

FINANCIAL MANAGEMENT ASSESSMENT

A. Summary

1. Financial management assessment (FMA) of the executing and implementing agencies has been conducted for the project in accordance with ADB's *Financial Management and Analysis of Projects*¹ and the ADB publication entitled *Financial Due Diligence—A Methodology Note*.² The FMA includes review of executing and implementing agencies, 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 ADB's FMA questionnaire.

2. The Guangdong Provincial Finance Department (GPDF), the project imprest account holder, has experience in donor-funded projects, including the Guangdong Energy Efficiency and Environment Improvement Investment Program, Tranches 1 to 3.³ The Chaonan District Finance Bureau (CFB), on behalf of the Chaonan district government (CDG), will be responsible for financial management for the project under the guidance of GPDF. The assessment concluded that CFB (i) is staffed by qualified financial officers and accountants, (ii) follows the accounting standards and accounting system of administrative agencies of the People's Republic of China (PRC), (iii) properly implement the budget management system, and (iv) have an annual audit by the Chaonan District Audit Bureau.

3. However, it is important for CFB staff to gain understanding on ADB policies and procedures, particularly disbursement, as its staff has no experience with ADB projects. The implementing agencies, the Chaonan Water Supply Company (CWSC) and five district-level bureaus—education, environmental protection, forestry, urban management, and water affairs—will cooperate with CFB on financial management for respective subcomponents. The role of the implementing agencies is more on technical aspect, rather than financial aspect, of subcomponent implementation. The project preparatory technical assistance (PPTA) already provided CFB and the implementing agencies with training on disbursement, and the project will also continue to do so to further strengthen their financial management capacity for the project. Besides, it was agreed that the project management office (PMO) would (i) develop financial management manual to guide staff activities and ensure staff accountability, (ii) provide regular training on ADB financial management and disbursement, and (iii) purchase financial software for computerized accounting and regularly back up the accounting data. The implementation arrangements are considered adequate for financial management of the project.

4. A full set of financial assessment questionnaires were completed, attached in the Appendix. The overall financial management risk-rating of the project is medium. The identified risks in financial management will be closely monitored during project implementation.

¹ ADB. 2005. *Financial Management and Analysis of projects*. Manila.

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

³ ADB. 2008. *Report and Recommendation of the President to the Board of Directors: Proposed Multitranche Financing Facility and Administration of Grant to the People's Republic of China for the Guangdong Energy Efficiency and Environment Improvement Investment Program*. Manila.

B. Project

5. The project will include three outputs: (i) improved water resources protection, (ii) improved water supply infrastructure, and (iii) strengthened institutional and staff capacity. Below table summarizes project activities, estimated costs, and implementing agencies.

No.	Project Activities	Estimated Costs (\$ Million)	Implementing Agencies
A	Improved Water Resources Protection	8.78	
A.1	Public awareness and learning on environment and sanitation	2.05	Chaonan Education Bureau
A.2	Water conservation reforestation	6.02	Chaonan Forestry Bureau
A.3	Study on pollution prevention and control measures	0.55	Chaonan Environmental Protection Bureau
A.4	Solid waste collection and treatment	0.10	Chaonan Urban Management Bureau
B	Improved Water Supply Infrastructure	177.44	Chaonan Water Supply Company
C	Strengthened Institutional and Staff Capacity	9.17	
C.1	Provision of consulting services, training, and study tours for project implementation	2.22	Chaonan Water Supply Company
C.2	Support for the establishment of a water supply control center	1.82	
C.3	Support for the establishment of a water resources management and three-prevention (flood, drought and typhoon) regulating center	4.14	Chaonan Water Affairs Bureau (via the Water Conservancy Construction and Management Center for procurement)
C.4	Development of a water resources protection and development action plan	0.80	
C.5	Establishment of project evaluation and monitoring system	0.19	Chaonan Water Supply Company
	Total Costs	195.39	

C. Executing Agency

6. The CFB, on behalf of CDG, will be responsible for financial management for the project, including

- (i) signing an onlending agreement for the ADB loan with the Shantou municipality government (SMG);
- (ii) opening and maintaining a project account;
- (iii) preparing and executing budgets for both the ADB loan and the government counterpart fund for the project;
- (iv) making payment for procurements of civil works, goods, and services for the project;
- (v) reimbursing the implementing agencies' payment for procurements of civil works, goods, and services for the project;
- (vi) preparing requests for GPFD for payment and/or reimbursement for procurements of civil works, goods, and services for the project; and
- (vii) repaying the principal and interest of the ADB loan to GPFD during and after the project implementation according to the onlending agreement.

7. The assessment confirmed that CFB financial staff has adequate academic qualification and professional experience as financial specialists or accountants. The audit reports show that the accounting practice of the CFB is in accordance with the national accounting standard that is harmonized with the international accounting standard. Nonetheless, neither CDG nor CFB has experience with foreign-funded projects. Special attention shall be directed to the reporting system, cost control and audit process, loan proceeds disbursement and loan repayment, fund monitoring and management, and contract implementation. It is important that CFB staff to get familiar with ADB policies and procedures on disbursement and financial management. The PPTA already provided CFB and the implementing agencies with training on ADB policies and procedures on disbursement, and the project will also continue to do so to further strengthen CFB's financial management capacity for the project. The GPFD will provide guidance and support to CFB, as needed, during the project implementation.

8. The CDG has already set up a leading group, an oversight body for the project. The CDG also established a PMO in April 2012 for management of the project. The PMO, headed by the executive deputy governor of CDG, comprises 16 full-time staff from district bureaus of development and reform, education, environmental protection, finance, forestry, housing and construction, urban management, and water affairs; and CWSC. The PMO currently has four departments of contract management, finance, engineering and technology, and administration. Among them, four staff members work in the finance unit as director, chief accountant, accountant, and cashier. The director of the finance unit is the director of construction division, CFB; and the accountant is the director of general administration office, CFB.

9. The PMO's major tasks related to financial management include (i) drawing up the annual work program and budget; (ii) coordinating financial management of the implementing agencies and consolidating project accounts and financial statements; (iii) preparing and submitting withdrawal applications through CFB via the Shantou Municipality Finance Bureau to GPFD for approval and submission to ADB; (iv) submitting reports to ADB, CDG, and relevant government departments of Shantou Municipality and Guangdong Province; and (v) liaising with ADB and other agencies.

D. Implementing Agencies

10. There will be six implementing agencies for the project: (i) Chaonan Education Bureau (CEB), (ii) Chaonan Environmental Protection Bureau (CEPB), (iii) Chaonan Forestry Bureau (CFoB), (iv) Chaonan Urban Management Bureau (CUMB), (v) Chaonan Water Affairs Bureau (CWAB), and (vi) CWSC. Under CDG's overall guidance, the PMO will coordinate with all these implementing agencies to manage the project implementation.

(i) Chaonan Water Supply Company

11. CWSC is a state-owned enterprise established in 2012. Its authorized capital is CNY10.80 million. Its corporate mandate is to supply safe drinking water through operation and maintenance of water treatment plants and water distribution pipelines. CWSC will be responsible for implementation of output 2: improved water supply infrastructure, and output 3 subcomponents: the provision of consulting services, training, and study tours for project implementation; and the support for the establishment of a water supply control center. CWSC is also responsible for repayment of the ADB loan principal for output 2. Relevant financial analysis is available in linked document 7 of the report and recommendation of the President.

12. CWSC's FMA showed that its finance department personnel (i.e., a director, an accountant, and a cashier) have sufficient accounting qualification and its current accounting

records and financial statements are adequate. It complies with the national corporate accounting standards and regulations. The general ledger and subsidiary ledgers are reconciled and balanced. Document management is based on the PRC's accounting law and archives law. CWSC can provide related financial information, including monthly and annual financial statements, in a timely manner. CWSC make annual statements available within 15 days of year end.

13. On the other hand, CWSC needs to improve on its accounting system and is required to have external audit annually. Similar to CFB, none of CWSC's finance department personnel have experience with foreign-funded projects. It is important that the CWSC finance department staff members to get familiar with ADB policies and procedures on disbursement and financial management. Those members have already received training on ADB policies and procedures on disbursement under the PPTA, and will continue to do so to further strengthen their financial management capacity for the project. CWSC agreed to set up a special account for the project and accounting according to *accounting system of state-owned construction units* and provide relevant financial monitoring statements and/or reports to meet the ADB requirements. It also suggested (i) establishing internal control and audit systems, (ii) adopting a computerized-financial management system, (iii) adding more staff members, and (iv) improving reporting and monitoring information systems.

(ii) Chaonan Water Affairs Bureau

14. CWAB is a government institutional entity that takes charge of administration of water resources. CWAB will be responsible for implementation of output 3 subcomponents: the support for the establishment of a water resources management and three-prevention (flood, drought and typhoon) management center, and the development of a water resources protection and development action plan via the Chaonan Water Conservancy Construction and Management Center (CWCCMC). CWAB comprises eight departments, including finance department staffed with five members. The finance department staff members have adequate accounting qualification and relevant professional experience while they have no experience with foreign-funded projects. It uses UFIDA⁴ computerized financial management software in the accounting system. It complies with the accounting system of administrative institutions. The accounting basis is cash basis. Document management is based on the national accounting law and archives law. CWAB is able to provide related financial information and statements in a timely manner. However, CWAB has neither its own internal audit department, nor receive external audit every year.

15. CWCCMC, established in December 2012, has a corporate mandate for managing various types of small and medium-sized public water conservancy projects in the area. There are 6 staff members in CWCCMC and no full-time financial personnel. CWAB's financial department is responsible for CWCCMC's financial tasks.

16. It is suggested (i) recruiting a full-time accountant for CWCCMC; (ii) setting up a special account for the project; and (iii) adopting accounting according to the accounting system of state-owned construction unit, and submitting semiannual reports to meet the ADB requirements. CWAB should improve its internal control system and strengthen the supervision of CWCCMC to ensure appropriate financial management for the relevant project subcomponents.

⁴ UFIDA is a primary computerized accounting software used in most Chinese firms and governmental agencies.

(iii) Chaonan Education, Environmental Protection, Forestry, and Urban Management Bureaus

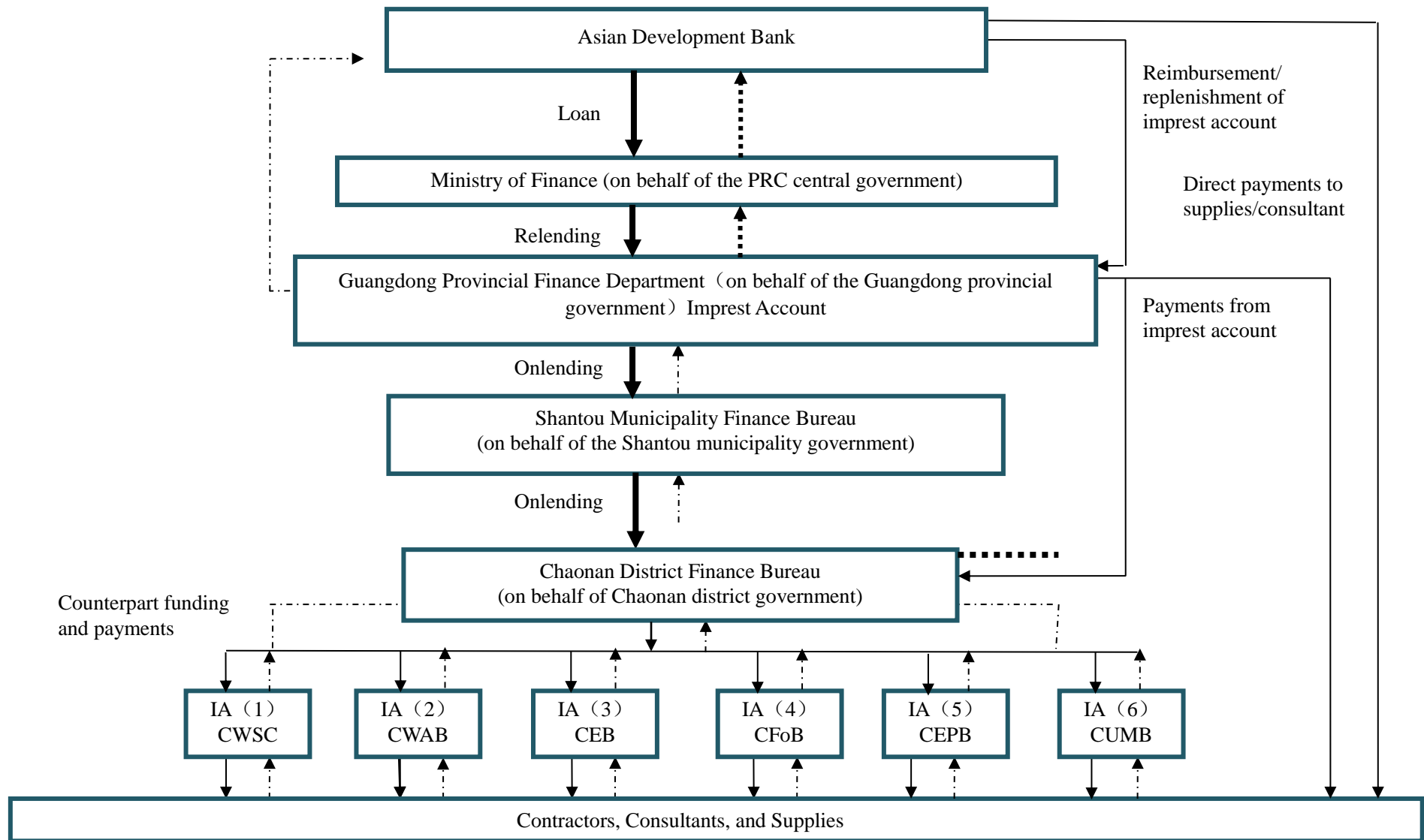
17. CEB, CEPB, CFoB, and CUMB are bureaus of CDG. They all comply with the accounting system of administrative institutions. They all have finance department staff (one accountant and one cashier for each bureau) with adequate qualification and professional experience without experience with donor-funded projects. The accounting basis is cash basis. They strictly enforce budget management. Document management is based on the national accounting law and archives law. They are able to provide related financial information and statements in a timely manner. However, they have neither internal audit department, nor receive external audit every year. While CEB, CEPB, and CFoB use UFIDA computerized financial management software in the accounting system, CUMB uses a manual accounting system.

18. It is suggested (i) having external audit every year, (ii) adopting a computerized-financial management system for CUMB, and (iv) improving reporting and monitoring information systems.

E. Fund Flow Mechanism

19. The proposed lending and onlending process for the project is illustrated in below figure. ADB will make a loan agreement with the Ministry of Finance (MOF) of the PRC (the borrower) and a project agreement with the Guangdong provincial government (GPG). Based on the loan agreement, MOF will make an onlending agreement for the project with GPG, who will make an onlending agreement with SMG. SMG will then make an onlending agreement with CDG. A project imprest account will be established under GPFD, on behalf of GPG, after the loan effectiveness. GPG will be responsible for management of the ADB loan, i.e., applying to ADB for loan proceeds withdrawal, replenishment, and liquidation of the imprest account. CDG will make the project implementation arrangements with the six implementing agencies for the project fund disbursements.

20. CDG will, as the end borrower, repay the debt and assume the foreign exchange and interest rate variation risks for the ADB loan. CFB, on behalf of the CDG, will be responsible for disbursement control and approval of all subprojects. It needs to perform effective management of the loan proceeds utilization to maximize the benefits of the loan.



- > Lending, or onlending
-> ADB repayment
- > Counterpart funding and payments
- - - -> Payment claims and withdrawal applications

CEB = Chaonan Education Bureau, CEPB = Chaonan Environmental Protection Bureau, CFoB = Chaonan Forestry Bureau, CUMB = Chaonan Urban Management Bureau, CWAB = Chaonan Water Affairs Bureau, CWSC = Chaonan Water Supply Company, IA = implementing agency.
Source: Asian Development Bank.

F. Summary of Findings and Recommendations

21. Tables 1 and 2 summarize risk assessment of particular areas of financial management for the executing and implementing agencies. They are based on the FMAs conducted for the executing and implementing agencies.

Table 1: Risk Assessment for the Executing Agency

Particulars	Risk Assessment	Remarks
1. Funds Flow	Medium	Chaonan Finance Bureau (CFB) is responsible for financial management for the project on behalf of the executing agency (EA). CFB has adequate financial management capacity, in general. However, it does not have experience handling donor-funded projects, including ADB's.
2. Staffing	Medium	While CFB has adequate staffing, the project management office which comprises staff from different district bureaus, including CFB; and is expected to play a role of financial management in cooperation with CFB, has only one finance personnel. ADB's recommendation of recruiting additional finance personnel was agreed by the EA to improve internal control.
3. Accounting Policies and Procedures	Low	Accounting policies and procedures follow the national accounting standards.
4. Internal Audit	Low	An internal audit section is in place in the Chaonan district government.
5. External Audit	Low	During project implementation, CFB will be audited by the Guangdong Provincial Audit Department every year.
6. Reporting and Monitoring	Medium	CFB has no experience of financial reporting for investment project. Their capacity will be strengthened under the project preparatory technical assistance and the project.
7. Information Systems	Low	CFB uses an automated accounting system.

Source: Asian Development Bank estimates.

Table 2: Risk Assessment for the Implementing Agencies

Particulars	Risk Assessment	Remarks
1. Funds Flow	Low	Implementing agencies (IAs) are not responsible for directly handling loan proceeds.
2. Staffing	Medium	None of the IAs have finance personnel with experience of donor-funded projects while they had adequate qualification and experience in general. They will receive training on ADB financial management and disbursement procedures under the project preparatory technical assistance and the project.
3. Accounting Policies and Procedures	Low	Accounting policies and procedures follow the national accounting standards.
4. Internal Audit	Medium	There is no internal audit section in each IA.
5. External Audit	Low	The project accounts will be audited by an independent external auditor on an annual basis. The audit will be done in accordance with the national accounting and auditing standards and will comply with ADB's requirements.

Particulars	Risk Assessment	Remarks
6. Reporting and Monitoring	Low	The IAs has no experience of financial reporting for investment project. Their capacity will be strengthened under the project preparatory technical assistance and the project.
7. Information Systems	Medium	The IAs will adopt accounting system software for financial reporting for the project.

Source: Asian Development Bank estimates.

22. Therefore, the overall financial management risk rating of the project at appraisal stage is medium. Risk factors include the lack of ADB project experience, insufficient accounting personnel for review procedure, insufficient internal control, and limited external auditing. The identified risks in financial management will be closely monitored and mitigated through capacity building during project implementation. To strengthen financial management for the project, the following will be implemented:

- (i) Designate existing financial staff of the implementing agencies for financial management of their respective subprojects;
- (ii) Develop financial management policies and procedures to guide concerned financial staff;
- (iii) Conduct regular training on project financial management, particularly disbursement procedures, for concerned financial staff;
- (iv) Purchase an accounting software and conduct training on operation of the software; and
- (v) Maintain all accounting information up-to-date and regularly backup the information.

Financial Management Assessment Questionnaire
—Chaonan District Government/Chaonan Finance Bureau

Topic	Response
Name of agency	Chaonan district government
Project component that agency is responsible for	
Name of person responsible for filling this form	
Position and title of person responsible for filling this form	
Nature of agency's responsibility for the Project (check all that apply)	<input checked="" type="checkbox"/> Provide counterpart funding <input checked="" type="checkbox"/> Sign a follow on loan contract for ADB funds <input checked="" type="checkbox"/> Management of project construction <input checked="" type="checkbox"/> Management of contributions from NGOs or project beneficiaries <input type="checkbox"/> Project operation and maintenance <input checked="" type="checkbox"/> Financial management of project <input checked="" type="checkbox"/> Generate funds from tariffs, taxes or other sources to service the ADB loan <input type="checkbox"/> Other – describe Assist in the management
1 Implementing Agency	
1.0 What is your agency's legal status and registration?	
1.1 What is your agency's governing body?	The people's Government of Shantou Municipality
1.2 What is the governing body's relationship to the Government?	government functional departments
1.3 Can the governing body make decisions independently of Government? If NO, please explain what decisions need government approval.	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO → explain:
1.4 Has your agency implemented an externally-financed project in the past? If yes, please provide details?	<input type="checkbox"/> YES → briefly describe <input checked="" type="checkbox"/> NO
1.5 What are the statutory reporting requirements for your agency with respect to finance?	
1.6 Describe your agency's organizational structure? (please attach an organization chart)	<input checked="" type="checkbox"/> Organization chart attached <input type="checkbox"/> Organization chart not attached
1.7 Is the organizational structure appropriate for the needs of the Project?	To strengthen the management of construction projects
1.8 Has or will your agency established a project management office?	<input checked="" type="checkbox"/> YES, already have project office <input type="checkbox"/> YES, will set up project office <input type="checkbox"/> NO
1.9 If the ADB loan is approved, what staffing changes will you make to assist with project implementation?	Deployed personnel to assist the implementation of the project
1.10 Does the Project have written job descriptions that define duties, responsibilities, lines of supervision, and limits of authority for staff?	<input checked="" type="checkbox"/> YES – have already prepared these (attach job descriptions for the top two positions) <input type="checkbox"/> Written job descriptions are being or will be prepared <input type="checkbox"/> NO
2 Funds Flow Arrangements	
2.0 Describe proposed project funds flow arrangements. Include a chart and explanation of the flow of funds from ADB, government and other financiers to each lower level that will receive funds.	ADB Loan: ADB → Ministry of Finance → Guangdong Provincial Finance Bureau → Chaonan District Finance Bureau → Contractor/Supplier Counterpart Fund: Chaonan District Finance Bureau – Contractor/Supplier
2.1 Are the (proposed) arrangements to transfer the proceeds of the loan from the government to the implementing agency satisfactory?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO → briefly explain why not <input type="checkbox"/> Not applicable
2.2 Describe any past problems experienced in receiving investment funds from funding sources?	No problem
2.3 Describe proposed on-lending arrangements from the Government to your agency, including on-lending terms and conditions.	Not applicable
2.4 Will your agency use an imprest account to manage ADB funds? If YES, in which bank will the Imprest Account be opened?	<input checked="" type="checkbox"/> YES → name of bank <input type="checkbox"/> NO

Topic	Response
2.5 Does your agency have experience in the management of disbursements from ADB?	no experience
2.6 Does your agency have experience managing foreign exchange risks?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
2.7 Will your agency need to develop capacity to manage foreign exchange risks? If yes, what arrangements have been made to develop this capacity?	<input checked="" type="checkbox"/> YES. → Explain capacity building arrangements: Training on how to reduce risk of exchange rate and interest rate <input type="checkbox"/> NO
2.8 Is your agency is responsible for providing counterpart funds? If YES answer the next 3 questions.	<input checked="" type="checkbox"/> YES → answer questions 2.8.1 to 2.8.3 <input type="checkbox"/> NO
2.8.1 What is the source of the counterpart funds: revenues generated by your business activity, government tax funds, other?	
2.8.2 How will you access the counterpart funds? Are they drawn from revenues coming directly to you or do you obtain them as government transfers?	
2.8.3 How are payments made from the counterpart funds?	
2.9 Will user charges that you receive as revenue is used to generate counterpart funds?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
2.10 Will user charges that you receive as revenue is used to help finance the ADB loan?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
2.11 Is part of the Project implemented by communities, project beneficiaries or NGOs under your direction? If YES, describe reporting and monitoring arrangements that you have in place to track the use of project funds used by these groups?	<input type="checkbox"/> YES → describe arrangements <input checked="" type="checkbox"/> NO
2.12 Are project beneficiaries under your direction required to contribute in the form of labor to project costs? If YES, briefly describe guidelines and arrangements formulated to record and value the labor contribution?	<input type="checkbox"/> YES → describe guidelines <input checked="" type="checkbox"/> NO
3 Staffing	
3.0 What is your agency's organizational structure for accounting and finance? Please attach an organization chart.	<pre> graph TD PMO[PMO] --> DFD[Director of Financial Department] DFD --> Accountant[Accountant] DFD --> clerk[clerk] </pre>
3.1 Identify key finance and accounting staffs including job title, responsibilities, educational background and professional certification.	
3.1.1 Job title	Director of Financial Department
3.1.1.1 Staff	jiangshaorong
3.1.1.2 Main responsibilities	management
3.1.1.3 Training and Certification	
3.1.2 Job title	accountant
3.1.2.1 Staff	yaohaojie
3.1.2.2 Main responsibilities	accounting
3.1.2.3 Training and Certification	
3.1.3 Job title	zhaozhizhun
3.1.3.1 Staff	clerk
3.1.3.2 Main responsibilities	accordinate
3.1.3.3 Training and Certification	
3.1.4 Job title	

Topic	Response
3.1.4.1 Staff	
3.1.4.2 Main responsibilities	
3.1.4.3 Training and Certification	
3.1.5 Job title	
3.1.5.1 Staff	
3.1.5.2 Main responsibilities	
3.1.5.3 Training and Certification	
3.2 Attach job descriptions and CVs of key accounting staff.	<input type="checkbox"/> job descriptions, CVs attached <input checked="" type="checkbox"/> job descriptions, CVs not attached
3.3 Is the project finance and accounting function staffed adequately?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
3.4 Is the finance and accounts staff adequately qualified and experienced?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
3.5 Are the project accounts and finance staff trained in ADB procedures? If NO, what arrangements will be made for training?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO → describe training arrangements training for ADB's financial management, accounting and payment etc.
3.6 What is the duration of the work contract for project finance and accounts staff?	2013-2020
3.7 Indicate key project finance and accounts staff positions not filled yet, and the estimated date of appointment.	Date _____ Position _____ Date _____ Position _____ Date _____ Position _____ Date _____ Position _____ Date _____ Position _____
3.8 Does the Project have written position descriptions that clearly define duties, responsibilities, lines of supervision, and limits of authority for all of the officers, managers, and staff?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
3.9 At what frequency are personnel transferred?	NO
3.10 What is training policy for the finance and accounting staff?	The financial staff attends the training programs organized by Shantou Finance bureau and ADB.
4 Accounting Policies and Procedures	
4.0 General	
4.0.1 Will the Project use your agency accounting system?	The accounting system of state-owned construction unit
4.0.2 Describe how your agency accounting system will record project financial transactions.	set up special subsidiary ledger, focus on business-related parties and record the usage of each funds daily
4.0.3 Describe how your agency accounting system will allocate project expenditures in accordance with the respective components, disbursement categories, and sources of funds?	Expenses receipts enter into accounting subproject according to different departments, cost allocation in accordance with departments and categories.
4.0.4 Describe controls in place to ensure that all transactions are correctly made, adequately explained, prepared and approved.	Account checking with clients every month, print of client confirmation slip, checking out the reasons immediately if having doubts, problems being solved within one month.
4.0.5 Will you have to change your chart of accounts to properly account for and report on project activities and disbursement categories? If YES, describe the changes?	<input type="checkbox"/> YES → describe changes <input checked="" type="checkbox"/> NO
4.0.6 Describe arrangements in place to ensure that cost allocations to the various funding sources will be made accurately and in accordance with established agreements.	
4.0.7 Are the General Ledger and subsidiary ledgers reconciled and in balance?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.0.8 Are all accounting and supporting documents retained on a permanent basis in a defined system that allows authorized users easy access?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.0.9 Describe the system for storing and accessing accounting documents and materials?	Archived for 10 years, consulting is not allowed without special approval from general manager.

Topic	Response
4.1 Segregation of Duties	
4.1.1 Who is responsible for the following duties (give name and title):	
4.1.1.1 <i>authorize execution of transactions</i>	Director
4.1.1.2 <i>record transactions</i>	accountant
4.1.1.3 <i>maintain custody of assets involved in transaction</i>	accountant
4.1.2 Are responsibilities for ordering, receiving, accounting for, and paying for goods and services separated? If NO, briefly describe how they are not separated.	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO → describe
4.1.3 Are bank reconciliations prepared by someone other than those who make or approve payments?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.2 Budgeting System	
4.2.1 Are annual budgets based on physical and financial targets?	<input type="checkbox"/> YES – with financial targets only <input checked="" type="checkbox"/> YES – with physical and financial targets <input type="checkbox"/> NO
4.2.2 Are multiple year budgets and financing plans prepared for capital expenditures?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
4.2.3 Are separate budgets prepared for:	
4.2.3.1 <i>Individual departments?</i>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.2.3.2 <i>Individual work units?</i>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.2.3.3 <i>Distinct and significant functional activities (e.g. maintenance)?</i>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.2.3.4 <i>All major capital projects?</i>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.2.4 ? Is there sufficient detail in annual budgets to provide a meaningful tool for performance monitoring?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.2.5 Are budgets used to monitor and control the performance of individual departments and units?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.2.6 How frequently are actual expenditures compared to the budget?	<input checked="" type="checkbox"/> at least once every month <input type="checkbox"/> once every 2 to 3 months <input type="checkbox"/> once every 4 to 6 months <input type="checkbox"/> once every 6 to 12 months <input type="checkbox"/> never
4.2.7 What happens if there are significant variations from the budget? Are explanations required?	Need Chaonan district government approval
4.2.8 Are approvals for variations from the budget required in advance or are they obtained after the fact?	yes
4.2.9 Who is responsible for preparation and approval of budgets?	Formation: PMO Approval: Chaonan district government and the people's congress
4.2.10 How are budgets prepared and approved?	Formation: submit annual budget formation according to departments Approval: approved by the Chaonan people's congress. overspending needs representation.
4.2.11 Describe procedures used to plan project activities, collect information from units in charge of project components, and prepare budgets?	prepare budget by PMO, submit to district government, approve by the people's congress
4.2.12 What due diligence measures are there to assure that project plans and budgets are based on valid assumptions, are developed by knowledgeable individuals and are realistic?	
4.3 Payments	
4.3.1 During invoice-processing procedures are:	
4.3.1.1 <i>Copies of purchase orders and receiving reports obtained directly from issuing departments?</i>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO

Topic	Response
4.3.1.2 Comparison made of invoice quantities, prices and terms, with those indicated on the purchase order and with records of goods actually received?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.3.1.3 Comparison of invoice quantities with those indicated on the receiving reports?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.3.1.4 The accuracy of calculations checked?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.3.2 Are all invoices:	
4.3.2.1 dated, reviewed and approved	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.3.2.2 stamped PAID upon payment	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.3.2.3 Marked for account code assignment?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.3.3 What controls exist for the preparation of the payroll?	PMO do not pay wages.
4.3.4 How are changes to the payroll authorized?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
4.4 Policies And Procedure	
4.4.1 What is the basis of accounting (e.g., cash, accrual)?	accrual basis
4.4.2 What accounting standards are followed (PRC, ISA, other)?	The accounting system of state-owned construction unit
4.4.3 Does the Project have an adequate policies and procedures manual to guide activities and ensure staff accountability?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
4.4.4 Does the accounting policy and procedure manual need to be updated for the project activities? If YES, explain how this will this be done?	<input checked="" type="checkbox"/> YES → explain how? <input type="checkbox"/> NO
4.4.5 Are there written policies and procedures covering all routine financial management and related administrative activities?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
4.4.6 How are new accounting principles, policies or procedures implemented within your agency?	The accounting system of state-owned construction unit
4.4.7 Do procedures exist to ensure that only authorized persons can alter or establish a new accounting principle, policy or procedure to be used by your agency?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.4.8 How do policies and procedures define conflict of interest and provide safeguards to protect the organization from them?	
4.4.9 How do policies and procedures define related party transactions (real and apparent)?	No applicable
4.4.10 What safeguards are there to protect the organization from conflict of interest and related party transactions?	No applicable
4.4.11 Who has a copy of the policies and procedures manual?	All staff in financial department.
4.5 Cash and Bank	
4.5.1 Indicate names and positions of authorized signatories in the bank accounts.	
4.5.1.1 Name: jiangshaorong	Position: director
4.5.1.2 Name:	Position: accountant
4.5.1.3 Name:	Position: cashier
4.5.1.4 Name	Position
4.5.1.5 Name	Position
4.5.2 Does the organization maintain an up-to-date cashbook, recording receipts and payments?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.5.3 What are the controls for the following activities:	
4.5.3.1 collection of revenues	Record in the subsidiary ledger according to the different capital source

Topic	Response
4.5.3.2 <i>timely deposit of receipts</i>	deposit of receipts on the day received
4.5.3.3 <i>recording of receipts</i>	record the cash revenue in the subsidiary ledger
4.5.4 How frequently are bank and cash reconciled on a monthly basis?	<input type="checkbox"/> more frequently than monthly <input checked="" type="checkbox"/> every month <input type="checkbox"/> every quarter <input type="checkbox"/> less frequently than every quarter
4.5.5 Are all unusual items on the bank reconciliation reviewed and approved by a responsible official?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.5.6 How quickly are receipts deposited?	the day it happens
4.6 Safeguard over Assets	
4.6.1 Describe the system to record assets and protect them from fraud, waste and abuse?	Execution of interim measures for administration of state-owned assets. Establish fixed assets accounting, set up fixes assets consumption subsidiary ledger, user sign, specially-assigned person manages , headman authorize
4.6.2 Are subsidiary records of fixed assets and stocks kept up to date?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.6.3 Are subsidiary records of fixed assets and stocks reconciled with control accounts?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.6.4 How often are physical inventories completed of fixed assets and stocks?	<input checked="" type="checkbox"/> at least once a year <input type="checkbox"/> every 2 to 3 years <input type="checkbox"/> every 3 to 5 years <input type="checkbox"/> less frequently <input type="checkbox"/> never
4.6.5 Are assets sufficiently covered by insurance policies?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.7 Other Offices and Implementing Entities	
4.7.1 Identify other offices or implementing agencies or units under your supervision or control that are responsible for project implementation or finance?	PMO、water bureau、education bureau、environment protection bureau、forest bureau、urban management bureau
4.7.2 In relation to these other agencies, has the Project established controls and procedures for:	
4.7.2.1 <i>flow of funds</i>	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
4.7.2.2 <i>financial information</i>	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
4.7.2.3 <i>accountability</i>	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
4.7.2.4 <i>audits</i>	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
4.7.3 How long does it take for project information to reach your agency from other offices or implementing agencies or units?	1 day
4.7.4 What checks are there to ensure the accuracy of project information that your agency receives from other offices or implementing agencies or units.	Strict content management system, clear labor division system and adequate supporting documents
4.7.5 Are periodic reconciliations performed among the different offices and implementing agencies?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.8 Other	
4.8.1 Describe the options available to employees, beneficiaries and others for reporting suspected fraud, waste or misuse of project resources or property?	1, set a fixed box; 2, announced the telephone; 3, direct interview system
4.8.2 What measures has your agency taken to inform employees, beneficiaries and others of their options for reporting suspected fraud, waste or misuse of project resources or property?	specially-assigned personnel are responsible for it
4.8.3 Will representatives of the municipal discipline investigation bureau be involved in project bidding and construction activities?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO

Topic	Response
4.8.4 Do contracts let by your agency for civil works and other large procurements include anticorruption clauses and safeguards.	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
5 Reporting and Monitoring	
5.0 Are financial statements prepared for your agency? If YES, what accounting standards are they based on?	<input checked="" type="checkbox"/> YES → accounting standards? The accounting system of state-owned unit <input type="checkbox"/> NO
5.1 How often are financial statements prepared?	quarter report
5.2 How quickly are the financial statements prepared at year end?	ten days
5.3 Are separate financial statements prepared for the office or unit in your agency that will implement the Project?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
5.4 Will the financial reporting system need to be adapted to report on the project components?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
5.5 Does the reporting system have the capacity to link financial information with information on the physical progress of engineering project's?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
5.6 Describe procedures and controls used to insure that the physical project data can be compared and coordinated with the financial data?	Financial personnel participate in the full process of project management, engineering project managers and financial personnel should ensure the timely delivery of engineering information and accuracy of verification.
5.7 Are there financial management reporting requirements for existing engineering projects that specify:	
5.7.1 what reports are to be prepared	prepare financial statement: Balance sheet, summary of sources and uses of funds by project component and statement of implementation of loan agreement
5.7.2 what the reports are to contain	Capital source conditions, capital consumption conditions and project construction progress
5.7.3 how the reports are to be used	provide information for enterprise's internal and external managers
5.8 What information do the financial management reports for engineering projects contain? (check all that apply)	<input checked="" type="checkbox"/> Total project expenditures to date <input checked="" type="checkbox"/> Comparison of actual expenditures with budgets <input checked="" type="checkbox"/> Comparison of actual expenditures with work completed <input checked="" type="checkbox"/> Expenditures by project component <input checked="" type="checkbox"/> Explanations of significant variances of expenditures from budgets
5.9 Are financial management reports used by management?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
5.10 Describe a recent action taken by management in response to information provided in a financial management report?	No
5.11 Are financial reports prepared directly by the automated accounting system or are they prepared by spreadsheets or some other manual method?	<input type="checkbox"/> prepared by an automated accounting system <input checked="" type="checkbox"/> prepared by spreadsheets or other method <input type="checkbox"/> both ways used
6 Internal Audit	
6.0 Is there an internal auditor or audit department in your agency?	<input checked="" type="checkbox"/> YES → answer questions 6.1 to 6.5 <input type="checkbox"/> NO → go to section 7
6.1 What are the qualifications and experience of audit department staff?	Chaonan district auditing bureau
6.2 To whom does the internal auditor report?	Chaonan district government
6.3 Will the internal audit department include the Project in its work program?	Yes
6.4 Are actions taken on the internal audit findings?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
6.5 Describe the most recent actions taken in response to the internal audit findings?	No

Topic		Response
7 External Audit		
7.0	Is your agency financial statement audited each year by an independent non-government auditor? If YES, who is the auditor?	<input type="checkbox"/> YES → Who: <input checked="" type="checkbox"/> NO
7.1	How soon following the financial yearend are audit reports issued?	
7.2	Is the audit of your agency conducted according to International Standards on Auditing?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
7.3	Were any major accountability issues identified in audit reports over the past three years?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
7.4	Will your agency auditor audit the Project financial statements and accounts or will another auditor be appointed?	<input type="checkbox"/> agency auditor <input checked="" type="checkbox"/> another auditor
7.5	Has your agency implemented all recommendations made by the auditors in audit reports or management letters over the past three years? If NO, please explain.	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO → explain project
7.6	Is the Project subject to any kind of audit from an independent governmental entity (e.g., the supreme audit institution) in addition to the external audit? If YES, who is the independent entity?	<input type="checkbox"/> YES → Who: Chaonan audit bureau <input checked="" type="checkbox"/> NO
7.7	Does your agency have separate terms of reference for annual audits of major projects?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
7.8	Please provide the audit reports for the past three years.	<input type="checkbox"/> Provided <input checked="" type="checkbox"/> Not provided – please give reason
8 Information Systems		
8.0	Is the financial management system computerized?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
8.1	Can the system produce the necessary project financial reports?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
8.2	What training has the staff received to operate the system?	training for financial software
8.3	What controls are there to safeguard the confidentiality, integrity and availability of data in the information system?	Set permission and password according to department personnel. Paper archive and electric data archive

Financial Management Assessment Questionnaire—Chaonan Water Supply Company

Topic	Response
Name of agency	Chaonan Water Supply Company
Project component that agency is responsible for	Water supply system, Technical assistance for project implementation, Water supply control center, Formulation of a proper operational model for the water supply company
Name of person responsible for filling this form	Wengchaotong
Position and title of person responsible for filling this form	Office worker
Nature of agency's responsibility for the Project (check all that apply)	<input type="checkbox"/> Provide counterpart funding <input type="checkbox"/> Sign a follow on loan contract for ADB funds <input checked="" type="checkbox"/> Management of project construction <input type="checkbox"/> Management of contributions from NGOs or project beneficiaries <input checked="" type="checkbox"/> Project operation and maintenance <input checked="" type="checkbox"/> Financial management of project <input checked="" type="checkbox"/> Generate funds from tariffs, taxes or other sources to service the ADB loan <input type="checkbox"/> Other – describe
9 Implementing Agency	
9.0 What is your agency's legal status and registration?	Limited Company, Registration Capital: 10.85million Register number: 210500005049381
9.1 What is your agency's governing body?	Chaonan water bureau
9.2 What is the governing body's relationship to the Government?	government functional departments
9.3 Can the governing body make decisions independently of Government? If NO, please explain what decisions need government approval.	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO → explain:
9.4 Has your agency implemented an externally-financed project in the past? If yes, please provide details?	<input type="checkbox"/> YES → briefly describe <input checked="" type="checkbox"/> NO
9.5 What are the statutory reporting requirements for your agency with respect to finance?	prepare financial report in accordance with the accounting law and enterprise accounting system
9.6 Describe your agency's organizational structure? (please attach an organization chart)	<input checked="" type="checkbox"/> Organization chart attached <input type="checkbox"/> Organization chart not attached
9.7 Is the organizational structure appropriate for the needs of the Project?	To strengthen the management of construction projects
9.8 Has or will your agency established a project management office?	<input type="checkbox"/> YES, already have project office <input type="checkbox"/> YES, will set up project office <input checked="" type="checkbox"/> NO
9.9 If the ADB loan is approved, what staffing changes will you make to assist with project implementation?	Our unit will deploy professional personnel who meet requirements and they will in charge of construction site management, supervision and operation management.
9.10 Does the Project have written job descriptions that define duties, responsibilities, lines of supervision, and limits of authority for staff?	<input type="checkbox"/> YES – have already prepared these (attach job descriptions for the top two positions) <input checked="" type="checkbox"/> Written job descriptions are being or will be prepared <input type="checkbox"/> NO

Topic	Response
10 Funds Flow Arrangements	
10.0 Describe proposed project funds flow arrangements. Include a chart and explanation of the flow of funds from ADB, government and other financiers to each lower level that will receive funds.	ADB Loan: ADB →Ministry of Finance → Guangdong Provincial Finance Bureau →Chaonan District Finance Bureau →Contractor/Supplier Counterpart Fund: Chaonan District Finance Bureau – Chaonan water company →Contractor/Supplier
10.1 Are the (proposed) arrangements to transfer the proceeds of the loan from the government to the implementing agency satisfactory?	<input type="checkbox"/> YES <input type="checkbox"/> NO → briefly explain why not <input checked="" type="checkbox"/> Not applicable
10.2 Describe any past problems experienced in receiving investment funds from funding sources?	No problem
10.3 Describe proposed on-lending arrangements from the Government to your agency, including on-lending terms and conditions.	Not applicable
10.4 Will your agency use an imprest account to manage ADB funds? If YES, in which bank will the Imprest Account be opened?	<input checked="" type="checkbox"/> YES → name of bank Postal Savings Bank of China <input type="checkbox"/> NO
10.5 Does your agency have experience in the management of disbursements from ADB?	no experience
10.6 Does your agency have experience managing foreign exchange risks?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
10.7 Will your agency need to develop capacity to manage foreign exchange risks? If yes, what arrangements have been made to develop this capacity?	<input type="checkbox"/> YES. → Explain capacity building arrangements: Training on how to reduce risk of exchange rate and interest rate <input checked="" type="checkbox"/> NO
10.8 Is your agency is responsible for providing counterpart funds? If YES answer the next 3 questions.	<input type="checkbox"/> YES → answer questions 2.8.1 to 2.8.3 <input checked="" type="checkbox"/> NO
10.8.1 What is the source of the counterpart funds: revenues generated by your business activity, government tax funds, other?	
10.8.2 How will you access the counterpart funds? Are they drawn from revenues coming directly to you or do you obtain them as government transfers?	
10.8.3 How are payments made from the counterpart funds?	
10.9 Will user charges that you receive as revenue is used to generate counterpart funds?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
10.10 Will user charges that you receive as revenue is used to help finance the ADB loan?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
10.11 Is part of the Project implemented by communities, project beneficiaries or NGOs under your direction? If YES, describe reporting and monitoring arrangements that you have in place to track the use of project funds used by these groups?	<input type="checkbox"/> YES → describe arrangements <input checked="" type="checkbox"/> NO
10.12 Are project beneficiaries under your direction required to contribute in the form of labor to project costs? If YES, briefly describe guidelines and arrangements formulated to record and value the labor contribution?	<input type="checkbox"/> YES → describe guidelines <input checked="" type="checkbox"/> NO

Topic	Response
11 Staffing	
11.0 What is your agency's organizational structure for accounting and finance? Please attach an organization chart.	
11.1 Identify key finance and accounting staffs including job title, responsibilities, educational background and professional certification.	
11.1.1 Job title	Director of Financial Department
11.1.1.1 Staff	Wenghanming ▼
11.1.1.2 Main responsibilities	1. Verify the accounting report; 2. Conduct enterprise economic activity analysis; 3. Prepare enterprise financial budget and daily review; 4. Organize enterprise cost management, reduce enterprise cost; 5. Manage enterprise financial system; 6. Deploy enterprise operation funds; 7. Finance for enterprise production and development; 8. Prepare enterprise tax planning; 9. Participate in the enterprise investment decision-making; 10. Coordinate financial relation between different aspects.
11.1.1.3 Training and Certification	Assistant accountant
11.1.2 Job title	accountant
11.1.2.1 Staff	Wujie
11.1.2.2 Main responsibilities	1. Responsible for recording financial general ledger and all kinds of detail account. Complete formalities, accurate number, net writing, prompt registration and clear account. 2. Responsible for preparing monthly final accounts, quarter final accounts, annual final accounts and related reports on other aspects 3. Assist manager to prepare and implement institute budget. 4. Verify original certificates carefully, refuse to entry these certificates violating regulations and unqualified into account. Control expenses scope and expenses standards strictly. 5. Verify fixed assets accounts regularly, make the accounts and assets consistent. 6. Responsible for providing data and reporting situation when superior financial authorities inspect performance. 7. Report financial conditions to manager in written form every month serve as manager adviser and perform the financial supervision. 8. Bind accounting document, accounting book and statistical forms etc. regularly, keep and archive carefully. Same year's accounting archives are kept by the accountant; former accounting archives are kept by school account room. 9. Assist the cashier with payment and bonus issue 10. Responsible for keeping financial seal and controlling the sign and issue of check 11. Fill in auditing statement regularly, self-check carefully and submitting the financial materials
11.1.2.3 Training and Certification	accountant
11.1.3 Job title	cashier
11.1.3.1 Staff	Chengzhulie
11.1.3.2 Main responsibilities	1. Prepare cash receipt and settlement service; 2. Register cash and bank deposit journal; 3. Keep stock cash and various negotiable securities; 4. keep related seal, blank

Topic	Response
	receipt and blank check
11.1.3.3 <i>Training and Certification</i>	accountant
11.1.4 Job title	
11.1.4.1 <i>Staff</i>	
11.1.4.2 <i>Main responsibilities</i>	
11.1.4.3 <i>Training and Certification</i>	
11.1.5 Job title	
11.1.5.1 <i>Staff</i>	
11.1.5.2 <i>Main responsibilities</i>	
11.1.5.3 <i>Training and Certification</i>	
11.2 Attach job descriptions and CVs of key accounting staff.	<input type="checkbox"/> job descriptions, CVs attached <input checked="" type="checkbox"/> job descriptions, CVs not attached
11.3 Is the project finance and accounting function staffed adequately?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
11.4 Is the finance and accounts staff adequately qualified and experienced?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
11.5 Are the project accounts and finance staff trained in ADB procedures? If NO, what arrangements will be made for training?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO → describe training arrangements training for ADB's financial management, accounting and payment etc.
11.6 What is the duration of the work contract for project finance and accounts staff?	Long term
11.7 Indicate key project finance and accounts staff positions not filled yet, and the estimated date of appointment.	Date ____ Position ____ Date ____ Position ____ Date ____ Position ____ Date ____ Position ____ Date ____ Position ____
11.8 Does the Project have written position descriptions that clearly define duties, responsibilities, lines of supervision, and limits of authority for all of the officers, managers, and staff?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
11.9 At what frequency are personnel transferred?	NO
11.10 What is training policy for the finance and accounting staff?	The financial staff attends the training programs organized by Department of Finance.
12 Accounting Policies and Procedures	
12.0 General	
12.0.1 Will the Project use your agency accounting system?	yes
12.0.2 Describe how your agency accounting system will record project financial transactions.	set up special subsidiary ledger, focus on business-related parties and record the usage of each funds daily
12.0.3 Describe how your agency accounting system will allocate project expenditures in accordance with the respective components, disbursement categories, and sources of funds?	Expenses receipts enter into accounting subproject according to different departments, cost allocation in accordance with departments and categories.
12.0.4 Describe controls in place to ensure that all transactions are correctly made, adequately explained, prepared and	Account checking with clients every month, print of client confirmation slip, checking out the reasons immediately if having doubts, problems being solved within one month.

Topic	Response
approved.	
12.0.5 Will you have to change your chart of accounts to properly account for and report on project activities and disbursement categories? If YES, describe the changes?	<input checked="" type="checkbox"/> YES → describe changes <input type="checkbox"/> NO
12.0.6 Describe arrangements in place to ensure that cost allocations to the various funding sources will be made accurately and in accordance with established agreements.	Cost enters according to accounting subject, subject in accordance with department.
12.0.7 Are the General Ledger and subsidiary ledgers reconciled and in balance?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
12.0.8 Are all accounting and supporting documents retained on a permanent basis in a defined system that allows authorized users easy access?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
12.0.9 Describe the system for storing and accessing accounting documents and materials?	Archived for 10 years, consulting is not allowed without special approval from general manager.
12.1 Segregation of Duties	
12.1.1 Who is responsible for the following duties (give name and title):	
12.1.1.1 <i>authorize execution of transactions</i>	Zhangzhijun, General manager
12.1.1.2 <i>record transactions</i>	Wenghanming, financial department accountant
12.1.1.3 <i>maintain custody of assets involved in transaction</i>	Wujie financial department accountant
12.1.2 Are responsibilities for ordering, receiving, accounting for, and paying for goods and services separated? If NO, briefly describe how they are not separated.	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO → describe
12.1.3 Are bank reconciliations prepared by someone other than those who make or approve payments?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
12.2 Budgeting System	
12.2.1 Are annual budgets based on physical and financial targets?	<input type="checkbox"/> YES – with financial targets only <input checked="" type="checkbox"/> YES – with physical and financial targets <input type="checkbox"/> NO
12.2.2 Are multiple year budgets and financing plans prepared for capital expenditures?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
12.2.3 Are separate budgets prepared for:	
12.2.3.1 <i>Individual departments?</i>	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
12.2.3.2 <i>Individual work units?</i>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
12.2.3.3 <i>Distinct and significant functional activities (e.g. maintenance)?</i>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
12.2.3.4 <i>All major capital projects?</i>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
12.2.4 ? Is there sufficient detail in annual budgets to provide a meaningful tool for performance monitoring?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO

Topic	Response
12.2.5 Are budgets used to monitor and control the performance of individual departments and units?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
12.2.6 How frequently are actual expenditures compared to the budget?	<input checked="" type="checkbox"/> at least once every month <input type="checkbox"/> once every 2 to 3 months <input type="checkbox"/> once every 4 to 6 months <input type="checkbox"/> once every 6 to 12 months <input type="checkbox"/> never
12.2.7 What happens if there are significant variations from the budget? Are explanations required?	Further explanation needed.
12.2.8 Are approvals for variations from the budget required in advance or are they obtained after the fact?	yes
12.2.9 Who is responsible for preparation and approval of budgets?	Formation: financial department ministry Approval: Chaonan water bureau
12.2.10 How are budgets prepared and approved?	Formation: submit annual budget formation according to departments Approval: approved by Chaonan water bureau on the basis of budget, overspending needs representation.
12.2.11 Describe procedures used to plan project activities, collect information from units in charge of project components, and prepare budgets?	prepare budget according to departments
12.2.12 What due diligence measures are there to assure that project plans and budgets are based on valid assumptions, are developed by knowledgeable individuals and are realistic?	The personnel who in charge of project implementation and budget execution participate in the project preparation.
12.3 Payments	
12.3.1 During invoice-processing procedures are:	
12.3.1.1 Copies of purchase orders and receiving reports obtained directly from issuing departments?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
12.3.1.2 Comparison made of invoice quantities, prices and terms, with those indicated on the purchase order and with records of goods actually received?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
12.3.1.3 Comparison of invoice quantities with those indicated on the receiving reports?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
12.3.1.4 The accuracy of calculations checked?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
12.3.2 Are all invoices:	
12.3.2.1 dated, reviewed and approved	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
12.3.2.2 stamped PAID upon payment	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
12.3.2.3 Marked for account code assignment?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
12.3.3 What controls exist for the preparation of	Pay list is prepared by human resource department

Topic	Response
the payroll?	personnel and verified by financial department ministry. 。
12.3.4 How are changes to the payroll authorized?	Change request proposed by human resource specialist, verified by financial department, approved by general manager.
12.4 Policies And Procedure	
12.4.1 What is the basis of accounting (e.g., cash, accrual)?	accrual basis
12.4.2 What accounting standards are followed (PRC, ISA, other)?	People's Republic of China Accounting Standards
12.4.3 Does the Project have an adequate policies and procedures manual to guide activities and ensure staff accountability?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
12.4.4 。	<input type="checkbox"/> YES → explain how? <input checked="" type="checkbox"/> NO
12.4.5 Are there written policies and procedures covering all routine financial management and related administrative activities?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
12.4.6 How are new accounting principles, policies or procedures implemented within your agency?	Financial department makes the account in accordance with new accounting system; each department conducts it according to regulation and procedure.
12.4.7 Do procedures exist to ensure that only authorized persons can alter or establish a new accounting principle, policy or procedure to be used by your agency?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
12.4.8 How do policies and procedures define conflict of interest and provide safeguards to protect the organization from them?	Each department proposes rules and regulations, which can be carried out if approved in management conference.
12.4.9 How do policies and procedures define related party transactions (real and apparent)?	Related party transactions refer to the trade between company or underlying company and related parties which have links in vested interests and stakes directly and indirectly with our company.
12.4.10 What safeguards are there to protect the organization from conflict of interest and related party transactions?	Sign contract with related parties and explicit creditor's rights and debts.
12.4.11 Who has a copy of the policies and procedures manual?	All staff in financial department.
12.5 Cash and Bank	
12.5.1 Indicate names and positions of authorized signatories in the bank accounts.	
12.5.1.1 Nam: Zhangzhijun	Position: general manager
12.5.1.2 Name:Wenghanming	Position: accountant
12.5.1.3 Name:Chengzhulie	Position:casher
12.5.1.4 Name	Position
12.5.1.5 Name	Position
12.5.2 Does the organization maintain an up-to-date cashbook, recording receipts and payments?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
12.5.3 What are the controls for the following activities:	

Topic	Response
12.5.3.1 <i>collection of revenues</i>	Record in the subsidiary ledger according to the different capital source
12.5.3.2 <i>timely deposit of receipts</i>	deposit of receipts on the day received
12.5.3.3 <i>recording of receipts</i>	record the cash revenue in the subsidiary ledger
12.5.4 How frequently are bank and cash reconciled on a monthly basis?	<input type="checkbox"/> more frequently than monthly <input checked="" type="checkbox"/> every month <input type="checkbox"/> every quarter <input type="checkbox"/> less frequently than every quarter
12.5.5 Are all unusual items on the bank reconciliation reviewed and approved by a responsible official?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
12.5.6 How quickly are receipts deposited?	the day it happens
12.6 Safeguard over Assets	
12.6.1 Describe the system to record assets and protect them from fraud, waste and abuse?	Execution of interim measures for administration of state-owned assets. Establish fixed assets accounting, set up fixed assets consumption subsidiary ledger, user sign, specially-assigned person manages, headman authorize
12.6.2 Are subsidiary records of fixed assets and stocks kept up to date?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
12.6.3 Are subsidiary records of fixed assets and stocks reconciled with control accounts?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
12.6.4 How often are physical inventories completed of fixed assets and stocks?	<input checked="" type="checkbox"/> at least once a year <input type="checkbox"/> every 2 to 3 years <input type="checkbox"/> every 3 to 5 years <input type="checkbox"/> less frequently <input type="checkbox"/> never
12.6.5 Are assets sufficiently covered by insurance policies?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
12.7 Other Offices and Implementing Entities	
12.7.1 Identify other offices or implementing agencies or units under your supervision or control that are responsible for project implementation or finance?	
12.7.2 In relation to these other agencies, has the Project established controls and procedures for:	
12.7.2.1 <i>flow of funds</i>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
12.7.2.2 <i>financial information</i>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
12.7.2.3 <i>accountability</i>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
12.7.2.4 <i>audits</i>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
12.7.3 How long does it take for project information to reach your agency from other offices or implementing agencies or units?	5 days
12.7.4 What checks are there to ensure the accuracy of project information that your	Strict content management system, clear labor division system and adequate supporting documents

Topic	Response
agency receives from other offices or implementing agencies or units.	
12.7.5 Are periodic reconciliations performed among the different offices and implementing agencies?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
12.8 Other	
12.8.1 Describe the options available to employees, beneficiaries and others for reporting suspected fraud, waste or misuse of project resources or property?	1, set a fixed box; 2, announced the telephone; 3, direct interview system
12.8.2 What measures has your agency taken to inform employees, beneficiaries and others of their options for reporting suspected fraud, waste or misuse of project resources or property?	specially-assigned personnel are responsible for it
12.8.3 Will representatives of the municipal discipline investigation bureau be involved in project bidding and construction activities?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
12.8.4 Do contracts let by your agency for civil works and other large procurements include anticorruption clauses and safeguards.	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
13 Reporting and Monitoring	
13.0 Are financial statements prepared for your agency? If YES, what accounting standards are they based on?	<input checked="" type="checkbox"/> YES → accounting standards? <input type="checkbox"/> NO
13.1 How often are financial statements prepared?	monthly report
13.2 How quickly are the financial statements prepared at year end?	Ten days
13.3 Are separate financial statements prepared for the office or unit in your agency that will implement the Project?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
13.4 Will the financial reporting system need to be adapted to report on the project components?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
13.5 Does the reporting system have the capacity to link financial information with information on the physical progress of engineering project's?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
13.6 Describe procedures and controls used to insure that the physical project data can be compared and coordinated with the financial data?	Financial personnel participate in the full process of project management, engineering project managers and financial personnel should ensure the timely delivery of engineering information and accuracy of verification.
13.7 Are there financial management reporting requirements for existing engineering projects that specify:	
13.7.1 what reports are to be prepared	prepare financial statement: Balance sheet, summary of sources and uses of funds by project component and statement of implementation of loan agreement
13.7.2 what the reports are to contain	Capital source conditions, capital consumption conditions and project construction progress
13.7.3 how the reports are to be used	provide information for enterprise's internal and external managers

Topic	Response
13.8 What information do the financial management reports for engineering projects contain? (check all that apply)	<input checked="" type="checkbox"/> Total project expenditures to date <input checked="" type="checkbox"/> Comparison of actual expenditures with budgets <input checked="" type="checkbox"/> Comparison of actual expenditures with work completed <input checked="" type="checkbox"/> Expenditures by project component <input checked="" type="checkbox"/> Explanations of significant variances of expenditures from budgets
13.9 Are financial management reports used by management?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
13.10 Describe a recent action taken by management in response to information provided in a financial management report?	Check whether the capital expenditure corresponds with actual engineering progress in response to the information provided and conduct supervision and adjustment in time
13.11 Are financial reports prepared directly by the automated accounting system or are they prepared by spreadsheets or some other manual method?	<input type="checkbox"/> prepared by an automated accounting system <input checked="" type="checkbox"/> prepared by spreadsheets or other method <input type="checkbox"/> both ways used
14 Internal Audit	
14.0 Is there an internal auditor or audit department in your agency?	<input type="checkbox"/> YES → answer questions 6.1 to 6.5 <input checked="" type="checkbox"/> NO → go to section 7
14.1 What are the qualifications and experience of audit department staff?	
14.2 To whom does the internal auditor report?	
14.3 Will the internal audit department include the Project in its work program?	
14.4 Are actions taken on the internal audit findings?	<input type="checkbox"/> YES <input type="checkbox"/> NO
14.5 Describe the most recent actions taken in response to the internal audit findings?	
15 External Audit	
15.0 Is your agency financial statement audited each year by an independent non-government auditor? If YES, who is the auditor?	<input checked="" type="checkbox"/> YES → Who: <input type="checkbox"/> NO
15.1 How soon following the financial yearend are audit reports issued?	issue the audit report one month after financial yearend
15.2 Is the audit of your agency conducted according to International Standards on Auditing?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
15.3 Were any major accountability issues identified in audit reports over the past three years?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
15.4 Will your agency auditor audit the Project financial statements and accounts or will another auditor be appointed?	<input type="checkbox"/> agency auditor <input checked="" type="checkbox"/> another auditor
15.5 Has your agency implemented all recommendations made by the auditors in audit reports or management letters over the past three years? If NO, please explain.	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO → explain
15.6 Is the Project subject to any kind of audit from an independent governmental entity (e.g., the supreme audit institution) in addition to the external audit? If YES, who is the independent entity?	<input checked="" type="checkbox"/> YES → Who: Chaonan audit bureau <input type="checkbox"/> NO
15.7 Does your agency have separate terms of reference for annual audits of major projects?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO

Topic	Response
15.8 Please provide the audit reports for the past three years.	<input checked="" type="checkbox"/> Provided <input type="checkbox"/> Not provided – please give reason
16 Information Systems	
16.0 Is the financial management system computerized?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
16.1 Can the system produce the necessary project financial reports?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
16.2 What training has the staff received to operate the system?	
16.3 What controls are there to safeguard the confidentiality, integrity and availability of data in the information system?	

Financial Management Assessment Questionnaire—Chaonan Water Bureau

Topic	Response
Name of agency	Chaonan water bureau
Project component that agency is responsible for	Water resources management and three-prevention regulating system/center; Water Resources Protection and Utilization Action Plan
Name of person responsible for filling this form	Linxuejin
Position and title of person responsible for filling this form	Planning and financial department
Nature of agency's responsibility for the Project (check all that apply)	<input type="checkbox"/> Provide counterpart funding <input type="checkbox"/> Sign a follow on loan contract for ADB funds <input checked="" type="checkbox"/> Management of project construction <input type="checkbox"/> Management of contributions from NGOs or project beneficiaries <input checked="" type="checkbox"/> Project operation and maintenance <input checked="" type="checkbox"/> Financial management of project <input type="checkbox"/> Generate funds from tariffs, taxes or other sources to service the ADB loan <input type="checkbox"/> Other – describe Assist in the management
1 Implementing Agency	
1.0 What is your agency's legal status and registration?	
1.1 What is your agency's governing body?	Chaonan district Government
1.2 What is the governing body's relationship to the Government?	government functional departments
1.3 Can the governing body make decisions independently of Government? If NO, please explain what decisions need government approval.	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO → explain:
1.4 Has your agency implemented an externally-financed project in the past? If yes, please provide details?	<input type="checkbox"/> YES → briefly describe <input checked="" type="checkbox"/> NO
1.5 What are the statutory reporting requirements for your agency with respect to finance?	
1.6 Describe your agency's organizational structure? (please attach an organization chart)	<input type="checkbox"/> Organization chart attached <input type="checkbox"/> Organization chart not attached
1.7 Is the organizational structure appropriate for the needs of the Project?	To strengthen the management of construction projects
1.8 Has or will your agency established a project management office?	<input type="checkbox"/> YES, already have project office <input type="checkbox"/> YES, will set up project office <input type="checkbox"/> NO
1.9 If the ADB loan is approved, what staffing changes will you make to assist with project implementation?	Deployed personnel to assist the implementation of the project
1.10 Does the Project have written job descriptions that define duties, responsibilities, lines of supervision, and limits of authority for staff?	<input checked="" type="checkbox"/> YES – have already prepared these (attach job descriptions for the top two positions) <input type="checkbox"/> Written job descriptions are being or will be prepared <input type="checkbox"/> NO
2 Funds Flow Arrangements	
2.0 Describe proposed project funds flow	ADB Loan: ADB →Ministry of Finance → Guangdong

Topic	Response
arrangements. Include a chart and explanation of the flow of funds from ADB, government and other financiers to each lower level that will receive funds.	Provincial Finance Bureau →Chaonan District Finance Bureau →Contractor/Supplier Counterpart Fund: Chaonan District Finance Bureau – Contractor/Supplier
2.1 Are the (proposed) arrangements to transfer the proceeds of the loan from the government to the implementing agency satisfactory?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO → briefly explain why not <input type="checkbox"/> Not applicable
2.2 Describe any past problems experienced in receiving investment funds from funding sources?	No problem
2.3 Describe proposed on-lending arrangements from the Government to your agency, including on-lending terms and conditions.	Not applicable
2.4 Will your agency use an imprest account to manage ADB funds? If YES, in which bank will the Imprest Account be opened?	<input checked="" type="checkbox"/> YES → name of bank <input type="checkbox"/> NO
2.5 Does your agency have experience in the management of disbursements from ADB?	no experience
2.6 Does your agency have experience managing foreign exchange risks?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
2.7 Will your agency need to develop capacity to manage foreign exchange risks? If yes, what arrangements have been made to develop this capacity?	<input checked="" type="checkbox"/> YES. → Explain capacity building arrangements: Training on how to reduce risk of exchange rate and interest rate <input type="checkbox"/> NO
2.8 Is your agency is responsible for providing counterpart funds? If YES answer the next 3 questions.	<input type="checkbox"/> YES → answer questions 2.8.1 to 2.8.3 <input checked="" type="checkbox"/> NO
2.8.1 What is the source of the counterpart funds: revenues generated by your business activity, government tax funds, other?	
2.8.2 How will you access the counterpart funds? Are they drawn from revenues coming directly to you or do you obtain them as government transfers?	
2.8.3 How are payments made from the counterpart funds?	
2.9 Will user charges that you receive as revenue is used to generate counterpart funds?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
2.10 Will user charges that you receive as revenue is used to help finance the ADB loan?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
2.11 Is part of the Project implemented by communities, project beneficiaries or NGOs under your direction? If YES, describe reporting and monitoring arrangements that you have in place to track the use of project funds used by these groups?	<input checked="" type="checkbox"/> YES → describe arrangements <input type="checkbox"/> NO
2.12 Are project beneficiaries under your direction required to contribute in the form of labor to project costs? If YES, briefly describe guidelines and arrangements formulated to record and value the labor contribution?	<input type="checkbox"/> YES → describe guidelines <input checked="" type="checkbox"/> NO

Topic	Response
3 Staffing	
3.0 What is your agency's organizational structure for accounting and finance? Please attach an organization chart.	<pre> graph TD A[] --> B[] B --> C[] B --> D[] </pre>
3.1 Identify key finance and accounting staffs including job title, responsibilities, educational background and professional certification.	
3.1.1 Job title	Director of Financial Department
3.1.1.1 Staff	linxuejin
3.1.1.2 Main responsibilities	management
3.1.1.3 Training and Certification	Assistant accountant
3.1.2 Job title	accountant
3.1.2.1 Staff	Zhangxianqiang
3.1.2.2 Main responsibilities	accounting
3.1.2.3 Training and Certification	accountant
3.1.3 Job title	Cashier
3.1.3.1 Staff	Liuxianqin
3.1.3.2 Main responsibilities	Cashier
3.1.3.3 Training and Certification	
3.1.4 Job title	statisticians
3.1.4.1 Staff	Lihuizhu
3.1.4.2 Main responsibilities	Report statistics
3.1.4.3 Training and Certification	
3.1.5 Job title	statisticians
3.1.5.1 Staff	Zhengjuanli
3.1.5.2 Main responsibilities	Financial statistics
3.1.5.3 Training and Certification	
3.2 Attach job descriptions and CVs of key accounting staff.	<input type="checkbox"/> job descriptions, CVs attached <input checked="" type="checkbox"/> job descriptions, CVs not attached
3.3 Is the project finance and accounting function staffed adequately?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
3.4 Is the finance and accounts staff adequately qualified and experienced?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
3.5 Are the project accounts and finance staff trained in ADB procedures? If NO, what arrangements will be made for training?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO → describe training arrangements training for ADB's financial management, accounting and payment etc.

Topic	Response
3.6 What is the duration of the work contract for project finance and accounts staff?	2013-2020
3.7 Indicate key project finance and accounts staff positions not filled yet, and the estimated date of appointment.	Date ____ Position ____ Date ____ Position ____ Date ____ Position ____ Date ____ Position ____ Date ____ Position ____
3.8 Does the Project have written position descriptions that clearly define duties, responsibilities, lines of supervision, and limits of authority for all of the officers, managers, and staff?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
3.9 At what frequency are personnel transferred?	NO
3.10 What is training policy for the finance and accounting staff?	The financial staff attends the training programs organized by Shantou Finance bureau and ADB.
4 Accounting Policies and Procedures	
4.0 General	
4.0.1 Will the Project use your agency accounting system?	The accounting system of state-owned construction unit
4.0.2 Describe how your agency accounting system will record project financial transactions.	set up special subsidiary ledger, focus on business-related parties and record the usage of each funds daily
4.0.3 Describe how your agency accounting system will allocate project expenditures in accordance with the respective components, disbursement categories, and sources of funds?	Expenses receipts enter into accounting subproject according to different departments, cost allocation in accordance with departments and categories.
4.0.4 Describe controls in place to ensure that all transactions are correctly made, adequately explained, prepared and approved.	Account checking with clients every month, print of client confirmation slip, checking out the reasons immediately if having doubts, problems being solved within one month.
4.0.5 Will you have to change your chart of accounts to properly account for and report on project activities and disbursement categories? If YES, describe the changes?	<input type="checkbox"/> YES → describe changes <input checked="" type="checkbox"/> NO
4.0.6 Describe arrangements in place to ensure that cost allocations to the various funding sources will be made accurately and in accordance with established agreements.	
4.0.7 Are the General Ledger and subsidiary ledgers reconciled and in balance?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.0.8 Are all accounting and supporting documents retained on a permanent basis in a defined system that allows authorized users easy access?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.0.9 Describe the system for storing and accessing accounting documents and materials?	Archived for 10 years, consulting is not allowed without special approval from general manager.
4.1 Segregation of Duties	
4.1.1 Who is responsible for the following duties (give name and title):	
4.1.1.1 authorize execution of transactions	Director
4.1.1.2 record transactions	accountant
4.1.1.3 maintain custody of assets involved in transaction	accountant

Topic	Response
4.1.2 Are responsibilities for ordering, receiving, accounting for, and paying for goods and services separated? If NO, briefly describe how they are not separated.	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO → describe
4.1.3 Are bank reconciliations prepared by someone other than those who make or approve payments?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.2 Budgeting System	
4.2.1 Are annual budgets based on physical and financial targets?	<input type="checkbox"/> YES – with financial targets only <input checked="" type="checkbox"/> YES – with physical and financial targets <input type="checkbox"/> NO
4.2.2 Are multiple year budgets and financing plans prepared for capital expenditures?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
4.2.3 Are separate budgets prepared for:	
4.2.3.1 Individual departments?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.2.3.2 Individual work units?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.2.3.3 Distinct and significant functional activities (e.g. maintenance)?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.2.3.4 All major capital projects?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.2.4 ? Is there sufficient detail in annual budgets to provide a meaningful tool for performance monitoring?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.2.5 Are budgets used to monitor and control the performance of individual departments and units?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.2.6 How frequently are actual expenditures compared to the budget?	<input type="checkbox"/> at least once every month <input checked="" type="checkbox"/> once every 2 to 3 months <input type="checkbox"/> once every 4 to 6 months <input type="checkbox"/> once every 6 to 12 months <input type="checkbox"/> never
4.2.7 What happens if there are significant variations from the budget? Are explanations required?	Need Chaonan district government approval
4.2.8 Are approvals for variations from the budget required in advance or are they obtained after the fact?	yes
4.2.9 Who is responsible for preparation and approval of budgets?	Formation: financial department ministry Approval: Chaonan finance bureau
4.2.10 How are budgets prepared and approved?	Formation: submit annual budget formation according to departments Approval: approved by Chaonan finance bureau on the basis of budget, overspending needs representation.
4.2.11 Describe procedures used to plan project activities, collect information from units in charge of project components, and prepare budgets?	prepare budget according to departments
4.2.12 What due diligence measures are there to assure that project plans and budgets are based on valid assumptions, are developed by knowledgeable individuals and are	The personnel who in charge of project implementation and budget execution participate in the project preparation.

Topic	Response
realistic?	
4.3 Payments	
4.3.1 During invoice-processing procedures are:	
4.3.1.1 <i>Copies of purchase orders and receiving reports obtained directly from issuing departments?</i>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.3.1.2 <i>Comparison made of invoice quantities, prices and terms, with those indicated on the purchase order and with records of goods actually received?</i>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.3.1.3 <i>Comparison of invoice quantities with those indicated on the receiving reports?</i>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.3.1.4 <i>The accuracy of calculations checked?</i>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.3.2 Are all invoices:	
4.3.2.1 <i>dated, reviewed and approved</i>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.3.2.2 <i>stamped PAID upon payment</i>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.3.2.3 <i>Marked for account code assignment?</i>	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
4.3.3 What controls exist for the preparation of the payroll?	Pay list is prepared by human resource department personnel and verified by financial department ministry. .
4.3.4 How are changes to the payroll authorized?	Change request proposed by human resource specialist, verified by financial department, approved by human bureau.
4.4 Policies And Procedure	
4.4.1 What is the basis of accounting (e.g., cash, accrual)?	cash basis
4.4.2 What accounting standards are followed (PRC, ISA, other)?	People's Republic of China Accounting Standards
4.4.3 Does the Project have an adequate policies and procedures manual to guide activities and ensure staff accountability?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.4.4 Does the accounting policy and procedure manual need to be updated for the project activities? If YES, explain how this will this be done?	<input type="checkbox"/> YES → explain how? <input checked="" type="checkbox"/> NO
4.4.5 Are there written policies and procedures covering all routine financial management and related administrative activities?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.4.6 How are new accounting principles, policies or procedures implemented within your agency?	Financial department makes the account in accordance with new accounting system; each department conducts it according to regulation and procedure.
4.4.7 Do procedures exist to ensure that only authorized persons can alter or establish a new accounting principle, policy or procedure to be used by your agency?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.4.8 How do policies and procedures define conflict of interest and provide safeguards to	Each department proposes rules and regulations, which can be carried out if approved in management conference.

Topic	Response
protect the organization from them?	
4.4.9 How do policies and procedures define related party transactions (real and apparent)?	
4.4.10 What safeguards are there to protect the organization from conflict of interest and related party transactions?	
4.4.11 Who has a copy of the policies and procedures manual?	All staff in financial department.
4.5 Cash and Bank	
4.5.1 Indicate names and positions of authorized signatories in the bank accounts.	
4.5.1.1 Name: <i>Zhangxianqiang</i>	Position: <i>director</i>
4.5.1.2 Name:	Position: <i>accountant</i>
4.5.1.3 Name:	Position: <i>cashier</i>
4.5.1.4 Name	Position
4.5.1.5 Name	Position
4.5.2 Does the organization maintain an up-to-date cashbook, recording receipts and payments?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.5.3 What are the controls for the following activities:	
4.5.3.1 collection of revenues	Record in the subsidiary ledger according to the different capital source
4.5.3.2 timely deposit of receipts	deposit of receipts on the day received
4.5.3.3 recording of receipts	record the cash revenue in the subsidiary ledger
4.5.4 How frequently are bank and cash reconciled on a monthly basis?	<input type="checkbox"/> more frequently than monthly <input checked="" type="checkbox"/> every month <input type="checkbox"/> every quarter <input type="checkbox"/> less frequently than every quarter
4.5.5 Are all unusual items on the bank reconciliation reviewed and approved by a responsible official?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.5.6 How quickly are receipts deposited?	the day it happens
4.6 Safeguard over Assets	
4.6.1 Describe the system to record assets and protect them from fraud, waste and abuse?	Execution of interim measures for administration of state-owned assets. Establish fixed assets accounting, set up fixes assets consumption subsidiary ledger, user sign, specially-assigned person manages , headman authorize
4.6.2 Are subsidiary records of fixed assets and stocks kept up to date?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.6.3 Are subsidiary records of fixed assets and stocks reconciled with control accounts?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.6.4 How often are physical inventories completed of fixed assets and stocks?	<input checked="" type="checkbox"/> at least once a year <input type="checkbox"/> every 2 to 3 years <input type="checkbox"/> every 3 to 5 years <input type="checkbox"/> less frequently <input type="checkbox"/> never

Topic	Response
4.6.5 Are assets sufficiently covered by insurance policies?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.7 Other Offices and Implementing Entities	
4.7.1 Identify other offices or implementing agencies or units under your supervision or control that are responsible for project implementation or finance?	
4.7.2 In relation to these other agencies, has the Project established controls and procedures for:	
4.7.2.1 flow of funds	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.7.2.2 financial information	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.7.2.3 accountability	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.7.2.4 audits	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.7.3 How long does it take for project information to reach your agency from other offices or implementing agencies or units?	1 day
4.7.4 What checks are there to ensure the accuracy of project information that your agency receives from other offices or implementing agencies or units.	Strict content management system, clear labor division system and adequate supporting documents
4.7.5 Are periodic reconciliations performed among the different offices and implementing agencies?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.8 Other	
4.8.1 Describe the options available to employees, beneficiaries and others for reporting suspected fraud, waste or misuse of project resources or property?	1, set a fixed box; 2, announced the telephone; 3, direct interview system
4.8.2 What measures has your agency taken to inform employees, beneficiaries and others of their options for reporting suspected fraud, waste or misuse of project resources or property?	specially-assigned personnel are responsible for it
4.8.3 Will representatives of the municipal discipline investigation bureau be involved in project bidding and construction activities?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.8.4 Do contracts let by your agency for civil works and other large procurements include anticorruption clauses and safeguards.	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
5 Reporting and Monitoring	
5.0 Are financial statements prepared for your agency? If YES, what accounting standards are they based on?	<input checked="" type="checkbox"/> YES → accounting standards? The accounting system of state-owned unit <input type="checkbox"/> NO
5.1 How often are financial statements prepared?	quarter report
5.2 How quickly are the financial statements prepared at year end?	ten days

Topic	Response
5.3 Are separate financial statements prepared for the office or unit in your agency that will implement the Project?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
5.4 Will the financial reporting system need to be adapted to report on the project components?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
5.5 Does the reporting system have the capacity to link financial information with information on the physical progress of engineering project's?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
5.6 Describe procedures and controls used to insure that the physical project data can be compared and coordinated with the financial data?	Financial personnel participate in the full process of project management, engineering project managers and financial personnel should ensure the timely delivery of engineering information and accuracy of verification.
5.7 Are there financial management reporting requirements for existing engineering projects that specify:	
5.7.1 what reports are to be prepared	prepare financial statement: Balance sheet, summary of sources and uses of funds by project component and statement of implementation of loan agreement
5.7.2 what the reports are to contain	Capital source conditions, capital consumption conditions and project construction progress
5.7.3 how the reports are to be used	provide information for enterprise's internal and external managers
5.8 What information do the financial management reports for engineering projects contain? (check all that apply)	<input checked="" type="checkbox"/> Total project expenditures to date <input checked="" type="checkbox"/> Comparison of actual expenditures with budgets <input checked="" type="checkbox"/> Comparison of actual expenditures with work completed <input checked="" type="checkbox"/> Expenditures by project component <input checked="" type="checkbox"/> Explanations of significant variances of expenditures from budgets
5.9 Are financial management reports used by management?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
5.10 Describe a recent action taken by management in response to information provided in a financial management report?	No
5.11 Are financial reports prepared directly by the automated accounting system or are they prepared by spreadsheets or some other manual method?	<input type="checkbox"/> prepared by an automated accounting system <input checked="" type="checkbox"/> prepared by spreadsheets or other method <input type="checkbox"/> both ways used
6 Internal Audit	
6.0 Is there an internal auditor or audit department in your agency?	<input checked="" type="checkbox"/> YES → answer questions 6.1 to 6.5 <input type="checkbox"/> NO → go to section 7
6.1 What are the qualifications and experience of audit department staff?	Chaonan district auditing bureau
6.2 To whom does the internal auditor report?	Chaonan district government
6.3 Will the internal audit department include the Project in its work program?	Yes
6.4 Are actions taken on the internal audit findings?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
6.5 Describe the most recent actions taken in response to the internal audit findings?	No

Topic	Response
7 External Audit	
7.0 Is your agency financial statement audited each year by an independent non-government auditor? If YES, who is the auditor?	<input type="checkbox"/> YES → Who: <input checked="" type="checkbox"/> NO
7.1 How soon following the financial yearend are audit reports issued?	
7.2 Is the audit of your agency conducted according to International Standards on Auditing?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
7.3 Were any major accountability issues identified in audit reports over the past three years?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
7.4 Will your agency auditor audit the Project financial statements and accounts or will another auditor be appointed?	<input type="checkbox"/> agency auditor <input checked="" type="checkbox"/> another auditor
7.5 Has your agency implemented all recommendations made by the auditors in audit reports or management letters over the past three years? If NO, please explain.	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO → explain project
7.6 Is the Project subject to any kind of audit from an independent governmental entity (e.g., the supreme audit institution) in addition to the external audit? If YES, who is the independent entity?	<input type="checkbox"/> YES → Who: Chaonan audit bureau <input checked="" type="checkbox"/> NO
7.7 Does your agency have separate terms of reference for annual audits of major projects?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
7.8 Please provide the audit reports for the past three years.	<input type="checkbox"/> Provided <input checked="" type="checkbox"/> Not provided – please give reason
8 Information Systems	
8.0 Is the financial management system computerized?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
8.1 Can the system produce the necessary project financial reports?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
8.2 What training has the staff received to operate the system?	training for financial software
8.3 What controls are there to safeguard the confidentiality, integrity and availability of data in the information system?	Set permission and password according to department personnel. Paper archive and electric data archive

Financial Management Assessment Questionnaire—Chaonan Education Bureau

Topic	Response
Name of agency	Chaonan education bureau
Project component that agency is responsible for	Public awareness on environment and sanitation
Name of person responsible for filling this form	Wengxueli
Position and title of person responsible for filling this form	director
Nature of agency's responsibility for the Project (check all that apply)	<input type="checkbox"/> Provide counterpart funding <input type="checkbox"/> Sign a follow on loan contract for ADB funds <input checked="" type="checkbox"/> Management of project construction <input type="checkbox"/> Management of contributions from NGOs or project beneficiaries <input checked="" type="checkbox"/> Project operation and maintenance <input type="checkbox"/> Financial management of project <input type="checkbox"/> Generate funds from tariffs, taxes or other sources to service the ADB loan <input type="checkbox"/> Other – describe Assist in the management
1 Implementing Agency	
1.0 What is your agency's legal status and registration?	
1.1 What is your agency's governing body?	Shantou city education bureau
1.2 What is the governing body's relationship to the Government?	government functional departments
1.3 Can the governing body make decisions independently of Government? If NO, please explain what decisions need government approval.	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO → explain:
1.4 Has your agency implemented an externally-financed project in the past? If yes, please provide details?	<input type="checkbox"/> YES → briefly describe <input checked="" type="checkbox"/> NO
1.5 What are the statutory reporting requirements for your agency with respect to finance?	
1.6 Describe your agency's organizational structure? (please attach an organization chart)	<input checked="" type="checkbox"/> Organization chart attached <input type="checkbox"/> Organization chart not attached
1.7 Is the organizational structure appropriate for the needs of the Project?	To improve the public environmental and health awareness, need environmental protection, health, urban management, news media and other departments coordinate
1.8 Has or will your agency established a project management office?	<input checked="" type="checkbox"/> YES, already have project office <input type="checkbox"/> YES, will set up project office <input type="checkbox"/> NO
1.9 If the ADB loan is approved, what staffing changes will you make to assist with project implementation?	Deployed personnel to assist the implementation of the project
1.10 Does the Project have written job descriptions that define duties, responsibilities, lines of supervision, and limits of authority for staff?	<input type="checkbox"/> YES – have already prepared these (attach job descriptions for the top two positions) <input checked="" type="checkbox"/> Written job descriptions are being or will be prepared <input type="checkbox"/> NO
2 Funds Flow Arrangements	
2.0 Describe proposed project funds flow arrangements. Include a chart and explanation of the flow of funds from ADB, government and other financiers to each lower level that will receive funds.	ADB Loan: ADB → Ministry of Finance → Guangdong Provincial Finance Bureau → Chaonan District Finance Bureau → education bureau

Topic	Response
2.1 Are the (proposed) arrangements to transfer the proceeds of the loan from the government to the implementing agency satisfactory?	<input type="checkbox"/> YES <input type="checkbox"/> NO → briefly explain why not <input checked="" type="checkbox"/> Not applicable
2.2 Describe any past problems experienced in receiving investment funds from funding sources?	No problem
2.3 Describe proposed on-lending arrangements from the Government to your agency, including on-lending terms and conditions.	Not applicable
2.4 Will your agency use an imprest account to manage ADB funds? If YES, in which bank will the Imprest Account be opened?	<input type="checkbox"/> YES → name of bank <input checked="" type="checkbox"/> NO
2.5 Does your agency have experience in the management of disbursements from ADB?	no experience
2.6 Does your agency have experience managing foreign exchange risks?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
2.7 Will your agency need to develop capacity to manage foreign exchange risks? If yes, what arrangements have been made to develop this capacity?	<input type="checkbox"/> YES. → Explain capacity building arrangements: Training on how to reduce risk of exchange rate and interest rate <input checked="" type="checkbox"/> NO
2.8 Is your agency is responsible for providing counterpart funds? If YES answer the next 3 questions.	<input type="checkbox"/> YES → answer questions 2.8.1 to 2.8.3 <input checked="" type="checkbox"/> NO
2.8.1 What is the source of the counterpart funds: revenues generated by your business activity, government tax funds, other?	
2.8.2 How will you access the counterpart funds? Are they drawn from revenues coming directly to you or do you obtain them as government transfers?	
2.8.3 How are payments made from the counterpart funds?	
2.9 Will user charges that you receive as revenue is used to generate counterpart funds?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
2.10 Will user charges that you receive as revenue is used to help finance the ADB loan?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
2.11 Is part of the Project implemented by communities, project beneficiaries or NGOs under your direction? If YES, describe reporting and monitoring arrangements that you have in place to track the use of project funds used by these groups?	<input type="checkbox"/> YES → describe arrangements <input checked="" type="checkbox"/> NO
2.12 Are project beneficiaries under your direction required to contribute in the form of labor to project costs? If YES, briefly describe guidelines and arrangements formulated to record and value the labor contribution?	<input type="checkbox"/> YES → describe guidelines <input checked="" type="checkbox"/> NO
3 Staffing	
3.0 What is your agency's organizational structure for accounting and finance? Please attach an organization chart.	
3.1 Identify key finance and accounting staffs including job title, responsibilities, educational background and professional certification.	

Topic	Response
3.1.1 Job title	Director of Financial Department
3.1.1.1 Staff	Zhaoqiunan
3.1.1.2 Main responsibilities	management
3.1.1.3 Training and Certification	
3.1.2 Job title	accountant
3.1.2.1 Staff	Luojinjin
3.1.2.2 Main responsibilities	accounting
3.1.2.3 Training and Certification	
3.1.3 Job title	cashier
3.1.3.1 Staff	Zhouxiaoxiao
3.1.3.2 Main responsibilities	
3.1.3.3 Training and Certification	accountant
3.1.4 Job title	
3.1.4.1 Staff	
3.1.4.2 Main responsibilities	
3.1.4.3 Training and Certification	
3.1.5 Job title	
3.1.5.1 Staff	
3.1.5.2 Main responsibilities	
3.1.5.3 Training and Certification	
3.2 Attach job descriptions and CVs of key accounting staff.	<input type="checkbox"/> job descriptions, CVs attached <input type="checkbox"/> job descriptions, CVs not attached
3.3 Is the project finance and accounting function staffed adequately?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
3.4 Is the finance and accounts staff adequately qualified and experienced?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
3.5 Are the project accounts and finance staff trained in ADB procedures? If NO, what arrangements will be made for training?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO → describe training arrangements training for ADB's financial management, accounting and payment etc.
3.6 What is the duration of the work contract for project finance and accounts staff?	Long term
3.7 Indicate key project finance and accounts staff positions not filled yet, and the estimated date of appointment.	Date ____ Position ____ Date ____ Position ____ Date ____ Position ____ Date ____ Position ____ Date ____ Position ____
3.8 Does the Project have written position descriptions that clearly define duties, responsibilities, lines of supervision, and limits of authority for all of the officers, managers, and staff?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
3.9 At what frequency are personnel transferred?	NO
3.10 What is training policy for the finance and accounting staff?	The financial staff attends the training programs organized by Department of Finance.

Topic	Response
4 Accounting Policies and Procedures	
4.0 General	
4.0.1 Will the Project use your agency accounting system?	No
4.0.2 Describe how your agency accounting system will record project financial transactions.	set up special subsidiary ledger, focus on business-related parties and record the usage of each funds daily
4.0.3 Describe how your agency accounting system will allocate project expenditures in accordance with the respective components, disbursement categories, and sources of funds?	Expenses receipts enter into accounting subproject according to different departments, cost allocation in accordance with departments and categories.
4.0.4 Describe controls in place to ensure that all transactions are correctly made, adequately explained, prepared and approved.	Account checking with clients every month, print of client confirmation slip, checking out the reasons immediately if having doubts, problems being solved within one month.
4.0.5 Will you have to change your chart of accounts to properly account for and report on project activities and disbursement categories? If YES, describe the changes?	<input type="checkbox"/> YES → describe changes <input checked="" type="checkbox"/> NO
4.0.6 Describe arrangements in place to ensure that cost allocations to the various funding sources will be made accurately and in accordance with established agreements.	
4.0.7 Are the General Ledger and subsidiary ledgers reconciled and in balance?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.0.8 Are all accounting and supporting documents retained on a permanent basis in a defined system that allows authorized users easy access?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.0.9 Describe the system for storing and accessing accounting documents and materials?	Archived for 10 years, consulting is not allowed without special approval from general manager.
4.1 Segregation of Duties	
4.1.1 Who is responsible for the following duties (give name and title):	
4.1.1.1 authorize execution of transactions	Director
4.1.1.2 record transactions	accountant
4.1.1.3 maintain custody of assets involved in transaction	accountant
4.1.2 Are responsibilities for ordering, receiving, accounting for, and paying for goods and services separated? If NO, briefly describe how they are not separated.	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO → describe
4.1.3 Are bank reconciliations prepared by someone other than those who make or approve payments?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.2 Budgeting System	
4.2.1 Are annual budgets based on physical and financial targets?	<input type="checkbox"/> YES – with financial targets only <input checked="" type="checkbox"/> YES – with physical and financial targets <input type="checkbox"/> NO
4.2.2 Are multiple year budgets and financing plans prepared for capital expenditures?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO

Topic	Response
4.2.3 Are separate budgets prepared for:	
4.2.3.1 Individual departments?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.2.3.2 Individual work units?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
4.2.3.3 Distinct and significant functional activities (e.g. maintenance)?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.2.3.4 All major capital projects?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.2.4 ? Is there sufficient detail in annual budgets to provide a meaningful tool for performance monitoring?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.2.5 Are budgets used to monitor and control the performance of individual departments and units?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.2.6 How frequently are actual expenditures compared to the budget?	<input type="checkbox"/> at least once every month <input type="checkbox"/> once every 2 to 3 months <input type="checkbox"/> once every 4 to 6 months <input checked="" type="checkbox"/> once every 6 to 12 months <input type="checkbox"/> never
4.2.7 What happens if there are significant variations from the budget? Are explanations required?	Further explanation needed.
4.2.8 Are approvals for variations from the budget required in advance or are they obtained after the fact?	yes
4.2.9 Who is responsible for preparation and approval of budgets?	Formation: financial department ministry Approval: Chaonan finance bureau
4.2.10 How are budgets prepared and approved?	Formation: submit annual budget formation according to departments Approval: approved by Chaonan finance bureau on the basis of budget, overspending needs representation.
4.2.11 Describe procedures used to plan project activities, collect information from units in charge of project components, and prepare budgets?	prepare budget according to departments
4.2.12 What due diligence measures are there to assure that project plans and budgets are based on valid assumptions, are developed by knowledgeable individuals and are realistic?	The personnel who in charge of project implementation and budget execution participate in the project preparation.
4.3 Payments	
4.3.1 During invoice-processing procedures are:	
4.3.1.1 Copies of purchase orders and receiving reports obtained directly from issuing departments?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
4.3.1.2 Comparison made of invoice quantities, prices and terms, with those indicated on the purchase order and with records of goods actually received?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.3.1.3 Comparison of invoice quantities with those indicated on the receiving reports?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.3.1.4 The accuracy of calculations checked?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO

Topic	Response
4.3.2 Are all invoices:	
4.3.2.1 <i>dated, reviewed and approved</i>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.3.2.2 <i>stamped PAID upon payment</i>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.3.2.3 <i>Marked for account code assignment?</i>	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
4.3.3 What controls exist for the preparation of the payroll?	Pay list is prepared by human resource department personnel and verified by financial department ministry. .
4.3.4 How are changes to the payroll authorized?	Change request proposed by human resource specialist, verified by financial department, approved by human bureau.
4.4 Policies And Procedure	
4.4.1 What is the basis of accounting (e.g., cash, accrual)?	cash basis
4.4.2 What accounting standards are followed (PRC, ISA, other)?	People's Republic of China Accounting Standards
4.4.3 Does the Project have an adequate policies and procedures manual to guide activities and ensure staff accountability?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.4.4 . Does the accounting policy and procedure manual need to be updated for the project activities? If YES, explain how this will this be done?	<input type="checkbox"/> YES → explain how? <input checked="" type="checkbox"/> NO
4.4.5 Are there written policies and procedures covering all routine financial management and related administrative activities?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.4.6 How are new accounting principles, policies or procedures implemented within your agency?	Financial department makes the account in accordance with new accounting system; each department conducts it according to regulation and procedure.
4.4.7 Do procedures exist to ensure that only authorized persons can alter or establish a new accounting principle, policy or procedure to be used by your agency?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.4.8 How do policies and procedures define conflict of interest and provide safeguards to protect the organization from them?	Each department proposes rules and regulations, which can be carried out if approved in management conference.
4.4.9 How do policies and procedures define related party transactions (real and apparent)?	
4.4.10 What safeguards are there to protect the organization from conflict of interest and related party transactions?	
4.4.11 Who has a copy of the policies and procedures manual?	All staff in financial department.
4.5 Cash and Bank	
4.5.1 Indicate names and positions of authorized signatories in the bank accounts.	
4.5.1.1 <i>Name: Chenwenzhou</i>	<i>Position: director</i>
4.5.1.2 <i>Name:luojinxin</i>	<i>Position: accountant</i>
4.5.1.3 <i>Name:</i>	<i>Position: cashier</i>

Topic	Response
4.5.1.4 Name	Position
4.5.1.5 Name	Position
4.5.2 Does the organization maintain an up-to-date cashbook, recording receipts and payments?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.5.3 What are the controls for the following activities:	
4.5.3.1 collection of revenues	Record in the subsidiary ledger according to the different capital source
4.5.3.2 timely deposit of receipts	deposit of receipts on the day received
4.5.3.3 recording of receipts	record the cash revenue in the subsidiary ledger
4.5.4 How frequently are bank and cash reconciled on a monthly basis?	<input type="checkbox"/> more frequently than monthly <input checked="" type="checkbox"/> every month <input type="checkbox"/> every quarter <input type="checkbox"/> less frequently than every quarter
4.5.5 Are all unusual items on the bank reconciliation reviewed and approved by a responsible official?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.5.6 How quickly are receipts deposited?	the day it happens
4.6 Safeguard over Assets	
4.6.1 Describe the system to record assets and protect them from fraud, waste and abuse?	Execution of interim measures for administration of state-owned assets. Establish fixed assets accounting, set up fixes assets consumption subsidiary ledger, user sign, specially-assigned person manages , headman authorize
4.6.2 Are subsidiary records of fixed assets and stocks kept up to date?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.6.3 Are subsidiary records of fixed assets and stocks reconciled with control accounts?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.6.4 How often are physical inventories completed of fixed assets and stocks?	<input checked="" type="checkbox"/> at least once a year <input type="checkbox"/> every 2 to 3 years <input type="checkbox"/> every 3 to 5 years <input type="checkbox"/> less frequently <input type="checkbox"/> never
4.6.5 Are assets sufficiently covered by insurance policies?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.7 Other Offices and Implementing Entities	
4.7.1 Identify other offices or implementing agencies or units under your supervision or control that are responsible for project implementation or finance?	
4.7.2 In relation to these other agencies, has the Project established controls and procedures for:	
4.7.2.1 flow of funds	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.7.2.2 financial information	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.7.2.3 accountability	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.7.2.4 audits	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO

Topic	Response
4.7.3 How long does it take for project information to reach your agency from other offices or implementing agencies or units?	5 days
4.7.4 What checks are there to ensure the accuracy of project information that your agency receives from other offices or implementing agencies or units.	Strict content management system, clear labor division system and adequate supporting documents
4.7.5 Are periodic reconciliations performed among the different offices and implementing agencies?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.8 Other	
4.8.1 Describe the options available to employees, beneficiaries and others for reporting suspected fraud, waste or misuse of project resources or property?	1, set a fixed box; 2, announced the telephone; 3, direct interview system
4.8.2 What measures has your agency taken to inform employees, beneficiaries and others of their options for reporting suspected fraud, waste or misuse of project resources or property?	specially-assigned personnel are responsible for it
4.8.3 Will representatives of the municipal discipline investigation bureau be involved in project bidding and construction activities?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.8.4 Do contracts let by your agency for civil works and other large procurements include anticorruption clauses and safeguards.	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
5 Reporting and Monitoring	
5.0 Are financial statements prepared for your agency? If YES, what accounting standards are they based on?	<input checked="" type="checkbox"/> YES → accounting standards? The accounting system of administrative institutions <input type="checkbox"/> NO
5.1 How often are financial statements prepared?	monthly report
5.2 How quickly are the financial statements prepared at year end?	fifteen days
5.3 Are separate financial statements prepared for the office or unit in your agency that will implement the Project?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
5.4 Will the financial reporting system need to be adapted to report on the project components?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
5.5 Does the reporting system have the capacity to link financial information with information on the physical progress of engineering project's?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
5.6 Describe procedures and controls used to insure that the physical project data can be compared and coordinated with the financial data?	Financial personnel participate in the full process of project management, engineering project managers and financial personnel should ensure the timely delivery of engineering information and accuracy of verification.
5.7 Are there financial management reporting requirements for existing engineering projects that specify:	
5.7.1 what reports are to be prepared	prepare financial statement: Balance sheet, summary of sources and uses of funds by project component and statement of implementation of loan agreement
5.7.2 what the reports are to contain	Capital source conditions, capital consumption conditions and project construction progress

Topic	Response
5.7.3 how the reports are to be used	provide information for enterprise's internal and external managers
5.8 What information do the financial management reports for engineering projects contain? (check all that apply)	<input checked="" type="checkbox"/> Total project expenditures to date <input checked="" type="checkbox"/> Comparison of actual expenditures with budgets <input checked="" type="checkbox"/> Comparison of actual expenditures with work completed <input checked="" type="checkbox"/> Expenditures by project component <input checked="" type="checkbox"/> Explanations of significant variances of expenditures from budgets
5.9 Are financial management reports used by management?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
5.10 Describe a recent action taken by management in response to information provided in a financial management report?	Check whether the capital expenditure corresponds with actual engineering progress in response to the information provided and conduct supervision and adjustment in time
5.11 Are financial reports prepared directly by the automated accounting system or are they prepared by spreadsheets or some other manual method?	<input type="checkbox"/> prepared by an automated accounting system <input checked="" type="checkbox"/> prepared by spreadsheets or other method <input type="checkbox"/> both ways used
6 Internal Audit	
6.0 Is there an internal auditor or audit department in your agency?	<input checked="" type="checkbox"/> YES → answer questions 6.1 to 6.5 <input type="checkbox"/> NO → go to section 7
6.1 What are the qualifications and experience of audit department staff?	They have qualification and experience.
6.2 To whom does the internal auditor report?	Shantou city education bureau
6.3 Will the internal audit department include the Project in its work program?	
6.4 Are actions taken on the internal audit findings?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
6.5 Describe the most recent actions taken in response to the internal audit findings?	
7 External Audit	
7.0 Is your agency financial statement audited each year by an independent non-government auditor? If YES, who is the auditor?	<input type="checkbox"/> YES → Who: <input checked="" type="checkbox"/> NO
7.1 How soon following the financial yearend are audit reports issued?	issue the audit report one month after financial yearend
7.2 Is the audit of your agency conducted according to International Standards on Auditing?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
7.3 Were any major accountability issues identified in audit reports over the past three years?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
7.4 Will your agency auditor audit the Project financial statements and accounts or will another auditor be appointed?	<input type="checkbox"/> agency auditor <input checked="" type="checkbox"/> another auditor
7.5 Has your agency implemented all recommendations made by the auditors in audit reports or management letters over the past three years? If NO, please explain.	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO → explain project
7.6 Is the Project subject to any kind of audit from an independent governmental entity (e.g., the supreme audit institution) in addition to the external audit? If	<input checked="" type="checkbox"/> YES → Who: Chaonan audit bureau <input type="checkbox"/> NO

Topic	Response
YES, who is the independent entity?	
7.7 Does your agency have separate terms of reference for annual audits of major projects?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
7.8 Please provide the audit reports for the past three years.	<input checked="" type="checkbox"/> Provided <input type="checkbox"/> Not provided – please give reason
8 Information Systems	
8.0 Is the financial management system computerized?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
8.1 Can the system produce the necessary project financial reports?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
8.2 What training has the staff received to operate the system?	training for financial software
8.3 What controls are there to safeguard the confidentiality, integrity and availability of data in the information system?	Set permission and password according to department personnel. Paper archive and electric data archive

Financial Management Assessment Questionnaire—Chaonan Forestry Bureau

Topic	Response
Name of agency	Chaonan forestry bureau
Project component that agency is responsible for	Water conservation reforestation around the three major reservoirs
Name of person responsible for filling this form	Zhangjianbiao
Position and title of person responsible for filling this form	director
Nature of agency's responsibility for the Project (check all that apply)	<input type="checkbox"/> Provide counterpart funding <input type="checkbox"/> Sign a follow on loan contract for ADB funds <input checked="" type="checkbox"/> Management of project construction <input type="checkbox"/> Management of contributions from NGOs or project beneficiaries <input checked="" type="checkbox"/> Project operation and maintenance <input checked="" type="checkbox"/> Financial management of project <input type="checkbox"/> Generate funds from tariffs, taxes or other sources to service the ADB loan <input type="checkbox"/> Other – describe Assist in the management
1 Implementing Agency	
1.0 What is your agency's legal status and registration?	Institution code:440514-001996
1.1 What is your agency's governing body?	Shantou city forestry bureau
1.2 What is the governing body's relationship to the Government?	government functional departments
1.3 Can the governing body make decisions independently of Government? If NO, please explain what decisions need government approval.	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO → explain:
1.4 Has your agency implemented an externally-financed project in the past? If yes, please provide details?	<input type="checkbox"/> YES → briefly describe <input checked="" type="checkbox"/> NO
1.5 What are the statutory reporting requirements for your agency with respect to finance?	
1.6 Describe your agency's organizational structure? (please attach an organization chart)	<input checked="" type="checkbox"/> Organization chart attached <input type="checkbox"/> Organization chart not attached
1.7 Is the organizational structure appropriate for the needs of the Project?	yes
1.8 Has or will your agency established a project management office?	<input checked="" type="checkbox"/> YES, already have project office <input type="checkbox"/> YES, will set up project office <input type="checkbox"/> NO
1.9 If the ADB loan is approved, what staffing changes will you make to assist with project implementation?	Deployed personnel to assist the implementation of the project
1.10 Does the Project have written job descriptions that define duties, responsibilities, lines of supervision, and limits of authority for staff?	<input checked="" type="checkbox"/> YES – have already prepared these (attach job descriptions for the top two positions) <input type="checkbox"/> Written job descriptions are being or will be prepared <input type="checkbox"/> NO
2 Funds Flow Arrangements	
2.0 Describe proposed project funds flow arrangements. Include a chart and explanation of the flow of funds from ADB, government and other financiers to each lower level that will receive funds.	ADB Loan: ADB →Ministry of Finance → Guangdong Provincial Finance Bureau →Chaonan District Finance Bureau →education bureau

Topic	Response
2.1 Are the (proposed) arrangements to transfer the proceeds of the loan from the government to the implementing agency satisfactory?	<input type="checkbox"/> YES <input type="checkbox"/> NO → briefly explain why not <input checked="" type="checkbox"/> Not applicable
2.2 Describe any past problems experienced in receiving investment funds from funding sources?	No problem
2.3 Describe proposed on-lending arrangements from the Government to your agency, including on-lending terms and conditions.	Not applicable
2.4 Will your agency use an imprest account to manage ADB funds? If YES, in which bank will the Imprest Account be opened?	<input type="checkbox"/> YES → name of bank <input checked="" type="checkbox"/> NO
2.5 Does your agency have experience in the management of disbursements from ADB?	no experience
2.6 Does your agency have experience managing foreign exchange risks?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
2.7 Will your agency need to develop capacity to manage foreign exchange risks? If yes, what arrangements have been made to develop this capacity?	<input checked="" type="checkbox"/> YES. → Explain capacity building arrangements: Training on how to reduce risk of exchange rate and interest rate <input type="checkbox"/> NO
2.8 Is your agency is responsible for providing counterpart funds? If YES answer the next 3 questions.	<input type="checkbox"/> YES → answer questions 2.8.1 to 2.8.3 <input checked="" type="checkbox"/> NO
2.8.1 What is the source of the counterpart funds: revenues generated by your business activity, government tax funds, other?	
2.8.2 How will you access the counterpart funds? Are they drawn from revenues coming directly to you or do you obtain them as government transfers?	
2.8.3 How are payments made from the counterpart funds?	
2.9 Will user charges that you receive as revenue is used to generate counterpart funds?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
2.10 Will user charges that you receive as revenue is used to help finance the ADB loan?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
2.11 Is part of the Project implemented by communities, project beneficiaries or NGOs under your direction? If YES, describe reporting and monitoring arrangements that you have in place to track the use of project funds used by these groups?	<input type="checkbox"/> YES → describe arrangements <input checked="" type="checkbox"/> NO
2.12 Are project beneficiaries under your direction required to contribute in the form of labor to project costs? If YES, briefly describe guidelines and arrangements formulated to record and value the labor contribution?	<input type="checkbox"/> YES → describe guidelines <input checked="" type="checkbox"/> NO
3 Staffing	
3.0 What is your agency's organizational structure for accounting and finance? Please attach an organization chart.	
3.1 Identify key finance and accounting staffs including job title, responsibilities, educational background and professional certification.	
3.1.1 Job title	accountant
3.1.1.1 Staff	liaoyanqing ↓

Topic	Response
3.1.1.2 Main responsibilities	accounting
3.1.1.3 Training and Certification	Assistant accountant
3.1.2 Job title	cashier
3.1.2.1 Staff	Zhanshaoyong
3.1.2.2 Main responsibilities	cash
3.1.2.3 Training and Certification	Accountant qualification
3.1.3 Job title	
3.1.3.1 Staff	
3.1.3.2 Main responsibilities	
3.1.3.3 Training and Certification	
3.1.4 Job title	
3.1.4.1 Staff	
3.1.4.2 Main responsibilities	
3.1.4.3 Training and Certification	
3.1.5 Job title	
3.1.5.1 Staff	
3.1.5.2 Main responsibilities	
3.1.5.3 Training and Certification	
3.2 Attach job descriptions and CVs of key accounting staff.	<input checked="" type="checkbox"/> job descriptions, CVs attached <input type="checkbox"/> job descriptions, CVs not attached
3.3 Is the project finance and accounting function staffed adequately?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
3.4 Is the finance and accounts staff adequately qualified and experienced?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
3.5 Are the project accounts and finance staff trained in ADB procedures? If NO, what arrangements will be made for training?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO → describe training arrangements training for ADB's financial management, accounting and payment etc.
3.6 What is the duration of the work contract for project finance and accounts staff?	Long term
3.7 Indicate key project finance and accounts staff positions not filled yet, and the estimated date of appointment.	Date ____ Position ____ Date ____ Position ____ Date ____ Position ____ Date ____ Position ____ Date ____ Position ____
3.8 Does the Project have written position descriptions that clearly define duties, responsibilities, lines of supervision, and limits of authority for all of the officers, managers, and staff?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
3.9 At what frequency are personnel transferred?	NO
3.10 What is training policy for the finance and accounting staff?	The financial staff attends the training programs organized by Department of Finance.
4 Accounting Policies and Procedures	
4.0 General	
4.0.1 Will the Project use your agency accounting system?	No

Topic	Response
4.0.2 Describe how your agency accounting system will record project financial transactions.	set up special subsidiary ledger, focus on business-related parties and record the usage of each funds daily
4.0.3 Describe how your agency accounting system will allocate project expenditures in accordance with the respective components, disbursement categories, and sources of funds?	Expenses receipts enter into accounting subproject according to different departments, cost allocation in accordance with departments and categories.
4.0.4 Describe controls in place to ensure that all transactions are correctly made, adequately explained, prepared and approved.	Account checking with clients every month, print of client confirmation slip, checking out the reasons immediately if having doubts, problems being solved within one month.
4.0.5 Will you have to change your chart of accounts to properly account for and report on project activities and disbursement categories? If YES, describe the changes?	<input type="checkbox"/> YES → describe changes <input checked="" type="checkbox"/> NO
4.0.6 Describe arrangements in place to ensure that cost allocations to the various funding sources will be made accurately and in accordance with established agreements.	
4.0.7 Are the General Ledger and subsidiary ledgers reconciled and in balance?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.0.8 Are all accounting and supporting documents retained on a permanent basis in a defined system that allows authorized users easy access?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.0.9 Describe the system for storing and accessing accounting documents and materials?	Archived for 10 years, consulting is not allowed without special approval from general manager.
4.1 Segregation of Duties	
4.1.1 Who is responsible for the following duties (give name and title):	
4.1.1.1 <i>authorize execution of transactions</i>	Director
4.1.1.2 <i>record transactions</i>	accountant
4.1.1.3 <i>maintain custody of assets involved in transaction</i>	accountant
4.1.2 Are responsibilities for ordering, receiving, accounting for, and paying for goods and services separated? If NO, briefly describe how they are not separated.	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO → describe
4.1.3 Are bank reconciliations prepared by someone other than those who make or approve payments?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.2 Budgeting System	
4.2.1 Are annual budgets based on physical and financial targets?	<input checked="" type="checkbox"/> YES – with financial targets only <input type="checkbox"/> YES – with physical and financial targets <input type="checkbox"/> NO
4.2.2 Are multiple year budgets and financing plans prepared for capital expenditures?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
4.2.3 Are separate budgets prepared for:	
4.2.3.1 <i>Individual departments?</i>	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
4.2.3.2 <i>Individual work units?</i>	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO

Topic	Response
4.2.3.3 <i>Distinct and significant functional activities (e.g. maintenance)?</i>	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
4.2.3.4 <i>All major capital projects?</i>	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
4.2.4 ? <i>Is there sufficient detail in annual budgets to provide a meaningful tool for performance monitoring?</i>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.2.5 <i>Are budgets used to monitor and control the performance of individual departments and units?</i>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.2.6 <i>How frequently are actual expenditures compared to the budget?</i>	<input type="checkbox"/> at least once every month <input type="checkbox"/> once every 2 to 3 months <input type="checkbox"/> once every 4 to 6 months <input checked="" type="checkbox"/> once every 6 to 12 months <input type="checkbox"/> never
4.2.7 <i>What happens if there are significant variations from the budget? Are explanations required?</i>	Further explanation needed.
4.2.8 <i>Are approvals for variations from the budget required in advance or are they obtained after the fact?</i>	yes
4.2.9 <i>Who is responsible for preparation and approval of budgets?</i>	Formation: financial department ministry Approval: Chaonan finance bureau
4.2.10 <i>How are budgets prepared and approved?</i>	Formation: submit annual budget formation according to departments Approval: approved by Chaonan finance bureau on the basis of budget, overspending needs representation.
4.2.11 <i>Describe procedures used to plan project activities, collect information from units in charge of project components, and prepare budgets?</i>	prepare budget according to departments
4.2.12 <i>What due diligence measures are there to assure that project plans and budgets are based on valid assumptions, are developed by knowledgeable individuals and are realistic?</i>	The personnel who in charge of project implementation and budget execution participate in the project preparation.
4.3 Payments	
4.3.1 <i>During invoice-processing procedures are:</i>	
4.3.1.1 <i>Copies of purchase orders and receiving reports obtained directly from issuing departments?</i>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.3.1.2 <i>Comparison made of invoice quantities, prices and terms, with those indicated on the purchase order and with records of goods actually received?</i>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.3.1.3 <i>Comparison of invoice quantities with those indicated on the receiving reports?</i>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.3.1.4 <i>The accuracy of calculations checked?</i>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.3.2 <i>Are all invoices:</i>	
4.3.2.1 <i>dated, reviewed and approved</i>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.3.2.2 <i>stamped PAID upon payment</i>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.3.2.3 <i>Marked for account code assignment?</i>	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO

Topic	Response
4.3.3 What controls exist for the preparation of the payroll?	Pay list is prepared by human resource department personnel and verified by financial department ministry. .
4.3.4 How are changes to the payroll authorized?	Change request proposed by human resource specialist, verified by financial department, approved by human bureau.
4.4 Policies And Procedure	
4.4.1 What is the basis of accounting (e.g., cash, accrual)?	cash basis
4.4.2 What accounting standards are followed (PRC, ISA, other)?	People's Republic of China Accounting Standards
4.4.3 Does the Project have an adequate policies and procedures manual to guide activities and ensure staff accountability?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.4.4 . Does the accounting policy and procedure manual need to be updated for the project activities? If YES, explain how this will this be done?	<input type="checkbox"/> YES → explain how? <input checked="" type="checkbox"/> NO
4.4.5 Are there written policies and procedures covering all routine financial management and related administrative activities?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.4.6 How are new accounting principles, policies or procedures implemented within your agency?	Financial department makes the account in accordance with new accounting system; each department conducts it according to regulation and procedure.
4.4.7 Do procedures exist to ensure that only authorized persons can alter or establish a new accounting principle, policy or procedure to be used by your agency?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.4.8 How do policies and procedures define conflict of interest and provide safeguards to protect the organization from them?	Each department proposes rules and regulations, which can be carried out if approved in management conference.
4.4.9 How do policies and procedures define related party transactions (real and apparent)?	Not applicable
4.4.10 What safeguards are there to protect the organization from conflict of interest and related party transactions?	Not applicable
4.4.11 Who has a copy of the policies and procedures manual?	All staff in financial department.
4.5 Cash and Bank	
4.5.1 Indicate names and positions of authorized signatories in the bank accounts.	
4.5.1.1 Name: luhaiwen	Position: director
4.5.1.2 Name:liaoyanqing	Position: accountant
4.5.1.3 Name:zhanshaoyong	Position: cashier
4.5.1.4 Name	Position
4.5.1.5 Name	Position
4.5.2 Does the organization maintain an up-to-date cashbook, recording receipts and payments?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.5.3 What are the controls for the following activities:	
4.5.3.1 collection of revenues	Record in the subsidiary ledger according to the different capital source

Topic	Response
4.5.3.2 <i>timely deposit of receipts</i>	deposit of receipts on the day received
4.5.3.3 <i>recording of receipts</i>	record the cash revenue in the subsidiary ledger
4.5.4 How frequently are bank and cash reconciled on a monthly basis?	<input type="checkbox"/> more frequently than monthly <input checked="" type="checkbox"/> every month <input type="checkbox"/> every quarter <input type="checkbox"/> less frequently than every quarter
4.5.5 Are all unusual items on the bank reconciliation reviewed and approved by a responsible official?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.5.6 How quickly are receipts deposited?	the day it happens
4.6 Safeguard over Assets	
4.6.1 Describe the system to record assets and protect them from fraud, waste and abuse?	Execution of interim measures for administration of state-owned assets. Establish fixed assets accounting, set up fixed assets consumption subsidiary ledger, user sign, specially-assigned person manages, headman authorize
4.6.2 Are subsidiary records of fixed assets and stocks kept up to date?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.6.3 Are subsidiary records of fixed assets and stocks reconciled with control accounts?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.6.4 How often are physical inventories completed of fixed assets and stocks?	<input checked="" type="checkbox"/> at least once a year <input type="checkbox"/> every 2 to 3 years <input type="checkbox"/> every 3 to 5 years <input type="checkbox"/> less frequently <input type="checkbox"/> never
4.6.5 Are assets sufficiently covered by insurance policies?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.7 Other Offices and Implementing Entities	
4.7.1 Identify other offices or implementing agencies or units under your supervision or control that are responsible for project implementation or finance?	
4.7.2 In relation to these other agencies, has the Project established controls and procedures for:	
4.7.2.1 <i>flow of funds</i>	<input type="checkbox"/> YES <input type="checkbox"/> NO
4.7.2.2 <i>financial information</i>	<input type="checkbox"/> YES <input type="checkbox"/> NO
4.7.2.3 <i>accountability</i>	<input type="checkbox"/> YES <input type="checkbox"/> NO
4.7.2.4 <i>audits</i>	<input type="checkbox"/> YES <input type="checkbox"/> NO
4.7.3 How long does it take for project information to reach your agency from other offices or implementing agencies or units?	
4.7.4 What checks are there to ensure the accuracy of project information that your agency receives from other offices or implementing agencies or units.	Strict content management system, clear labor division system and adequate supporting documents
4.7.5 Are periodic reconciliations performed among the different offices and implementing agencies?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO

Topic	Response
4.8 Other	
4.8.1 Describe the options available to employees, beneficiaries and others for reporting suspected fraud, waste or misuse of project resources or property?	1, set a fixed box; 2, announced the telephone; 3, direct interview system
4.8.2 What measures has your agency taken to inform employees, beneficiaries and others of their options for reporting suspected fraud, waste or misuse of project resources or property?	specialty-assigned personnel are responsible for it
4.8.3 Will representatives of the municipal discipline investigation bureau be involved in project bidding and construction activities?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.8.4 Do contracts let by your agency for civil works and other large procurements include anticorruption clauses and safeguards.	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
5 Reporting and Monitoring	
5.0 Are financial statements prepared for your agency? If YES, what accounting standards are they based on?	<input checked="" type="checkbox"/> YES → accounting standards? The accounting system of administrative institutions <input type="checkbox"/> NO
5.1 How often are financial statements prepared?	monthly report
5.2 How quickly are the financial statements prepared at year end?	fifteen days
5.3 Are separate financial statements prepared for the office or unit in your agency that will implement the Project?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
5.4 Will the financial reporting system need to be adapted to report on the project components?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
5.5 Does the reporting system have the capacity to link financial information with information on the physical progress of engineering project's?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
5.6 Describe procedures and controls used to insure that the physical project data can be compared and coordinated with the financial data?	Financial personnel participate in the full process of project management, engineering project managers and financial personnel should ensure the timely delivery of engineering information and accuracy of verification.
5.7 Are there financial management reporting requirements for existing engineering projects that specify:	
5.7.1 what reports are to be prepared	prepare financial statement: Balance sheet, summary of sources and uses of funds by project component and statement of implementation of loan agreement
5.7.2 what the reports are to contain	Capital source conditions, capital consumption conditions and project construction progress
5.7.3 how the reports are to be used	provide information for enterprise's internal and external managers
5.8 What information do the financial management reports for engineering projects contain? (check all that apply)	<input checked="" type="checkbox"/> Total project expenditures to date <input checked="" type="checkbox"/> Comparison of actual expenditures with budgets <input checked="" type="checkbox"/> Comparison of actual expenditures with work completed <input checked="" type="checkbox"/> Expenditures by project component <input checked="" type="checkbox"/> Explanations of significant variances of expenditures from budgets

Topic	Response
5.9 Are financial management reports used by management?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
5.10 Describe a recent action taken by management in response to information provided in a financial management report?	Check whether the capital expenditure corresponds with actual engineering progress in response to the information provided and conduct supervision and adjustment in time
5.11 Are financial reports prepared directly by the automated accounting system or are they prepared by spreadsheets or some other manual method?	<input type="checkbox"/> prepared by an automated accounting system <input checked="" type="checkbox"/> prepared by spreadsheets or other method <input type="checkbox"/> both ways used
6 Internal Audit	
6.0 Is there an internal auditor or audit department in your agency?	<input type="checkbox"/> YES → answer questions 6.1 to 6.5 <input type="checkbox"/> NO → go to section 7
6.1 What are the qualifications and experience of audit department staff?	
6.2 To whom does the internal auditor report?	
6.3 Will the internal audit department include the Project in its work program?	
6.4 Are actions taken on the internal audit findings?	<input type="checkbox"/> YES <input type="checkbox"/> NO
6.5 Describe the most recent actions taken in response to the internal audit findings?	
7 External Audit	
7.0 Is your agency financial statement audited each year by an independent non-government auditor? If YES, who is the auditor?	<input type="checkbox"/> YES → Who: <input checked="" type="checkbox"/> NO
7.1 How soon following the financial yearend are audit reports issued?	issue the audit report one month after financial yearend
7.2 Is the audit of your agency conducted according to International Standards on Auditing?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
7.3 Were any major accountability issues identified in audit reports over the past three years?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
7.4 Will your agency auditor audit the Project financial statements and accounts or will another auditor be appointed?	<input type="checkbox"/> agency auditor <input checked="" type="checkbox"/> another auditor
7.5 Has your agency implemented all recommendations made by the auditors in audit reports or management letters over the past three years? If NO, please explain.	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO → explain project
7.6 Is the Project subject to any kind of audit from an independent governmental entity (e.g., the supreme audit institution) in addition to the external audit? If YES, who is the independent entity?	<input checked="" type="checkbox"/> YES → Who: Chaonan audit bureau <input type="checkbox"/> NO
7.7 Does your agency have separate terms of reference for annual audits of major projects?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
7.8 Please provide the audit reports for the past three years.	<input checked="" type="checkbox"/> Provided <input type="checkbox"/> Not provided – please give reason
8 Information Systems	
8.0 Is the financial management system computerized?	<input checked="" type="checkbox"/> YES

Topic	Response
	<input type="checkbox"/> NO
8.1 Can the system produce the necessary project financial reports?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
8.2 What training has the staff received to operate the system?	training for financial software
8.3 What controls are there to safeguard the confidentiality, integrity and availability of data in the information system?	Set permission and password according to department personnel. Paper archive and electric data archive

Financial Management Assessment Questionnaire— Chaonan Environment Protection Bureau

Topic	Response
Name of agency	Chaonan environment protection bureau
Project component that agency is responsible for	Research on pollution prevention and control measures in the reservoir areas
Name of person responsible for filling this form	Chenkai
Position and title of person responsible for filling this form	Ecological Planning Department
Nature of agency's responsibility for the Project (check all that apply)	<input type="checkbox"/> Provide counterpart funding <input type="checkbox"/> Sign a follow on loan contract for ADB funds <input type="checkbox"/> Management of project construction <input type="checkbox"/> Management of contributions from NGOs or project beneficiaries <input type="checkbox"/> Project operation and maintenance <input type="checkbox"/> Financial management of project <input type="checkbox"/> Generate funds from tariffs, taxes or other sources to service the ADB loan <input checked="" type="checkbox"/> Other – describe Assist in the management
1 Implementing Agency	
1.0 What is your agency's legal status and registration?	institute number: 75648698—7
1.1 What is your agency's governing body?	Chaonan district government
1.2 What is the governing body's relationship to the Government?	government functional departments
1.3 Can the governing body make decisions independently of Government? If NO, please explain what decisions need government approval.	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO → explain:
1.4 Has your agency implemented an externally-financed project in the past? If yes, please provide details?	<input type="checkbox"/> YES → briefly describe <input checked="" type="checkbox"/> NO
1.5 What are the statutory reporting requirements for your agency with respect to finance?	
1.6 Describe your agency's organizational structure? (please attach an organization chart)	<input type="checkbox"/> Organization chart attached <input checked="" type="checkbox"/> Organization chart not attached
1.7 Is the organizational structure appropriate for the needs of the Project?	To strengthen the management of construction projects
1.8 Has or will your agency established a project management office?	<input type="checkbox"/> YES, already have project office <input type="checkbox"/> YES, will set up project office <input checked="" type="checkbox"/> NO
1.9 If the ADB loan is approved, what staffing changes will you make to assist with project implementation?	Deployed personnel to assist the implementation of the project
1.10 Does the Project have written job descriptions that define duties, responsibilities, lines of supervision, and limits of authority for staff?	<input type="checkbox"/> YES – have already prepared these (attach job descriptions for the top two positions) <input type="checkbox"/> Written job descriptions are being or will be prepared <input checked="" type="checkbox"/> NO
2 Funds Flow Arrangements	
2.0 Describe proposed project funds flow arrangements. Include a chart and explanation of the flow of funds from ADB, government and other financiers to each lower level that will receive funds.	ADB Loan: ADB → Ministry of Finance → Guangdong Provincial Finance Bureau → Chaonan District Finance Bureau → Contractor/Supplier Counterpart Fund: Chaonan District Finance Bureau – Contractor/Supplier

Topic	Response
2.1 Are the (proposed) arrangements to transfer the proceeds of the loan from the government to the implementing agency satisfactory?	<input type="checkbox"/> YES <input type="checkbox"/> NO → briefly explain why not <input checked="" type="checkbox"/> Not applicable
2.2 Describe any past problems experienced in receiving investment funds from funding sources?	No problem
2.3 Describe proposed on-lending arrangements from the Government to your agency, including on-lending terms and conditions.	Not applicable
2.4 Will your agency use an imprest account to manage ADB funds? If YES, in which bank will the Imprest Account be opened?	<input type="checkbox"/> YES → name of bank <input type="checkbox"/> NO
2.5 Does your agency have experience in the management of disbursements from ADB?	no experience
2.6 Does your agency have experience managing foreign exchange risks?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
2.7 Will your agency need to develop capacity to manage foreign exchange risks? If yes, what arrangements have been made to develop this capacity?	<input type="checkbox"/> YES. → Explain capacity building arrangements: Training on how to reduce risk of exchange rate and interest rate <input checked="" type="checkbox"/> NO
2.8 Is your agency is responsible for providing counterpart funds? If YES answer the next 3 questions.	<input type="checkbox"/> YES → answer questions 2.8.1 to 2.8.3 <input checked="" type="checkbox"/> NO
2.8.1 What is the source of the counterpart funds: revenues generated by your business activity, government tax funds, other?	
2.8.2 How will you access the counterpart funds? Are they drawn from revenues coming directly to you or do you obtain them as government transfers?	
2.8.3 How are payments made from the counterpart funds?	
2.9 Will user charges that you receive as revenue is used to generate counterpart funds?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
2.10 Will user charges that you receive as revenue is used to help finance the ADB loan?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
2.11 Is part of the Project implemented by communities, project beneficiaries or NGOs under your direction? If YES, describe reporting and monitoring arrangements that you have in place to track the use of project funds used by these groups?	<input type="checkbox"/> YES → describe arrangements <input checked="" type="checkbox"/> NO
2.12 Are project beneficiaries under your direction required to contribute in the form of labor to project costs? If YES, briefly describe guidelines and arrangements formulated to record and value the labor contribution?	<input type="checkbox"/> YES → describe guidelines <input checked="" type="checkbox"/> NO

Topic	Response
3 Staffing	
3.0 What is your agency's organizational structure for accounting and finance? Please attach an organization chart.	<pre> graph TD A[bureau PMO] --> B[Director of Financial Department] B --> C[Accountant] B --> D[Cashier] </pre>
3.1 Identify key finance and accounting staffs including job title, responsibilities, educational background and professional certification.	
3.1.1 Job title	Director of Financial Department
3.1.1.1 Staff	
3.1.1.2 Main responsibilities	management
3.1.1.3 Training and Certification	
3.1.2 Job title	accountant
3.1.2.1 Staff	
3.1.2.2 Main responsibilities	accounting
3.1.2.3 Training and Certification	
3.1.3 Job title	cashier
3.1.3.1 Staff	
3.1.3.2 Main responsibilities	1. Prepare cash receipt and settlement service; 2. Register cash and bank deposit journal; 3. Keep stock cash and various negotiable securities; 4. keep related seal, blank receipt and blank check
3.1.3.3 Training and Certification	accountant
3.1.4 Job title	
3.1.4.1 Staff	
3.1.4.2 Main responsibilities	
3.1.4.3 Training and Certification	
3.1.5 Job title	
3.1.5.1 Staff	
3.1.5.2 Main responsibilities	
3.1.5.3 Training and Certification	
3.2 Attach job descriptions and CVs of key accounting staff.	<input type="checkbox"/> job descriptions, CVs attached <input checked="" type="checkbox"/> job descriptions, CVs not attached
3.3 Is the project finance and accounting function staffed adequately?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
3.4 Is the finance and accounts staff adequately qualified and experienced?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO

Topic	Response
3.5 Are the project accounts and finance staff trained in ADB procedures? If NO, what arrangements will be made for training?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO → describe training arrangements training for ADB's financial management, accounting and payment etc.
3.6 What is the duration of the work contract for project finance and accounts staff?	Long term
3.7 Indicate key project finance and accounts staff positions not filled yet, and the estimated date of appointment.	Date _____ Position _____ Date _____ Position _____ Date _____ Position _____ Date _____ Position _____ Date _____ Position _____
3.8 Does the Project have written position descriptions that clearly define duties, responsibilities, lines of supervision, and limits of authority for all of the officers, managers, and staff?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
3.9 At what frequency are personnel transferred?	NO
3.10 What is training policy for the finance and accounting staff?	The financial staff attends the training programs organized by Department of Finance.
4 Accounting Policies and Procedures	
4.0 General	
4.0.1 Will the Project use your agency accounting system?	yes
4.0.2 Describe how your agency accounting system will record project financial transactions.	set up special subsidiary ledger, focus on business-related parties and record the usage of each funds daily
4.0.3 Describe how your agency accounting system will allocate project expenditures in accordance with the respective components, disbursement categories, and sources of funds?	Expenses receipts enter into accounting subproject according to different departments, cost allocation in accordance with departments and categories.
4.0.4 Describe controls in place to ensure that all transactions are correctly made, adequately explained, prepared and approved.	Account checking with clients every month, print of client confirmation slip, checking out the reasons immediately if having doubts, problems being solved within one month.
4.0.5 Will you have to change your chart of accounts to properly account for and report on project activities and disbursement categories? If YES, describe the changes?	<input type="checkbox"/> YES → describe changes <input checked="" type="checkbox"/> NO
4.0.6 Describe arrangements in place to ensure that cost allocations to the various funding sources will be made accurately and in accordance with established agreements.	
4.0.7 Are the General Ledger and subsidiary ledgers reconciled and in balance?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.0.8 Are all accounting and supporting documents retained on a permanent basis in a defined system that allows authorized users easy access?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.0.9 Describe the system for storing and accessing accounting documents and materials?	Archived for 10 years, consulting is not allowed without special approval from general manager.
4.1 Segregation of Duties	
4.1.1 Who is responsible for the following duties (give name and title):	

Topic	Response
4.1.1.1 <i>authorize execution of transactions</i>	Director
4.1.1.2 <i>record transactions</i>	accountant
4.1.1.3 <i>maintain custody of assets involved in transaction</i>	accountant
4.1.2 Are responsibilities for ordering, receiving, accounting for, and paying for goods and services separated? If NO, briefly describe how they are not separated.	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO → describe
4.1.3 Are bank reconciliations prepared by someone other than those who make or approve payments?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.2 Budgeting System	
4.2.1 Are annual budgets based on physical and financial targets?	<input type="checkbox"/> YES – with financial targets only <input checked="" type="checkbox"/> YES – with physical and financial targets <input type="checkbox"/> NO
4.2.2 Are multiple year budgets and financing plans prepared for capital expenditures?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
4.2.3 Are separate budgets prepared for:	
4.2.3.1 <i>Individual departments?</i>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.2.3.2 <i>Individual work units?</i>	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
4.2.3.3 <i>Distinct and significant functional activities (e.g. maintenance)?</i>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.2.3.4 <i>All major capital projects?</i>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.2.4 ? Is there sufficient detail in annual budgets to provide a meaningful tool for performance monitoring?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.2.5 Are budgets used to monitor and control the performance of individual departments and units?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.2.6 How frequently are actual expenditures compared to the budget?	<input type="checkbox"/> at least once every month <input type="checkbox"/> once every 2 to 3 months <input type="checkbox"/> once every 4 to 6 months <input checked="" type="checkbox"/> once every 6 to 12 months <input type="checkbox"/> never
4.2.7 What happens if there are significant variations from the budget? Are explanations required?	Further explanation needed.
4.2.8 Are approvals for variations from the budget required in advance or are they obtained after the fact?	yes
4.2.9 Who is responsible for preparation and approval of budgets?	Formation: financial department ministry Approval: Chaonan finance bureau
4.2.10 How are budgets prepared and approved?	Formation: submit annual budget formation according to departments Approval: approved by Chaonan finance bureau on the basis of budget, overspending needs representation.
4.2.11 Describe procedures used to plan project activities, collect information from units in charge of project components, and prepare budgets?	prepare budget according to departments

Topic	Response
4.2.12 What due diligence measures are there to assure that project plans and budgets are based on valid assumptions, are developed by knowledgeable individuals and are realistic?	The personnel who in charge of project implementation and budget execution participate in the project preparation.
4.3 Payments	
4.3.1 During invoice-processing procedures are:	
4.3.1.1 <i>Copies of purchase orders and receiving reports obtained directly from issuing departments?</i>	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
4.3.1.2 <i>Comparison made of invoice quantities, prices and terms, with those indicated on the purchase order and with records of goods actually received?</i>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.3.1.3 <i>Comparison of invoice quantities with those indicated on the receiving reports?</i>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.3.1.4 <i>The accuracy of calculations checked?</i>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.3.2 Are all invoices:	
4.3.2.1 <i>dated, reviewed and approved</i>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.3.2.2 <i>stamped PAID upon payment</i>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.3.2.3 <i>Marked for account code assignment?</i>	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
4.3.3 What controls exist for the preparation of the payroll?	Pay list is prepared by human resource department personnel and verified by financial department ministry. .
4.3.4 How are changes to the payroll authorized?	Change request proposed by human resource specialist, verified by financial department, approved by human bureau.
4.4 Policies And Procedure	
4.4.1 What is the basis of accounting (e.g., cash, accrual)?	cash basis
4.4.2 What accounting standards are followed (PRC, ISA, other)?	People's Republic of China Accounting Standards
4.4.3 Does the Project have an adequate policies and procedures manual to guide activities and ensure staff accountability?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.4.4 . Does the accounting policy and procedure manual need to be updated for the project activities? If YES, explain how this will this be done?	<input type="checkbox"/> YES → explain how? <input checked="" type="checkbox"/> NO
4.4.5 Are there written policies and procedures covering all routine financial management and related administrative activities?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.4.6 How are new accounting principles, policies or procedures implemented within your agency?	Financial department makes the account in accordance with new accounting system; each department conducts it according to regulation and procedure.
4.4.7 Do procedures exist to ensure that only authorized persons can alter or establish a new accounting principle, policy or procedure to be used by your agency?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO

Topic	Response
4.4.8 How do policies and procedures define conflict of interest and provide safeguards to protect the organization from them?	Each department proposes rules and regulations, which can be carried out if approved in management conference.
4.4.9 How do policies and procedures define related party transactions (real and apparent)?	
4.4.10 What safeguards are there to protect the organization from conflict of interest and related party transactions?	
4.4.11 Who has a copy of the policies and procedures manual?	All staff in financial department.
4.5 Cash and Bank	
4.5.1 Indicate names and positions of authorized signatories in the bank accounts.	
4.5.1.1 Name:	Position: director
4.5.1.2 Name:	Position: accountant
4.5.1.3 Name:	Position: cashier
4.5.1.4 Name	Position
4.5.1.5 Name	Position
4.5.2 Does the organization maintain an up-to-date cashbook, recording receipts and payments?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.5.3 What are the controls for the following activities:	
4.5.3.1 collection of revenues	Record in the subsidiary ledger according to the different capital source
4.5.3.2 timely deposit of receipts	deposit of receipts on the day received
4.5.3.3 recording of receipts	record the cash revenue in the subsidiary ledger
4.5.4 How frequently are bank and cash reconciled on a monthly basis?	<input type="checkbox"/> more frequently than monthly <input checked="" type="checkbox"/> every month <input type="checkbox"/> every quarter <input type="checkbox"/> less frequently than every quarter
4.5.5 Are all unusual items on the bank reconciliation reviewed and approved by a responsible official?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.5.6 How quickly are receipts deposited?	the day it happens
4.6 Safeguard over Assets	
4.6.1 Describe the system to record assets and protect them from fraud, waste and abuse?	Execution of interim measures for administration of state-owned assets. Establish fixed assets accounting, set up fixed assets consumption subsidiary ledger, user sign, specially-assigned person manages, headman authorize
4.6.2 Are subsidiary records of fixed assets and stocks kept up to date?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.6.3 Are subsidiary records of fixed assets and stocks reconciled with control accounts?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.6.4 How often are physical inventories completed of fixed assets and stocks?	<input checked="" type="checkbox"/> at least once a year <input type="checkbox"/> every 2 to 3 years <input type="checkbox"/> every 3 to 5 years <input type="checkbox"/> less frequently <input type="checkbox"/> never

Topic	Response
4.6.5 Are assets sufficiently covered by insurance policies?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.7 Other Offices and Implementing Entities	
4.7.1 Identify other offices or implementing agencies or units under your supervision or control that are responsible for project implementation or finance?	
4.7.2 In relation to these other agencies, has the Project established controls and procedures for:	
4.7.2.1 flow of funds	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.7.2.2 financial information	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.7.2.3 accountability	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.7.2.4 audits	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.7.3 How long does it take for project information to reach your agency from other offices or implementing agencies or units?	5 days
4.7.4 What checks are there to ensure the accuracy of project information that your agency receives from other offices or implementing agencies or units.	Strict content management system, clear labor division system and adequate supporting documents
4.7.5 Are periodic reconciliations performed among the different offices and implementing agencies?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.8 Other	
4.8.1 Describe the options available to employees, beneficiaries and others for reporting suspected fraud, waste or misuse of project resources or property?	1, set a fixed box; 2, announced the telephone; 3, direct interview system
4.8.2 What measures has your agency taken to inform employees, beneficiaries and others of their options for reporting suspected fraud, waste or misuse of project resources or property?	specially-assigned personnel are responsible for it
4.8.3 Will representatives of the municipal discipline investigation bureau be involved in project bidding and construction activities?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.8.4 Do contracts let by your agency for civil works and other large procurements include anticorruption clauses and safeguards.	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
5 Reporting and Monitoring	
5.0 Are financial statements prepared for your agency? If YES, what accounting standards are they based on?	<input checked="" type="checkbox"/> YES → accounting standards? The accounting system of administrative institutions <input type="checkbox"/> NO
5.1 How often are financial statements prepared?	monthly report
5.2 How quickly are the financial statements prepared at year end?	five days
5.3 Are separate financial statements prepared for the office or unit in your agency that will implement the	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO

Topic	Response
Project?	
5.4 Will the financial reporting system need to be adapted to report on the project components?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
5.5 Does the reporting system have the capacity to link financial information with information on the physical progress of engineering project's?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
5.6 Describe procedures and controls used to insure that the physical project data can be compared and coordinated with the financial data?	Financial personnel participate in the full process of project management, engineering project managers and financial personnel should ensure the timely delivery of engineering information and accuracy of verification.
5.7 Are there financial management reporting requirements for existing engineering projects that specify:	
5.7.1 what reports are to be prepared	prepare financial statement: Balance sheet, summary of sources and uses of funds by project component and statement of implementation of loan agreement
5.7.2 what the reports are to contain	Capital source conditions, capital consumption conditions and project construction progress
5.7.3 how the reports are to be used	provide information for enterprise's internal and external managers
5.8 What information do the financial management reports for engineering projects contain? (check all that apply)	<input checked="" type="checkbox"/> Total project expenditures to date <input checked="" type="checkbox"/> Comparison of actual expenditures with budgets <input checked="" type="checkbox"/> Comparison of actual expenditures with work completed <input checked="" type="checkbox"/> Expenditures by project component <input checked="" type="checkbox"/> Explanations of significant variances of expenditures from budgets
5.9 Are financial management reports used by management?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
5.10 Describe a recent action taken by management in response to information provided in a financial management report?	Check whether the capital expenditure corresponds with actual engineering progress in response to the information provided and conduct supervision and adjustment in time
5.11 Are financial reports prepared directly by the automated accounting system or are they prepared by spreadsheets or some other manual method?	<input type="checkbox"/> prepared by an automated accounting system <input checked="" type="checkbox"/> prepared by spreadsheets or other method <input type="checkbox"/> both ways used
6 Internal Audit	
6.0 Is there an internal auditor or audit department in your agency?	<input type="checkbox"/> YES → answer questions 6.1 to 6.5 <input checked="" type="checkbox"/> NO → go to section 7
6.1 What are the qualifications and experience of audit department staff?	
6.2 To whom does the internal auditor report?	
6.3 Will the internal audit department include the Project in its work program?	
6.4 Are actions taken on the internal audit findings?	<input type="checkbox"/> YES <input type="checkbox"/> NO
6.5 Describe the most recent actions taken in response to the internal audit findings?	

Topic	Response
7 External Audit	
7.0 Is your agency financial statement audited each year by an independent non-government auditor? If YES, who is the auditor?	<input type="checkbox"/> YES → Who: <input checked="" type="checkbox"/> NO
7.1 How soon following the financial yearend are audit reports issued?	issue the audit report one month after financial yearend
7.2 Is the audit of your agency conducted according to International Standards on Auditing?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
7.3 Were any major accountability issues identified in audit reports over the past three years?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
7.4 Will your agency auditor audit the Project financial statements and accounts or will another auditor be appointed?	<input type="checkbox"/> agency auditor <input checked="" type="checkbox"/> another auditor
7.5 Has your agency implemented all recommendations made by the auditors in audit reports or management letters over the past three years? If NO, please explain.	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO → explain project
7.6 Is the Project subject to any kind of audit from an independent governmental entity (e.g., the supreme audit institution) in addition to the external audit? If YES, who is the independent entity?	<input checked="" type="checkbox"/> YES → Who: Chaonan audit bureau <input type="checkbox"/> NO
7.7 Does your agency have separate terms of reference for annual audits of major projects?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
7.8 Please provide the audit reports for the past three years.	<input checked="" type="checkbox"/> Provided <input type="checkbox"/> Not provided – please give reason
8 Information Systems	
8.0 Is the financial management system computerized?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
8.1 Can the system produce the necessary project financial reports?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
8.2 What training has the staff received to operate the system?	training for financial software
8.3 What controls are there to safeguard the confidentiality, integrity and availability of data in the information system?	Set permission and password according to department personnel. Paper archive and electric data archive

Financial Management Assessment Questionnaire—Chaonan Urban Management Bureau

Topic	Response
Name of agency	Chaonan urban management bureau
Project component that agency is responsible for	Pilot programs on solid waste collection and treatment in Qiufeng and Chengpo villages
Name of person responsible for filling this form	Wangzheju
Position and title of person responsible for filling this form	director
Nature of agency's responsibility for the Project (check all that apply)	<input type="checkbox"/> Provide counterpart funding <input type="checkbox"/> Sign a follow on loan contract for ADB funds <input checked="" type="checkbox"/> Management of project construction <input type="checkbox"/> Management of contributions from NGOs or project beneficiaries <input type="checkbox"/> Project operation and maintenance <input type="checkbox"/> Financial management of project <input type="checkbox"/> Generate funds from tariffs, taxes or other sources to service the ADB loan <input type="checkbox"/> Other – describe Assist in the management
1 Implementing Agency	
1.0 What is your agency's legal status and registration?	Institution code:440514-001996
1.1 What is your agency's governing body?	Shantou city forestry bureau
1.2 What is the governing body's relationship to the Government?	government functional departments
1.3 Can the governing body make decisions independently of Government? If NO, please explain what decisions need government approval.	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO → explain:
1.4 Has your agency implemented an externally-financed project in the past? If yes, please provide details?	<input type="checkbox"/> YES → briefly describe <input checked="" type="checkbox"/> NO
1.5 What are the statutory reporting requirements for your agency with respect to finance?	
1.6 Describe your agency's organizational structure? (please attach an organization chart)	<input checked="" type="checkbox"/> Organization chart attached <input type="checkbox"/> Organization chart not attached
1.7 Is the organizational structure appropriate for the needs of the Project?	yes
1.8 Has or will your agency established a project management office?	<input type="checkbox"/> YES, already have project office <input type="checkbox"/> YES, will set up project office <input checked="" type="checkbox"/> NO
1.9 If the ADB loan is approved, what staffing changes will you make to assist with project implementation?	Deployed personnel to assist the implementation of the project
1.10 Does the Project have written job descriptions that define duties, responsibilities, lines of supervision, and limits of authority for staff?	<input checked="" type="checkbox"/> YES – have already prepared these (attach job descriptions for the top two positions) <input type="checkbox"/> Written job descriptions are being or will be prepared <input checked="" type="checkbox"/> NO
2 Funds Flow Arrangements	
2.0 Describe proposed project funds flow arrangements. Include a chart and explanation of the flow of funds from ADB, government and other financiers to each lower level that will receive funds.	ADB Loan: ADB →Ministry of Finance → Guangdong Provincial Finance Bureau →Chaonan District Finance Bureau →education bureau

Topic	Response
2.1 Are the (proposed) arrangements to transfer the proceeds of the loan from the government to the implementing agency satisfactory?	<input type="checkbox"/> YES <input type="checkbox"/> NO → briefly explain why not <input checked="" type="checkbox"/> Not applicable
2.2 Describe any past problems experienced in receiving investment funds from funding sources?	No problem
2.3 Describe proposed on-lending arrangements from the Government to your agency, including on-lending terms and conditions.	Not applicable
2.4 Will your agency use an imprest account to manage ADB funds? If YES, in which bank will the Imprest Account be opened?	<input type="checkbox"/> YES → name of bank <input checked="" type="checkbox"/> NO
2.5 Does your agency have experience in the management of disbursements from ADB?	no experience
2.6 Does your agency have experience managing foreign exchange risks?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
2.7 Will your agency need to develop capacity to manage foreign exchange risks? If yes, what arrangements have been made to develop this capacity?	<input type="checkbox"/> YES. → Explain ng arrangements: Training on how to reduce risk of exchange rate and interest rate <input checked="" type="checkbox"/> NO
2.8 Is your agency is responsible for providing counterpart funds? If YES answer the next 3 questions.	<input type="checkbox"/> YES → answer questions 2.8.1 to 2.8.3 <input checked="" type="checkbox"/> NO
2.8.1 What is the source of the counterpart funds: revenues generated by your business activity, government tax funds, other?	
2.8.2 How will you access the counterpart funds? Are they drawn from revenues coming directly to you or do you obtain them as government transfers?	
2.8.3 How are payments made from the counterpart funds?	
2.9 Will user charges that you receive as revenue is used to generate counterpart funds?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
2.10 Will user charges that you receive as revenue is used to help finance the ADB loan?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
2.11 Is part of the Project implemented by communities, project beneficiaries or NGOs under your direction? If YES, describe reporting and monitoring arrangements that you have in place to track the use of project funds used by these groups?	<input type="checkbox"/> YES → describe arrangements <input checked="" type="checkbox"/> NO
2.12 Are project beneficiaries under your direction required to contribute in the form of labor to project costs? If YES, briefly describe guidelines and arrangements formulated to record and value the labor contribution?	<input type="checkbox"/> YES → describe guidelines <input checked="" type="checkbox"/> NO
3 Staffing	
3.0 What is your agency's organizational structure for accounting and finance? Please attach an organization chart.	
3.1 Identify key finance and accounting staffs including job title, responsibilities, educational background and professional certification.	
3.1.1 Job title	accountant
3.1.1.1 Staff	

Topic	Response
3.1.1.2 Main responsibilities	
3.1.1.3 Training and Certification	
3.1.2 Job title	
3.1.2.1 Staff	
3.1.2.2 Main responsibilities	cash
3.1.2.3 Training and Certification	Accountant qualification
3.1.3 Job title	
3.1.3.1 Staff	
3.1.3.2 Main responsibilities	
3.1.3.3 Training and Certification	
3.1.4 Job title	
3.1.4.1 Staff	
3.1.4.2 Main responsibilities	
3.1.4.3 Training and Certification	
3.1.5 Job title	
3.1.5.1 Staff	
3.1.5.2 Main responsibilities	
3.1.5.3 Training and Certification	
3.2 Attach job descriptions and CVs of key accounting staff.	<input checked="" type="checkbox"/> job descriptions, CVs attached <input type="checkbox"/> job descriptions, CVs not attached
3.3 Is the project finance and accounting function staffed adequately?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
3.4 Is the finance and accounts staff adequately qualified and experienced?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
3.5 Are the project accounts and finance staff trained in ADB procedures? If NO, what arrangements will be made for training?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO → describe training arrangements training for ADB's financial management, accounting and payment etc.
3.6 What is the duration of the work contract for project finance and accounts staff?	Long term
3.7 Indicate key project finance and accounts staff positions not filled yet, and the estimated date of appointment.	Date ____ Position ____ Date ____ Position ____ Date ____ Position ____ Date ____ Position ____ Date ____ Position ____
3.8 Does the Project have written position descriptions that clearly define duties, responsibilities, lines of supervision, and limits of authority for all of the officers, managers, and staff?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
3.9 At what frequency are personnel transferred?	NO
3.10 What is training policy for the finance and accounting staff?	The financial staff attends the training programs organized by Department of Finance.
4 Accounting Policies and Procedures	
4.0 General	
4.0.1 Will the Project use your agency accounting system?	No

Topic	Response
4.0.2 Describe how your agency accounting system will record project financial transactions.	set up special subsidiary ledger, focus on business-related parties and record the usage of each funds daily
4.0.3 Describe how your agency accounting system will allocate project expenditures in accordance with the respective components, disbursement categories, and sources of funds?	Expenses receipts enter into accounting subproject according to different departments, cost allocation in accordance with departments and categories.
4.0.4 Describe controls in place to ensure that all transactions are correctly made, adequately explained, prepared and approved.	Account checking with clients every month, print of client confirmation slip, checking out the reasons immediately if having doubts, problems being solved within one month.
4.0.5 Will you have to change your chart of accounts to properly account for and report on project activities and disbursement categories? If YES, describe the changes?	<input type="checkbox"/> YES → describe changes <input checked="" type="checkbox"/> NO
4.0.6 Describe arrangements in place to ensure that cost allocations to the various funding sources will be made accurately and in accordance with established agreements.	
4.0.7 Are the General Ledger and subsidiary ledgers reconciled and in balance?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.0.8 Are all accounting and supporting documents retained on a permanent basis in a defined system that allows authorized users easy access?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.0.9 Describe the system for storing and accessing accounting documents and materials?	Archived for 10 years, consulting is not allowed without special approval from general manager.
4.1 Segregation of Duties	
4.1.1 Who is responsible for the following duties (give name and title):	
4.1.1.1 <i>authorize execution of transactions</i>	Director
4.1.1.2 <i>record transactions</i>	accountant
4.1.1.3 <i>maintain custody of assets involved in transaction</i>	accountant
4.1.2 Are responsibilities for ordering, receiving, accounting for, and paying for goods and services separated? If NO, briefly describe how they are not separated.	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO → describe
4.1.3 Are bank reconciliations prepared by someone other than those who make or approve payments?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.2 Budgeting System	
4.2.1 Are annual budgets based on physical and financial targets?	<input checked="" type="checkbox"/> YES – with financial targets only <input type="checkbox"/> YES – with physical and financial targets <input type="checkbox"/> NO
4.2.2 Are multiple year budgets and financing plans prepared for capital expenditures?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
4.2.3 Are separate budgets prepared for:	
4.2.3.1 <i>Individual departments?</i>	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
4.2.3.2 <i>Individual work units?</i>	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO

Topic	Response
4.2.3.3 <i>Distinct and significant functional activities (e.g. maintenance)?</i>	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
4.2.3.4 <i>All major capital projects?</i>	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
4.2.4 ? <i>Is there sufficient detail in annual budgets to provide a meaningful tool for performance monitoring?</i>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.2.5 <i>Are budgets used to monitor and control the performance of individual departments and units?</i>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.2.6 <i>How frequently are actual expenditures compared to the budget?</i>	<input type="checkbox"/> at least once every month <input type="checkbox"/> once every 2 to 3 months <input type="checkbox"/> once every 4 to 6 months <input checked="" type="checkbox"/> once every 6 to 12 months <input type="checkbox"/> never
4.2.7 <i>What happens if there are significant variations from the budget? Are explanations required?</i>	Further explanation needed.
4.2.8 <i>Are approvals for variations from the budget required in advance or are they obtained after the fact?</i>	yes
4.2.9 <i>Who is responsible for preparation and approval of budgets?</i>	Formation: financial department ministry Approval: Chaonan finance bureau
4.2.10 <i>How are budgets prepared and approved?</i>	Formation: submit annual budget formation according to departments Approval: approved by Chaonan finance bureau on the basis of budget, overspending needs representation.
4.2.11 <i>Describe procedures used to plan project activities, collect information from units in charge of project components, and prepare budgets?</i>	prepare budget according to departments
4.2.12 <i>What due diligence measures are there to assure that project plans and budgets are based on valid assumptions, are developed by knowledgeable individuals and are realistic?</i>	The personnel who in charge of project implementation and budget execution participate in the project preparation.
4.3 Payments	
4.3.1 <i>During invoice-processing procedures are:</i>	
4.3.1.1 <i>Copies of purchase orders and receiving reports obtained directly from issuing departments?</i>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.3.1.2 <i>Comparison made of invoice quantities, prices and terms, with those indicated on the purchase order and with records of goods actually received?</i>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.3.1.3 <i>Comparison of invoice quantities with those indicated on the receiving reports?</i>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.3.1.4 <i>The accuracy of calculations checked?</i>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.3.2 <i>Are all invoices:</i>	
4.3.2.1 <i>dated, reviewed and approved</i>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.3.2.2 <i>stamped PAID upon payment</i>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO

Topic	Response
4.3.2.3 Marked for account code assignment?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
4.3.3 What controls exist for the preparation of the payroll?	Pay list is prepared by human resource department personnel and verified by financial department ministry.
4.3.4 How are changes to the payroll authorized?	Change request proposed by human resource specialist, verified by financial department, approved by human bureau.
4.4 Policies And Procedure	
4.4.1 What is the basis of accounting (e.g., cash, accrual)?	cash basis
4.4.2 What accounting standards are followed (PRC, ISA, other)?	People's Republic of China Accounting Standards
4.4.3 Does the Project have an adequate policies and procedures manual to guide activities and ensure staff accountability?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.4.4 Does the accounting policy and procedure manual need to be updated for the project activities? If YES, explain how this will this be done?	<input type="checkbox"/> YES → explain how? <input checked="" type="checkbox"/> NO
4.4.5 Are there written policies and procedures covering all routine financial management and related administrative activities?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.4.6 How are new accounting principles, policies or procedures implemented within your agency?	Financial department makes the account in accordance with new accounting system; each department conducts it according to regulation and procedure.
4.4.7 Do procedures exist to ensure that only authorized persons can alter or establish a new accounting principle, policy or procedure to be used by your agency?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.4.8 How do policies and procedures define conflict of interest and provide safeguards to protect the organization from them?	Each department proposes rules and regulations, which can be carried out if approved in management conference.
4.4.9 How do policies and procedures define related party transactions (real and apparent)?	Not applicable
4.4.10 What safeguards are there to protect the organization from conflict of interest and related party transactions?	Not applicable
4.4.11 Who has a copy of the policies and procedures manual?	All staff in financial department.
4.5 Cash and Bank	
4.5.1 Indicate names and positions of authorized signatories in the bank accounts.	
4.5.1.1 Name: luhaiwen	Position: director
4.5.1.2 Name: liaoyanqing	Position: accountant
4.5.1.3 Name: zhanshaoyong	Position: cashier
4.5.1.4 Name	Position
4.5.1.5 Name	Position
4.5.2 Does the organization maintain an up-to-date cashbook, recording receipts and payments?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO

Topic	Response
4.5.3 What are the controls for the following activities:	
4.5.3.1 <i>collection of revenues</i>	Record in the subsidiary ledger according to the different capital source
4.5.3.2 <i>timely deposit of receipts</i>	deposit of receipts on the day received
4.5.3.3 <i>recording of receipts</i>	record the cash revenue in the subsidiary ledger
4.5.4 How frequently are bank and cash reconciled on a monthly basis?	<input type="checkbox"/> more frequently than monthly <input checked="" type="checkbox"/> every month <input type="checkbox"/> every quarter <input type="checkbox"/> less frequently than every quarter
4.5.5 Are all unusual items on the bank reconciliation reviewed and approved by a responsible official?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.5.6 How quickly are receipts deposited?	the day it happens
4.6 Safeguard over Assets	
4.6.1 Describe the system to record assets and protect them from fraud, waste and abuse?	Execution of interim measures for administration of state-owned assets. Establish fixed assets accounting, set up fixes assets consumption subsidiary ledger, user sign, specially-assigned person manages , headman authorize
4.6.2 Are subsidiary records of fixed assets and stocks kept up to date?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.6.3 Are subsidiary records of fixed assets and stocks reconciled with control accounts?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.6.4 How often are physical inventories completed of fixed assets and stocks?	<input checked="" type="checkbox"/> at least once a year <input type="checkbox"/> every 2 to 3 years <input type="checkbox"/> every 3 to 5 years <input type="checkbox"/> less frequently <input type="checkbox"/> never
4.6.5 Are assets sufficiently covered by insurance policies?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.7 Other Offices and Implementing Entities	
4.7.1 Identify other offices or implementing agencies or units under your supervision or control that are responsible for project implementation or finance?	
4.7.2 In relation to these other agencies, has the Project established controls and procedures for:	
4.7.2.1 <i>flow of funds</i>	<input type="checkbox"/> YES <input type="checkbox"/> NO
4.7.2.2 <i>financial information</i>	<input type="checkbox"/> YES <input type="checkbox"/> NO
4.7.2.3 <i>accountability</i>	<input type="checkbox"/> YES <input type="checkbox"/> NO
4.7.2.4 <i>audits</i>	<input type="checkbox"/> YES <input type="checkbox"/> NO
4.7.3 How long does it take for project information to reach your agency from other offices or implementing agencies or units?	
4.7.4 What checks are there to ensure the accuracy of project information that your agency receives	Strict content management system, clear labor division system and adequate supporting documents

Topic	Response
from other offices or implementing agencies or units.	
4.7.5 Are periodic reconciliations performed among the different offices and implementing agencies?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.8 Other	
4.8.1 Describe the options available to employees, beneficiaries and others for reporting suspected fraud, waste or misuse of project resources or property?	1, set a fixed box; 2, announced the telephone; 3, direct interview system
4.8.2 What measures has your agency taken to inform employees, beneficiaries and others of their options for reporting suspected fraud, waste or misuse of project resources or property?	pecially-assigned personnel are responsible for it
4.8.3 Will representatives of the municipal discipline investigation bureau be involved in project bidding and construction activities?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
4.8.4 Do contracts let by your agency for civil works and other large procurements include anticorruption clauses and safeguards.	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
5 Reporting and Monitoring	
5.0 Are financial statements prepared for your agency? If YES, what accounting standards are they based on?	<input checked="" type="checkbox"/> YES → accounting standards? The accounting system of administrative institutions <input type="checkbox"/> NO
5.1 How often are financial statements prepared?	monthly report
5.2 How quickly are the financial statements prepared at year end?	fifteen days
5.3 Are separate financial statements prepared for the office or unit in your agency that will implement the Project?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
5.4 Will the financial reporting system need to be adapted to report on the project components?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
5.5 Does the reporting system have the capacity to link financial information with information on the physical progress of engineering project's?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
5.6 Describe procedures and controls used to insure that the physical project data can be compared and coordinated with the financial data?	Financial personnel participate in the full process of project management, engineering project managers and financial personnel should ensure the timely delivery of engineering information and accuracy of verification.
5.7 Are there financial management reporting requirements for existing engineering projects that specify:	
5.7.1 what reports are to be prepared	prepare financial statement: Balance sheet, summary of sources and uses of funds by project component and statement of implementation of loan agreement
5.7.2 what the reports are to contain	Capital source conditions, capital consumption conditions and project construction progress
5.7.3 how the reports are to be used	provide information for enterprise's internal and external managers
5.8 What information do the financial management reports for engineering projects contain? (check all that	<input checked="" type="checkbox"/> Total project expenditures to date <input checked="" type="checkbox"/> Comparison of actual expenditures with budgets

Topic	Response
apply)	<input checked="" type="checkbox"/> Comparison of actual expenditures with work completed <input checked="" type="checkbox"/> Expenditures by project component <input checked="" type="checkbox"/> Explanations of significant variances of expenditures from budgets
5.9 Are financial management reports used by management?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
5.10 Describe a recent action taken by management in response to information provided in a financial management report?	Check whether the capital expenditure corresponds with actual engineering progress in response to the information provided and conduct supervision and adjustment in time
5.11 Are financial reports prepared directly by the automated accounting system or are they prepared by spreadsheets or some other manual method?	<input type="checkbox"/> prepared by an automated accounting system <input checked="" type="checkbox"/> prepared by spreadsheets or other method <input type="checkbox"/> both ways used
6 Internal Audit	
6.0 Is there an internal auditor or audit department in your agency?	<input type="checkbox"/> YES → answer questions 6.1 to 6.5 <input type="checkbox"/> NO → go to section 7
6.1 What are the qualifications and experience of audit department staff?	
6.2 To whom does the internal auditor report?	
6.3 Will the internal audit department include the Project in its work program?	
6.4 Are actions taken on the internal audit findings?	<input type="checkbox"/> YES <input type="checkbox"/> NO
6.5 Describe the most recent actions taken in response to the internal audit findings?	
7 External Audit	
7.0 Is your agency financial statement audited each year by an independent non-government auditor? If YES, who is the auditor?	<input type="checkbox"/> YES → Who: <input checked="" type="checkbox"/> NO
7.1 How soon following the financial yearend are audit reports issued?	issue the audit report one month after financial yearend
7.2 Is the audit of your agency conducted according to International Standards on Auditing?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
7.3 Were any major accountability issues identified in audit reports over the past three years?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
7.4 Will your agency auditor audit the Project financial statements and accounts or will another auditor be appointed?	<input type="checkbox"/> agency auditor <input checked="" type="checkbox"/> another auditor
7.5 Has your agency implemented all recommendations made by the auditors in audit reports or management letters over the past three years? If NO, please explain.	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO → explain project
7.6 Is the Project subject to any kind of audit from an independent governmental entity (e.g., the supreme audit institution) in addition to the external audit? If YES, who is the independent entity?	<input checked="" type="checkbox"/> YES → Who: Chaonan audit bureau <input type="checkbox"/> NO
7.7 Does your agency have separate terms of reference for annual audits of major projects?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO

Topic	Response
7.8 Please provide the audit reports for the past three years.	<input checked="" type="checkbox"/> Provided <input type="checkbox"/> Not provided – please give reason
8 Information Systems	
8.0 Is the financial management system computerized?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
8.1 Can the system produce the necessary project financial reports?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
8.2 What training has the staff received to operate the system?	
8.3 What controls are there to safeguard the confidentiality, integrity and availability of data in the information system?	