

AUDITED PROJECT FINANCIAL STATEMENTS

Project № : 1100001455

Loan No. 1000004018 / L-I--836-

Loan No. 2000001604 (Additional Financing)

Grant No. 1000004019 / G-G-FSS-1-

Period covered: 1st January 2018 – 31st December 2018

Project For Market And Pasture Management Development (PMPMD)

Prepared by: Mongolian National Audit Office

Received on 25th June, 2019

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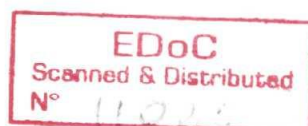


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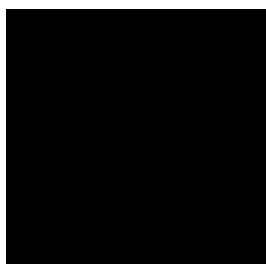
FINANCIAL AUDIT REPORT

MARKET AND PASTURE MANAGEMENT DEVELOPMENT ADDITIONAL
FINANCING PROJECT, FY2018

AUDITING CODE: CAГ-2019/04/CTA-TXH



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Ulaanbaatar city
2019

Abbreviation list

IPSAS	International Public Sector Accounting Standards
ISSAI	International Standards of Supreme Audit Institutions
IAS	International Accounting Standards
IFAD	International Fund for Agricultural Development
MoFALI	Ministry of Food, Agriculture and Light Industry

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Date 2019.06.13
Ref. 06/1160

TO ZANDANBALC
COORDINATOR OF MARKET AND
PASTURE MANAGEMENT
DEVELOPMENT ADDITIONAL
FINANCING PROJECT

Audit certificate

In accordance with the State Audit Law article 15.1, 18.2 and the Budget Law article 8.9.1 a financial audit is conducted on the financial statements and budget execution statement for the year ended December 31, 2018 and accompanying disclosures of Market and Pasture Management Development Additional Financing project.

Qualified opinion

In our opinion, except main issue of the auditing, Statement of financial position, Statement of comprehensive income, Statement of changes in equity and Statement of cash flows of Market and Pasture Management Development Additional Financing project as of and for the year ended December 31, 2018 are not presented true and fairly, in all material respects, in accordance with the policy, methodologies and guidelines approved by the Minister of Finance in accordance with the Accounting Law and the International Public Sector Accounting Standards (IPSAS).

Basis for opinion

We performed an audit in accordance with the International Standards and generally recognized principles of Supreme Audit Institutions, the International Standards on Auditing and the financial statements audit procedures approved by the Auditor General of Mongolia. Those standards and procedures require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

We have audited on the Market and Pasture Management Development Additional Financing project's financial statements balance, transaction amounts and disclosure notes, accounting policy of the Company, bookkeeping, software, internal control system and related evidence based on test review; as well as we assessed significant estimations by the management and assessed overall presentation of the financial statements

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion and recommendations presented on the audit report.

The main issue of the auditing

The approved budget of basic salary, pension insurance, and equipment have been disbursed over for MNT 36.2 million its expressed on the financial statements of the Market and Pasture Management Development Additional Financing project, which is not comply with audit assertions such as rights and obligations, presentation and disclosure, violation of Budget law Article 6.4.1 "Plan and expend budgets in an efficient and economical way".

Responsibilities

The Market and Pasture Management Development Additional Financing project's management is responsible for the preparation and fair presentation of these financial statements in accordance with the State Budget Law article 26.1, in compliance with International Public Sector Accounting Standards (IPSAS).

Mongolian National Audit Office's responsibility is to express an independent opinion on these financial statements as to whether they are prepared true and fairly in compliance with related laws and International Standards and generally recognized principles of Supreme Audit Institutions and in accordance with guidelines and regulations approved by the Minister of Finance.

DIRECTOR OF FINANCIAL
AUDIT DEPARTMENT,
PRINCIPAL AUDITOR



TS. NARANCHIMEG



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Date 2018. 06. 13
Ref. 06/1158

TO BATKHUU.I, DIRECTOR GENERAL,
DEVELOPMENT FINANCING DEPARTMENT,
MINISTRY OF FINANCE AND CHAIRMAN OF
STEERING COMMITTEE OF MARKET AND
PASTURE MANAGEMENT DEVELOPMENT
ADDITIONAL FINANCING PROJECT

Statement of Expenditure

The audit is performed on the expenditure statement of Market and Pasture Management Development Additional Financing project implemented with the funding grant and loan of the International Fund for Agricultural Development (IFAD), Global Environment Facility (GEF), which is ended December 31, 2018

The project has disbursed USD 551,094.64 for operating activities in the reporting year in the following:

1. Loan from the IFAD, disbursed for under the category-1 or work USD 186,950.44, under the category-2 or goods, services or cost of input USD 120,753.62, under the category-3 or training cost USD 31,094.34, under the category-6 or operational cost USD 212,296.24 respectively.

2. There is no disbursement of the grant from the IFAD.

The project annual work plan of budget was approved by the Ministry of Finance in consultation with IFAD, based on the approved annual budget, the budget for every quarter approved the Ministry of Finance, in accordance with Regulation #196 by the Ministry of Finance, and monthly report on disbursement is submitted to the Ministry as an internal monitoring as well.

DIRECTOR OF FINANCIAL
AUDIT DEPARTMENT,
PRINCIPAL AUDITOR

 TS NARANCHIMEG



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Date 2019.06.13
Ref. 06/1158

TO BATKHUUJI, DIRECTOR GENERAL,
DEVELOPMENT FINANCING DEPARTMENT,
MINISTRY OF FINANCE AND CHAIRMAN OF
STEERING COMMITTEE OF MARKET AND
PASTURE MANAGEMENT DEVELOPMENT
ADDITIONAL FINANCING PROJECT

Financial Statement Summary

Statement of financial position, Statement of comprehensive income, Statement of changes in equity and Statement of cash flows of Market and Pasture Management Development Additional Financing project as of and for the year ended December 31, 2018 presented true and fairly, in all material respects, in accordance with the policy and guidelines approved by the Minister of Finance in accordance with the International Public Sector Accounting Standards.

The Market and Pasture Management Development Additional Financing project was planned to disburse MNT 4,378.4 million from the loan funds in 2018, but additional financing project management unit was established in May, so the project budget of MNT 2,198.6 million amounts approved to disburse including in MNT 250.1 million of the Government grant and MNT 1,948.6 million of the loan fund.

The Market and Pasture Management Development Additional Financing project disbursed in total MNT 1,664.4 million including with MNT 1,390.6 million from the loan capital, MNT 212.0 million from the Government grant, MNT 61.8 million from VAT exemption and the budget performance was 75.7 percent in 2018.

DIRECTOR OF FINANCIAL
AUDIT DEPARTMENT,
PRINCIPAL AUDITOR

 TS. NARANCHIMEG



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Date 2019.06.13
Ref. 06/1159

TO BATKHUUJ, DIRECTOR GENERAL,
DEVELOPMENT FINANCING DEPARTMENT,
MINISTRY OF FINANCE AND CHAIRMAN OF
STEERING COMMITTEE OF MARKET AND
PASTURE MANAGEMENT DEVELOPMENT
ADDITIONAL FINANCING PROJECT

Special Account Expenditure

We have audited the financial statements of the Market and Pasture Management Development Additional Financing project funded by the loan from the IFAD and the grant from the GEF for the year ending 31 December 2018.

Our duty is to express our opinions on these accounts based on the audit evidences.

The income and expenditure transactions of the special accounts of the Market and Pasture Development project have done in accordance with the International Accounting Standard of the Public Sector and the guideline of the funding resources and expenditure of the IFAD.

Disbursed amount of USD 551,094.64 for the project operating activities and some procurement the materials formed and claimed to IFAD and financed USD 1,569,500.00. This is due to completion of the project, a deduction of working capital of USD 69,500.00 cash provided to project at the beginning and in advance of the additional financing USD 1,500,000 fund.

Disbursements of the fund claimed WA documentation collected and calculated exchange rate based on the date of the transfer from the special account to the MNT's account.

The project's the loan account # [REDACTED] and the grant account # [REDACTED] at the Ulaanbaatar bank and the additional financing loan account # [REDACTED] at the State bank transactions were covered

The project closing value of accounts balance at end of the year, the loan account # [REDACTED] was USD 207,313.80, the grant account # [REDACTED] was USD 62,503.91, the interest income account # [REDACTED] was USD 9,846.27 and additional financing loan account # [REDACTED] was USD 1,506,873.51 respectively.

In accordance with the decision of the Ministry of Finance, MNT 333,976,530.41 amount of exchange rate gain presented on the financial statement, created by closing rate of Mongol bank dated on 30 December 2018.

The director of State treasury fund division can sign the first signature on the loan account # [REDACTED] the grant account # [REDACTED] and the additional funding for loan account # [REDACTED] while the second signature on above mentioned accounts either can be signed by the Director and Coordinator of PMU.

070012

Paid by bank's interest income on the amount of USD balance of accounts is separated into account at # [REDACTED] accounts.

The approved budget has been transferred from the special account of the loan fund to the State treasury account of MNT # [REDACTED] with permission to finance for the project's operating activities and the project management unit. The project loan funding account of # [REDACTED] closing value of balance was MNT 318,102,632.91 amount as of 31 December 2018.

The grant fund of account MNT [REDACTED] was not disbursed any amount and MNT 36,541,376.60 transferred to the State central budget by 31 December 2018.

The IFAD transferred USD 1,700,000.00 amount of financing funds for the guarantee fund in 2013 and 2017. And, the funds were disbursed in the following:

- The transferred amount of USD 900,000.00 or MNT 1,422,000,000.00 in 2013, relocated in MNT 422,000,000.00 to the account # [REDACTED] in the Khan Bank, MNT 500,000,000.00 to the account # [REDACTED] in the State bank and MNT 500,000,000.00 to account # [REDACTED] in Khas bank as a Mongolian tugrik saving deposits,
- The transferred amount of USD 800,000.00 in 2017, relocated in USD 200,000.00 to the account # [REDACTED] in the Khan Bank, USD 300,000.00 to the account # [REDACTED] in State bank and USD 300,000.00 to # [REDACTED] in Khas bank as a foreign currency saving deposits respectively.

The interest income was transferred to # [REDACTED] account in Ulaanbaatar city bank each and every time and the upon completion of terms of the savings, the fund sources transferred to # [REDACTED] account in the State treasury fund and closed Khan Bank account # [REDACTED] on 6 June 2018, State Bank account # [REDACTED] on 6 June 2018, Khas bank account # [REDACTED] on 21 August 2018, Khan Bank # [REDACTED] account on 28 May 2018, State Bank # [REDACTED] account 01 October 2018, Khas bank # [REDACTED] account on October 5, 2018. Ulaanbaatar city # [REDACTED] accounts and the guarantee fee, interest income account of balance in account # [REDACTED] at the Ulaanbaatar city bank, was transferred to the State treasury account into # [REDACTED] on 23 November 2018.

DIRECTOR OF FINANCIAL
AUDIT DEPARTMENT
PRINCIPAL AUDITOR



TS.NARANCHIMEG

2 AUDIT REPORT

2.1 FOREWORD

A financial auditing report and opinion of the Market and Pasture Management Development Additional Financing Project's fiscal year 2018 and results of the budget execution statement is being presented to the project coordinator S.Zandanbal.

This report provides an overview of the project's accounting procedures and evaluation of internal control systems, the key findings during the audit, the solutions, the explanations and clarification of the outcome of the audit, including explanations and clarification of materiality and immateriality errors, and audit opinion its form and its basis are summarized.

Based on the auditing result, recommendations for improving the project accounting and reporting are provided in the Management Letter section.

In the following paragraph, to provide audited financial statements and budget execution statement in approved categories and indicators.

2.2 Legal basis of the audit, objectives, obligations and responsibilities of the parties

We have audited the financial statements and budget execution statement of the Market and Pasture Management Development Additional Financing project for the year ending the 31 December 2018, in accordance with article 8.9.1 of the Budget Law, article 15.1 and 18.2 of the State Audit Law.

The purpose of this audit is to provide an opinion on whether fiscal year 2018 financial statements and budget execution statement of the Market and Pasture Management Development Additional Financing project expressed true and fairly in compliance with related laws and International Standards and generally recognized principles, guidelines and regulations.

The project management is responsible for the preparation fairly and properly presentation of these financial statements in accordance with the International Public Sector Accounting Standards (IPSAS) and its related accounting policy and instructions

But, State Audit Office's responsibilities are to express an independent opinion on these financial statements as to whether they are prepared true and fairly in compliance with related laws, guidelines and regulations.

This auditing was scheduled to be conducted between 19th-29th April 2019, audit report finalized and to be submitted to the Budget governor on the 13th of May 2019, by auditor P.Narantsetseg Suld-Audit LLC.

Suld-Audit LLC was received the financial statements of the Market and Pasture Management Development Additional Financing project on 18 April 2019.

2.3 Audit criteria, methodology, implementation procedure

The generally accepted accounting principles, ISSAI, IAS and the Accounting Law were used criterion for the auditing.

All the related documents are confirmed at the performing stage in comply with the above mentioned standards and principles procedure for the financial auditing of National Audit Office, approved by the Auditor General of Mongolia.

During the auditing process and results were confirmed in accordance with ISA and ISSAI.

The audit was carried out with the audit planning and program approved in the planning stage in accordance with the above policies and methodologies.

During the auditing, the most widely recognized accounting principles, IPSAS, the Budget Law and the Accounting Law as a key criterion.

2.4 The organization mission, operating activities and legal environment

The Market and Pasture Management Development Additional Financing project's main purpose is to improve local livelihood of rural people in a way of linking between agricultural raw material suppliers, herders, farmers and vegetables growers to small and medium sized enterprises, to create value added chains, increase employment opportunities, and to cover women groups with loans and loan guarantees.

The project aims to promote poverty reduction and livelihood improvement, create value added chain, increase jobs, improve local livelihood of the herder household in soums and aimags, in compliance with "Mongolian livestock program" and "Develop Cooperatives program" which implement by the Government of Mongolia, to support cooperatives, small and medium enterprises.

In order to achieve above mentioned objectives and functions, the project unit director is responsible budget governor in accordance with State budget law in article 16.4.16 "Head of the Project Unit which is implemented with the financial support of a concessional loan and grant through Government in relation to the budget of this project".

The Market and Pasture Management Development Project initiated to implement under the project financing agreement between the Government of Mongolia and the United Nations International Fund for Agricultural Development in December 2011.

The Market and Pasture Management Development Project was implemented in 89 selected soums from Arhangai, Bulgan, Khuvsgul, Khentii and Govi-Altai aimags through the loan from the United Nations International Fund for Agricultural Development soft Loan and grant from the Global Environment Facility at the first phase of the project.

Additional fund for the project approved by the IFAD in April 2017 and the Mongolian Parliament in June 2017 and the financing agreement started in May 2018 and has been implemented in 24 soums of 6 aimags including Arkhangai, Khentii, Uvurkhangai, Dundgovi, Dornod and Sukhbaatar.

PROJECT OBJECTIVE: To increase incomes and to raise steadily livelihood of the rural population, contribute for implement goal of Government of Mongolia and IFAD.

The project has four components:

1. Pasture management and climate change adaptation
2. Market development
3. Improve business environment and develop brand products
4. Project management

Brief information of the project implementation in 2018:

1. Fiscal year 2018, the project disbursed MNT 1,390.6 million of the planned budget MNT 1,948.6 million. That means 71.4 percent of the loan fund.
2. Total investment of the project disbursed 26.6 percent for staff salary, compensations, 44.8 percent for goods, services and equipment. These are directly related to the project to start officially.
3. The project annual work fulfillment's average is 50.4 percent, implementation of settlement in 2012 since then achieved 73.7 percent.
4. The project reporting on the year end report aimed to obtain on result-based achievement of the project implementation, basic information of project target soums herders group and women dominated groups. The early periods of additional funding have led to the preparation of basics for project implementation and to provide the information on the project
5. Under the project agreement work can be concluded that fully implemented project management teams have been established, reached to dissemination of the project through to selected aimags and locals, ongoing process of signing a contract with the consulting services implementing the core activities of the project at the reporting period

1. Pasture management and climate change adaptation component:

In framework of this component in 2018, organized to establish working group at the MOFALI, a tendering for selecting an organization to provide consultancy services during the project period, to establish 53 herders groups in 6 soums of Sukhbaatar, Dundgovi aimags, 4 hours training course for representatives of 2,073 local residents from 30 bags in the selected soums and organized a meeting of local representatives these done by the project staff and soums, bags governors cooperation.

2. Market development component:

In framework of this component in 2018, to be implemented that to establish working group at the MOFALI, a tendering for selecting an organization to provide consultancy services during the project period, to establish 960 members of 147 groups (78% or 750 women member) in 24 soums of selected 6 aimags.

The loan guarantee service coverage:

In total, MNT 7.4 billion amount guarantee of 1198 borrowers and MNT 3.1 billion loan for 386 borrowers were provided including with MNT 3.3 billion loan portfolio was provided to 363 women group during the project implementation period, MNT 2.3 billion amount of guarantee for 334 groups, MNT 3.7 billion amount of guarantee for 812 individual borrowers of Employment Generation Fund, MNT 2.8 billion loan to selected 23 small and medium enterprises within value-added chain, MNT 1.5 billion guarantee of individuals.

Market and Pasture Management Development Additional Financing project, financial audit report, FY2018

As a result of the project implementation period, a total of MNT 34.8 million of guarantees from the project reviewed and resolved, including the 5 loans of women's groups, 1 loan of Employment Generation Fund and one loan entity selected within the scope of development of the value chain were delayed for more than 90 days. In total loan repayment rate is 97.2 percent.

Women's groups loan and guarantee report (in thousand MNT, as of 31.12.2018)

№	Year	Bank	Transferred resource		Loans financed					Loans guaranteed		Resource balance	Loan outstanding	Guarantee outstanding	Repaid amount to banks	Total repaid amount to the state budget as per SLA
			Date	Amount	Aimag	Number of borr	Closed	Classified	Amount	Number of borr	Amount					
1	2013	State Bank	2013-07-05	286,400.00		6	6	-	45,000.00	2	7,262.00	-	-	-	45,000.00	
2			2013-11-06	338,600.00		14	14	1	126,000.00	7	18,332.01	-	-	-	126,000.00	
3						21	21	-	169,500.00	18	101,564.70	-	-	-	169,500.00	
4						9	9	1	86,000.00	7	38,798.00	-	-	-	86,000.00	
5						12	12	1	97,500.00	10	64,576.80	-	-	-	97,500.00	
			Total	625,000.00		62	62	3	524,000.00	44	230,533.51	101,000.00	-	-	524,000.00	
		Capital Bank	2013-11-06	96,600.00		5	5	-	48,000.00	6	44,880.00	-	-	-	48,000.00	
6			2013-12-30	18,000.00		2	2	1	20,000.00	2	16,000.00	-	-	-	20,000.00	
7						-	-	-	-	-	-	-	-	-	-	
8						7	7	-	56,600.00	7	44,880.00	-	-	-	56,600.00	
9			Total	114,600.00		14	14	1	124,600.00	15	105,760.00	(10,000.00)	-	-	124,600.00	
		Sub total		739,600.00		76	76	4	648,600.00	59	336,293.51	91,000.00	-	-	648,600.00	
10	2014	State Bank	2014-08-07	373,000.00		17	17	-	146,000.00	16	90,040.68	-	-	-	146,000.00	
11			2014-12-03	373,000.00		19	19	-	187,000.00	15	101,497.20	-	-	-	187,000.00	
12						19	19	-	178,000.00	13	100,401.85	-	-	-	178,000.00	
13						9	9	-	86,000.00	9	56,710.00	-	-	-	86,000.00	
14						7	7	-	44,700.00	7	34,179.88	-	-	-	44,700.00	
			Total	746,000.00		71	71	0	641,700.00	60	382,829.61	104,300.00	-	-	641,700.00	
15		Capital Bank	2014-03-06	28,600.00		9	9	-	86,600.00	8	61,800.00	-	-	-	86,600.00	
16			2014-11-20	145,000.00		-	-	-	-	-	-	-	-	-	-	
17						-	-	-	-	-	-	-	-	-	-	
18						10	10	-	100,000.00	10	80,000.00	-	-	-	100,000.00	
19			Total	173,600.00		2	2	1	17,000.00	2	13,600.00	(30,000.00)	-	-	17,000.00	
		Sub total		919,600.00		21	21	1	203,600.00	20	155,400.00	(30,000.00)	-	-	203,600.00	
20	2015	State Bank	2015-05-26	381,259.79		92	92	1	845,300.00	80	638,229.61	74,300.00	-	-	845,300.00	
21			2015-08-28	297,750.00		44	43	0	395,000.00	44	315,117.58	-	2,272.87	1,813.22	392,727.13	
22			2015-11-11	298,926.00		36	35	1	358,500.00	36	286,760.00	-	5,883.76	4,706.35	352,616.24	
23						26	26	-	252,000.00	26	200,791.31	-	-	-	252,000.00	
24						37	37	-	363,000.00	37	289,262.80	-	-	-	363,000.00	
			Total	977,935.79		39	39	0	305,900.00	39	241,618.50	-	-	-	305,900.00	
25		Capital Bank	2015-04-30	78,000.00		182	180	1	1,674,400.00	182	1,333,550.19	(696,464.21)	8,156.63	6,519.57	1,666,243.37	
26			2015-12-02	80,000.00		-	-	-	-	-	-	-	-	-	-	
27						-	-	-	-	-	-	-	-	-	-	
28						2	2	-	20,000.00	2	16,000.00	-	-	-	20,000.00	
29			Total	156,000.00		2	2	-	20,000.00	2	16,000.00	-	-	-	20,000.00	
		Sub total		1,133,935.79		8	8	-	76,000.00	8	60,800.00	-	-	-	76,000.00	
20	2016	State Bank	2016-03-22	2,340.21		12	12	-	116,000.00	12	82,800.00	40,000.00	-	-	116,000.00	
21						194	192	-	1,790,400.00	194	1,426,350.19	(656,464.21)	8,156.63	6,519.57	1,782,243.37	
22						-	-	-	-	-	-	-	-	-	-	
23						-	-	-	-	-	-	-	-	-	-	
24			Total	2,340.21		-	-	-	-	-	-	-	-	-	-	
25		Capital Bank				1	-	-	10,000.00	1	8,000.00	-	303.20	242.56	9,696.80	
26						1	-	-	10,000.00	1	8,000.00	(7,659.79)	303.20	242.56	9,696.80	
27						-	-	-	-	-	-	-	-	-	-	
28			Total	-		-	-	-	-	-	-	-	-	-	-	
29		Sub total		2,340.21		1	-	-	10,000.00	1	8,000.00	(7,659.79)	303.20	242.56	9,696.80	
		Grand total		2,795,476.00		363	360	6	3,294,300.00	334	2,308,873.31	(498,824.00)	8,459.83	6,762.13	3,276,143.37	3,294,300.00
		Of which: State Bank		2,351,276.00		316	313	4	2,850,100.00	287	1,954,913.31	(498,824.00)	8,459.83	6,762.13	2,831,943.37	2,850,100.00
		Capital Bank		444,200.00		47	47	2	444,200.00	47	353,960.00	-	-	-	444,200.00	444,200.00
		Of which: Total paid to state budget as per SLA:														3,294,300.00

**Guaranteed loan report for Employment Generation Fund
(in thousand MNT, as of 31.12.2018)**

№	Years	Banks	Guaranteed loans					Loan outstanding /MNT/	Guarantee outstanding /MNT/
			Loan amount /MNT/	No of borrower	Closed	Arrear	Guarantee amount /MNT/		
1	2015	State Bank	697,700.00	191	190	1	505,415.80	331.22	239.94
2		Capital Bank	477,000.00	103	103	-	275,381.70	-	-
		Total	1,174,700.00	294	293	1	780,797.50	331.22	239.94
3	2016	State Bank	638,600.00	167	167	-	467,400.00	-	-
4		Capital Bank	588,500.00	123	123	-	764,926.07	-	-
		Total	1,227,100.00	290	290	-	1,232,326.07	-	-
5	2017	State Bank	10,000.00	2	2	-	8,000.00	-	-
6		Golomt Bank	530,000.00	46	13	3	304,700.00	156,666.50	90,068.46
		Total	540,000.00	48	15	3	312,700.00	156,666.50	90,068.46
7	2018	Golomt Bank	1,714,000.00	142	17	12	1,046,525.00	775,182.93	473,307.07
8		State Bank	297,000.00	20	-	-	205,540.00	297,000.00	205,540.00
9		Khan Bank	195,500.00	18	-	-	95,700.00	194,245.91	95,086.11
		Total	2,206,500.00	180	17	12	1,347,765.00	1,266,428.84	773,933.17
Grand total			5,148,300.00	812	615	16	3,673,588.57	1,423,426.56	864,241.57
Of which: State Bank			1,643,300.00	380	359	1	1,186,355.80	297,000.00	205,779.94
Golomt Bank			2,244,000.00	188	30	15	1,351,225.00	931,849.43	563,375.53
Khan Bank			195,500.00	18	-	-	95,700.00	194,245.91	95,086.11
Capital Bank			1,065,500.00	226	226	0	1,040,307.77	-	-

Local Value Chain Entities Loan and Guarantee report (in thousand MNT, as of 31.12.2018)

№	Year	Bank	Transferred resource		Aimag	Borrowers	Amount /MNT/	Guarantee		Borrower's loan outstanding /MNT/	SLA's loan outstanding /MNT/	Guarantee outstanding /MNT/	Repaid amount /MNT/	Repayment status		
			Date	Amount /MNT/				Coverage	Amount /MNT/							
1	2015	XacBank	JICA TSL II			Ar Az Tuushin LLC	130,000.00	50	65,000.00	57,431.46	-	28,715.73	72,568.54	doubtful		
2						Munkhin Duuring LLC	300,000.00	50	150,000.00	141,447.19	-	70,723.60	158,552.81	normal		
3							430,000.00		215,000.00	198,878.65	99,439.33	231,121.35				
4		Golomt Bank	JICA TSL II			Selenge LLC	60,000.00	-	-	-	-	-	60,000.00	closed		
5						Gurvan Izeel LLC	70,000.00	50	35,000.00	29,146.31	-	14,573.16	40,853.69	normal		
6							130,000.00		35,000.00	29,146.31	-	14,573.16	100,853.69			
7		Capital Bank	JICA TSL II			Bulgan Anar LLC	200,000.00	40	80,000.00	74,527.02	-	29,810.81	125,472.98	normal		
							200,000.00		80,000.00	74,527.02	-	29,810.81	125,472.98			
6		State Bank	2015-12-21	45,000.00		Saikhan Harztai LLC	50,000.00	50	25,000.00	22,323.44	20,091.10	11,161.72	27,675.56	normal		
7			2015-12-25	45,000.00		ImButei Buteei cooperative	50,000.00	60	30,000.00	33,801.59	30,421.43	20,280.95	16,198.41	normal		
				90,000.00			100,000.00		55,000.00	56,125.03	50,512.53	31,442.67	43,874.97			
				90,000.00			860,000.00		385,000.00	358,677.01	50,512.53	175,265.96	501,322.99			
8	2016	State Bank	2016-01-18	121,950.00		Ikher Tayan cooperative	135,500.00	60	81,300.00	68,682.59	61,814.33	41,209.55	66,817.41	normal		
9						Suman Tayan cooperative	80,000.00	60	48,000.00	40,550.56	36,495.50	24,330.34	39,449.44	normal		
10						Enkhbum cooperative	80,000.00	60	48,000.00	44,807.88	40,327.09	26,884.73	35,192.12	normal		
11						Gazar Shoroo LLC	48,000.00	50	24,000.00	27,999.99	25,199.99	14,000.00	20,000.01	normal		
12						Hyalganai Geser coop	120,000.00	60	72,000.00	84,170.20	75,753.18	50,502.12	35,829.80	normal		
13						2016-11-18	45,000.00	Bulgan Achuul LLC	50,000.00	50	25,000.00	37,983.96	34,185.56	18,991.98	12,016.04	normal
14				JICA TSL II		Ulgii Soudul LLC	396,600.00	50	198,300.00	396,600.00	-	198,300.00	-	normal		
				462,150.00			910,100.00		496,600.00	700,795.18	273,775.66	374,218.71	209,304.82			
15		XacBank	2016-07-19	72,000.00		OD Kr cooperative	80,000.00	40	32,000.00	51,665.73	46,499.16	20,666.29	28,334.27	normal		
				72,000.00			80,000.00		32,000.00	51,665.73	46,499.16	20,666.29	28,334.27			
				534,115.20			990,100.00		528,600.00	752,460.91	320,274.82	394,885.01	237,639.09			
16	2017	State Bank	2017-02-13	135,000.00		Undur Tsegits LLC	150,000.00	50	75,000.00	122,552.62	110,297.36	61,276.31	27,447.38	normal		
17						Halaast Hairman coop	50,000.00	60	30,000.00	36,717.55	33,045.80	22,030.53	13,282.45	normal		
18						Bagu Rashaant LLC	115,000.00	50	57,500.00	95,773.42	86,196.08	47,886.71	19,226.58	normal		
19						Hurhreen Dolgio coop	149,000.00	60	89,400.00	124,014.85	111,813.37	74,408.91	24,985.15	normal		
20						2017-06-12	132,865.20	Allan Teresh coop	147,628.00	60	88,576.80	131,660.55	118,494.50	78,996.33	15,967.45	normal
21						2017-06-19	90,000.00	Xas Delgereh LLC	100,000.00	50	50,000.00	89,188.22	80,269.40	44,594.11	10,811.78	normal
22				2017-09-29		121,500.00	Dalai Eejin Dolgio coop	135,000.00	40	54,000.00	110,156.73	99,141.06	44,062.69	24,843.27	normal	
23		XacBank	2017-09-29	90,000.00		Ar Enkh Naran coop	100,000.00	50	50,000.00	82,608.69	74,347.82	41,304.35	17,391.31	normal		
				851,965.20			946,628.00		494,476.80	792,672.63	713,405.37	414,559.94	153,955.37			
				851,965.20			946,628.00		494,476.80	792,672.63	713,405.37	414,559.94	153,955.37			
				1,476,115.20			2,796,728.00		1,408,076.80	1,903,810.55	1,084,192.71	964,710.90	892,917.45			
				-			1,156,600.00		528,300.00	699,151.98	-	342,123.29	457,448.02			
				1,476,115.20			1,640,128.00		879,776.80	1,204,658.57	1,084,192.71	642,587.62	435,469.43			
		State Bank		732,150.00			1,210,100.00		656,600.00	916,190.38	467,631.34	488,968.23	293,909.62			
		XacBank		162,000.00			610,000.00		297,000.00	333,153.07	120,846.98	161,409.96	276,846.93			
		Golomt Bank		-			130,000.00		35,000.00	29,146.31	-	14,573.16	100,853.69			
		Capital Bank		-			200,000.00		80,000.00	74,527.02	-	29,810.81	125,472.98			
		Khan Bank		881,965.20			646,628.00		339,476.80	550,793.77	495,714.39	289,948.75	95,834.23			

Total MNT 781,550,886 amount of the project guarantee fee and interest income sub-account in UB bank were transferred and closed to the State Treasury account

There were closing value of balances MNT 36,670,641 in the account of fees and interest income from guarantee for individuals, MNT 25,708,079.10 in the account of fees guarantee for portfolio, MNT 719,172,165.90 in the account of interest income respectively.

Under the Financing Agreement of the Market and Pasture Management Development Additional Financing project is designed to finance operating activity costs of the sub-loan guarantee unit paid by interest income from the fund's deployment in banks in the future. But, the costs did not allocate in the budget, so the Ministry of Finance has decided to finance required for operating expenses MNT 250,000,000 amount for 2018.

Once the upon completion of terms MNT 1,422,000,000 of the first phase and USD 800,000 of the second phrase savings fund deployment in banks, the loan guarantee fund and interest income accounts were transferred to the State treasury account, as a results of implementation on date 11 December 2018 and 357th decree of the Minister of Finance "Transfer the accounts of projects funded by foreign loans and grants into the State treasury account". In the following commercial bank accounts closed.

Loan guarantee accounts information

1	Khan bank MNT account [REDACTED]	Closed. /The amount of balance to the State treasury funds and the interest to the Ulaanbaatar city bank account transferred on 06 June 2018/
2	State bank MNT account [REDACTED]	Closed. / The amount of balance to the State treasury funds and the interest to the Ulaanbaatar city bank account transferred on 06 June 2018./
3	Khas bank MNT account [REDACTED]	Closed. /The amount of balance to the State treasury funds and the interest to the Ulaanbaatar city bank account transferred on 21 August 2018./
4	Khan bank [REDACTED] /currency/	Closed. /The amount of balance to the State treasury funds and the interest to the Ulaanbaatar city bank account transferred on 28 May 2018./
5	State bank [REDACTED] /currency /	Closed. /The amount of balance to the State treasury funds and the interest to the Ulaanbaatar city bank account transferred on 01 October 2018/
6	Khas bank account [REDACTED] /currency/	Closed. /The amount of balance to the State treasury funds and the interest to the Ulaanbaatar city bank account transferred on 05 October 2018/
7	Ulaanbaatar city bank account [REDACTED]	Closed. /The amount of balance transferred to the State treasury funds on 01 October 2018./
8	Ulaanbaatar city bank account [REDACTED]	Closed. /Сангийн яамнаас чиглэл удирдамж авсны дагуу in accordance with Ministry of Finance decision The amount of balance transferred to the State treasury funds on 23 November 2018./

3. Improve business environment and develop brand products:

Under this component in 2018, the consulting service provider to conduct "Value added chain survey" selection of tendering was organized twice and the agreement was signed with the selected "Green economy center" non-governmental organization in December 2018, the non-governmental organization has conducted the survey.

Request of MoFALI, the Market and Pasture Management Development Additional Financing project has financed MNT 348,730,000 to develop an information technology centers to disseminate international projects and programs, rural agriculture offices and policies and decisions related to agriculture and livestock production.

4. Project management:

In 2018, additional financing for the Market and Pasture Management Development project funded so, the Project Steering Committee provided preparatory work in order to start project successfully. In follows:

Working group of IFAD: Working group of IFAD worked in May and June 2018 before the additional funding, aimed to support a new established unit, to define the key activities of the project, prepare relevant documents, to intensify activities, to identify work to be performed in 2018. Working group:

- To determine the direction of additional financing activities
- To allocate fund for each component
- Prepare detailed work plan and budget proposals for 2018
- To prepare for organizing the inception seminars at national and aimag levels
- To develop a procurement plan these works done with the project management unit

The Memorandum of Understanding was signed by the MoFALI, IFAD, Ministry of Finance and the manager of PMU.

The project inception seminar: The Market and Pasture Management Development Additional Financing project's start-up workshop were conducted between 20-June and 02-July in the six project aimags of Arkhangai, Khentii, Uvurkhangai, Dundgovi, Dornod and Sukhbaatar and in the national inception workshop organized on 29 June in Ulaanbaatar city, IFAD and the project team introduced project interventions by components including objectives, types of support, financial plan and allocations of funds to 242 participants.

Selection of local staff: Due to the delay in the selection of the consulting service for "Pasture management and climate change adaptation" and "Market development" components, the selection of staff for the project delayed in the locals as well and 42 staff planned to select in frame of additional financing including in one staff each responsible for market development and pasture in the project 18 soums, one staff responsible for market development in the selected 6 aimags, order of 01 the project coordinator dated on 15 October 2018, required 42 local staff were signed on the employment agreement from 15 October to 31 December 2018 staff.

The project staff training: The Market and Pasture Management Development Additional Financing project staff inception training workshops were held from October 31 to November 04 in Ulaanbaatar city.

During the staff training, provided all the information required for the project to be implemented at the local level such as introduction of the project, a detailed action plan for each component, the concept of the project, the requirements of financial and procurement and a training for a group establishment.

Provision of the project furniture and equipment: Required furniture and necessary equipments for needs of the PMU and local officers were purchased by MNT 250,583,263 and handed over, due to the starting of additional funding.

Dissemination of project information in local: The priority of the local staff is to disseminate the project information principles, and attitudes to their aimags and soums. According to directions provided by the Steering Committee, about 8,000 people received the project information which was 250-350 people on average per soum of 24 soums.

National Steering Committee of the Project and Working Groups of Components:

- Steering Committee of Markets and Pasture Management Development Additional financing project was established by a decree of Minister of Food, Agriculture and Light Industry on 17th November 2017. The steering committee meeting was held twice discussed to select project soums, approved to work plan and budget of 2018.
- Technical working groups were established by A-320 decree of State secretary of MoFALI, to provide technical guidance, implement of the project, to integrate with sector policy and activities of "Pasture management and climate change adaptation component" and "Market development" components.
- Technical Committee of Loan Guarantee Fund Sub-Unit was re-established by A-6 decree of State secretary of Ministry of Finance dated on 11 January 2017, consisting 11 delegates from Ministry of Finance, MoFALI, Ministry of Labor and Social Welfare, Financial Regulation Committee, Bank of Mongolia, representative of Mongolian Bank Association. This committee had meeting 4 times and discussed with related issues and implementing the decisions in 2018.

Working groups of the project management at soum and aimag level. Aimag and soum steering committees were established in 24 project soums, coordinate and cooperate to the project activities with local policies and activities. The committees are usually 6-12 members including with land officers, head of bags and other relevant departments chaired by the Deputy Governor or Head of Citizens' Khural. The committees met in 1-2 times and discussed for investment of project from rural areas in the reporting year.

Special account:

The project closing value of account balance as of 31 December 2018, the loan account # [REDACTED] was USD 207,313.80, the grant account # [REDACTED] was USD 62,503.91, the interest income account # [REDACTED] was USD 9,846.27 and additional financing loan account # [REDACTED] was USD 1,506,873.51 respectively.

The loan fund disbursement of the previous year WA34 or USD216,482.16, the grant fund disbursement of WA 20 or USD 42,700.02 and amount disbursed for the project operating activities USD 551,094.64 of withdrawal application forming and claimed from IFAD, financed by the first phase of the loan USD 69,500.00, and in advance of additional financing USD1,500,000.00, in total USD 1,828,682.18 of amount credited in 2018.

/Annex №1/

No	Withdrawal application	Financing number	Claimed amount USD	Credited amount USD
1	WA-35	[REDACTED]	120,180.15	69,500.00
2	WA-01		0.0	1,500,000.00
3	WA-02		430,914.49	0.0
4	Total		551,094.64	1,569,500.00

The approved budget has been transferred from the special account of the loan fund to the State treasury account of MNT [REDACTED] with permission to finance for the project's operating activities and the project management unit. The project loan funding account of [REDACTED] closing value of balance was MNT 318,102,632.91 as of 31 December 2018.

The grant fund of account MNT [REDACTED] was not disbursed any amount and MNT 36,541,376.60 amount transferred to the State central budget by 31 December 2018.

Interest income earned from a balance USD account of the PMU are transferred into USD account [REDACTED] separately.

Disbursement:

The project has disbursed MNT 1,390,547,723.94 or USD 551,094.64 amount of loan fund for operating activities in the reporting year. Disbursements of fund claimed WA documentation collected and calculated exchange rate based on the date of the transfer from the special account to the MNT's account.

WA-35 or disbursed expenditures such as salary and compensations of PIU, operating costs and inception workshop during the first half of the year.

Category	Description	Amount (Tugrik)	Amount (USD)
120285	Civil works	0.0	0.0
120288	Inputs-economic development costs	8,500,000.00	3,556.49
120291	Field & management staff, operating costs and maintenance	246,551,587.00	101,636.45
120289	Group formation & project grants	36,718,673.00	14,987.21
TOTAL		291,770,260.00	120,180.15

WA-02 or additional funding for the project has been implemented and the following expenditures disbursed during the last half of the year.

Category	Description	Amount (Tugrik)	Amount (USD)
200003	Works	483,780,908.00	186,950.44
200013	Goods, services and inputs	301,492,063.74	117,197.13
200016	Operating costs	272,640,201.20	110,659.79
200019	Training	40,864,291.00	16,107.13
TOTAL		1,098,777,463.94	430,914.49

1. There is no disbursement of the grant from the IFAD .

The Government of Mongolian grants:

According to the Mongolian Law of VAT, MNT 61.8 million from the expenditures of procurements and MNT 212.0 million amount from operating activities of the PMU were exempted and estimated as a Mongolian Government grant fund. The above mentioned amounts accounted in revenue and cost account in the reporting year.

Procurement of goods and services activity:

The project planned to purchase totally 23 procurements including with 17 goods, 5 consulting service and 1 work in 2018.

➤ Pasture management and climate change adaptation component:

- 1 Consulting service /under the part of component, tendering for selection of a non-governmental organization for consultancy services between 2018-2021 /
- 3 goods /Soum staff's computers, furniture and motobike/.

➤ Market development component:

- 1 consulting service /under the part of component, tendering for selection of a non-governmental organization for consultancy services between 2018-2021/
- 3 goods / Aimag and soum staff's computers, equipment, furnitures and motobike /.

➤ Enabling business environment for niche market:

- 1 consulting service /tender for selection of consultanting organization for "consulting service on the value added chain research at National levels"/

➤ Project management:

- 1 consulting service /tender for selection of a consultanting organization for Baseline study and mid-term evaluation/

- 3 goods /The project staff's computers, equipment and furniture/

➤ Investment purchases in the MoFA:

- 1 consulting service /Tender for selection of implementing information center / 109 //
- 5 goods /equipments of conference room, equipments of Information center /109//
- 1 work /rehabilitation of conference room/

The planned 11 out of 23 procurements were organized open tenders by Committee evaluation of tenders of MoFALI and 12 procurements done by the project management unit within purchased comparison method.

Total MNT 1,567,936,814 amount of procurement were made a contract out of planned purchases MNT 1,671,096,000 amount. Totally MNT 103,159,186 saved from procured purchases. All 23 procurements were purchased successfully and performed 100 percent

2.5 EVALUATION FOR FACTORS RELATED WITH ACCOUNTING POLICY, OPERATING ACTIVITIES AND INTERNAL CONTROL

We have reviewed the project's accounting policies, operations and internal controls as necessary to ensure that no material misstatement exists in the financial statements. It aims to clarify and analyze key policies and controls that should be protected against material misstatement.

The project does not have an accounting policy document.

The financial operations and information technology used for the Market and Pasture Management Development Additional Financing project's financial software system complex information technology were reviewed and did not require the IT specialist was not required to participate, so directly conducting the audit by appointed team.

The Market and Pasture Management Development Additional Financing project's financial activity registration process, controlling and preparations are in using the financial software program "Acolous".

The Market and Pasture Management Development Additional Financing project's internal control risk assessment was a medium at the planning stage and re-examined its no impact at the implementing stage.

2.6 IDENTIFIED RISKS AT THE PLANNING STAGE AND ITS ASSESSED

In order to obtain reasonable assurance whether the financial statements of the Market and Pasture Management Development Additional Financing project were prepared and expressed free from material misstatement, identified and assessed the risks associated with the financial statements and budget execution statement, internal and external environment of the project and internal control system.

During the planning stage, a preliminary risk assessment procedure was implemented to identify 17 risk issues in 6 areas of audit. Based on the risk assessment results, to be planned and assured to implement a test of control, substantive advanced procedure to the risks.

Identified a list of risks and its assessment documented in Form B301, audit procedures, tests, documentation and evidence collection methods documented in Form B401 and B402 respectively

2.7 BASIS OF MATERIALITY LEVEL, DESCRIPTION

Materiality level was determined at the planning and performance stages in accordance with ISSAI 1320 and ISA 320 and total cost of statement of comprehensive income selected as a base of materiality level in 2018.

Total cost was as a base of materiality level for whether the budget was disbursed correctly in compliance with laws and regulations.

The Market and Pasture Management Development Additional Financing project materiality level was estimated 2 percent or MNT 24.3 million of the total costs of MNT 1,215.5 million in 2018.

The estimated materiality level at 2 percent from the baseline, due to the low risk level of the organization.

Materiality level documented in form B201 at the audit planning stage and at the performing stage in Form B401 respectively.

2.8 IMPLEMENTATION PROCEDURE AND TEST OF CONTROL DURING THE AUDITING, ITS RESULTS

The implementation of the planned procedures, test control key outcomes for each of the risks identified during the audit planning phase were summarized below.

Based on the risk assessment results, to be identified 4 errors as a result of evaluation of the 17 auditing procedures and test control in six areas.

Unadjusted errors and violations during the audit have been incorporated and documented in Form B501 and presented to the management of the organization and relevant officials.

The above mentioned errors and inconsistencies are classified as follows.

Classification of unadjusted errors and inconsistencies

(in Million MNT)

No	Solution	Quantity	Amount	Note
1	Recommendations	3	25.6	
2	Settlement of violation	1	36.3	
Total sum		4	61.9	

2.8.1 Resolved errors and inconsistencies other recommendations

More information of resolved errors and inconsistencies other recommendations are summarized in the following:

2.8.1.2 Budget planning and execution

The approved budget of basic salary, pension insurance, and equipment have been disbursed over for MNT 36.2 million, which is not comply with Budget law Article 6.4.1 /Plan and expend budgets in an efficient and economical way/.

Resolved:
Settlement of violation

2.9 CONSIDERATIONS OF THE FOLLOWING AUDIT OR NOTEWORTHY OTHER IMPORTANT MATTERS

During the financial statements aiding 2018 of the Market and Pasture Management Development Additional Financing project, lack of timing physical properties have not been tested and should be done in mid-term auditing of 2019.

2.10 IMPLEMENTATION OF BUDGET REVENUE AND EXPENSE AND ITS DESCRIPTION

In order to implementation of under the budget law article 6.1 Authorized bodies and budget governors shall be responsible for following the budget principles in budget planning and reporting processes, responsible to follow the principles of budget law article 5.1.

National Audit Office's financial auditing purpose to give an opinion to budget governors whether approved budget organized in accordance with relevant regulations, disbursed correctly and expressed true.

A budget of MNT 4,379.2 million was approved for programs and activities related to the Market and Pasture Management Development Additional Financing project in 2018.

For more detailed information on the approved budget, execution, over expenditure in section 4.5 of this report.

The approved budget total expenditure is MNT 1,600.8 million or 36.5 percent, reflecting the cost of housing, supplies and expenses of services done by others and asset expenses disbursed less.

2.11 GLASS ACCOUNT INFORMATION

The project management is responsible for announcing the information under the Glass account law Article 6, on their own website in a timely manner.

Implementation of the obligations under the Glass Account law has been documented and monitored as a planned.

In the reporting year, Market and Pasture Management Development Additional Financing project would be placed total 135 amount of information monthly, quarterly and yearly frequency <http://www.shilendans.gov.mn/> and allocated 114 out 135 information on time, the other were late.

2.12 IMPLEMENTATION OF PREVIOUS RECOMMENDATION AND DESCRIPTION

Recommendations of the previous auditing report implementation was completed at 66.7 percent end of the year 2018.

One of previous recommendation has not been implemented yet, the interest income account /Ulaanbaatar bank- [REDACTED] or 9.5 million tugriks amount of balance was not closed and transferred to the State treasury funds.

Information about implementation of the recommendations have been kept in auditing documents and reviewed again during the audit.

2.13 BASIS FOR OPINION

We have audited the financial statements and budget execution statement of the Market and Pasture Management Development Additional Financing project for fiscal year 2018, in accordance with ISSAI and the relevant Mongolian laws

It is clearly mentioned in the auditing certificate that the Market and Pasture Management Development Additional Financing project's financial position, statement of

comprehensive income, statement of cash flow, statement of changes in equity, balance in the disclosure and transactions are presented whether true, fairly and free materiality respects in accordance with the IPSAS, instructions and resolutions of the Minister of Finance.

The audit certificate is provided in Section 1 of this report.

3 AUDITED FINANCIAL STATEMENTS

3.1 AUDITED STATEMENT OF FINANCIAL POSITION

**THE MARKET AND PASTURE MANAGEMENT
DEVELOPMENT ADDITIONAL FINANCING PROJECT**
for the year ending the 31 December 2018

/in MNT/

Code	Accounts	2017.12.31	2018.12.31
1	Current assets sum	5,626,553,283.45	9,375,895,157.16
31	CASH AND CASH EQUIVALENTS	5,020,364,429.74	5,878,628,422.06
311	Cash on hand	1,883,952.00	8,569.00
31110	Mongolian tugriks	1,883,952.00	8,569.00
312	Cash in bank	5,018,480,477.74	5,878,619,853.06
3121	Tugriks	1,671,912,930.77	1,156,917,760.79
31211	Current account at Ulaanbaatar bank	268,695,460.73	
31213	Credit guarantee fund account at State bank # [REDACTED]	500,000,000.00	
31214	Credit guarantee fund account at Khan bank # [REDACTED]	222,000,000.00	
31216	Current account at Khas bank	549,554,171.11	
31225	State treasury bank account	95,121,922.33	318,102,632.91
31400	Grant aid of State treasury fund	36,541,376.60	
31500	Credit guarantee fund interest income State treasury fund		838,815,127.88
3122	Foreign currency	3,346,567,546.97	4,721,702,092.27
31221	State bank	728,139,000.00	
31222	Current account at Khas bank	734,292,235.70	
31223	Current account at Ulaanbaatar bank	1,398,710,311.27	739,155,955.23
312117	Current account for additional funding at State bank	-	3,982,546,137.04
31223	Current account at Khan bank	485,426,000.00	
33	RECEIVABLES	599,997,373.71	3,491,075,255.10
33100	Receivables from employees	-	18,090.00
33300	Subsidy funding receivables	-	3,475,348,075.10
335	Other receivables		15,709,090.00
3351	Receivables from entities		15,709,090.00
336	Loan receivables	599,997,373.71	
3361	Government bond receivables	599,997,373.71	
33611	Government bond receivables	599,997,373.71	
35	INVENTORIES	6,191,480.00	6,191,480.00
354	Supply materials	6,191,480.00	6,191,480.00
35420	Supply materials	5,791,680.00	5,791,680.00
35470	Other supply materials	399,800.00	399,800.00
2	NON-CURRENT ASSETS SUM	161,314,965.35	590,780,490.77
39	FIXED ASSETS	161,314,965.35	590,780,490.77
392	Tangible assets	161,314,965.35	590,780,490.77
39203	Vehicles	244,500,000.00	244,500,000.00
39204	Accumulated depreciation	(97,770,833.38)	(109,995,833.38)
39205	Equipments	34,867,465.00	202,662,910.00
39206	Accumulated depreciation	(30,314,203.64)	(22,369,539.48)

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39207	Furniture and fixtures	21,478,621.00	84,126,004.00
39208	Accumulated depreciation	(11,446,083.63)	(5,793,050.37)
39214	Other fixed assets	-	197,650,000.00
3	TOTAL ASSETS	5,787,868,248.80	9,966,675,647.93
4	TOTAL LIABILITIES	3,378,737,527.64	3,380,170,016.21
41	CURRENT LIABILITIES	3,378,737,527.64	3,380,170,016.21
413	LIABILITIES	1,137,527.64	2,570,016.21
41310	Liabilities related with employees	1,137,527.64	1,245,565.21
4136	Other payables	-	1,324,451.00
414	Unearned revenue	3,377,600,000.00	3,377,600,000.00
41410	Government organizations and other higher level of budget	3,377,600,000.00	3,377,600,000.00
5	TOTAL OWNER'S EQUITY	2,409,130,721.16	6,586,505,631.72
51	Government assets	2,409,130,721.16	6,586,505,631.72
512	Cumulated Retained Earnings	2,409,130,721.16	6,586,505,631.72
51210	Previous years Retained Earnings	2,409,130,721.16	2,409,130,721.16
51220	Current year Retained Earnings	-	4,177,374,910.56
6	TOTAL LIABILITIES OWNER'S EQUITY	5,787,868,248.80	9,966,675,647.93

3.2 AUDITED STATEMENT OF COMPREHENSIVE INCOME

**THE MARKET AND PASTURE MANAGEMENT
DEVELOPMENT ADDITIONAL FINANCING PROJECT**
for the year ending the 31 December 2018

/ in MNT /

Code	Item	2017.12.31	2018.12.31
1	OPARETING ACTIVITIES INCOME (I)	4,532,083,795.92	5,062,748,898.74
12	NON TAXATION INCOME	4,532,083,795.92	5,062,237,382.60
120	Common non-taxation income	4,349,231,003.92	4,959,341,863.41
120004	State budget organization to be financed by its income	4,349,231,003.92	4,939,862,834.31
1200041	Financing from main activities	3,839,706,555.00	4,542,833,717.89
1200043	Interest incomes from Bank accounts	326,442,313.92	335,023,596.53
1200044	Income from value added taxes	178,182,135.00	61,787,337.89
1200042	Revenue from bidding	4,900,000.00	218,182.00
1200047	Guarantee fees		19,479,029.10
122	Grant income	182,852,792.00	102,895,519.19
122002	Grants /foreign/	182,852,792.00	102,895,519.19
13	GRANT, FINANCING REVENUES	-	511,516.14
1340	Social insurance fund	-	511,516.14
134002	Health insurance fund	-	511,516.14
2	OPERATOINAL EXPENSES (II)	5,717,228,477.55	1,215,513,712.38
21	CURRENT EXPENSES	2,953,851,710.43	1,192,428,745.12
210	GOODS, SERVICES COSTS	1,134,894,245.43	1,192,428,745.12
2101	Salary and compensations	307,243,636.00	561,641,997.00
210101	Salary	307,243,636.00	561,641,998.00
2102	Social insurance fees of employer	33,796,800.00	66,896,843.31
210201	Social insurance fees	21,507,055.00	44,825,403.28
210202	Allowance insurance fees	2,969,076.00	5,603,175.66
210203	Industrial accidents and occupational diseases insurance	2,561,309.00	4,482,540.33
210204	Unemployment insurance fees	614,487.00	1,077,737.94
210205	Health insurance fees	6,144,873.00	10,907,986.10
2103	Loan guarantee's sub-unit	205,389,373.76	72,151,349.72
210301	Salary	154,987,000.64	-
210302	Social insurance fee	28,846,469.12	-
210303	Stationery	1,376,681.00	112,640.00
210304	Official cost	-	23,338,746.39
210305	Per diem	939,800.00	2,006,141.70
210306	Expenses of car	11,677,630.00	13,661,282.63
210307	Other	7,561,793.00	33,032,539.00
2104	Supply and inventory costs	57,886,954.81	25,626,845.16
210401	Stationery materials	4,739,953.00	8,210,793.00
210402	Car expenses	11,344,984.00	13,144,865.00
210403	Official expenses	36,981,465.81	4,271,187.16
210404	Per diem cost of PIU	4,820,552.00	-
2105	Loan, loan guarantee costs	2,742,941,399.86	-
210501	Loan	787,341,399.86	-
210502	Loan guarantee fund	1,955,600,000.00	-
2107	Diem and delegate cost	4,356,400.00	5,680,000.00

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210701	Foreign per diem expenses	4,356,400.00	-
210702	Internal per diem expenses	-	5,680,000.00
2108	Fees and expenses for work and services done by others	370,644,972.86	460,431,708.93
210801	Work and services done by others	24,098,500.00	31,361,191.00
210818	Cost of loan guarantee	3,465,000.00	-
210802	Auditing fee	9,249,600.00	5,000,000.00
210803	Baseline study and mid-term evaluation	28,950,000.00	21,002,300.00
210804	Value added chain research	29,798,000.00	33,141,300.00
210805	Information and advertising costs	20,480,000.00	3,971,272.00
210806	Aimags and soums staff costs	76,097,022.00	8,489,965.73
210807	Aimags and soums staff training costs	1,440,000.00	26,283,620.00
210808	Cost of internal consultant	2,350,000.00	14,400,000.00
210304	Rent for premises	44,778,461.86	48,202,750.20
210810	Office decoration	20,930,000.00	13,415,048.00
210811	Translator fees	14,947,320.00	1,098,336.00
210812	Inception Workshop	38,876,941.00	45,243,494.00
210814	Supporting sector policies and monitoring of the Ministry	19,658,060.00	96,498,182.00
210815	Training course of IFAD	17,761,500.00	32,624,250.00
210816	Conference room repair of Ministry of Agreculture	1,317,850.00	79,700,000.00
210817	Other expenses	16,446,718.00	-
2109	Other costs of goods and services	155,576,108.00	-
213	TRANSFER	1,818,957,465.00	-
2131	Premises	165,614,363.00	-
213101	Fence maintenance	24,000,000.00	-
213102	Winter greenhouse	141,614,363.00	-
2132	Equipments	1,653,343,102.00	-
213208	Veterinary refrigerated vehicle	170,800,800.00	-
213209	Equipment of Ministry	129,244,504.00	-
22	ASSET EXPENSES	20,435,367.26	23,084,967.37
2200	Internal sources	20,435,367.26	23,084,967.37
220001	Depreciation	20,435,367.26	14,930,931.37
222001	Equipments	-	8,154,036.00
3	OPERATING ACTIVITIES RESULTS (III=I-II)	(1,185,144,681.63)	3,847,235,186.36
145	NON-OPERATING ACTIVITIES RESULTS (IV)	-	333,976,530.41
145001	Foreign exchange gain	-	333,976,530.41
225	NON-OPERATING TOTAL EXPENSES (V)	109,428,532.50	3,836,806.21
225001	Loss of fixed assets sold	-	3,836,806.21
225004	Foreign exchange loss	109,428,532.50	-
4	NON-OPERATING ACTIVITIES RESULTS (VI=IV-V)	(109,428,532.50)	330,139,724.20
5	TOTAL RESULTS (VII=III+VI)	(1,294,573,214.13)	4,177,374,910.56

3.3 AUDITED STATEMENT OF CHANGES IN EQUITY**THE MARKET AND PASTURE MANAGEMENT DEVELOPMENT ADDITIONAL FINANCING PROJECT**

for the year ending the 31 December 2018

/in MNT/

Code	Items	Government financing property	Resource of re-evaluate property	Retained earnings	SUM of Government property
1	Balance as at December 31, 2016	0	0	3,703,703,935.29	3,703,703,935.29
2	Changes in accounting policies	0	0	0	0
3	Restated balance	0	0	3,703,703,935.29	3,703,703,935.29
4	Current year Retained Earnings	0	0	-1,294,573,214.13	-1,294,573,214.13
5	Balance as at December 31, 2017	0	0	2,409,130,721.16	2,409,130,721.16
6	Changes in accounting policies	0	0	0	0
7	Restated balance	0	0	2,409,130,721.16	2,409,130,721.16
8	Current year Retained Earnings	0	0	4,177,374,910.56	4,177,374,910.56
9	Balance as at December 31, 2018	0	0	6,586,505,631.72	6,586,505,631.72

3.4 AUDITED STATEMENT OF CASH FLOW

**THE MARKET AND PASTURE MANAGEMENT
DEVELOPMENT ADDITIONAL FINANCING PROJECT**
for the year ending the 31 December 2018

/in MNT/

Code	Items	2017.12.31	2018.12.31
12	OPARETING ACTIVITIES CASH FLOW (I)	4,365,474,563.88	5,600,447,418.42
120	NON-TAXATION INCOME	4,365,474,563.88	5,600,447,418.42
120004	Common non-taxation income	4,182,621,771.88	5,497,551,899.23
1200041	State budget organisation to be financed by its income	4,171,048,868.92	4,878,075,496.42
1200041	Financing from main activities	3,839,706,555.00	4,542,833,717.89
1200042	Bidding income	4,900,000.00	218,182.00
1200043	Bank interest income	326,442,313.92	335,023,596.53
122	Other income	11,572,902.96	619,476,402.81
122002	Grant income	182,852,792.00	102,895,519.19
2	Grant /foreign/	182,852,792.00	102,895,519.19
21	TOTAL EXPEMDITURE AND NET LOAN AMOUNT (II)	3,973,446,350.61	4,662,847,686.51
210	CURRENT COST	3,973,446,350.61	4,662,847,686.51
2101	GOODS, SERVICES COSTS	2,318,954,577.61	1,187,499,611.41
2101	Salary and compensations	287,042,744.36	419,582,166.99
210101	Pension	287,042,744.36	419,582,166.99
2102	Social insurance fees of employer	52,860,164.00	67,369,299.50
2.1E+07	Pension	52,860,164.00	67,369,299.50
2103	Loan guarantee's sub-unit	204,757,753.76	209,529,392.72
210301	Salary	154,987,000.64	116,532,660.00
210302	Social insurance fee	28,846,469.12	23,128,800.00
210303	Stationery costs	1,311,909.00	112,640.00
210308	Official cost	-	21,249,306.39
210305	Per diem	939,800.00	2,006,141.70
210307	Expenses of car	11,559,382.00	13,467,305.63
210308	Other	7,113,193.00	33,032,539.00
2104	Supply and inventory costs	54,744,976.81	23,309,891.00
210401	Stationery	4,585,936.00	7,857,716.00
210402	Expenses of car	10,963,269.00	11,302,960.00
210403	Official cost	34,375,219.81	4,149,215.00
210404	Per diem cost of PIU	4,820,552.00	-
2105	Loan, credit guarantee	787,341,399.86	-

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210501	Loan	787,341,399.86	-
2106	Diem and delegate cost	4,356,400.00	5,680,000.00
210601	Foreign per diem expenses	4,356,400.00	-
210602	Internal per diem expenses	-	5,680,000.00
2107	Fees and expenses for work and services done by others	774,253,501.82	462,028,861.20
210801	Work and services done by others	24,098,500.00	50,104,986.00
210802	Cost of loan guarantee	3,465,000.00	-
210803	Auditing fee	9,249,600.00	5,000,000.00
210804	Baseline study and mid-term evaluation	28,950,000.00	21,002,300.00
210805	Value added chain research	29,798,000.00	33,141,300.00
210806	Information and advertising costs	20,480,000.00	3,882,545.00
210807	Aimags and soums staff costs	74,983,659.00	8,903,693.00
210808	Aimags and soums staff training costs	1,440,000.00	25,157,458.00
210304	Cost of internal consultant	2,136,364.00	12,960,000.00
210810	Rent for premises	40,721,677.86	44,249,730.20
210811	Office decoration	20,930,000.00	12,550,798.00
210812	Translator fees	14,947,320.00	1,098,336.00
210814	Inception Workshop	36,296,350.00	44,168,321.00
210815	Supporting cost of sectorial policy	19,658,060.00	94,466,364.00
210816	Training course of IFAD	17,761,500.00	32,624,250.00
210817	Training of Pasture mapping	1,317,850.00	72,454,546.00
210818	Other expenses	428,019,620.96	264,234.00
2109	Other cost of goods and services	153,597,637.00	-
2131	TRANSFER	1,654,491,773.00	3,475,348,075.10
213101	Premises	153,188,850.00	-
213102	Fence maintenance	24,000,000.00	-
2132	Winter greenhouse	129,188,850.00	-
213202	Equipment	1,501,302,923.00	-
213303	Financing from state budget, transfer	-	3,475,348,075.10
3	Transfer to central budget	-	3,475,348,075.10
	NET OPERATING ACTIVITIES CASH FLOW (III)=(I)-(II)	392,028,213.27	937,599,731.91
5	INVESTMENT CASH FLOWS	-	-
22	COST OF INVESTMENT (V)	-	413,312,270.00
2200	ASSETS COST	-	413,312,270.00
222001	Internal sources	-	413,312,270.00
145001	Equipment	-	413,312,270.00
6	Foreign exchange gain	-	333,976,530.41

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	NET INVESTMENT CASH FLOWS (VI)=(IV)-(V)	-	-413,312,270.00
14	FINANCIAL ACTIVITIES CASH FLOW	-	-
25	Other source	-	333,976,530.41
250001	Financial activities expenses	109,428,532.50	-
7	Foreign exchange rate difference	109,428,532.50	-
8	NET FINANCIAL ACTIVITIES CASH FLOW	-109,428,532.50	333,976,530.41
9	TOTAL NET CASH FLOWS	282,599,680.77	858,263,992.32
10	Opening balance of cash and cash equivalents	4,737,764,748.97	5,020,364,429.74
314	Closing balance of cash and cash equivalents	5,012,896,515.52	5,878,628,422.06

3.5 AUDITED THE BUDGET EXECUTION STATEMENT**THE MARKET AND PASTURE MANAGEMENT
DEVELOPMENT ADDITIONAL FINANCING PROJECT**

for the year ending the 31 December 2018

/in MNT/

Code	Items	Planning	Executed budget	Difference	Percent
	Opening balance of cash and cash equivalents		5,020,364,429.74		
II	TOTAL COST AND NET LOAN AMOUNT	4,379,169,700.00	1,600,811,881.41	-2,778,357,818.59	36.56
21	CURRENT EXPENSES	1,313,450,900.00	1,187,499,611.41	-125,951,288.59	90.41
210	GOODS, SERVICES COSTS	1,313,450,900.00	1,187,499,611.41	-125,951,288.59	90.41
2101	Salary, compensations and bonus	31,400,000.00	60,980,250.00	29,580,250.00	194.20
210101	Salary	31,400,000.00	60,980,250.00	29,580,250.00	194.20
2102	Social insurance fees of employer	3,446,700.00	6,893,400.00	3,446,700.00	200.00
210201	Pension insurance	3,446,700.00	6,893,400.00	3,446,700.00	200.00
2103	Fixed costs related with building rent	22,700,000.00	10,908,201.00	-11,791,799.00	48.05
210304	Rent for premises	22,700,000.00	10,908,201.00	-11,791,799.00	48.05
2104	Supply and inventory costs	63,800,000.00	23,309,891.00	-40,490,109.00	36.54
210401	Stationery	13,800,000.00	7,857,716.00	-5,942,284.00	56.94
210402	Transportation and fuel expenses	25,000,000.00	11,302,960.00	-13,697,040.00	45.21
210403	Communication Charges	25,000,000.00	4,149,215.00	-20,850,785.00	16.60
2107	Diem and delegate cost	25,000,000.00	5,680,000.00	-19,320,000.00	22.72
210701	Foreign per diem expenses	0	0	0.00	
210702	Internal per diem expenses	25,000,000.00	5,680,000.00	-19,320,000.00	22.72
2108	Fees and expenses for work and services done by others	1,167,104,200.00	1,079,727,869.41	-87,376,330.59	92.51
210801	Work and services done by others	1,167,104,200.00	1,079,727,869.41	-87,376,330.59	92.51
	Budget adjustment		3,475,348,075.10	3,475,348,075.10	
	Transfer to central budget		3,475,348,075.10	3,475,348,075.10	
22	ASSETS COST	1,313,450,900.00	413,312,270.00	-900,138,630.00	31.47
220001	Premises	711,425,900.00	0	-711,425,900.00	0.00
221001	Maintenance	192,000,000.00	0	-192,000,000.00	0.00
222001	Equipment	410,025,000.00	413,312,270.00	3,287,270.00	100.80
223001	Other assets	0	0	0.00	
224001	Strategic resources	0	0	0.00	
23	NET LOAN REDUCED BY REPAYMENT	0	0	0.00	
230001	Repayable loan	0	0	0.00	
231001	Loan for financing from foreign financial market	0	0	0.00	
III	FINANCING SOURCES FOR EXPENSES	4,379,169,700.00	5,934,423,948.83	1,555,254,248.83	135.51
35	FINANCING FROM STATE BUDGET	4,379,169,700.00	5,831,528,429.64	1,452,358,729.64	133.17
350002	Financing income from supporting activities	0	1,288,694,711.75	1,288,694,711.75	

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350004	Financing from foreign sources	4,379,169,700.00	4,542,833,717.89	163,664,017.89	103.74
36	FINANCING FROM GRANT	0	102,895,519.19	102,895,519.19	
360001	Financing from grant source	0	102,895,519.19	102,895,519.19	
37	OTHER SOURCE	0	0	0.00	
	Exchange rate gain	0		0.00	
	Receivables from bond			0.00	
4	Opening balance of cash and cash equivalents	0	5,020,364,429.74	5,020,364,429.74	
5	Closing balance of cash and cash equivalents	0	5,878,628,422.06	5,878,628,422.06	
6	OTHER INFORMATION OF BUDGET				
61	ORGANIZATION NUMBER		1	1	
62	STAFF NUMBER		12	12	
620001	Management staff		1	1	
620002	Executive staff		8	8	
620003	Service staff		2	2	
620004	Contract workers		0	0	

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