

FINANCIAL MANAGEMENT ASSESSMENT

1 Summary

1. Financial management assessment (FMA) of the executing agency (EA) and implementing agencies (IAs) has been conducted for the Project in accordance with ADB's Guidelines for the Financial Management and Analysis of Projects¹ and the publication Financial Due Diligence—A Methodology Note.² The FMA includes review of executing agency and implementing agency, funds flow arrangement, the staff of finance, accounting policies and procedures (segregation of duties, budgeting system, payments, policies and procedures, cash and banking, safeguarding assets, other Offices and implementing agencies), internal and external auditing, reporting and monitoring, and information systems. The instrument used for the assessment was Asian Development Bank's (ADB) financial management assessment questionnaire (FMAQ).

2. Anhui Provincial Department of Transport (APDOT), as the EA, Wuwei County Transportation Bureau (WCTB), Nanling County Transportation Bureau (NCTB), Chizhou Municipal Highway Administration Bureau (CMHAB), Ma'anshan Municipal Highway Administration Bureau (MMHAB) and Anhui Provincial Port and Shipping Construction Investment Group Co. Ltd (APPSCIG), as the IAs, have been assessed respectively. The guidelines describe the approach prescribed by ADB in undertaking a financial management assessment which involves the following steps:

- use a standard questionnaire to assess the financial management of the implementing agency;
- based on the results of the questionnaire, identify issues for future review; and
- identify appropriate financial covenants to monitor financial conditionalities of the project for which the EA and IA would be responsible.

3. The assessment indicated that (i) there are established financial management policies in the PRC, which are followed strictly by APDOT, WCTB, NCTB, CMHAB, MMHAB and APPSCIG; and (ii) APDOT, CMHAB and APPSCIG have sound financial management capability and are experienced in managing foreign-funded and locally-funded projects as WCTB, NCTB, and MMHAB only have experienced in locally-financed projects. Anhui Provincial Department of Finance (APDOF), which will operate and administer the imprest account, has experience administering foreign-financed project including ADB-financed projects. The completed FMAQs containing the reviews are in Tables 7 to 12 at the end of this assessment.

4. The FMA recommended capacity development measures to ensure that the EA and IAs are able to meet the project's financial management requirements. It was proposed that the EA and IAs strengthen their financial management capability to manage the project, including (i) undertaking training, particularly on ADB policy and procedural requirements; (ii) seeking internal and external financial management assistance as needed; (iii) developing a software of financial management and reporting for the project linking APDOT, WCTB, NCTB, CMHAB, MMHAB and APPSCIG when the project commences; (iv) updating existing finance management policies to meet ADB's requirements.

¹ *Financial Management and Analysis of Projects*. ADB. 2005.

² *Financial Due Diligence A Methodology Note*. ADB. 2009.

5. The overall FM risk-rating of the Project is low. The identified risks in financial management will be closely monitored during project implementation. Besides the risks mentioned in Tables 1 to 6 below, no other significant weaknesses are identified.

2 Anhui Provincial Department of Transport - Executing Agency

2.1 Summary of Findings

6. APDOT, as the EA, will have overall responsibility for project preparation and management. APDOT is a department of Anhui Provincial government which is taking whole responsibilities of transportation in the province.

7. APDOT satisfies the ADB financial management requirements for EAs. APDOT's current financial management system is adequate to (i) record required financial transactions and balances; (ii) provide regular and reliable financial statements and monitoring reports during project implementation; (iii) safeguard the financial assets; and (iv) provide the required financial documents to audit acceptable to ADB. A summary of the risk analysis is shown in Table 1.

Table 1: Risk Analysis- Transport Department of Anhui Province

Particulars	Risk Assessment	Remarks
1.Executing Agency	Low	APDOT is a department of Anhui Provincial government. APDOT has experience in managing and implementing projects financed by ADB and other international funding institutions ³ .
2. Funds Flow	Low	APDOT has knowledge of and working experience in ADB's funds flow arrangements. APDOT coordinates with the Provincial Finance Department and the designated commercial and government banks for all local and foreign currency project transactions.
3. Staffing	Low	APDOT is sufficiently staffed with experienced personnel. The finance staff will be trained in ADB financial management and disbursement procedures; if necessary.
4. Accounting Policies and Procedures	Low	The APDOT accounting policy is based on generally accepted accounting standards.
5. Internal Audit	Low	An internal audit section with rich experience is in place.
6. External Audit	Low	APDOT project accounts are audited by an independent external auditor on an annual basis. The audit is done in accordance with the Chinese accounting and auditing system and complies with the requirements of ADB and Ministry of Finance (MOF).
7. Reporting and Monitoring	Low	The APDOT's project operation and financial reports comply with the reporting requirements of APDOF. Financial reports are regularly submitted to APDOF.

³ Projects managed include, among others, Hefei-Anqing Expressway Project (4421CHA), Tongling-Tangkou Expressway Project (7183-CHA), Anhui Road Network Rehabilitation and Improvement Project (7511-CN), Xuzhou-Mingguang Expressway Project (2600-PRC), Shaying River Channel Improvement Project (8036-CN).

Particulars	Risk Assessment	Remarks
8. Information Systems	Medium	APDOT uses accounting system software for financial reporting. The system for the project linking APDOT, WCTB, NCTB, CMHAB, MMHAB and APPSCIG will be developed when the project commences.

2.2 Funds Flow

8. The indicative fund flow arrangement is shown in Figure 1 (last page of this appendix). Under the fund transfer arrangements, PRC Government will relend the entire loan to Anhui Provincial Government (APG), which will on-lend the loan proceeds to Wuwei County Government (WCG), Nanling County Government (NCG), Chizhou Municipal Government (CMG), Ma'anshan Municipal Government (MMG) and APDOT on the same terms and conditions as those of the ADB loan. WCG, NCG, CMG, MMG and APDOT assume, as the end borrower, the foreign exchange risks for the ADB loan. WCG, NCG, CMG, MMG and APPSCIG will enter into project implementation agreement with WCTB, NCTB, CMHAB, MMHAB and APPSCIG to implement the project following usual PRC practice.

2.3 Staffing

9. APDOT has staff members including technical staff, financial staff, and administrative support. The finance staff are experienced in the accounting and disbursement procedures and requirements of other international funding agencies. APDOT is adequately staffed and complies with national standards for project accounting and financial management and are knowledgeable of the financial management system for foreign-funded Projects in China.

2.4 Accounting Policies and Procedures

10. APDOT uses an automated accounting system and an excel-based electronic spreadsheet. Subsidiary ledgers are adequate for the reconciliation of accounts with the general ledger. All reports and supporting documents on all transactions are stored and retained by the accounting officer, and are available to APDOF. APDOT has implemented a clear segregation of the account management duties.

11. APDOT prepares annual physical and financial targets. The budgets presented a comparison between budgeted and actual amounts, and show variances in accounts. The project budgets are prepared annually by the Budget Officer. The Director approves the final budget before endorsement to the Provincial Government.

12. Processing of the project payment invoices involves comparison of quantities, prices and terms in purchase orders and those reported in the receipts. All project payments are made using bank checks or bank transfers. All cash is deposited to the project accounts leaving minimal amounts necessary for the office operations. A cashbook is maintained and bank reconciliation is undertaken at the end of each month.

13. The accounting officer ensures the existence of controls when preparing the payment for all project transactions. For the Project, ADB funds and counterpart funds will be recorded. The Director is the duly authorized signatory to all project-related bank transactions.

14. APDOT ensures that sufficient controls are undertaken over project assets, and safeguards are undertaken to protect assets from fraud, waste and abuse. During project

implementation, APDOT Property Officer will maintain the record of completed property constructed in the project, and office equipment procured. After project commissioning will conduct annual physical inventory of all assets in place.

15. APDOT will maintain separate project accounts and records by funding source for all expenditures incurred on the project. Consolidated project financial statements will be prepared annually in accordance with applicable guidance and regulations, where these are generally consistent with internationally recognized accounting principles and practices.⁴

2.5 Internal Audit

16. APDOT maintains an internal auditing system, which is ensured through functional department and permanent positions. The results of the internal auditing will be submitted to the Head of Office.

2.6 External Audit

17. APDOT project accounts are audited annually by State/Province/ Municipality Auditors. Audit is carried out in accordance to the auditing standards and requirements of the Government.

2.7 Reporting and Monitoring

18. APDOT will prepare and submit to ADB quarterly progress reports for individual projects, which will include: (i) a narrative description of progress made during the reporting period; (ii) changes in the implementation schedule; (iii) problems or difficulties encountered; and (iv) activities to be undertaken in the next reporting period. WCTB, NCTB, CMHAB, MMHAB and APPSCIG will prepare and submit to ADB a project completion report within 3 months of the completion of each project, and an investment project completion report after completion of all components under the proposed Project.

2.8 Information Systems

19. The reporting and monitoring system of the project will be developed by APDOT, which is capable of generating project reports for both external and internal use. In addition, project staff will be trained and will be very familiar with the system. APDOT ensures the confidentiality, integrity and availability of all information stored in the system.

3 Wuwei County Transportation Bureau (WCTB) – Implementing Agency

20. WCTB will be the implementing agency for S319 Erba to Wuwei Section Improvement Project. A summary of the risk analysis is shown in Table 2.

⁴ Applicable laws, regulations and guidelines include:

- The Accounting Law of the PRC (2000).
- State-owned Construction Enterprise Accounting Control Regulations.
- Capital Construction Financial Control Regulations.
- Accounting Methods for Projects Financed by the Asia Development Bank.

Table 2: Risk Analysis- Wuwei County Transportation Bureau

Particulars	Risk Assessment	Remarks
1.Implementing Agency	Medium	WCTB is a no revenue-generated enterprise attached in Wuwei County Government, which hasn't experience in managing and implementing projects financed by international funds.
2. Funds Flow	Low	WCTB understands the funds flow of the project, although they haven't knowledge of and working experience in foreign funds flow arrangements. The counterpart funds will be provided by government budgets.
3. Staffing	Low	WCTB is sufficiently staffed with experienced personnel. The finance staff that will be assigned in the Project will be trained in ADB financial management and disbursement procedures.
4. Accounting Policies and Procedures	Low	WCTB accounting policy is based on generally accepted accounting standards.
5. Internal Audit	Low	There are internal auditors and the reports are submitted to director of WCTB .
6. External Audit	Low	WCTB project accounts are audited by an independent external auditor on an annual basis. The audit is done in accordance with the Chinese accounting and auditing system and complies with the requirements of ADB, APDOF and MoF.
7. Reporting and Monitoring	Low	WCTB project operation and financial reports comply with the reporting requirements of APDOF. Financial reports are regularly submitted to APDOF.
8. Information Systems	Medium	WCTB uses an automated accounting system. The system for the project linking APDOT, WCTB, NCTB, CMHAB, MMHAB and APPSCIG will be developed when the project commences

4 Nanling County Transportation Bureau (NCTB) – Implementing Agency

21. NCTB will be the implementing agency for Yimu Highway Kedian to Mujiating Section Improvement Project. A summary of the risk analysis is shown in Table 3.

Table 3: Risk Analysis- Nanling County Transportation Bureau

Particulars	Risk Assessment	Remarks
1.Implementing Agency	Medium	NCTB is a no revenue-generated enterprise attached in Nanling County Government, which hasn't experience in managing and implementing projects financed by international funds.
2. Funds Flow	Low	NCTB understands the funds flow of the project, although they haven't knowledge of and working

Particulars	Risk Assessment	Remarks
		experience in foreign funds flow arrangements. The counterpart funds will be provided by government budgets.
3. Staffing	Low	NCTB is sufficiently staffed with experienced personnel. The finance staff that will be assigned in the Project will be trained in ADB financial management and disbursement procedures.
4. Accounting Policies and Procedures	Low	NCTB accounting policy is based on generally accepted accounting standards.
5. Internal Audit	Low	There are internal auditors and the reports are submitted to director of NCTB.
6. External Audit	Low	NCTB project accounts are audited by an independent external auditor on an annual basis. The audit is done in accordance with the Chinese accounting and auditing system and complies with the requirements of ADB, APDOF and MoF.
7. Reporting and Monitoring	Low	NCTB project operation and financial reports comply with the reporting requirements of APDOF. Financial reports are regularly submitted to APDOF.
8. Information Systems	Medium	NCTB uses an automated accounting system. The system for the project linking APDOT, WCTB, NCTB, CMHAB, MMHAB and APPSCIG will be developed when the project commences.

5 Chizhou Municipal Highway Administration Bureau (CMHAB) – Implementing Agency

22. CMHAB will be the implementing agency for G206 Dongliu to Yaodu Section Construction Project. A summary of the risk analysis is shown in Table 4.

Table 4: Risk Analysis- Chizhou Municipal Highway Administration Bureau

Particulars	Risk Assessment	Remarks
1. Implementing Agency	Low	CMHAB is a no revenue-generated enterprise attached in Chizhou Municipal Transportation Bureau. CMHAB has experience in managing and implementing projects financed by ADB and other international funding institutions ⁵ .
2. Funds Flow	Low	CMHAB has knowledge of and working experience in foreign funds flow arrangements.
3. Staffing	Low	CMHAB has sufficiently staffed with experienced personnel. The finance staff will be trained in ADB financial management and disbursement procedures;

⁵ Projects managed include, among others, S325 Qiaoshi Road Improvement Sub-Project in Tongtang Expressway Project, Rehabilitation Project in Anhui Highway Rehabilitation and Improvement Project, Security Project in ADB Financed Anhui Highway Development Project.

Particulars	Risk Assessment	Remarks
		if necessary.
4. Accounting Policies and Procedures	Low	CMHAB accounting policy is based on generally accepted accounting standards.
5. Internal Audit	Low	There are internal auditors and the reports are submitted to director of CMHAB.
6. External Audit	Low	CMHAB project accounts are audited by an independent external auditor on an annual basis. The audit is done in accordance with the Chinese accounting and auditing system and complies with the requirements of ADB, APDOF and MoF.
7. Reporting and Monitoring	Low	CMHAB project operation and financial reports comply with the reporting requirements of APDOF. Financial reports are regularly submitted to APDOF.
8. Information Systems	Medium	CMHAB uses an automated accounting system. The system for the project linking APDOT, WCTB, NCTB, CMHAB, MMHAB and APPSCIG will be developed when the project commences.

6 Ma'anshan Municipal Highway Administration Bureau (MMHAB) – Implementing Agency

23. MMHAB will be the implementing agency for S367 Ma'anshan North Passage Project. A summary of the risk analysis is shown in Table 5.

Table 5: Risk Analysis- Ma'anshan Municipal Highway Administration Bureau

Particulars	Risk Assessment	Remarks
1. Implementing Agency	Low	MMHAB is a no revenue-generated enterprise attached in Ma'anshan Municipal Transportation Bureau. MMHAB hasn't experience in managing and implementing projects financed by international funds.
2. Funds Flow	Low	MMHAB understands the funds flow of the project, although they haven't knowledge of and working experience in foreign funds flow arrangements. The counterpart funds will be provided by government budgets and financed by Ma'anshan Municipal Transportation Investment Company.
3. Staffing	Low	MMHAB is sufficiently staffed with experienced personnel. The finance staff that will be assigned in the Project will be trained in ADB financial management and disbursement procedures.
4. Accounting Policies and Procedures	Low	MMHAB accounting policy is based on generally accepted accounting standards.
5. Internal Audit	Low	There are internal auditors and the reports are

Particulars	Risk Assessment	Remarks
		submitted to director of MMHAB.
6. External Audit	Low	MMHAB project accounts are audited by an independent external auditor on an annual basis. The audit is done in accordance with the Chinese accounting and auditing system and complies with the requirements of ADB, APDOF and MoF.
7. Reporting and Monitoring	Low	MMHAB project operation and financial reports comply with the reporting requirements of APDOF. Financial reports are regularly submitted to APDOF.
8. Information Systems	Medium	MMHAB uses an automated accounting system. The system for the project linking APDOT, WCTB, NCTB, CMHAB, MMHAB and APPSCIG will be developed when the project commences.

7 Anhui Provincial Port and Shipping Construction Investment Group Co. Ltd (APPSCIG) – Implementing Agency

24. APPSCIG will be the implementing agency for Shuiyang River Channel Improvement Project and Xuanzhou Intermodal Terminal Project. A summary of the risk analysis is shown in Table 6.

Table 6: Risk Analysis- Anhui Provincial Port and Shipping Construction Investment Group Co. Ltd

Particulars	Risk Assessment	Remarks
1. Implementing Agency	Low	APPSCIG is a state-owned enterprise attached in Anhui Provincial Department of Transportation (APDOT). APPSCIG has experience in managing and implementing projects financed by foreign funds ⁶ .
2. Funds Flow	Low	APPSCIG has knowledge of and working experience in foreign funds flow arrangements. The counterpart funds will be financed by themselves.
3. Staffing	Low	APPSCIG is sufficiently staffed with experienced personnel. The finance staff that will be assigned in the Project will be trained in ADB financial management and disbursement procedures.
4. Accounting Policies and Procedures	Low	APPSCIG accounting policy is based on generally accepted accounting standards.
5. Internal Audit	Low	There are internal auditors and the reports are submitted to director of APPSCIG.
6. External Audit	Low	APPSCIG project accounts are audited by an independent external auditor on an annual basis. The audit is done in accordance with the Chinese accounting and auditing system and complies with the requirements of ADB, APDOF and MoF.

⁶ Project implemented is Shaiyang River Channel Improvement Project (8036-CN).

Particulars	Risk Assessment	Remarks
7. Reporting and Monitoring	Low	APPSCIG project operation and financial reports comply with the reporting requirements of APDOF. Financial reports are regularly submitted to APDOF.
8. Information Systems	Medium	APPSCIG uses an automated accounting system. The system for the project linking APDOT, WCTB, NCTB, CMHAB, MMHAB and APPSCIG will be developed when the project commences.

a. Detailed Assessment

8 Funds Flow

25. The indicative fund flow arrangement is shown in Figure 1 (last page of this appendix). Under the fund transfer arrangements, PRC Government will relend the entire loan to Anhui Provincial Government (APG), which will on-lend the loan proceeds to Wuwei County Government (WCG), Nanling County Government (NCG), Chizhou Municipal Government (CMG), Ma'anshan Municipal Government (MMG) and APDOT on the same terms and conditions as those of the ADB loan. WCG, NCG, CMG, MMG and APDOT assume, as the end borrower, the foreign exchange risks for the ADB loan. WCG, NCG, CMG, MMG and APDOT will enter into project implementation agreement with WCTB, NCTB, CMHAB, MMHAB and APPSCIG to implement the project following usual PRC practice.

9 Disbursement Arrangements

26. ADB loan proceeds will be disbursed in accordance with the procedures set out in ADB's Loan Disbursement Handbook (2007, as amended from time to time)⁷, and detailed arrangements agreed upon between the Government and ADB.

27. To facilitate project implementation through timely release of loan proceeds, the Anhui Provincial Department of Finance (APDOF), on behalf of APG, will establish an imprest account promptly after loan effectiveness at a commercial bank acceptable to ADB. The APDOF will administer the imprest account. The maximum ceiling of the imprest account will not at any time exceed the estimated ADB-financed expenditures to be paid from the imprest account for the next 6 months or 10% of the respective loan amount, whichever will be lower.

28. The initial amount to be deposited in the imprest account will not exceed the estimated expenditures for the succeeding six months to be funded from the imprest account, or 10% of the loan amount, whichever is lower. An Estimate of Expenditure Sheet⁸ setting out the estimated expenditures for the first six (6) months of project implementation, and submission of evidence satisfactory to ADB that the imprest account has been duly opened, should accompany the request for initial advance to the imprest account. For every liquidation and replenishment request of the imprest account, the borrower will furnish to ADB (a) Statement of Account (Bank Statement) where the imprest account is maintained, and (b) the Imprest Account Reconciliation Statement (IARS) reconciling the above mentioned bank statement against the executing agency's records⁹.

⁷ Available at: http://www.adb.org/Documents/Handbooks/Loan_Disbursement/loan-disbursement-final.pdf

⁸ Available in Appendix 29 of the *Loan Disbursement Handbook*.

⁹ Follow the format provided in Appendix 30 of the *Loan Disbursement Handbook*.

29. For the domestic funds, APG, WCG, NCG, CMG, MMG and APDOT will allocate the designated funding for the project. APDOF will administer and monitor the provision of the funds and disbursed to contractors, consultants, suppliers, and affected persons, according to project progress. The disbursement process will follow this process: (i) for each project component a project implementation agreement will be executed between APG and WCG, NCG, CMG, MMG and APDOT; (ii) based on project progress, implementing agency will submit a disbursement request to the project management office; and (iii) once approved, WCG, NCG, CMG, MMG and APDOT will disburse to contractors, suppliers, consultants, and affected persons, if any.

10 Staffing

30. WCTB, NCTB, CMHAB, MMHAB and APPSCIG have adequate staff members including among others, technical staff, financial staff, and administrative support. CMHAB and APPSCIG are adequately staffed and complies with ADB minimum standards for project accounting and financial management and are knowledgeable of the financial management system for foreign-funded Projects in China while WCTB, NCTB and MMHAB aren't knowledgeable of financial management system for foreign-funded projects.

11 Accounting Policies and Procedures

31. The existing accounting departments and accounting staff of the implementing agencies are effective for the current organizations. All accounting staff in the implementing agencies has enough experience on government accounting and receives appropriate accounting training for at least once a year. The accounting staff is not frequently transferred. There are detailed descriptions and regulations on the accounting positions, such as head of the department, accountant, and cashier in the implementing agencies.

32. The current accounting procedures are adequate to the existing implementing agencies. The accounting procedures such as transaction recording, chart of accounts, controls, and cost allocations are well established and are effective. The general ledger and subsidiary ledgers are always reconciled and in balance.

33. Based on the accounting regulations in China all accounting and supporting documents are kept for 15 years and financial statements are retained on a permanent basis. The Chinese Government Accounting Standard, and related policies, regulations, and procedures currently adopted by WCTB, NCTB, CMHAB, MMHAB and APPSCIG are suitable to the Project.

34. The accounting system is computerized. All financial statements are produced from the automated accounting systems. The financial staff also receives training from the accounting software company and understands electronic accounting. The system of the project is waiting for development when the project commences.

35. PMO, WCTB, NCTB, CMHAB, MMHAB and APPSCIG will maintain separate project accounts and records by funding source for all expenditures incurred on the project. Consolidated project financial statements will be prepared annually in accordance with applicable guidance and regulations, where these are generally consistent with internationally recognized accounting principles and practices.¹⁰

¹⁰ Applicable laws, regulations and guidelines include:

- The Accounting Law of the PRC (2000).

12 Internal Audit

36. There are internal audit section with qualified staff in place.

13 External Audit

37. PMO, WCTB, NCTB, CMHAB, MMHAB and APPSCIG will cause the annual consolidated project financial statements to be audited in accordance with International Standards on Auditing and the Government Auditing Standards of the PRC (where these are consistent with International Standards on Auditing). PMO, WCTB, NCTB, CMHAB, MMHAB and APPSCIG will submit to ADB in English language, within 6 months of the end of the financial year:

- (i) the annual consolidated project financial statements;
- (ii) an audit report which includes a separate audit opinion on the use of the imprest accounts and the SOE procedures; and
- (iii) an audit management letter.

14 Reporting and Monitoring

38. PMO, WCTB, NCTB, CMHAB, MMHAB and APPSCIG prepare balance sheets, revenue and expenditure statements, total revenue statements, total expenditure statements, detailed revenue statements, detailed expenditure statements, payroll statements, and office expenditure statements monthly and annually. They also prepare fixed asset statements and basic information at the end of each year. The current reporting system is effective for the existing organizations. At the end of each year, the implementing agency finalizes the financial statements and compares them with the physical data and budget.

15 Information Systems

39. PMO, WCTB, NCTB, CMHAB, MMHAB and APPSCIG have a computerized management information system. The reporting and monitoring system is capable of generating project reports for both external and internal use.

16 Action Plan

40. This section summarizes the proposed actions for managing the risks identified in the financial management assessment of PMO, WCTB, NCTB, CMHAB, MMHAB and APPSCIG. The following are the recommended actions to mitigate the identified risks.

- Provide training to build up capacity of the financial staff of the APDOT, PMO, WCTB, NCTB, CMHAB, MMHAB and APPSCIG on ADB loan disbursement procedures and project accounting requirements before the Project is implemented to avoid delay in the disbursement process;
- Regular liaison between the APDOT/PMO, WCTB, NCTB, CMHAB, MMHAB and APPSCIG and other participating government bureaus and agencies and ADB to ensure

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- State-owned Construction Enterprise Accounting Control Regulations.
 - Capital Construction Financial Control Regulations.
 - Accounting Methods for Projects Financed by the Asia Development Bank.

- that ADB guidelines are followed;
- Regular interagency coordination at all levels to be put in place to discuss the portfolio performance of the loan;
 - Provide financial and technical support to upgrade the existing information management system to develop monitoring and evaluation capability in the IAs;
 - Separate accounts to be maintained for all project components financed by ADB and the Government, and to be audited by the State Auditor and/or an external auditor acceptable to ADB;
 - Annual project accounts and underlying working papers prepared by IAs on a timely basis in preparation for the annual financial statement audit;
 - Quarterly and annual progress reports on project implementation and operation prepared;
 - Compliance with loan covenants monitored, including submission of audited project accounts; and
 - Overall the IAs will establish and maintain sound financial management systems, including, (i) the establishment of separate project accounts and records; (ii) data processing and systems financial reports; (iii) recruit additional finance staff as needed; and (iv) seek external assistance in financial management if needed.

Table 7: Responses to the Financial Management Assessment Questionnaire - Anhui Provincial Department of Transportation

Background Information	Response	Remarks
Name of Organization	Foreign Fund Project Management Office (PMO), Anhui Provincial Department of Transport	
Subcomponent and projects for which the organization is responsible	Application and management of World Bank & ADB's loan projects relating transportation construction and administration in Anhui	
Name of individual completing this questionnaire	Shu Zhenzhen, chief accountant in charge;0551-63756196	

Topic	Response	
1. Implementing Agency / Executing Agency		
1.1. What is your organization's legal status / registration?	Non revenue-generated enterprise, the legal certification number is 76688297-5.	
1.2. Has your organization implemented a foreign-financed project in the past? (If yes, provide detailed project name)	Hefei-Anqing Expressway (4421CHA); Tongling-Tangkou Expressway(7183-CHA); Anhui Road network rehabilitation and improvement project(7511-CN); Xuzhou-Mingguang Expressway(2600-PRC); Shaying River Channel Improvement Project(8036-CN)	
1.3. What is your organization's governing body?	Anhui Provincial Department of Transport (APDT)	

Topic	Response	
1.4. What is the governing body's relationship to the Government?	Component of Government.	
1.5. What are the legal financial reporting requirements for your organization?	Accounting Standards for non revenue-generated organizations.	
1.6. Is the organizational structure appropriate for the needs of the project?	Yes. Director and deputy director lead three divisions of comprehensive administration, capital and finance, and project management.	
2. Funds Flow Arrangement		
2.1. Describe project funds flow arrangements, including a chart and explanation of the flow of funds from ADB, government, and other financing sources.	ADB loan will be delivered to PMO and city/county governments by Provincial Department of Finance; Counterpart funds will be financed by city/county governments and APPSCIG.	
2.2. Are arrangements to transfer the proceeds of the ADB loan from the Finance Bureau to your organization satisfactory?	Yes	
2.3. In the past, what have been the major problems in the receipt of ADB funds?	The progress of loan disbursement was slow.	
2.4. In which bank will the Imprest Account be opened?	The imprest account will be established by Anhui Provincial Department of Finance. Currently, it hasn't yet opened.	
2.5. Do the project Implementing Agencies have experience in the management of disbursements from ADB?	Yes, PMO does.	
2.6. Does your organization have experience managing foreign exchange risks?	PMO has.	
2.7. Is your organization responsible for providing counterpart funds?	No	
2.8. What will be the counterpart sources of funds for your subcomponent construction?	Finance budgets.	
2.9. How are counterpart funds accessed?	Directly payment	
2.10. How will tariffs be used to help fund the project?	No	

Topic	Response	
2.11. Are beneficiaries required to contribute to project costs?	None	
2.12. If the beneficiaries have an option to contribute in kind are proper guidelines formulated to record and value the contribution?	None	
2.13. How are payments made from counterpart funds?	None	
3. Staffing		
3.1. What is your organization's structure for accounting or finance department? (Attach an organization chart.)	The fund financial division is under management by director and deputy director directly.	
3.2. Identify accounting staff. (Include name, position title, responsibilities, educational background, and professional certification)	Shu Zhenzhen, account in chief, undergraduate degree, accountant, overall coordination; Yu Tao, internal auditor, undergraduate degree, accountant, internal audit; Wangying, accountant, undergraduate degree, accountant, withdrawal of loan; Yujing, cashier, undergraduate degree, account, cash payment	
3.3. If the ADB loan is approved, what staffing changes will you make to assist with project finance and accounting?	Maintain the status.	
3.4. Is the accounting function adequately staffed?	yes	
3.5. Is the accounting staff adequately qualified and experienced?	yes	
3.6. Are finance and accounting staffs trained in ADB procedures?	yes	
3.7. Does the organization have written position descriptions, which clearly define duties, responsibilities, lines of supervision, and limits of authority for all officers, managers, and staff?	yes	
3.8. What is the existing training policy for the accounting staff?	All accountants should take part in Continuing Professional Development no less than 5 days per annually.	
4. Accounting Policies and Procedures		

Topic	Response	
General		
4.1. Does the organization have an accounting system, which allows for proper recording of project financial transactions, including the allocation of expenditures in accordance with the respective subcomponents, disbursement categories, and source of funds?	yes	
4.2. What organization's accounting system will the Implementing Agency and Executing Agency use?	Accounting standards for non-profit organizations	
4.3. Are controls in place concerning the preparation and approval of transactions, ensuring that all transactions are correctly made and adequately explained?	yes	
4.4. Is the chart of accounts adequate to properly account for and report on project activities and disbursements categories?	yes	
4.5. Are cost allocations to the various funding sources made accurately and in accordance with established agreements?	yes	
4.6. Are the general ledger and subsidiary ledgers reconciled and in balance?	yes	
4.7. Are all accounting and supporting documents retained on a permanent basis in a defined system which allows authorized users easy access?	yes	
Segregation of Duties		
4.8. Are the following functional responsibilities performed by different units or persons:		
4.8.1. Authorize transactions	yes	
4.8.2. Record transactions	yes	
4.8.3. Maintain custody of assets involved in transaction	yes	
4.9. Are the functions for ordering, receiving, accounting for goods and services segregated?	yes	

Topic	Response	
4.10. Are bank reconciliations prepared by someone other than those who make or approve payments?	yes	
Budgeting System		
4.11. Do budgets include physical and financial targets?	yes	
4.12. Are budgets prepared for all significant activities in sufficient detail to provide a meaningful tool with which to monitor subsequent performance?	yes	
4.13. Are actual expenditures compared with the budget with reasonable frequency, and explanations required for significant variations from the budget?	yes	
4.14. Are approvals for variations from budget required in advance?	yes	
4.15. Who is responsible for preparation and approval of budgets?	Fund financial division is responsible for preparation and Chief of PMO is responsible for approval of budgets.	
4.16. How are budgets prepared and approved?	According to actual budgets in the past year and planned budget in the early of this year, the budget shall be prepared based on actual situation and requirements, then submitted to APDOT after approved by chief of PMO.	
4.17. Are procedures in place to plan project activities, collect information from the units in charge of different projects, and prepare budgets?	yes	
4.18. Are the project plans and budgets of project activities realistic, based on valid assumptions, and developed by knowledgeable individuals?	yes	
Payments		
4.19. Do invoicing processing procedures provide for:		
4.19.1. Copies of purchase orders and receiving reports be obtained directly from issuing departments?	yes	

Topic	Response	
4.19.2. Comparison of invoice quantities, prices, and terms with those indicated on the purchase order and with records of goods actually received?	yes	
4.19.3. Comparison of invoice quantities with those indicated on the receiving report?	yes	
4.19.4. Checking accuracy of calculations?	yes	
4.20. Are all invoices:		
4.20.1. Stamped PAID?	yes	
4.20.2. Dated?	yes	
4.20.3. Reviewed and approved?	yes	
4.20.4. Marked for account code assignment?	yes	
4.21. What controls exist for the preparation of payroll?	The payroll is prepared by comprehensive administration division according to document approved by APDOT, then deliver to fund financial division to issue after approved by chief of PMO.	
4.22. How are changes to the payroll authorized?	Written requested by comprehensive administration division, then executed by chief of PMO.	
Policies and Procedures		
4.23. What is the basis of accounting (e.g. cash or accrual)?	Accrual basis principle	
4.24. What accounting standards are followed?	Accounting standards for non-profit organizations	
4.25. Does the organization have adequate policies and procedures manual to guide activities and ensure staff accountability?	yes	
4.26. Is the accounting policy and procedure manual updated for project activities?	No	
4.27. Do procedures exist to ensure that only authorized persons can alter or establish a new accounting principle, policy, or procedure to be used by the organization?	Yes	

Topic	Response	
4.28. Are written policies and procedures covering all routine financial management and related administrative activities?	Yes	
4.29. Do policies and procedures clearly define conflict of interest and related party transactions (real and apparent) and provide safeguards to protect the organization?	Yes. Such as: internal control system, internal management system and financial management system, etc.	
4.30. Are manuals distributed to appropriate personnel?	Yes	
Cash and banking		
4.31. Indicate names and positions of authorized signatories of the bank accounts.	Luo Jie, deputy director of PMO; Yu Jing, Cashier.	
4.32. Does the organization maintain an adequate up-to-date cashbook, recording receipts and payments?	Yes	
4.33. What controls exist for the following activities:		
4.33.1. Collection of revenues?	Everyday	
4.33.2. Timely deposit of receipts?	Timely	
4.33.3. Recording of receipts at each collection location?	Yes	
4.34. Are bank statements and cashbook reconciled on a monthly basis?	Yes	
4.35. Are unusual items on the bank reconciliation reviewed and approved by a responsible officer?	Yes	
4.36. How quickly are receipts deposited?	The same day	
Safeguarding Assets		
4.37. Describe the system to record assets and protect them from fraud, waste, and abuse?	Yes	
4.38. Are subsidiary records of fixed assets and stocks kept up to date?	Yes	
4.39. Are subsidiary records of assets and stocks reconciled to control accounts?	Yes	
4.40. How frequent are physical inventories of fixed assets and stocks?	Every month	

Topic	Response	
4.41. Are assets covered by insurance policies?	Official cars are covered by insurance policies.	
Other Offices and Implementing Agencies		
4.42. Are there other implementing agencies participating in implementation?	None	
4.43. Has the Project Management Office (PMO) established controls and procedures for flow of funds, financial information, accountability, and audits in relation to other offices or implementing agencies?	None	
4.44. Does information among different implementing agencies flow in an accurate and timely fashion?	None	
4.45. Are periodic reconciliations of financial information performed among the different implementing agencies?	None	
Other		
4.46. Has the PMO advised employees to whom to report if they suspect fraud, waste, or misuse of project resources or property?	Yes, chief of PMO	
5. Internal Audit		
5.1. Is there an internal department in the organization?	yes	
5.2. What are the qualifications and experience of the internal audit department staff?	The internal auditors come from APDOT, who have abundant experiences in project management.	
5.3. To whom does the head of internal audit department report? What is this individual's position?	Chief of PMO and Financial division of APDOT.	
5.4. Will the internal audit department include this project in its work program?	Yes	
5.5. What actions are taken on the internal audit staff's findings?	Timely rectify	
6. External Audit		

Topic	Response	
6.1. Are the organization's financial statements audited regularly by an independent auditor? Who is the auditor?	Independent auditor	
6.2. When is the audit report issued?	By June 30	
6.3. Are there any delays in the audit of the entity?	No	
6.4. Is the audit of the entity conducted according to International Standards on Auditing?	No, according to national standards.	
6.5. Were there any major accountability issues brought up in the audit reports in the last three years?	None	
6.6. Will the independent auditor audit the project accounts or will another auditor be appointed to audit the project's financial statements?	Independent auditor	
6.7. Are there any recommendations made by the independent auditors in prior audit reports or management letters that have not been implemented?	Yes, adopted.	
6.8. Is the project subject to an audit from an independent governmental entity in addition to the external audit?	Independent government institution-- Anhui Provincial Audit Department	
6.9. Has the project prepared acceptable terms of reference for an annual project audit?	Yes	
7. Reporting and Monitoring		
7.1. Are financial statements prepared for the organization?	Yes	
7.2. What accounting standards are used to prepare the organization's financial statements?	Accounting standards for non-profit organizations	
7.3. Are financial statements prepared for the Implementing Agency?	None	
7.4. What is the frequency of the financial statements' presentation?	Every year, timely	

Topic	Response	
7.5. Are the financial statements prepared in a timely fashion so as to be useful to management for decision making?	Timely	
7.6. Does the reporting system need to be adapted to report on the project components?	No need.	
7.7. Does the reporting system have the ability to link the financial information with the project's physical progress? If a separate system is used to gather and compile physical data, what controls are in place to reduce the risk that the physical data may not synchronize with the financial data?	Yes. Engineering data and financial data are checked timely communication to guarantee the consistency of payment and progress.	
7.8. Does the project have established financial management reporting responsibilities that specify which reports are to be prepared, what the reports contain, and how they are to be used?	Yes, draft report has been prepared.	
7.9. Are financial management reports used by management?	Yes	
7.10. Do the financial reports compare actual expenditures with budgeted allocations?	Yes	
7.11. Are financial reports prepared directly by the automated accounting system or are they prepared by spreadsheets or some other means?	Financial reports of PMO are prepared directly by the automated accounting computerization system, however, projects' financial reports are prepared manually.	
8. Information Systems		
8.1. Is the financial management system computerized?	Yes	
8.2. Can the system produce the necessary project financial reports?	No, the system of the project is waiting for development when the project commences.	
8.3. Is the staff adequately trained to maintain the system?	Yes	

Topic	Response	
8.4. Does the management organization and processing system safeguard the confidentiality, integrity, and availability of the data?	It has different authorized priorities, which can't be changed randomly.	

Table 8: Responses to the Financial Management Assessment Questionnaire – Wuwei County Transportation Bureau

Background Information		Remarks
Name of Organization	Wuwei County Transport Bureau	
Subcomponent and projects for which the organization is responsible	S319 Erba to Wuwei section Improvement Project	
Name of individual completing this questionnaire	Qin Bin. Deputy section chief. Tel:13856576416	

Topic	Response	
1. Implementing Agency / Executing Agency		
1.1. What is your organization's legal status / registration?	No revenue-generated enterprise, the legal certification number is 00327365-3	
1.2. Has your organization implemented a foreign-financed project in the past? (If yes, provide detailed project name)	No	
1.3. What is your organization's governing body?	Wuwei County Government	
1.4. What is the governing body's relationship to the Government?	A part of the Government.	
1.5. What are the legal financial reporting requirements for your organization?	According to the accounting standards of no revenue-generated public institutions.	
1.6. Is the organizational structure appropriate for the needs of the project?	Yes	
2. Funds Flow Arrangement		
2.1. Describe project funds flow arrangements, including a chart and explanation of the flow of funds from ADB, government, and other financing sources.	ADB loan will be delivered to Wuwei County Government by Provincial Department of Finance; Counterpart funds will be financed by Wuwei County Government.	

Topic	Response	
2.2. Are arrangements to transfer the proceeds of the ADB loan from the Finance Bureau to your organization satisfactory?	Yes	
2.3. In the past, what have been the major problems in the receipt of ADB funds?	No	
2.4. In which bank will the Imprest Account be opened?	The imprest account will be established by Anhui Provincial Department of Finance. Currently, it hasn't yet opened.	
2.5. Do the project Implementing Agencies have experience in the management of disbursements from ADB?	No	
2.6. Does your organization have experience managing foreign exchange risks?	Yes	
2.7. Is your organization responsible for providing counterpart funds?	No	
2.8. What will be the counterpart sources of funds for your subcomponent construction?	From the financial funds	
2.9. How are counterpart funds accessed?	Direct payment	
2.10. How will tariffs be used to help fund the project?	No	
2.11. Are beneficiaries required to contribute to project costs?	No	
2.12. If the beneficiaries have an option to contribute in kind are proper guidelines formulated to record and value the contribution?	No	
2.13. How are payments made from counterpart funds?	No	
3. Staffing		
3.1. What is your organization's structure for accounting or finance department? (Attach an organization chart.)	Director manages the financial & audit section, consisting of deputy section chief, chief accountant, teller and account staff.	

Topic	Response	
3.2. Identify accounting staff. (Include name, position title, responsibilities, educational background, and professional certification)	Zhai Qinghe. Deputy section chief. In charge of the overall financial work. Accountant. College Degree; Qin Bin. Chief accountant. In charge of the internal audit. Accountant. Bachelor Degree. Zhou Yuehong. Teller. Funds payment. Assistant accountant. College Degree. Ma Kefang. Chief accountant. Major in accounting. Accountant.	
3.3. If the ADB loan is approved, what staffing changes will you make to assist with project finance and accounting?	Remains the same.	
3.4. Is the accounting function adequately staffed?	Yes	
3.5. Is the accounting staff adequately qualified and experienced?	Yes	
3.6. Are finance and accounting staffs trained in ADB procedures?	No	
3.7. Does the organization have written position descriptions, which clearly define duties, responsibilities, lines of supervision, and limits of authority for all officers, managers, and staff?	Yes	
3.8. What is the existing training policy for the accounting staff?	Continual education. More than 5 days a year.	
4. Accounting Policies and Procedures		
General		
4.1. Does the organization have an accounting system, which allows for proper recording of project financial transactions, including the allocation of expenditures in accordance with the respective subcomponents, disbursement categories, and source of funds?	Yes	

Topic	Response	
4.2. What organization's accounting system will the Implementing Agency and Executing Agency use?	Accounting standard of no revenue-generated institutions	
4.3. Are controls in place concerning the preparation and approval of transactions, ensuring that all transactions are correctly made and adequately explained?	Yes	
4.4. Is the chart of accounts adequate to properly account for and report on project activities and disbursements categories?	Yes	
4.5. Are cost allocations to the various funding sources made accurately and in accordance with established agreements?	Yes	
4.6. Are the general ledger and subsidiary ledgers reconciled and in balance?	Yes	
4.7. Are all accounting and supporting documents retained on a permanent basis in a defined system which allows authorized users easy access?	Yes	
Segregation of Duties		
4.8. Are the following functional responsibilities performed by different units or persons:		
4.8.1. Authorize transactions	Yes	
4.8.2. Record transactions	Yes	
4.8.3. Maintain custody of assets involved in transaction	Yes	
4.9. Are the functions for ordering, receiving, accounting for goods and services segregated?	Yes	
4.10. Are bank reconciliations prepared by someone other than those who make or approve payments?	Yes	
Budgeting System		
4.11. Do budgets include physical and financial targets?	Yes	
4.12. Are budgets prepared for all significant activities in sufficient detail to provide a meaningful tool with which to monitor subsequent performance?	Yes	

Topic	Response	
4.13. Are actual expenditures compared with the budget with reasonable frequency, and explanations required for significant variations from the budget?	Yes	
4.14. Are approvals for variations from budget required in advance?	Yes	
4.15. Who is responsible for preparation and approval of budgets?	Financial department. After the approval from the leader, the budget would submit to the county government.	
4.16. How are budgets prepared and approved?	According to the actual conditions and the beginning plan. The budget should be approved by the leader	
4.17. Are procedures in place to plan project activities, collect information from the units in charge of different projects, and prepare budgets?	Yes	
4.18. Are the project plans and budgets of project activities realistic, based on valid assumptions, and developed by knowledgeable individuals?	Yes	
Payments		
4.19. Do invoicing processing procedures provide for:		
4.19.1. Copies of purchase orders and receiving reports be obtained directly from issuing departments?	Yes	
4.19.2. Comparison of invoice quantities, prices, and terms with those indicated on the purchase order and with records of goods actually received?	Yes	
4.19.3. Comparison of invoice quantities with those indicated on the receiving report?	Yes	
4.19.4. Checking accuracy of calculations?	Yes	
4.20. Are all invoices:		
4.20.1. Stamped PAID?	Yes	
4.20.2. Dated?	Yes	
4.20.3. Reviewed and approved?	Yes	
4.20.4. Marked for account code assignment?	Yes	

Topic	Response	
4.21. What controls exist for the preparation of payroll?	The payroll is made by the personnel department and should be approved by the authority which takes charge of the personnel department.	
4.22. How are changes to the payroll authorized?	It can be implemented after the approval from the director.	
Policies and Procedures		
4.23. What is the basis of accounting (e.g. cash or accrual)?	Accrual basis	
4.24. What accounting standards are followed?	Accounting standard of no revenue-generated institutions	
4.25. Does the organization have adequate policies and procedures manual to guide activities and ensure staff accountability?	Yes	
4.26. Is the accounting policy and procedure manual updated for project activities?	No	
4.27. Do procedures exist to ensure that only authorized persons can alter or establish a new accounting principle, policy, or procedure to be used by the organization?	Yes	
4.28. Are written policies and procedures covering all routine financial management and related administrative activities?	Yes	
4.29. Do policies and procedures clearly define conflict of interest and related party transactions (real and apparent) and provide safeguards to protect the organization?	Internal control system, internal management system, and financial management system	
4.30. Are manuals distributed to appropriate personnel?	Yes	
Cash and banking		
4.31. Indicate names and positions of authorized signatories of the bank accounts.	Fang Yongdong, standing deputy county governor.	
4.32. Does the organization maintain an adequate up-to-date cashbook, recording receipts and payments?	Yes	
4.33. What controls exist for the following activities:		

Topic	Response	
4.33.1. Collection of revenues?	Daily	
4.33.2. Timely deposit of receipts?	Timely	
4.33.3. Recording of receipts at each collection location?	Yes	
4.34. Are bank statements and cashbook reconciled on a monthly basis?	Yes	
4.35. Are unusual items on the bank reconciliation reviewed and approved by a responsible officer?	Yes	
4.36. How quickly are receipts deposited?	The same day	
Safeguarding Assets		
4.37. Describe the system to record assets and protect them from fraud, waste, and abuse?	Yes	
4.38. Are subsidiary records of fixed assets and stocks kept up to date?	Yes	
4.39. Are subsidiary records of assets and stocks reconciled to control accounts?	Yes	
4.40. How frequent are physical inventories of fixed assets and stocks?	Monthly	
4.41. Are assets covered by insurance policies?	Official cars insured	
Other Offices and Implementing Agencies		
4.42. Are there other implementing agencies participating in implementation?	Yes	
4.43. Has the Project Management Office (PMO) established controls and procedures for flow of funds, financial information, accountability, and audits in relation to other offices or implementing agencies?	Yes	
4.44. Does information among different implementing agencies flow in an accurate and timely fashion?	Yes	
4.45. Are periodic reconciliations of financial information performed among the different implementing agencies?	Yes	
Other		

Topic	Response	
4.46. Has the PMO advised employees to whom to report if they suspect fraud, waste, or misuse of project resources or property?	Yes. Fang Yongdong, standing deputy county governor.	
5. Internal Audit		
5.1. Is there an internal department in the organization?	Yes	
5.2. What are the qualifications and experience of the internal audit department staff?	Person with professional knowledge and many years' working experience.	
5.3. To whom does the head of internal audit department report? What is this individual's position?	Director	
5.4. Will the internal audit department include this project in its work program?	Yes	
5.5. What actions are taken on the internal audit staff's findings?	Correct regularly	
6. External Audit		
6.1. Are the organization's financial statements audited regularly by an independent auditor? Who is the auditor?	Independent third party	
6.2. When is the audit report issued?	Before June 30 each year	
6.3. Are there any delays in the audit of the entity?	No	
6.4. Is the audit of the entity conducted according to International Standards on Auditing?	According to national standards.	
6.5. Were there any major accountability issues brought up in the audit reports in the last three years?	No	
6.6. Will the independent auditor audit the project accounts or will another auditor be appointed to audit the project's financial statements?	Independent auditors.	
6.7. Are there any recommendations made by the independent auditors in prior audit reports or management letters that have not been implemented?	Adopted	

Topic	Response	
6.8. Is the project subject to an audit from an independent governmental entity in addition to the external audit?	Independent agency, county audit bureau	
6.9. Has the project prepared acceptable terms of reference for an annual project audit?	Yes	
7. Reporting and Monitoring		
7.1. Are financial statements prepared for the organization?	Yes	
7.2. What accounting standards are used to prepare the organization's financial statements?	Accounting standard of non revenue generated institutions	
7.3. Are financial statements prepared for the Implementing Agency?	No	
7.4. What is the frequency of the financial statements' presentation?	Yearly and timely	
7.5. Are the financial statements prepared in a timely fashion so as to be useful to management for decision making?	Timely	
7.6. Does the reporting system need to be adapted to report on the project components?	No	
7.7. Does the reporting system have the ability to link the financial information with the project's physical progress? If a separate system is used to gather and compile physical data, what controls are in place to reduce the risk that the physical data may not synchronize with the financial data?	Yes. Physical data and financial data would be examined orderly and communicate timely to make sure the payment and progress.	
7.8. Does the project have established financial management reporting responsibilities that specify which reports are to be prepared, what the reports contain, and how they are to be used?	A draft has been made.	
7.9. Are financial management reports used by management?	Yes	
7.10. Do the financial reports compare actual expenditures with budgeted allocations?	Yes	

Topic	Response	
7.11. Are financial reports prepared directly by the automated accounting system or are they prepared by spreadsheets or some other means?	Prepared directly. The report form would be changed as ADB requirement manually.	
8. Information Systems		
8.1. Is the financial management system computerized?	Yes	
8.2. Can the system produce the necessary project financial reports?	No, the system of the project is waiting for development when the project commences.	
8.3. Is the staff adequately trained to maintain the system?	Yes	
8.4. Does the management organization and processing system safeguard the confidentiality, integrity, and availability of the data?	Operated by different authorized people. It can't be changed randomly.	

Table 9: Responses to the Financial Management Assessment Questionnaire – Nanling County Transportation Bureau

Background Information		Remarks
Name of Organization	Nanling County Transport Bureau	
Subcomponent and projects for which the organization is responsible	Yimu Highway Kedian to Mujiating section improvement project	
Name of individual completing this questionnaire	Pan Wenjiang. Chief of Financial Division Tel: 13955361681 0553-6829802	

Topic	Response	
9. Implementing Agency / Executing Agency		
9.1. What is your organization's legal status / registration?	No revenue-generated enterprise, the legal certification number is 00302830-8.	
9.2. Has your organization implemented a foreign-financed project in the past? (If yes, provide detailed project name)	None	
9.3. What is your organization's governing body?	Nanling County Government	
9.4. What is the governing body's relationship to the Government?	Component of the Government	
9.5. What are the legal financial reporting requirements for your organization?	The accounting standard of the public institutions	
9.6. Is the organizational structure appropriate for the needs of the project?	Yes	
10. Funds Flow Arrangement		
10.1. Describe project funds flow arrangements, including a chart and explanation of the flow of funds from ADB, government, and other financing sources.	ADB loan will be delivered to Nanling County Government by Provincial Department of Finance; Counterpart funds will be financed by Nanling County Government.	
10.2. Are arrangements to transfer the proceeds of the ADB loan from the Finance Bureau to your organization satisfactory?	Yes	
10.3. In the past, what have been the major problems in the receipt of ADB funds?	No	

Topic	Response	
10.4. In which bank will the Imprest Account be opened?	The imprest account will be established by Anhui Provincial Department of Finance. Currently, it hasn't yet opened.	
10.5. Do the project Implementing Agencies have experience in the management of disbursements from ADB?	No	
10.6. Does your organization have experience managing foreign exchange risks?	Have the ability.	
10.7. Is your organization responsible for providing counterpart funds?	No	
10.8. What will be the counterpart sources of funds for your subcomponent construction?	Financial funds offers the counterpart funds of the project	
10.9. How are counterpart funds accessed?	Directly paid	
10.10. How will tariffs be used to help fund the project?	No	
10.11. Are beneficiaries required to contribute to project costs?	No	
10.12. If the beneficiaries have an option to contribute in kind are proper guidelines formulated to record and value the contribution?	No	
10.13. How are payments made from counterpart funds?	No	
11. Staffing		
11.1. What is your organization's structure for accounting or finance department? (Attach an organization chart.)	Director takes charge of the finance management division, including financial executive, accountant, internal review, teller.	

Topic	Response	
11.2. Identify accounting staff. (Include name, position title, responsibilities, educational background, and professional certification)	<p>1. Pan Wenjiang. Chief of financial division. Overall coordination. College degree. Assistant accountant.</p> <p>2. Ding Lixia. Accountant. In charge of budget revenue & expenditure, accounting supervision. Accountant, Bachelor Degree.</p> <p>3. Wang Haiyan. Teller. In charge of the funds management. Economist. College Degree.</p> <p>4. Hu Xin. Teller. In charge of the funds management & payment. College Degree</p>	
11.3. If the ADB loan is approved, what staffing changes will you make to assist with project finance and accounting?	Unchanged	
11.4. Is the accounting function adequately staffed?	Yes	
11.5. Is the accounting staff adequately qualified and experienced?	Yes	
11.6. Are finance and accounting staffs trained in ADB procedures?	No	
11.7. Does the organization have written position descriptions, which clearly define duties, responsibilities, lines of supervision, and limits of authority for all officers, managers, and staff?	Yes	
11.8. What is the existing training policy for the accounting staff?	Accountant should be educated continually. More than 5 days a year.	
12. Accounting Policies and Procedures		
General		
12.1. Does the organization have an accounting system, which allows for proper recording of project financial transactions, including the allocation of expenditures in accordance with the respective subcomponents, disbursement categories, and source of funds?	Yes	

Topic	Response	
12.2. What organization's accounting system will the Implementing Agency and Executing Agency use?	Accounting standard of the public institutions	
12.3. Are controls in place concerning the preparation and approval of transactions, ensuring that all transactions are correctly made and adequately explained?	Yes	
12.4. Is the chart of accounts adequate to properly account for and report on project activities and disbursements categories?	Yes	
12.5. Are cost allocations to the various funding sources made accurately and in accordance with established agreements?	Yes	
12.6. Are the general ledger and subsidiary ledgers reconciled and in balance?	Yes	
12.7. Are all accounting and supporting documents retained on a permanent basis in a defined system which allows authorized users easy access?	Yes	
Segregation of Duties		
12.8. Are the following functional responsibilities performed by different units or persons:		
12.8.1. Authorize transactions	Yes	
12.8.2. Record transactions	Yes	
12.8.3. Maintain custody of assets involved in transaction	Yes	
12.9. Are the functions for ordering, receiving, accounting for goods and services segregated?	Yes	
12.10. Are bank reconciliations prepared by someone other than those who make or approve payments?	Yes	
Budgeting System		
12.11. Do budgets include physical and financial targets?	Yes	
12.12. Are budgets prepared for all significant activities in sufficient detail to provide a meaningful tool with which to monitor subsequent performance?	Yes	

Topic	Response	
12.13. Are actual expenditures compared with the budget with reasonable frequency, and explanations required for significant variations from the budget?	Yes	
12.14. Are approvals for variations from budget required in advance?	Yes	
12.15. Who is responsible for preparation and approval of budgets?	Demand department director and financial director complicated together, and approved by the main director.	
12.16. How are budgets prepared and approved?	The budgets prepared according to the actual conditions and the initial plan and approved by the leaders of the bureau.	
12.17. Are procedures in place to plan project activities, collect information from the units in charge of different projects, and prepare budgets?	Yes	
12.18. Are the project plans and budgets of project activities realistic, based on valid assumptions, and developed by knowledgeable individuals?	Yes	
Payments		
12.19. Do invoicing processing procedures provide for:		
12.19.1. Copies of purchase orders and receiving reports be obtained directly from issuing departments?	Yes	
12.19.2. Comparison of invoice quantities, prices, and terms with those indicated on the purchase order and with records of goods actually received?	Yes	
12.19.3. Comparison of invoice quantities with those indicated on the receiving report?	Yes	
12.19.4. Checking accuracy of calculations?	Yes	
12.20. Are all invoices:		
12.20.1. Stamped PAID?	Yes	
12.20.2. Dated?	Yes	
12.20.3. Reviewed and approved?	Yes	

Topic	Response	
12.20.4. Marked for account code assignment?	Yes	
12.21. What controls exist for the preparation of payroll?	Personnel department complicates the payroll. Its modification should be approved by the authority in charge of the personnel department.	
12.22. How are changes to the payroll authorized?	It can be implemented after the approval by the director.	
Policies and Procedures		
12.23. What is the basis of accounting (e.g. cash or accrual)?	Accrual basis	
12.24. What accounting standards are followed?	Accounting standard of no revenue-generated institutions.	
12.25. Does the organization have adequate policies and procedures manual to guide activities and ensure staff accountability?	Yes	
12.26. Is the accounting policy and procedure manual updated for project activities?	No	
12.27. Do procedures exist to ensure that only authorized persons can alter or establish a new accounting principle, policy, or procedure to be used by the organization?	Yes	
12.28. Are written policies and procedures covering all routine financial management and related administrative activities?	Yes	
12.29. Do policies and procedures clearly define conflict of interest and related party transactions (real and apparent) and provide safeguards to protect the organization?	Internal control system, internal management system, and financial management system	
12.30. Are manuals distributed to appropriate personnel?	Yes	
Cash and banking		
12.31. Indicate names and positions of authorized signatories of the bank accounts.	Teller, Wang Haiyan	
12.32. Does the organization maintain an adequate up-to-date cashbook, recording receipts and payments?	Yes	

Topic	Response	
12.33. What controls exist for the following activities:		
12.33.1. Collection of revenues?	Daily	
12.33.2. Timely deposit of receipts?	Timely	
12.33.3. Recording of receipts at each collection location?	Yes	
12.34. Are bank statements and cashbook reconciled on a monthly basis?	Yes	
12.35. Are unusual items on the bank reconciliation reviewed and approved by a responsible officer?	Yes	
12.36. How quickly are receipts deposited?	The same day	
Safeguarding Assets		
12.37. Describe the system to record assets and protect them from fraud, waste, and abuse?	Yes	
12.38. Are subsidiary records of fixed assets and stocks kept up to date?	Yes	
12.39. Are subsidiary records of assets and stocks reconciled to control accounts?	Yes	
12.40. How frequent are physical inventories of fixed assets and stocks?	Monthly	
12.41. Are assets covered by insurance policies?	Official cars insured	
Other Offices and Implementing Agencies		
12.42. Are there other implementing agencies participating in implementation?	Yes	
12.43. Has the Project Management Office (PMO) established controls and procedures for flow of funds, financial information, accountability, and audits in relation to other offices or implementing agencies?	Yes	
12.44. Does information among different implementing agencies flow in an accurate and timely fashion?	Yes	

Topic	Response	
12.45. Are periodic reconciliations of financial information performed among the different implementing agencies?	Yes	
Other		
12.46. Has the PMO advised employees to whom to report if they suspect fraud, waste, or misuse of project resources or property?	Yes	
13. Internal Audit		
13.1. Is there an internal department in the organization?	Yes	
13.2. What are the qualifications and experience of the internal audit department staff?	Work for many years with adequate specialized knowledge	
13.3. To whom does the head of internal audit department report? What is this individual's position?	Director of the unit	
13.4. Will the internal audit department include this project in its work program?	Yes	
13.5. What actions are taken on the internal audit staff's findings?	Correct periodically	
14. External Audit		
14.1. Are the organization's financial statements audited regularly by an independent auditor? Who is the auditor?	Independent third party	
14.2. When is the audit report issued?	Before June 30 each year	
14.3. Are there any delays in the audit of the entity?	No	
14.4. Is the audit of the entity conducted according to International Standards on Auditing?	According to national standards.	
14.5. Were there any major accountability issues brought up in the audit reports in the last three years?	No	
14.6. Will the independent auditor audit the project accounts or will another auditor be appointed to audit the project's financial statements?	Independent audits	

Topic	Response	
14.7. Are there any recommendations made by the independent auditors in prior audit reports or management letters that have not been implemented?	Adopted	
14.8. Is the project subject to an audit from an independent governmental entity in addition to the external audit?	Independent agency, county audit bureau.	
14.9. Has the project prepared acceptable terms of reference for an annual project audit?	Yes	
15. Reporting and Monitoring		
15.1. Are financial statements prepared for the organization?	Yes	
15.2. What accounting standards are used to prepare the organization's financial statements?	Accounting standard of no revenue-generated institutions.	
15.3. Are financial statements prepared for the Implementing Agency?	No	
15.4. What is the frequency of the financial statements' presentation?	Yearly and timely	
15.5. Are the financial statements prepared in a timely fashion so as to be useful to management for decision making?	Timely	
15.6. Does the reporting system need to be adapted to report on the project components?	No	
15.7. Does the reporting system have the ability to link the financial information with the project's physical progress? If a separate system is used to gather and compile physical data, what controls are in place to reduce the risk that the physical data may not synchronize with the financial data?	Yes. Physical data and financial data should be checked regularly and communicate timely to guarantee the agreement of the payment and progress.	
15.8. Does the project have established financial management reporting responsibilities that specify which reports are to be prepared, what the reports contain, and how they are to be used?	Drafts made.	

Topic	Response	
15.9. Are financial management reports used by management?	Yes	
15.10. Do the financial reports compare actual expenditures with budgeted allocations?	Yes	
15.11. Are financial reports prepared directly by the automated accounting system or are they prepared by spreadsheets or some other means?	Prepared directly. The project report would be transformed into ADB form manually.	
16. Information Systems		
16.1. Is the financial management system computerized?	Yes	
16.2. Can the system produce the necessary project financial reports?	No, the system of the project is waiting for development when the project commences.	
16.3. Is the staff adequately trained to maintain the system?	Yes	
16.4. Does the management organization and processing system safeguard the confidentiality, integrity, and availability of the data?	Operated by different authorized people. It can't be changed randomly.	

Table 10: Responses to the Financial Management Assessment Questionnaire – Chizhou Municipal Highway Administration Bureau

Background Information		Remarks
Name of Organization	Chizhou Municipal Highway Administration Bureau	
Subcomponent and projects for which the organization is responsible	G206 Dongliu to Yaodu section construction project	
Name of individual completing this questionnaire	Liu Wensheng, accountant. Tel: 18056625790	

Topic	Response	
1. Implementing Agency / Executing Agency		
(i) What is your organization's legal status / registration?	No revenue-generated enterprise, the legal certification number is 48646329-0	

Topic	Response	
(ii) Has your organization implemented a foreign-financed project in the past? (If yes, provide detailed project name)	S325 Qiaoshi Road Improvement Sub-Project in Tongtang Expressway Project; Rehabilitation Project in Anhui Highway Rehabilitation and Improvement Project; Security Project in ADB Financed Anhui Highway Development Project.	
(iii) What is your organization's governing body?	Chizhou Municipal Transport Bureau	
(iv) What is the governing body's relationship to the Government?	Integral part of the Government	
(v) What are the legal financial reporting requirements for your organization?	According to the accounting standard of no revenue-generated institutions.	
(vi) Is the organizational structure appropriate for the needs of the project?	Yes	
2. Funds Flow Arrangement		
(vii) Describe project funds flow arrangements, including a chart and explanation of the flow of funds from ADB, government, and other financing sources.	ADB loan will be delivered to Chizhou Municipal Government by Provincial Department of Finance; Counterpart funds will be financed by Municipal and county Governments.	
(viii) Are arrangements to transfer the proceeds of the ADB loan from the Finance Bureau to your organization satisfactory?	Yes	
(ix) In the past, what have been the major problems in the receipt of ADB funds?	None	
(x) In which bank will the Imprest Account be opened?	The imprest account will be established by Anhui Provincial Department of Finance. Currently, it hasn't yet opened.	
(xi) Do the project Implementing Agencies have experience in the management of disbursements from ADB?	None	
(xii) Does your organization have experience managing foreign exchange risks?	We have the ability.	
(xiii) Is your organization responsible for providing counterpart funds?	None	

Topic	Response	
(xiv) What will be the counterpart sources of funds for your subcomponent construction?	The project counterpart funds come from financial budgets.	
(xv) How are counterpart funds accessed?	Paid directly	
(xvi) How will tariffs be used to help fund the project?	None	
(xvii) Are beneficiaries required to contribute to project costs?	None	
(xviii) If the beneficiaries have an option to contribute in kind are proper guidelines formulated to record and value the contribution?	None	
(xix) How are payments made from counterpart funds?	None	
3. Staffing		
(xx) What is your organization's structure for accounting or finance department? (Attach an organization chart.)	The director of our unit would be in charge of the finance management division, which includes chief of financial division, chief accountant, teller and chief of financial division in sub-bureau.	
(xxi) Identify accounting staff. (Include name, position title, responsibilities, educational background, and professional certification)	<p>1. Zhu Xian. Chief of Division. Overall coordination. In charge of the account audit and examination for funds income & expenditure. Accountant. Bachelor degree.</p> <p>2. Liu Wensheng. Chief accountant. In charge of accounting, financial statements compilation. Account. Bachelor Degree</p> <p>3. Qian Lamei. Teller. In charge of funds payment. Economist, college degree.</p> <p>4. Zu Qin. Chief of financial division in the sub-bureau of Dongzhi. In charge of the project field finance. Accounting. College degree.</p>	
(xxii) If the ADB loan is approved, what staffing changes will you make to assist with project finance and accounting?	Remain the same	
(xxiii) Is the accounting function adequately staffed?	Yes	

Topic	Response	
(xxiv) Is the accounting staff adequately qualified and experienced?	Yes	
(xxv) Are finance and accounting staffs trained in ADB procedures?	Yes	
(xxvi) Does the organization have written position descriptions, which clearly define duties, responsibilities, lines of supervision, and limits of authority for all officers, managers, and staff?	Yes	
(xxvii) What is the existing training policy for the accounting staff?	Continuing education for accountants with more than 5 days a year.	
4. Accounting Policies and Procedures		
General		
(xxviii) Does the organization have an accounting system, which allows for proper recording of project financial transactions, including the allocation of expenditures in accordance with the respective subcomponents, disbursement categories, and source of funds?	Yes	
(xxix) What organization's accounting system will the Implementing Agency and Executing Agency use?	Accounting standard for no revenue-generated institutions.	
(xxx) Are controls in place concerning the preparation and approval of transactions, ensuring that all transactions are correctly made and adequately explained?	Yes	
(xxxi) Is the chart of accounts adequate to properly account for and report on project activities and disbursements categories?	Yes	
(xxxii) Are cost allocations to the various funding sources made accurately and in accordance with established agreements?	Yes	
(xxxiii) Are the general ledger and subsidiary ledgers reconciled and in balance?	Yes	

Topic	Response	
(xxxiv) Are all accounting and supporting documents retained on a permanent basis in a defined system which allows authorized users easy access?	Yes	
Segregation of Duties		
(xxxv) Are the following functional responsibilities performed by different units or persons:		
(1) Authorize transactions	Yes	
(2) Record transactions	Yes	
(3) Maintain custody of assets involved in transaction	Yes	
(xxxvi) Are the functions for ordering, receiving, accounting for goods and services segregated?	Yes	
(xxxvii) Are bank reconciliations prepared by someone other than those who make or approve payments?	Yes	
Budgeting System		
(xxxviii) Do budgets include physical and financial targets?	Yes	
(xxxix) Are budgets prepared for all significant activities in sufficient detail to provide a meaningful tool with which to monitor subsequent performance?	Yes	
(xl) Are actual expenditures compared with the budget with reasonable frequency, and explanations required for significant variations from the budget?	Yes	
(xli) Are approvals for variations from budget required in advance?	Yes	
(xlii) Who is responsible for preparation and approval of budgets?	Compiled by Liu Wensheng, reviewed by Zhu Xian. And approved by the bureau leaders	
(xlili) How are budgets prepared and approved?	The budget should be made according to the actual conditions and the annual plan and the plan at the beginning of the year. After compilation, it should be submitted to the bureau leaders.	
(xliv) Are procedures in place to plan project activities, collect information from the units in charge of different projects, and prepare budgets?	Yes	

Topic	Response	
(xiv) Are the project plans and budgets of project activities realistic, based on valid assumptions, and developed by knowledgeable individuals?	Yes	
Payments		
(xlv) Do invoicing processing procedures provide for:		
(1) Copies of purchase orders and receiving reports be obtained directly from issuing departments?	Yes	
(2) Comparison of invoice quantities, prices, and terms with those indicated on the purchase order and with records of goods actually received?	Yes	
(3) Comparison of invoice quantities with those indicated on the receiving report?	Yes	
(4) Checking accuracy of calculations?	Yes	
(xlvii) Are all invoices:		
(1) Stamped PAID?	Yes	
(2) Dated?	Yes	
(3) Reviewed and approved?	Yes	
(4) Marked for account code assignment?	Yes	
(xlviii) What controls exist for the preparation of payroll?	Payroll was complicated by personnel department and its modification should be approved by the authority in charge of the personnel department.	
(xlix) How are changes to the payroll authorized?	It should be submitted to the person in charge of the unit.	
Policies and Procedures		
(i) What is the basis of accounting (e.g. cash or accrual)?	Accrual basis	
(ii) What accounting standards are followed?	Accounting standard of no revenue-generated institutions.	
(iii) Does the organization have adequate policies and procedures manual to guide activities and ensure staff accountability?	Yes	
(iiii) Is the accounting policy and procedure manual updated for project activities?	No	

Topic	Response	
(liv) Do procedures exist to ensure that only authorized persons can alter or establish a new accounting principle, policy, or procedure to be used by the organization?	Yes	
(lv) Are written policies and procedures covering all routine financial management and related administrative activities?	Yes	
(lvi) Do policies and procedures clearly define conflict of interest and related party transactions (real and apparent) and provide safeguards to protect the organization?	Systems of internal control, internal management, and financial management.	
(lvii) Are manuals distributed to appropriate personnel?	Yes	
Cash and banking		
(lviii) Indicate names and positions of authorized signatories of the bank accounts.	Qian Lamei, teller	
(lix) Does the organization maintain an adequate up-to-date cashbook, recording receipts and payments?	Yes	
(lx) What controls exist for the following activities:		
(1) Collection of revenues?	Daily	
(2) Timely deposit of receipts?	Timely	
(3) Recording of receipts at each collection location?	Yes	
(lxi) Are bank statements and cashbook reconciled on a monthly basis?	Yes	
(lxii) Are unusual items on the bank reconciliation reviewed and approved by a responsible officer?	Yes	
(lxiii) How quickly are receipts deposited?	The same day	
Safeguarding Assets		
(lxiv) Describe the system to record assets and protect them from fraud, waste, and abuse?	Yes	
(lxv) Are subsidiary records of fixed assets and stocks kept up to date?	Yes	
(lxvi) Are subsidiary records of assets and stocks reconciled to control accounts?	Yes	
(lxvii) How frequent are physical inventories of fixed assets and stocks?	Monthly	

Topic	Response	
(lxviii) Are assets covered by insurance policies?	Official cars are insured.	
Other Offices and Implementing Agencies		
(lix) Are there other implementing agencies participating in implementation?	Yes	
(lxx) Has the Project Management Office (PMO) established controls and procedures for flow of funds, financial information, accountability, and audits in relation to other offices or implementing agencies?	Yes	
(lxxi) Does information among different implementing agencies flow in an accurate and timely fashion?	Yes	
(lxxii) Are periodic reconciliations of financial information performed among the different implementing agencies?	Yes	
Other		
(lxxiii) Has the PMO advised employees to whom to report if they suspect fraud, waste, or misuse of project resources or property?	Yes. Person in charge of the unit.	
5. Internal Audit		
(lxxiv) Is there an internal department in the organization?	Yes	
(lxxv) What are the qualifications and experience of the internal audit department staff?	The staff has worked for many years and has professional knowledge.	
(lxxvi) To whom does the head of internal audit department report? What is this individual's position?	Person in charge of the unit.	
(lxxvii) Will the internal audit department include this project in its work program?	Yes	
(lxxviii) What actions are taken on the internal audit staff's findings?	Periodical correctness	
6. External Audit		
(lxxix) Are the organization's financial statements audited regularly by an independent auditor? Who is the auditor?	Independent third party	
(lxxx) When is the audit report issued?	By June 30 each year	
(lxxxii) Are there any delays in the audit of the entity?	None	

Topic	Response	
(lxxxii) Is the audit of the entity conducted according to International Standards on Auditing?	According to the national standard.	
(lxxxiii) Were there any major accountability issues brought up in the audit reports in the last three years?	None	
(lxxxiv) Will the independent auditor audit the project accounts or will another auditor be appointed to audit the project's financial statements?	Independent audits	
(lxxxv) Are there any recommendations made by the independent auditors in prior audit reports or management letters that have not been implemented?	Adopted	
(lxxxvi) Is the project subject to an audit from an independent governmental entity in addition to the external audit?	Independent agency, municipal audit bureau.	
(lxxxvii) Has the project prepared acceptable terms of reference for an annual project audit?	Yes	
7. Reporting and Monitoring		
(lxxxviii) Are financial statements prepared for the organization?	Yes	
(lxxxix) What accounting standards are used to prepare the organization's financial statements?	Accounting standard of no revenue-generated institutions.	
(xc) Are financial statements prepared for the Implementing Agency?	No	
(xci) What is the frequency of the financial statements' presentation?	Yearly and timely	
(xcii) Are the financial statements prepared in a timely fashion so as to be useful to management for decision making?	Timely	
(xciii) Does the reporting system need to be adapted to report on the project components?	No	

Topic	Response	
(xciv) Does the reporting system have the ability to link the financial information with the project's physical progress? If a separate system is used to gather and compile physical data, what controls are in place to reduce the risk that the physical data may not synchronize with the financial data?	Yes. Check physical data and financial data regularly and communicate timely to guarantee the consistency of the payment and progress.	
(xcv) Does the project have established financial management reporting responsibilities that specify which reports are to be prepared, what the reports contain, and how they are to be used?	Make drafts	
(xcvi) Are financial management reports used by management?	Yes	
(xcvii) Do the financial reports compare actual expenditures with budgeted allocations?	Yes	
(xcviii) Are financial reports prepared directly by the automated accounting system or are they prepared by spreadsheets or some other means?	Financial reports of our unit are automated directly by software. The report form would be changed as ADB requirement manually.	
8. Information Systems		
(xcix) Is the financial management system computerized?	Yes	
(c) Can the system produce the necessary project financial reports?	No, the system of the project is waiting for development when the project commences.	
(ci) Is the staff adequately trained to maintain the system?	Yes	
(cii) Does the management organization and processing system safeguard the confidentiality, integrity, and availability of the data?	Different authorized officers can operate. It can't be changed randomly.	

Table 11: Responses to the Financial Management Assessment Questionnaire – Ma'anshan Municipal Highway Administration Bureau

Background Information	Response	Remarks
Name of Organization	Ma'anshan Municipal Highway Administration Bureau	
Subcomponent and projects for which the organization is responsible	S367 Ma'anshan North Passage Project	

Name of individual completing this questionnaire	Li Shangyun, section chief of financial department;0555-2318257 (office) ; 13955553653	
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Topic	Response	
9. Implementing Agency / Executing Agency		
(ciii) What is your organization's legal status / registration?	No revenue-generated enterprise, the legal certification number is 485408847	
(civ) Has your organization implemented a foreign-financed project in the past? (If yes, provide detailed project name)	None	
(cv) What is your organization's governing body?	Ma'anshan Municipal Transportation Bureau	
(cvi) What is the governing body's relationship to the Government?	Government component	
(cvii) What are the legal financial reporting requirements for your organization?	Accounting standards for non-profit organizations	
(cviii) Is the organizational structure appropriate for the needs of the project?	Yes	
10. Funds Flow Arrangement		
(cix) Describe project funds flow arrangements, including a chart and explanation of the flow of funds from ADB, government, and other financing sources.	ADB loan will be delivered to Ma'anshan Municipal Government by Provincial Department of Finance; Counterpart funds will be financed by Municipal and county Governments, and Ma'anshan Transport Investment Company.	
(cx) Are arrangements to transfer the proceeds of the ADB loan from the Finance Bureau to your organization satisfactory?	Yes	
(cxi) In the past, what have been the major problems in the receipt of ADB funds?	None	
(cxii) In which bank will the Imprest Account be opened?	The imprest account will be established by Anhui Provincial Department of Finance. Currently, it hasn't yet opened.	

Topic	Response	
(cxiii) Do the project Implementing Agencies have experience in the management of disbursements from ADB?	None	
(cxiv) Does your organization have experience managing foreign exchange risks?	Yes	
(cxv) Is your organization responsible for providing counterpart funds?	None	
(cxvi) What will be the counterpart sources of funds for your subcomponent construction?	Counterpart funds from financial budgets and company's income.	
(cxvii) How are counterpart funds accessed?	Directly payment	
(cxviii) How will tariffs be used to help fund the project?	None	
(cxix) Are beneficiaries required to contribute to project costs?	None	
(cxx) If the beneficiaries have an option to contribute in kind are proper guidelines formulated to record and value the contribution?	None	
(cxxi) How are payments made from counterpart funds?	None	
11. Staffing		
(cxxii) What is your organization's structure for accounting or finance department? (Attach an organization chart.)	Financial department is under management by chief of bureau, including section chief, accountant in chief, cashier, internal auditor	
(cxxiii) Identify accounting staff. (Include name, position title, responsibilities, educational background, and professional certification)	Luo Jinfeng, deputy section chief, accountant in chief & internal auditor, accountant, undergraduate degree; Sun Feng, deputy section chief, economist, junior college; Zhou Yun, accountant, assistant title, junior college; Sun Honglin, accountant, cashier, junior college.	

Topic	Response	
(cxxiv) If the ADB loan is approved, what staffing changes will you make to assist with project finance and accounting?	Same	
(cxxv) Is the accounting function adequately staffed?	Yes	
(cxxvi) Is the accounting staff adequately qualified and experienced?	Yes	
(cxxvii) Are finance and accounting staffs trained in ADB procedures?	No	
(cxxviii) Does the organization have written position descriptions, which clearly define duties, responsibilities, lines of supervision, and limits of authority for all officers, managers, and staff?	Yes	
(cxxix) What is the existing training policy for the accounting staff?	All accountants should take part in continuing professional development no less than 5 days annually.	
12. Accounting Policies and Procedures		
General		
(cxxx) Does the organization have an accounting system, which allows for proper recording of project financial transactions, including the allocation of expenditures in accordance with the respective subcomponents, disbursement categories, and source of funds?	yes	
(cxxxii) What organization's accounting system will the Implementing Agency and Executing Agency use?	Accounting standards for non-profit organizations	
(cxxxiii) Are controls in place concerning the preparation and approval of transactions, ensuring that all transactions are correctly made and adequately explained?	yes	
(cxxxiii) Is the chart of accounts adequate to properly account for and report on project activities and disbursements categories?	yes	

Topic	Response	
(cxxxiv) Are cost allocations to the various funding sources made accurately and in accordance with established agreements?	yes	
(cxxxv) Are the general ledger and subsidiary ledgers reconciled and in balance?	yes	
(cxxxvi) Are all accounting and supporting documents retained on a permanent basis in a defined system which allows authorized users easy access?	yes	
Segregation of Duties		
(cxxxvii) Are the following functional responsibilities performed by different units or persons:		
(1) Authorize transactions	yes	
(2) Record transactions	yes	
(3) Maintain custody of assets involved in transaction	yes	
(cxxxviii) Are the functions for ordering, receiving, accounting for goods and services segregated?	yes	
(cxxxix) Are bank reconciliations prepared by someone other than those who make or approve payments?	yes	
Budgeting System		
(cxl) Do budgets include physical and financial targets?	yes	
(cxli) Are budgets prepared for all significant activities in sufficient detail to provide a meaningful tool with which to monitor subsequent performance?	yes	
(cxlii) Are actual expenditures compared with the budget with reasonable frequency, and explanations required for significant variations from the budget?	yes	
(cxliii) Are approvals for variations from budget required in advance?	yes	
(cxliv) Who is responsible for preparation and approval of budgets?	Budgets will be prepared by financial department and approved by leaders in bureau.	

Topic	Response	
(cxlv) How are budgets prepared and approved?	According to actual budgets in the past year and planned budget in the early of this year, the budget shall be prepared based on actual situation and requirements, then submitted to Bureau leaders for approval.	
(cxlvi) Are procedures in place to plan project activities, collect information from the units in charge of different projects, and prepare budgets?	Yes	
(cxlvii) Are the project plans and budgets of project activities realistic, based on valid assumptions, and developed by knowledgeable individuals?	yes	
Payments		
(cxlviii) Do invoicing processing procedures provide for:		
(1) Copies of purchase orders and receiving reports be obtained directly from issuing departments?	yes	
(2) Comparison of invoice quantities, prices, and terms with those indicated on the purchase order and with records of goods actually received?	Yes	
(3) Comparison of invoice quantities with those indicated on the receiving report?	yes	
(4) Checking accuracy of calculations?	yes	
(cxlix) Are all invoices:		
(1) Stamped PAID?	yes	
(2) Dated?	yes	
(3) Reviewed and approved?	yes	
(4) Marked for account code assignment?	yes	
(cl) What controls exist for the preparation of payroll?	Payroll is prepared by personnel department and need to get approval from them if changed.	
(cli) How are changes to the payroll authorized?	Request personnel department, then execution after approved by director.	
Policies and Procedures		

Topic	Response	
(clii) What is the basis of accounting (e.g. cash or accrual)?	Accrual basis principle	
(cliii) What accounting standards are followed?	Accounting standards for non-profit organizations	
(cliv) Does the organization have adequate policies and procedures manual to guide activities and ensure staff accountability?	Yes	
(clv) Is the accounting policy and procedure manual updated for project activities?	No	
(clvi) Do procedures exist to ensure that only authorized persons can alter or establish a new accounting principle, policy, or procedure to be used by the organization?	Yes	
(clvii) Are written policies and procedures covering all routine financial management and related administrative activities?	Yes	
(clviii) Do policies and procedures clearly define conflict of interest and related party transactions (real and apparent) and provide safeguards to protect the organization?	Yes. Such as: internal control system, internal management system and financial management system, etc.	
(clix) Are manuals distributed to appropriate personnel?	Yes.	
Cash and banking		
(clx) Indicate names and positions of authorized signatories of the bank accounts.	Sun Honglin, Cashier; Song Congbin, legal person.	
(clxi) Does the organization maintain an adequate up-to-date cashbook, recording receipts and payments?	Yes	
(clxii) What controls exist for the following activities:		
(1) Collection of revenues?	Every day	
(2) Timely deposit of receipts?	Timely	
(3) Recording of receipts at each collection location?	Yes	
(clxiii) Are bank statements and cashbook reconciled on a monthly basis?	Yes	
(clxiv) Are unusual items on the bank reconciliation reviewed and approved by a responsible officer?	Yes	
(clxv) How quickly are receipts deposited?	The same day	

Topic	Response	
Safeguarding Assets		
(clxvi) Describe the system to record assets and protect them from fraud, waste, and abuse?	Yes	
(clxvii) Are subsidiary records of fixed assets and stocks kept up to date?	Yes	
(clxviii) Are subsidiary records of assets and stocks reconciled to control accounts?	Yes	
(clxix) How frequent are physical inventories of fixed assets and stocks?	Every month	
(clxx) Are assets covered by insurance policies?	Official cars are covered by insurance policies.	
Other Offices and Implementing Agencies		
(clxxi) Are there other implementing agencies participating in implementation?	Hanshan and Hexian County Transportation Bureaus	
(clxxii) Has the Project Management Office (PMO) established controls and procedures for flow of funds, financial information, accountability, and audits in relation to other offices or implementing agencies?	Yes	
(clxxiii) Does information among different implementing agencies flow in an accurate and timely fashion?	Yes	
(clxxiv) Are periodic reconciliations of financial information performed among the different implementing agencies?	Yes	
Other		
(clxxv) Has the PMO advised employees to whom to report if they suspect fraud, waste, or misuse of project resources or property?	Yes, director of bureau	
13. Internal Audit		
(clxxvi) Is there an internal department in the organization?	Yes	
(clxxvii) What are the qualifications and experience of the internal audit department staff?	Auditor has worked for many years with a lot of professional knowledge.	
(clxxviii) To whom does the head of internal audit department report? What is this individual's position?	director of bureau	

Topic	Response	
(clxxxix) Will the internal audit department include this project in its work program?	Yes	
(clxxx) What actions are taken on the internal audit staff's findings?	Timely rectify	
14. External Audit		
(clxxxix) Are the organization's financial statements audited regularly by an independent auditor? Who is the auditor?	Independent auditors.	
(clxxxii) When is the audit report issued?	By June 30 of next year.	
(clxxxiii) Are there any delays in the audit of the entity?	No	
(clxxxiv) Is the audit of the entity conducted according to International Standards on Auditing?	No, according to national standards.	
(clxxxv) Were there any major accountability issues brought up in the audit reports in the last three years?	None	
(clxxxvi) Will the independent auditor audit the project accounts or will another auditor be appointed to audit the project's financial statements?	Independent auditors.	
(clxxxvii) Are there any recommendations made by the independent auditors in prior audit reports or management letters that have not been implemented?	Adopted	
(clxxxviii) Is the project subject to an audit from an independent governmental entity in addition to the external audit?	independent institutions, Municipal Audit Department.	
(clxxxix) Has the project prepared acceptable terms of reference for an annual project audit?	Yes	
15. Reporting and Monitoring		
(cxc) Are financial statements prepared for the organization?	Yes	
(cxci) What accounting standards are used to prepare the organization's financial statements?	Accounting standards for non-profit organizations	
(cxcii) Are financial statements prepared for the Implementing Agency?	None	

Topic	Response	
(cxciii) What is the frequency of the financial statements' presentation?	Every year, timely	
(cxciv) Are the financial statements prepared in a timely fashion so as to be useful to management for decision making?	Timely	
(cxcv) Does the reporting system need to be adapted to report on the project components?	No need	
(cxcvi) Does the reporting system have the ability to link the financial information with the project's physical progress? If a separate system is used to gather and compile physical data, what controls are in place to reduce the risk that the physical data may not synchronize with the financial data?	Yes. Engineering data and financial data are checked timely communication to guarantee the consistency of payment and progress.	
(cxcvii) Does the project have established financial management reporting responsibilities that specify which reports are to be prepared, what the reports contain, and how they are to be used?	Yes, draft report has been prepared.	
(cxcviii) Are financial management reports used by management?	Yes	
(cxcix) Do the financial reports compare actual expenditures with budgeted allocations?	Yes	
(cc) Are financial reports prepared directly by the automated accounting system or are they prepared by spreadsheets or some other means?	Financial reports of PMO are prepared directly by the automated accounting computerization system, however, projects' financial reports are prepared manually.	
16. Information Systems		
(cci) Is the financial management system computerized?	Yes	
(ccii) Can the system produce the necessary project financial reports?	No, the system of the project is waiting for development when the project commences.	
(cciii) Is the staff adequately trained to maintain the system?	Yes	

Topic	Response	
(cciv) Does the management organization and processing system safeguard the confidentiality, integrity, and availability of the data?	It has different authorized priorities, which can't be changed randomly.	

Table 12: Responses to the Financial Management Assessment Questionnaire –Anhui Provincial Port and Shipping Construction Investment Group Co. Ltd

Background Information	Response	Remarks
Name of Organization	Anhui Port and Shipping Construction Investment Co., Ltd.	
Subcomponent and projects for which the organization is responsible	Shuiyang River Channel Improvement Project; Xuanzhou Intermodal terminal project	
Name of individual completing this questionnaire	Cheng Jimin, Manager, Financial Department	

Topic	Response	
(iv) Implementing Agency / Executing Agency		
(v) What is your organization's legal status / registration?	The state-owned company, it was registered in Feb. 2007 with registration no.340000000002493; the organization code is 79814588-1.	
(vi) Has your organization implemented a foreign-financed project in the past? (If yes, provide detailed project name)	Yes, Shaying River Channel Improvement Project (8036-CN).	
(vii) What is your organization's governing body?	Anhui Provincial Department of Transport	
(viii) What is the governing body's relationship to the Government?	Component of government.	
(ix) What are the legal financial reporting requirements for your organization?	Accounting system of state-owned construction units is executed as company accounting standards.	
(x) Is the organizational structure appropriate for the needs of the project?	Yes	
(xi) Funds Flow Arrangement		

Topic	Response	
(xii) Describe project funds flow arrangements, including a chart and explanation of the flow of funds from ADB, government, and other financing sources.	ADB loan will be delivered to APDOT by Provincial Department of Finance; Counterpart funds will be financed by budgets and themselves.	
(xiii) Are arrangements to transfer the proceeds of the ADB loan from the Finance Bureau to your organization satisfactory?	Yes	
(xiv) In the past, what have been the major problems in the receipt of ADB funds?	The processing of loan disbursement is slow.	
(xv) In which bank will the Imprest Account be opened?	The imprest account will be established by Anhui Provincial Department of Finance. Currently, it hasn't yet opened.	
(xvi) Do the project Implementing Agencies have experience in the management of disbursements from ADB?	Yes	
(xvii) Does your organization have experience managing foreign exchange risks?	Yes	
(xviii) Is your organization responsible for providing counterpart funds?	Yes	
(xix) What will be the counterpart sources of funds for your subcomponent construction?	From financial budgets and themselves.	
(xx) How are counterpart funds accessed?	Direct payment	
(xxi) How will tariffs be used to help fund the project?	No	
(xxii) Are beneficiaries required to contribute to project costs?	No.	
(xxiii) If the beneficiaries have an option to contribute in kind are proper guidelines formulated to record and value the contribution?	No	
(xxiv) How are payments made from counterpart funds?	No.	
(xxv) Staffing		
(xxvi) What is your organization's structure for accounting or finance department? (Attach an organization chart.)	Financial department of APPSCIG is directly under the control by general manager, which has subproject financial departments.	

Topic	Response	
(xxvii) Identify accounting staff. (Include name, position title, responsibilities, educational background, and professional certification)	Cheng Jimin, Financial manager, undergraduate degree, accountant; Zhao Kehe, Deputy financial manager, undergraduate degree, accountant; Liu Ying, financial manager of Hefei port international container terminal company, postgraduate, accountant; Li Junfeng, financial manager of Hefei-Yuxikou waterway Improvement Project Management Office, accountant.	
(xxviii) If the ADB loan is approved, what staffing changes will you make to assist with project finance and accounting?	No change	
(xxix) Is the accounting function adequately staffed?	Yes	
(xxx) Is the accounting staff adequately qualified and experienced?	Yes	
(xxxii) Are finance and accounting staffs trained in ADB procedures?	None	
(xxxii) Does the organization have written position descriptions, which clearly define duties, responsibilities, lines of supervision, and limits of authority for all officers, managers, and staff?	Yes	
(xxxiii) What is the existing training policy for the accounting staff?	All accountants should take part in continuing professional development no less than 5 days annually.	
(xxxiv) Accounting Policies and Procedures		
General		
(xxxv) Does the organization have an accounting system, which allows for proper recording of project financial transactions, including the allocation of expenditures in accordance with the respective subcomponents, disbursement categories, and source of funds?	yes	
(xxxvi) What organization's accounting system will the Implementing Agency and Executing Agency use?	Accounting system of state-owned construction unit is executed as company accounting standards.	

Topic	Response	
(xxxvii) Are controls in place concerning the preparation and approval of transactions, ensuring that all transactions are correctly made and adequately explained?	Yes	
(xxxviii) Is the chart of accounts adequate to properly account for and report on project activities and disbursements categories?	Yes	
(xxxix) Are cost allocations to the various funding sources made accurately and in accordance with established agreements?	Yes	
(xl) Are the general ledger and subsidiary ledgers reconciled and in balance?	Yes	
(xli) Are all accounting and supporting documents retained on a permanent basis in a defined system which allows authorized users easy access?	Yes	
Segregation of Duties		
(xlii) Are the following functional responsibilities performed by different units or persons:		
(xliii) Authorize transactions	Yes	
(xliv) Record transactions	Yes	
(xlv) Maintain custody of assets involved in transaction	Yes	
(xlvi) Are the functions for ordering, receiving, accounting for goods and services segregated?	Yes	
(xlvii) Are bank reconciliations prepared by someone other than those who make or approve payments?	Yes	
Budgeting System		
(xlviii) Do budgets include physical and financial targets?	Yes	
(xlix) Are budgets prepared for all significant activities in sufficient detail to provide a meaningful tool with which to monitor subsequent performance?	Yes	

Topic	Response	
(i) Are actual expenditures compared with the budget with reasonable frequency, and explanations required for significant variations from the budget?	Yes	
(ii) Are approvals for variations from budget required in advance?	Yes	
(iii) Who is responsible for preparation and approval of budgets?	Financial department is responsible for preparation and general manager office meeting of group company is responsible for approval of budgets.	
(iii) How are budgets prepared and approved?	According to actual budgets in the past year and planned budget in the early of this year, the budget shall be prepared based on actual situation and requirements, then submitted to APDOT after approved by chief of PMO.	
(iv) Are procedures in place to plan project activities, collect information from the units in charge of different projects, and prepare budgets?	Yes	
(iv) Are the project plans and budgets of project activities realistic, based on valid assumptions, and developed by knowledgeable individuals?	Yes	
Payments		
(vi) Do invoicing processing procedures provide for:		
(vii) Copies of purchase orders and receiving reports be obtained directly from issuing departments?	Yes	
(viii) Comparison of invoice quantities, prices, and terms with those indicated on the purchase order and with records of goods actually received?	Yes	
(ix) Comparison of invoice quantities with those indicated on the receiving report?	Yes	
(ix) Checking accuracy of calculations?	Yes	
(xi) Are all invoices:		
(xii) Stamped PAID?	Yes	
(xiii) Dated?	Yes	
(xiv) Reviewed and approved?	Yes	

Topic	Response	
(lxv) Marked for account code assignment?	Yes	
(lxvi) What controls exist for the preparation of payroll?	Salary standard shall be fixed by general manager office meeting, then Human Resources department informs financial department to prepare payroll and checked by HR, and pay off after receiving approval of general manager by financial department; the payroll variation need to be approved by general manager's office meeting.	
(lxvii) How are changes to the payroll authorized?	Application should be submitted by HR, then execution after approval of general manager's office meeting.	
Policies and Procedures		
(lxviii) What is the basis of accounting (e.g. cash or accrual)?	Accrual basis principle	
(lxix) What accounting standards are followed?	According to actual budgets in the past year and planned budget in the early of this year, the budget shall be prepared based on actual situation and requirements, then submitted to APDOT after approved by chief of PMO.	
(lxx) Does the organization have adequate policies and procedures manual to guide activities and ensure staff accountability?	Yes	
(lxxi) Is the accounting policy and procedure manual updated for project activities?	No	
(lxxii) Do procedures exist to ensure that only authorized persons can alter or establish a new accounting principle, policy, or procedure to be used by the organization?	Yes	
(lxxiii) Are written policies and procedures covering all routine financial management and related administrative activities?	Yes	

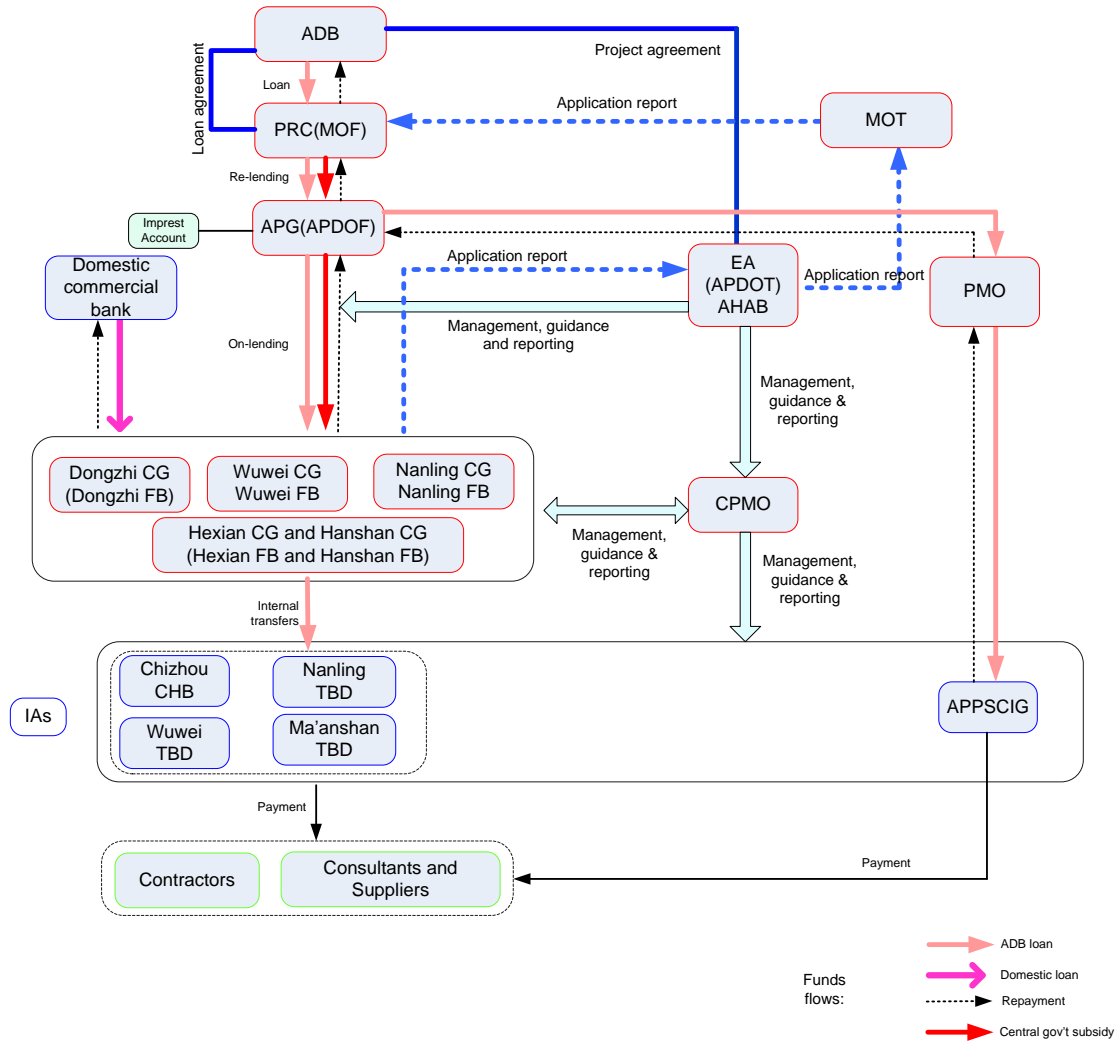
Topic	Response	
(lxxiv) Do policies and procedures clearly define conflict of interest and related party transactions (real and apparent) and provide safeguards to protect the organization?	Yes. Such as: internal control system, internal management system and financial management system, etc.	
(lxxv) Are manuals distributed to appropriate personnel?	Yes	
Cash and banking		
(lxxvi) Indicate names and positions of authorized signatories of the bank accounts.	Li Jiajun, general manager.	
(lxxvii) Does the organization maintain an adequate up-to-date cashbook, recording receipts and payments?	Yes	
(lxxviii) What controls exist for the following activities:		
(lxxix) Collection of revenues?	Everyday	
(lxxx) Timely deposit of receipts?	Timely	
(lxxxii) Recording of receipts at each collection location?	Yes	
(lxxxiii) Are bank statements and cashbook reconciled on a monthly basis?	Yes	
(lxxxiv) Are unusual items on the bank reconciliation reviewed and approved by a responsible officer?	Yes	
(lxxxv) How quickly are receipts deposited?	The same day	
Safeguarding Assets		
(lxxxvi) Describe the system to record assets and protect them from fraud, waste, and abuse?	Yes	
(lxxxvii) Are subsidiary records of fixed assets and stocks kept up to date?	Yes	
(lxxxviii) Are subsidiary records of assets and stocks reconciled to control accounts?	Yes	
(lxxxix) How frequent are physical inventories of fixed assets and stocks?	Each month	
(lxxxix) Are assets covered by insurance policies?	Official cars are covered by insurance policies.	
Other Offices and Implementing Agencies		
(xc) Are there other implementing agencies participating in implementation?	Yes	

Topic	Response	
(xci) Has the Project Management Office (PMO) established controls and procedures for flow of funds, financial information, accountability, and audits in relation to other offices or implementing agencies?	Yes	
(xcii) Does information among different implementing agencies flow in an accurate and timely fashion?	Yes	
(xciii) Are periodic reconciliations of financial information performed among the different implementing agencies?	Yes	
Other		
(xciv) Has the PMO advised employees to whom to report if they suspect fraud, waste, or misuse of project resources or property?	Yes, director of company, operation level of APPSCIG, board of directors.	
(xcv) Internal Audit		
(xcvi) Is there an internal department in the organization?	Yes	
(xcvii) What are the qualifications and experience of the internal audit department staff?	The auditors have abundant experiences in project management.	
(xcviii) To whom does the head of internal audit department report? What is this individual's position?	General manager, board of directors, upper-level audit department in charge, chief of department	
(xcix) Will the internal audit department include this project in its work program?	Yes	
(c) What actions are taken on the internal audit staff's findings?	Correct as requirements	
(ci) External Audit		
(cii) Are the organization's financial statements audited regularly by an independent auditor? Who is the auditor?	Independent auditors.	
(ciii) When is the audit report issued?	By June 30 next year.	
(civ) Are there any delays in the audit of the entity?	No	
(cv) Is the audit of the entity conducted according to International Standards on Auditing?	No, according to national standards.	
(cvi) Were there any major accountability issues brought up in the audit reports in the last three years?	None	

Topic	Response	
(cvii) Will the independent auditor audit the project accounts or will another auditor be appointed to audit the project's financial statements?	Independent auditors.	
(cviii) Are there any recommendations made by the independent auditors in prior audit reports or management letters that have not been implemented?	Yes, adopted.	
(cix) Is the project subject to an audit from an independent governmental entity in addition to the external audit?	Independent agency, Anhui Provincial Audit Department.	
(cx) Has the project prepared acceptable terms of reference for an annual project audit?	Yes	
(cxi) Reporting and Monitoring		
(cxii) Are financial statements prepared for the organization?	Yes	
(cxiii) What accounting standards are used to prepare the organization's financial statements?	Accounting system of state-owned construction unit is executed as company accounting standards.	
(cxiv) Are financial statements prepared for the Implementing Agency?	None	
(cxv) What is the frequency of the financial statements' presentation?	Monthly report, annually report are delivered timely.	
(cxvi) Are the financial statements prepared in a timely fashion so as to be useful to management for decision making?	Timely	
(cxvii) Does the reporting system need to be adapted to report on the project components?	No need.	
(cxviii) Does the reporting system have the ability to link the financial information with the project's physical progress? If a separate system is used to gather and compile physical data, what controls are in place to reduce the risk that the physical data may not synchronize with the financial data?	Yes. Engineering data and financial data are checked timely communication to guarantee the consistency of payment and progress.	

Topic	Response	
(cxix) Does the project have established financial management reporting responsibilities that specify which reports are to be prepared, what the reports contain, and how they are to be used?	Yes, draft report has been prepared.	
(cxx) Are financial management reports used by management?	Yes	
(cxxi) Do the financial reports compare actual expenditures with budgeted allocations?	Yes	
(cxxii) Are financial reports prepared directly by the automated accounting system or are they prepared by spreadsheets or some other means?	Financial reports of PMO are prepared directly by the automated accounting computerization system, however, projects' financial reports are prepared manually.	
(cxxiii) Information Systems		
(cxxiv) Is the financial management system computerized?	Yes	
(cxxv) Can the system produce the necessary project financial reports?	No, the system of the project is waiting for development when the project commences.	
(cxxvi) Is the staff adequately trained to maintain the system?	Yes	
(cxxvii) Does the management organization and processing system safeguard the confidentiality, integrity, and availability of the data?	It has different authorized priorities, which can't be changed randomly.	

Figure 1: On-lending Arrangements and Indicative Funds Flow



Abbreviations:

AHAB	Anhui Highway Administration Bureau	CPMO	County Project Management Office
APDOF	Anhui Provincial Department of Finance	FB	Finance Bureau
APDOT	Anhui Provincial Department of Transport	MOF	Ministry of Finance
APPSCIG	Anhui Provincial Port and Shipping Construction Investment Group Co Ltd	MOT	Ministry of Transport
CG	County government	TBD	To be decided