opening Balance		
	Direct Payment		357,836.00
	TOTAL FUNDS	(d)	452,836.00
	Check (d) = c	(d) = c	-

Annex 5.1: Statement of Sources and Uses of Funds template
 Myanmar Extractive Industries Transparency Initiatives Project Phase II
 Sources and Uses of Funds Statement
 Semester ended 31st March 2018

DA-B USD

		Actual		
		Current Semester	Year to date	Cumulative to date
Receipts				
"Myanmar Partnership MDTF" Designated Account		95,000.00	95,000.00	95,000.00
MP-MDTF Direct Payment from WB		357,836.00	357,836.00	357,836.00
Government financing				
Total receipts	(a)	452,836.00	452,836.00	452,836.00
Expenditure by project component				
Component 1: Support to the MSG and EITI Secretariat to implement EITI		244,735.00	269,901.00	269,901.00
Component 2: Improve operators' readiness for EITI implementation		36,000.00	36,000.00	36,000.00
Component 3: Institutional development for EITI implementation		80,041.00	80,041.00	80,041.00
Total payments	(b)	360,776.00	385,942.00	385,942.00
Excess/(deficit) receipts over payments	c = a - b	92,060.00	66,894.00	66,894.00
Opening funds balance				
Cash at Bank		-	-	-
Advance payments		-	-	-
Petty Cash				
Total opening funds balance	(d)	-	-	-
Closing funds balance	e = c + d	92,060.00	66,894.00	66,894.00
Represented by:				
Cash at Bank		66,894.00	66,894.00	66,894.00
Advance payments				
Petty Cash				
Total	f	66,894.00	66,894.00	66,894.00
Check (all should zero)	g = e - f	25,166.00	-	-

SIGNATURE: 
 NAME: U Sun Win
 TITLE: Deputy Director
 DATE: 14-5-2018

SIGNATURE: 
 NAME: Daw Thin Thin Aung
 TITLE: Assistant Director
 DATE: 14-5-2018

Annex 5.2: Statement of Uses of Funds by Sub-Components template

Myanmar Extractive Industries Transparency Initiatives Project Phase II

Statement of Uses of Funds by Sub-Components

Semester ended 31st March 2018

DA-B USD

	Budget			Actual			Variance		
	Current Semester	Current year	Project budget per PAD	Current Semester	Year to date	Cumulative to date	Current Semester	Current year	Project Life
Expenditure by component/sub-components									
Component 1: Support to the MSG and EITI Secretariat to implement EITI									
1A: EITI Reconciliation Reports and dissemination	441,100.00	441,100.00	400,000.00	242,845.00	242,845.00	242,845.00	198,255.00	198,255.00	157,155.00
1B: MSG, sub-committees, regional MSG meetings, sub-national production of annual activity reports	1,900.00	3,100.00	400,000.00	1,890.00	3,042.00	3,042.00	10.00	58.00	396,958.00
1C: Outreach and communications	-	-	200,000.00	-	-	-	-	-	200,000.00
1D: Capacity building, training, and study tours for EITI implementation and project execution	-	-	300,000.00	-	-	-	-	-	300,000.00
1E: Secretariat Office functioning and coordination	-	24,100.00	300,000.00	-	24,014.00	24,014.00	-	86.00	275,986.00
Sub-Total	443,000.00	468,300.00	1,600,000.00	244,735.00	269,901.00	269,901.00	198,265.00	198,399.00	1,330,099.00
Component 2: Improve operators' readiness for EITI implementation									
2A: Training and advisory services on improving data quality for reporting entities, including SEEs	-	-	90,000.00	-	-	-	-	-	90,000.00
2B: Defining and piloting a methodology for beneficial ownership reporting and contract disclosure	100,000.00	100,000.00	60,000.00	36,000.00	36,000.00	36,000.00	64,000.00	64,000.00	24,000.00
Sub-Total	100,000.00	100,000.00	150,000.00	36,000.00	36,000.00	36,000.00	64,000.00	64,000.00	114,000.00
Component 3 – Institutional development for EITI Implementation									
3A: Mineral license registration	0.00	0.00	475,000.00	-	-	-	-	-	475,000.00
3B: Integrated mapping and mineral cadaster design	75,000.00	75,000.00	525,000.00	80,041.00	80,041.00	80,041.00	-5,041.00	-5,041.00	444,959.00
3C: Extractive industries statistics and tax information, including on sub-national	-	-	100,000.00	-	-	-	-	-	100,000.00
3D: Capacity building and training	-	-	350,000.00	-	-	-	-	-	350,000.00
3E: Legal, sector reports, legislative strengthening, research	-	-	300,000.00	-	-	-	-	-	300,000.00
Sub-Total	75,000.00	75,000.00	1,750,000.00	80,041.00	80,041.00	80,041.00	-5,041.00	-5,041.00	1,669,959.00
Total Expenditure	618,000.00	643,300.00	3,500,000.00	360,776.00	385,942.00	385,942.00	257,224.00	257,358.00	3,114,058.00

Annex 5.3: Statement of Uses of Funds by Expenditure Category template

Myanmar Extractive Industries Transparency Initiatives Project Phase II
 Statement of Uses of Funds by Category
 Semester ended 31st March 2018

DA-B USD

	Budget			Actual			Variance		
	Current Semester	Current year	Project budget per PAD	Current Semester	Year to date	Cumulative to date	Current Semester	Current year	Project Life
Expenditure by expenditure categories									
<i>Disbursement Category 1</i>									
Goods	0.00	0.00	475,000.00				0.00	0.00	475,000.00
Consultants Services	615,000.00	615,000.00	985,000.00	357,836.00	357,836.00	357,836.00	257,164.00	257,164.00	627,164.00
Non-Consulting Services	1,100.00	1,100.00	490,000.00	1,050.00	1,050.00	1,050.00	50.00	50.00	488,950.00
Training and Workshop	1,900.00	3,100.00	900,000.00	1,890.00	3,042.00	3,042.00	10.00	58.00	896,958.00
Incremental Operating Cost	0.00	0.00	0.00				0.00	0.00	0.00
Sub-Total	618,000.00	619,200.00	2,850,000.00	360,776.00	361,928.00	361,928.00	257,224.00	257,272.00	2,488,072.00
<i>Disbursement Category 2</i>							0.00	0.00	0.00
Goods			15,000.00				0.00	0.00	15,000.00
Consultants Services			30,000.00				0.00	0.00	30,000.00
Non-Consulting Services			0.00				0.00	0.00	0.00
Training and Workshop			0.00				0.00	0.00	0.00
Incremental Operating Cost	0.00	100.00	205,000.00	0.00	64.00	64.00	0.00	36.00	204,936.00
Sub-Total	0.00	100.00	250,000.00	0.00	64.00	64.00	0.00	36.00	249,936.00
<i>Disbursement Category 3</i>							0.00	0.00	0.00
Goods							0.00	0.00	0.00
Consultants Services-MOU	0.00	24,000.00	400,000.00	0.00	23,950.00	23,950.00	0.00	50.00	376,050.00
Non-Consulting Services							0.00	0.00	0.00
Training and Workshop							0.00	0.00	0.00
Sub-Total	0.00	24,000.00	400,000.00	0.00	23,950.00	23,950.00	0.00	50.00	376,050.00
Total Expenditure	618,000.00	643,300.00	3,500,000.00	360,776.00	385,942.00	385,942.00	257,224.00	257,358.00	3,114,058.00

Restrict

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

Management Letter
on
Financial Statement of the Project on
The implementation of
Myanmar Extractive Industries Transparency Initiative
(EITI) Project Funded by World Bank
during the Financial Year 2017-2018

By
The Ministry of Planning and Finance
Budget Department

Date-December 6th,2018

Restrict

Restrict

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Restrict

Management Letter on the Financial Statements of Myanmar Extractive Industries Transparency Initiative (MEITI) Project for the Financial Year 2017-2018 implemented by the Budget Department, Ministry of Planning and Finance funded by World Bank.

Introduction

1. The Financial Statements of Myanmar Extractive Industries Transparency Initiative (MEITI) Project for the Financial Year 2017-2018 implemented by the Budget Department, the Ministry of Planning and Finance funded by World Bank which were prepared in accordance with the Generally Accepted Accounting principle (GAAP) were audited by the Office of the Auditor General of the Union in line with the Generally Accepted Auditing Standards (GAAS).

Audit Findings

2. In order to strengthen the current internal control system and project implementation, the management should take necessary action to the following audit findings:

(a) Need to implement as per Work Plan

(1) Audit Findings: It was found that Meetings and Workshops were not held as per MEITI Annual Work plan and status was as follow:

Sr	Description	According to Work plan	According to Actual Implementing	(Quantity)
				Difference (+) increase/ (-)decrease
1	Meeting with Government Department	1	-	(-) 1
2	Work plan & Meetings on Implementation recommendation of 1 st	3	1	(-)2

Report				
3	Implement Workshops under Training Plan	8	-	(-) 8
4	MSG Meetings	6	10	(+)4
5	Sub-Committee Meetings	15	34	(+)19
6	Reporting Entities Workshop(Oil, Gas, Mining, Gemstones)	2	2	-
7	Reporting Entities Workshop (Forestry)	1	2	(+)1
8	MEITI 2 nd and 3 rd Report and ICE, Annual Progress Report Publication Dissemination Activities (MEITI, Flyes, 2016 EITI Standard, Implementation Manual) Translation	6	2	(-)4
9	Subnational Meetings Workshops	4	2	(-)2
Total		46	53	(+)7

(2) **Criteria:** Workshops, Meeting and Project Activities are described in Annual Work Plan to implement during the Financial Year 2017-2018.

(3) **Causes and conclusion:** In implementing the EITI process, Meetings and Workshops could not be held as per the work plan because of the reformation of the Multi-Stakeholder Group and also sub-committees. It was needed to be held more sub-committees meetings. Moreover, the 2nd and 3rd MEITI reports were combined for publication at the same year. Therefore, it should be planned for activities intended to implement actually.

- (4) **Recommendation:** In future the activities nearest to actual implementation should be planned and MEITI Report should be published in time.
- (5) **Management's representation:** Management explained that the reasons why Workshops and Meetings could not be held in accordance with the work plan are as follow:
- Independent Administrator met and discussed each related government department separately for MEITI 2nd and 3rd Report instead of holding workshop.
 - Although MEITI Project Training plan was prepared to hold meetings for the effective implementing in MEITI Project Activities, it was not held as per training plan.
 - For timely publication of MEITI 2nd and 3rd Report, MSG meetings and Sub-Committee meetings were held more than it was planned.

(b) Status for receipt and use of Fund

- (1) **Findings:** During the Financial Year 2017-2018, fund received from the World Bank was USD 747,440.33 for implementation of MEITI project, Direct Payments for Consultants' services were USD 357,836 and Bank charges was USD 57. The World Bank transferred USD 94943 to the designated bank account EDE-600011 (USD) and MMK 399,830,000 equivalent to USD 294,604.33 to the designated bank account OA-011953 (MMK). These designated bank accounts were opened at the Myanmar Economic Bank (Naypyitaw). During the financial year, the status for receipt and use of fund were as follow:

Sr	Description	EDE-600011 (USD)	OA-011953 (MMK)
----	-------------	---------------------	--------------------

1	1-4-2017 Opening Balance	-	3,839.18
2	Fund received during the year	94,943	399,830,000.00
3	Use of fund during the year	28,049	342,310,949.29
4	31-3-2018 Closing Balance	66,894	57,522,889.89

During the year, actual expense spent was USD 28,049 and it had been implemented the 29.54% of fund received from the World Bank. Therefore, 70.46% of fund in EDE-600011 (USD) was remained. On the other hand, the actual expense that is 85.62% of fund received from the World Bank was MMK 342310949.29. Therefore, 14.38% of fund in OA-011953 (MMK) was also remained.

- (2) **Criteria:** It needs to be spent the foreign Grant timely according to the Best Practice.
- (3) **Causes and conclusion:** Sub-National Coordination Units (SNUs) from EITI project for States and Regions could not be formed. Payments for the Consultants' services could not be fully paid because of making payment based on completion of work. And the procurement of equipment and furniture could not be made. Therefore, in accordance with the nearest estimation, the fund should be used and allocated.
- (4) **Recommendation:** : It is needed to spend the Foreign Assistance Grant should be managed and used effectively .
- (5) **Management's representation:** Management explained that the activities could not be implemented in line with the work plan due to the following reasons:

- In order to form Sub-National, Coordination Units (SNUs), one of the processes of MEITI, the States and Regions Government and MSG need to meet and make a discussion for fully cooperation.
- Even though English versions for 2nd and 3rd Reports were published on 31st March 2018, Myanmar version could not be published. Therefore, the payment for Independent Administrators could not be paid according to the contracts due to payment made based on completion of work.
- The equipment for Mineral Cadastre System could not be procured due to the specification based on the recommendation of Mineral Cadastre Consultant. And also Equipment for NCS office was procured by the tender process with proper price.

(c) Advance Expenditure

- (1) Findings:** It was found that some advance expenditure could not be settled in the prescribed time and these are as follow:

Sr	Description	Cash advance Date	Cash advance amount (MMK)	Actual expense (MMK)	Settlement date for advance expenditure	Exceed period of settlement date
1	MSG7 th Meeting on October 2, 2017	29-9-2017	5168000	3811490	22-3-2018	1 Months and 21 Days
2	Reporting Entities Workshop on October 3, 2017	29-9-2017	15630000	13785360	20-2-2018	19 Days
3	MSG 8 th Meeting on November 6, 2017	1-11-2017	5187000	3790360	28-3-2018	27 Days

- (2) **Criteria:** As per No.(a) under the Reporting of Actual Project Expenses/ Liquidation of Funds of Implementation Manual for MEITI Project it is stated that “Full financial reporting and submission of all related receipts will take place within 4 months from the date of receiving such advances”.
- (3) **Causes and conclusion:** Settlement of advance expenditure was delayed and took a long period of time because participants of Workshop and Meetings could not submit their invoices for some expenditure. It is needed to discuss and cooperate with related persons or stakeholders.
- (4) **Recommendation:** It needs to be settled Cash Advance in time during the prescribed period.
- (5) **Management’s Representation:** Management explained that it took some time to settle the advance expenditure because some MSG members could not submit their invoices for expenditure in time, they came from not only Yangon and Naypyitaw, but also States and Regions. For that condition, they are trying to make negotiation for settlement of advance during the prescribed period.

General

3. This management letter is intended to be used as the information about the project of the Myanmar Extractive Industries Transparency Initiative Project implemented by the Budget Department, the Ministry of Planning and Finance funded by the World Bank.

(Singed)

Khine Khine Aung

Director General