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

The audit report on
Community Driven Development (CDD) Project
Implemented under World Bank’s Grant and Loan by
Department of Rural Development,
Ministry of Agriculture, Livestock and Irrigation
For 2015-2016 Fiscal Year

Dated: October 11, 2016

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The audit report on the financial statements for the fiscal year ended 31.3.2016 of Community Driven Development (CDD) Project under World Bank’s Grant and Loan for 2015-2016 Fiscal Year, which is implemented by Department of Rural Development, under Ministry of Agriculture, Livestock and Irrigation.

Introduction

1. The Office of the Auditor General of the Union has audited the financial statements for the fiscal year ended 31.3.2016 of Ministry of Agriculture, Livestock and Irrigation which comprises the statement of financial position for Community Driven Development (CDD) Project Financed by World Bank under Grant-IDA Grant No. H814 MM and Loan-ADDITIONAL CREDIT No. 5687 MM for 2015-2016 Fiscal Year, which is implemented by Department of Rural Development, Ministry of Agriculture, Livestock and Irrigation in accordance with the documentations and generally accepted auditing practices.

2. In the audit, the documents of DA-A(Block Grant) Ks 760.000 million transferred to 26 village tracts in Namhsan Township, Shan State haven’t been audited because of the weak security and difficulties in transportation due to heavy rain.

Management’s Responsibility for Financial Statements

3. Project’s management is responsible for the preparation and fair presentation of these financial statements in accordance with Financial Management Manual of the Project, Project Accounting Systems and Generally Accepted Accounting Practices and also for preparation and presentation of financial statements that are free from material misstatement whether due to fraud or errors for the internal control relating to management decision.

Auditor’s Responsibility

4. The auditor is responsible to audit, in compliance with the generally accepted auditing practices and ethics,, the free from misstatements and frauds in the on reasonable and properly documented financial materials, and to issue a reasonable report of audit opinion.

5. The auditor collected the required documents of the errors of the figures and reviews in the reports and disclosures of the financial statements relating to misstatements, shortcomings and also by the audit process based on the
auditor’s assessment, the auditor obtains adequate and appropriate audit evidences for auditing and audit opinion.

Audit Opinion

6. The project financial statements of Community Driven Development (CDD) Project under Grant and Loan for the year ended on 31.12.2016 of the Department of Rural Development are prepared according to the required accounting practices except for the following shortcomings;

(a) Grant

1) Although the Block Grant transferred to 14 projected townships from DA-A Account has been recognized as expense, but it is not completely implemented in those townships and the transferred amounts are found as bank balance or balance of advance;

2) In project expenses, the Head Quarter and 6 townships owed an amount of Ks. 1.840 million MMK to refund due to over withdrawal and over payment for Travel Allowance, Daily Allowance and paid more than actual;

(b) Loan

1) Although the Block Grant transferred to 13 projected townships from DA-D Account has been recognized as expense, but it is not completely implemented in those townships and the transferred amounts are found as bank balance or balance of advance;

2) the monthly reports of the project townships showed the total balance of advance was Ks. 50.180 million MMK, but, according to the finding, the amount of advance Ks. 10.569 million MMK, that has no statement of expenditure, was included in the Financial Statement as expense;

3) The Head Office and 13 townships found to refund Ks. 0.824 million MMK because it is paid more than actual;

Director General (on behalf of)

(San San Win, Deputy Director General)

Dated: October 11, 2016