Financial Management Assessment (Draft)

Project number: 48274

July 2017

PRC: Shanxi Urban–Rural Water Source Protection and Environmental Demonstration Project

Prepared by the project preparatory technical assistance consultants in coordination with the Zuoquan County People's Government for the Asian Development Bank

CURRENCY EQUIVALENTS

(as of 24 July 2017)

Currency unit – yuan (CNY) CNY1.00 = \$0.1482 \$1.00 = CNY6.7457

ABBREVIATIONS

ADB	_	Asian Development Bank
CPS	_	country partnership strategy
EA	_	executing agency
FMA	_	financial management assessment
FMAQ	_	financial management assessment questionnaire
IA	_	implementing agency
MOF	_	Ministry of Finance
PIO	_	project implementation office
PLG	_	project leading group
PMO	_	project management office
PRC	_	People's Republic of China
SPFD	_	Shanxi Provincial Finance Department
ZCFB	_	Zuoquan County Finance Bureau
ZCG	_	Zuoquan County Government
ZHCB	_	Zuoquan Housing Security, and Urban and Rural
		Construction and Management Bureau
ZSRMO	_	Zuoquan Shixia Reservoir Management Office
ZWRB	_	Zuoquan Water Resource Bureau

NOTE

In this report, "\$" refers to US dollars.

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EXECUTIVE SUMMARY

- 1. The financial management assessment (FMA) was conducted in accordance with the Asian Development Bank's (ADB) Guidelines for the Financial Management and Analysis of Projects, the Financial Due Diligence: A Methodology Note, and the Technical Guidance Note: Financial Management Assessment. The instrument used for the assessment was ADB's FMA questionnaire (FMAQ). The FMA considered the financial management capacity of the Zuoquan County Finance Bureau (ZCFB) and the three implementing agencies (IAs). The assessment covered funds flow arrangements, staffing, accounting and financial reporting systems, internal and external auditing arrangements, and financial information systems.
- 2. The assessment identified the main financial management risks as (i) implementation risk—lack of familiarity with ADB's disbursement procedures and requirements which could delay project implementation; (ii) compliance risk—lack of familiarity with ADB's financial management requirements, particularly relating to accounting, reporting, and auditing which may delay project reporting and the identification of issues on the use of loan proceeds; (iii) financing risk—delays in provision of or inadequate counterpart funding which could delay project implementation; and (iv) construction and operational risk—inadequate experience in construction and operating management which will impact project progress and quality of the services to be provided after project completion. The overall financial management risk-rating of the project before considering mitigating measures is moderate. The identified financial management risks and the implementation of agreed mitigation measures need to be closely monitored during project implementation. The proposed financial management action plan is shown in Table 1, and this should be made in the relevant project documents—notably the loan and project agreements, and the project administration manual.

Table 1: Proposed Action Plan for Financial Management

Action	Responsibility	Timing
Covenants to be included in the legal agreements to ensure adequate counterpart funds to support capital, operation and maintenance, and debt repayment requirements.	ADB	Loan negotiation
Training on ADB's disbursement procedures and requirements	ZCFB/PMO with consulting support as needed	1 month before first disbursement and any other time as needed
3. Training on ADB's financial management requirements, specifically accounting, reporting, and auditing	ZCFB/PMO with consulting support as needed	3 months before loan effectiveness and any other time as needed
Close monitoring to quickly identify potential issues in counterpart funding	ZCFB and PMO	At least once a quarter during project implementation
5. A financial expert requirement and some professional engineers to be included in the capacity building package in output 4 of the project. They will provide professional financial management and engineering support and training for the finance and related staff in the project entities, including financial management manual development.	ZCFB/ PMO	As soon as possible after loan effectiveness

ADB = Asian Development Bank, PMO = Zuoquan County project management office, ZCFB = Zuoquan County Finance Bureau.

Source: Asian Development Bank.

3. With appropriate mitigation measures, the project's financial management arrangements are considered satisfactory.

I. Introduction

- 4. The FMA was conducted in accordance with ADB's Guidelines for the Financial Management and Analysis of Projects, the Financial Due Diligence: A Methodology Note, and the Technical Guidance Note: Financial Management Assessment. The instrument used for the assessment was ADB's FMAQ. The FMA was performed on (i) ZCFB who is overseeing the subproject preparations and implementation on behalf of the Zuoquan County Government (ZCG), and the project IAs: (ii) the Zuoquan Water Resource Bureau (ZWRB); the Zuoquan Housing Security, and Urban and Rural Construction and Management Bureau (ZHCB); and the Zuoquan Shixia Reservoir Management Office (ZSRMO).
- 5. This assessment was carried out by project preparatory technical assistance consultants during project preparation. The FMA considered the results of financial management due diligence carried out during the preparation of ADB's country partnership strategy (CPS), 2016–2020 for the People's Republic of China (PRC), and the results of the FMAQs completed in respect of the executing agency (EA) and the IAs.¹ The due diligence activities of the project preparatory technical assistance also included reviewing relevant financial management regulations, interviewing financial staff from ZCFB and the IAs, and discussions with the Zuoquan County project management office (PMO).

II. Project Description

6. The project will include four major outputs: (i) watershed management enhanced, (ii) Qingzhang River and Binhe Road rehabilitated, (iii) inclusive water supply and wastewater collection services achieved, and (iv) institutional capacity strengthened.

III. Risk Analysis

7. The risk assessment considered the staffing, internal control, accounting and reporting policies and procedures, and auditing standards and arrangements of the EA and the IAs. Based on the assessment, the overall project financial management risk before mitigation is considered to be moderate.

A. Inherent Risk

8. Inherent risk is the susceptibility of the project financial management system to factors arising from the environment in which it operates, such as country rules and regulations; and entity working environments (assuming the absence of any supplementary counter-checks or internal controls). Table 2 summarizes the main inherent financial management risks relevant to the project.

¹ ADB. 2016. Country Partnership Strategy: Transforming Partnership: People's Republic of China and Asian Development Bank, 2016–2020. Manila.

Table 2: Inherent Risk Assessment

Risk Type	Risk Assess- ment	Risk Description	Mitigation Measures
Country- specific risks	М	Lack of adequate skills to implement the updated Accounting and Budget Law	In line with ADB's CPS findings, output 4 of the project will encourage the consistent use of IFRS through skills training (accounting and reporting) and knowledge sharing (accrual accounting and risk based internal control).
2. Entity and project- specific	М	Delays or inadequate provision of counterpart funding	Counterpart funding requirements will be included in the Zuoquan County's annual budget.
risks	М	Inadequate resources exist to ensure that the project investments are sustainable.	Based on national policy announcements, the counties are expected to receive increased transfer payments from the central government during the Thirteenth Five-Year Plan to reach national poverty reduction goals by 2020.
			Based on the low interest rate on bonds, ZCG is expected to be able to use more bond financing for the project investment.
Overall Assessment of Inherent Risk	M		

 $ADB = Asian \ Development \ Bank, \ CPS = country \ partnership \ strategy, \ IFRS = international \ financial \ reporting \ tandards, \ M = moderate, \ ZCG = Zuoquan \ County \ Government.$

Source: Asian Development Bank.

B. Control Risk

9. Control risk is the risk that the project's accounting and internal control framework are inadequate to ensure project funds are used economically and efficiently and for the purpose intended, and that the use of funds is properly reported.

Table 3: Control Risk Assessment

Risk Type	Risk Assess- ment	Risk Description	Risk Mitigation Measures
1. Implementing entity	M	The project financial management policies and procedures are not in place.	The project will adopt the generally accepted accounting principles in the PRC, specifically the "Accounting Methods for Projects Financed by the World Bank" issued by the Ministry of Finance. Each IA will set up project accounts.
2. Fund flow	M	Lack of familiarity with ADB's disbursement requirements and procedures	Training will be conducted before loan effectiveness to ensure that the staff of ZCFB and the IAs will acquire the required knowledge.

Risk Type	Risk Assess- ment	Risk Description	Risk Mitigation Measures
3. Staffing	M	Insufficient IA staff to perform financial management functions, and staff unfamiliar with capital construction and foreign project financial management requirement	Two finance staff in each IA have been designated to be responsible for the ADB project. They will be trained in ADB's policies and procedures. Consultants will provide financial management support to the finance staff of the IAs.
Accounting and reporting	М	Lack of familiarity with ADB's financial management requirements on accounting and reporting	Training will be conducted before loan effectiveness to ensure that the EA and IA staff will acquire the required knowledge. Subsequent training will be based on requirements.
5. Internal audit	M	Lack of internal audit inspection and supervision	There are internal audit staff in ZCFB. The IAs do not have internal audit capacty.
6. External audit	L	Audit requirements are not fully complied with due to external auditor's limited understanding of ADB's requirements	Audit responsibility will be delegated to the Shanxi Provincial Audit Department which has many years of experience with ADB-funded projects.
7. Reporting and monitoring	М	Delayed submission of audited project financial statements	The IAs will prepare financial statements and reports in accordance with the Accounting Methods for Projects Financed by the World Bank issued by the Ministry of Finance. ^a The Zuoquan County PMO is responsible for the consolidation of project financial statements. A consultant with financial expertise will assist in the preparation of financial statements and reports.
8. Information systems	М	Lack of accounting system to allow proper recording and reporting of project expenditures	The IAs use stand-alone computerized accounting systems which automatically produce financial statements. These appear to operate well, and the staff were well trained in their use.
Overall Control Risk	M		

ADB = Asian Development Bank, EA = executing agency, IA = implementing agency, L = low, M = moderate, PMO = project management office, PRC = People's Republic of China, ZCFB = Zuoquan County Finance Bureau.

^a The guidelines were issued by the Ministry of Finance for all foreign aid-financed projects.

Source: Asian Development Bank.

IV. The Project Financial Management System

10. **Public financial management system.** ZCFB, ZHCB, and ZWRB are government agencies. ZSRMO is a government institutional unit. They adopt the PRC's public financial management system. Its strengths and weaknesses have been described in ADB's CPS, 2016–2020 for the PRC (footnote 1).

- 11. **Public financial management risks.** Overall, the PRC has strong financial management legislation, structures, and systems in place, which have been further reinforced in recent years and aligned with international standards. Major risks remain only where subprovincial levels lag behind in the implementation of reforms in core functional areas of financial management, i.e., accounting and reporting, accrual accounting and risk-based control, and internal audit. The CPS concludes the lack of capacity at subprovincial level may both hamper effective financial control and constrain the shift of focus from controlling inputs to managing results. This assessment concurs with that conclusion (footnote 1).
- 12. **Strengthen public financial management capacity at subprovincial levels.** The CPS recommends that ADB should reinforce ongoing support in assessing and strengthening public financial management capacity at subprovincial levels, e.g., through promoting skills training (accounting and reporting), knowledge sharing (accrual accounting and risk-based internal control), and organizational reviews (internal audit), (footnote 1). ADB should provide technical assistance and support training activities to finance staff in local authorities and project offices; and extend support to strengthen the use, quantity, and quality of management through policy advice and technical assistance.

C. Strengths

- 13. The project potentially benefits from an adequate financial management system and staffing as follows:
 - (i) The PRC has strong financial management legislation, structures, and systems in place, which have been further reinforced in recent years and aligned with international standards. The project will adopt the "State-Owned Construction Unit Accounting Regulation" and the "Accounting Methods for Projects Financed by the World Bank" issued by the Ministry of Finance (MOF), and will use computerized accounting systems at IA levels to automatically generate financial statements.² All transactions will be reviewed by the accountant, and approved by the IA's Head; and
 - (ii) All finance staff in ZCFB, the three IAs, and the Zuoquan County PMO are familiar with the PRC's public financial management system. There are at least two finance persons in each IA who are familiar with the local project construction management and capital construction project accounting. The Shanxi Provincial Finance Department (SPFD) is also responsible for the overall supervision of the project financial management and is familiar with the financial management of ADB and World Bank projects.

D. Weaknesses

- 14. The project is susceptible to the following weaknesses at the IA level:
 - (i) An absence of internal audit and;
 - (ii) A lack of familiarity with ADB's requirements and procedures;
- 15. These weaknesses will be mitigated by (i) requiring the IAs to expedite the appointment of staff required for project implementation, and (ii) providing the IA finance and other related staff training in ADB's procedures and financial management on capital construction.

² The guidelines on the generally accepted accounting principles in the PRC, specifically the "Accounting Methods for Projects Financed by the World Bank", were issued by the Ministry of Finance for all foreign aid-financed projects.

E. The Executing and Implementing Entities

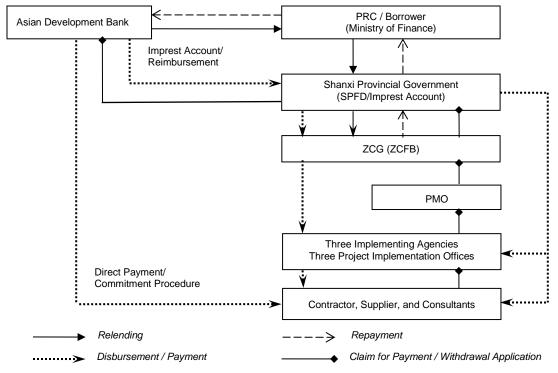
- 16. ZCG, the EA who is responsible for overall planning and implementation of the project, does not have experience in the preparation, implementation, and management of projects funded by ADB. A project leading group (PLG) and the Zuoquan County PMO have been established in ZCG. The PLG, which was established in 2014, is headed by Zhao Hongzhong, the Mayor of Zuoquan County; and includes representatives from relevant government departments. The main responsibilities of the PLG are to (i) provide overall coordination of project preparation; (ii) coordinate the ADB missions, and supervise other departments on this project; (iii) manage the Zuoquan County PMO; and (iv) report to the Zuoquan Party Committee and ZCG on the preparation and implementation of the project.
- 17. The Zuoquan County PMO has been established to account to the PLG and is headed by the Vice Mayor of Zuoquan County. There is 1 executive deputy director, 4 deputy directors from different government agencies, and 7 staff at working level. The Zuoquan County PMO is responsible for (i) implementation of detailed work for project preparation; (ii) overall coordination; (iii) regular reporting to the leaders of the project progress and issues; (iv) coordination of the IAs; and (v) organization of the ADB missions, and supervision of other departments on this project. The existing persons in the Zuoquan County PMO are unfamiliar with financial management regulation of foreign projects, with one person being responsible for project financial management and; will assist ZCFB in managing financial activities under the project.
- 18. ZCFB, on behalf of ZCG, will be responsible for financial management of the project, including the ADB loan withdrawal applications, payment and overseeing the ADB loan repayment, assuring counterpart funds are in place for the project, and so on. There are three persons in ZCFB's Financing Division who are responsible for project supervision and management, withdrawal applications, payment approvals, and so on. ZCFB has adequate finance staff, accounting policies and procedures, internal and external controls, audit arrangements, and reporting systems.
- 19. The Zuoquan County PMO and ZCFB do not have experience on ADB-funded projects. Significant training and support will be required on ADB's policies and procedures, including project management, procurement, safeguards, disbursement, financial management, and so on.
- 20. SPFD will operate and administer the imprest account of the project and will be responsible for applications and withdrawals of the ADB loan. SPFD has many years of experience in these activities and in the general financial oversight of ADB- and World Bankfunded projects.
- 21. The IAs will be ZHCB, ZSRMO, and ZWRB, which are agencies of ZCG. They have experience on implementation of similar projects and are familiar with domestic procedures. They have established the project implementation offices (PIOs) which will be responsible for day-to-day implementation, organization, and management of project components. Also, the PIOs are responsible for daily financial management of subprojects, including project accounting, financial statements preparation, the ADB loan withdrawal and payment, counterpart fund withdrawal and payment, and so on.

F. Fund Flow Mechanism

22. SPFD will operate and administer an imprest account for the project. The imprest account is to be used exclusively for ADB's share of eligible expenditures; and will be established,

managed, and liquidated in accordance with ADB's Loan Disbursement Handbook (2015, as amended from time to time), and detailed arrangements agreed upon between the ADB and the government. Pursuant to ADB's Safeguard Policy Statement (2009), the ADB funds may not be applied to the activities identified on the ADB Prohibited Investment Activities List set forth at Appendix 5 of ADB's Safeguard Policy Statement (2009). The EA and the IAs of the project will ensure that their investments comply with applicable national laws and regulations, and will apply the prohibited investment activities list to all the project contracts wholly or partly financed by ADB. The external auditors will verify compliance based on their detailed annual project audit work.

- 23. ZCG, through ZCFB, will maintain separate accounts for the project where the ADB loan and counterpart funds will be channeled. The three IAs will review project progress reports and supporting documents prepared by the contractor or supplier and consultant. Then IAs will prepare withdrawal applications which will be reviewed by the Zuoquan County PMO before submission to SPFD and ZCFB.
- 24. The project will probably use a combination of ADB's disbursement procedures, especially the imprest account, the direct payment, and the reimbursement procedure. Under the direct payment procedure, the ADB loan proceeds will be directly credited to a nominated bank account of a contractor, supplier, or consultant. The minimum size of a withdrawal application shall be \$100,000. All claims shall be processed and consolidated by SPFD prior to submission of the withdrawal application to ensure efficient disbursement administration. All withdrawal applications will be reviewed and signed by the leaders of the IAs. Proper records and books are maintained for audit and verification.
- 25. Counterpart funds will flow through the treasury payment system of each county.
- 26. The proposed onlending and fund flow arrangement is shown in a fund flow chart as follows:



PMO = Zuoquan County project management Oofice, PRC = People's Republic of China, SPFD = Shanxi Provincial Finance Department, ZCFB = Zuoquan County Finance Bureau, ZCG = Zuoquan County Government.

Source: Asian Development Bank.

Figure 1: Onlending Agreement and Fund Flow Diagram

G. Personnel

- 27. The current organization structure of ZCFB, the three IAs, and their PIOs can meet project management requirements. The three IAs have assigned highly qualified and experienced persons to be involved in the PIOs to implement the ADB project, but the capacity of the Zuoquan County PMO needs to be further strengthened.
- 28. There are three persons in the Financing Divsion of ZCFB. They have financing management experience but do not have experience on financial management with locally funded large capital projects and foreign-funded projects.
- 29. There is one finance person in the Zuoquan County PMO with large-scale project management experience, but doe not have experience on foreign-funded projects.
- 30. The two existing finance staff in each IA have been designated as responsible for the ADB project. They have sound financial management skills, and their practices comply with ADB's minimum standards for project accounting and financial management. They have experience with the financial management of large capital projects but do not have experience on foreign-funded projects.
- 31. The finance and technical staff who have been assigned to the project should be trained on ADB's disbursement guidelines and procedures, project accounting requirements, financial

monitoring and report preparation, project and contract management, procurement management, and so on. A financial management expert should be involved in the loan consulting services to provide financial management support to the staff of ZCFB, the Zuoquan County PMO, and the three IAs and their respective PIOs.

32. The finance staff of the IAs appointed to be responsible for the project are shown in Table 4

Table 4: Finance Staff of the Implementing Agencies Appointed to the Project

Name	Sex	Title	Education	Working Experience		
Zuoquan Housi	Zuoquan Housing Security, and Urban and Rural Construction and Management Bureau (ZHCB)					
Fan Junhua	Female	Accountant	Accounting graduate	More than 10 years financial		
				working experience		
Yang	Female	Accountant	Accounting graduate and	More than 15 years financial		
Zhongqing			senior accountant	working experience		
Zuoquan Shixia	Reservoi	ir Managemer	nt Office (ZSRMO)			
Li Shuping	Female	Accountant	Accounting graduate	More than 10 years financial		
				working experience		
Zhang Guoyan	Female	Accountant	Accounting graduate	More than 10 years financial		
				working experience		
Zuoquan Water Resource Bureau (ZWRB)						
Zhao Fengyan	Female	Accountant	Accounting graduate	More than 10 years financial		
				working experience		
Han Min	Female	Accountant	Accounting graduate	More than 3 years financial		
				working experience		

Source: Asian Development Bank.

H. Accounting Policies and Procedures

- 33. Pratices of the three IAs comply with financial rules and regulations issued by MOF, SPFD and ZCFB. At present for local capital construction project, the IAs adopt the State-Owned Construction Unit Accounting Regulation which stipulates an accrual basis to prepare project accounts and financial statements.
- 34. There is a special regulation for the foreign loan project issued by MOF. The Accounting Methods for Projects Financed by the World Bank (reference No. 2000 [13]) will be followed to set up the project accounts and records by funding source for all expenditures incurred on the project (footnote 3). Subsidiary ledgers will also be maintained to facilitate reconciliation of accounts with the general ledger and bank records. All reports and supporting documents on all transactions will be stored and retained in accordance with relevant financial regulations, will be accessible by authorized users, and made available for audit inspection. The IAs will prepare individual project financial statements and submit to the Zuoquan County PMO for consolidation. Annual project financial statements will be prepared using the accrual basis of accounting.
- 35. The IAs have established a clear segregation of duties with respect to review and approval of payments. Processing of the project payment invoices involves comparison of quantities, prices, and terms in purchase orders and those reported in the receipts. Controls are in place for the preparation of payroll, while changes to the payroll are approved by the government personnel department. Almost all payments are made using bank transfers. All cash received is deposited to the relevant bank account, leaving minimal amounts necessary for the office operations. A cashbook is maintained, and bank reconciliation is undertaken at the end of each month.

I. Budgeting System

36. All IAs will follow ZCG's budgeting process. The ADB project budgets will be prepared annually by the responsible project persons, and will include physical and financial targets. Then, it will be integrated into the whole budget of the IA. The IA's budget will be provided to ZCFB for review. Through the "two up and two down" process, the IA's budget will be integrated into the whole budget of the Zuoquan County for final approval of the Zuoquan County People's Congress. Budget monitoring reports present a comparison between budgeted and actual amounts, and highlight budget variances.

J. Safeguarding Assets

37. Subsidiary records of fixed assets and stocks are kept up-to-date and periodically reconciled with control accounts according to the fixed asset management regulation. The IAs will conduct an annual physical inventory of all assets. Normally, only transport vehicles are covered by commercial insurance, covering loss, fire, and others. During construction, insurance shall be the responsibility of contractors; and shall cover worker compensation for losses due to accidents apart from compensation for property.

K. Internal Audit and External Audit

- 38. There is an internal audit department in ZCFB, which directly reports to the Party Committee of ZCFB. Internal audit staff usually have many years of accounting background.
- 39. None of the IAs has an internal audit department. All accounts are audited annually by an independent external auditor or the Government Audit Department. The audit is carried out in accordance with the auditing standards and requirements of the PRC. The various external audit and inspection arrangements will make up for the lack of internal audit.
- 40. The National Audit Office of the PRC will authorize the Shanxi Provincial Audit Department to be responsible for the auditing of the ADB project. The audit will be carried out in accordance with the auditing standards and requirements of the PRC. The Zuoquan County PMO and/or the Shanxi Provincial Audit Department will submit to ADB the auditor's report and management letter in English within 6 months of each financial year-end during the period of project implementation.

L. Reporting and Monitoring

41. The project financial reports will be prepared using an accounting software system and submitted on a monthly, quarterly and annual basis. The reports will highlight the physical and financial progress of projects being undertaken. For this project, the IAs and/or the PIOs will prepare and submit to ADB (via the Zuoquan County PMO) quarterly progress reports for individual outputs, which will include (i) a narrative description of progress made during the reporting period; (ii) changes in the implementation schedule; (iii) problems or difficulties encountered; and (iv) activities to be undertaken in the next reporting period. The IAs and/or the PIOs will also prepare and submit to ADB (via Zuoquan County PMO) a project completion report within 3 months of the completion of each subproject, and an investment project completion report after completion of all outputs under the proposed project.

M. Information System

42. The Newgrand or Jindie financial software is used by the IAs for accounting and financial statements, and both software packages are amongst the most reputable and well used in the PRC. The existing automated accounting software systems of the IAs are capable of generating the project reports required for both external and internal use. In addition, all relevant staff have been trained and should be familiar with the systems, although supplementary training in reporting requirements for the ADB-financed project will be provided. Regular back-ups of all accounting systems and appropriate security measures over backed-up data are in place.

V. Proposed Time-Bound Action Plan

43. The assessment identified the main financial management risks as (i) implementation risk—lack of familiarity with ADB's disbursement procedures and requirements which could delay project implementation; (ii) compliance risk—lack of familiarity with ADB's financial management requirements, particularly relating to accounting, reporting, and auditing, which may delay project reporting and the identification of issues on the use of loan proceeds; (iii) financing risk—delays in provision of or inadequate counterpart funding which could delay project implementation; and (iv) construction and operational risk—inadequate experience in construction and operating management, which will impact project progress and quality of the services to be provided after project completion. The overall financial management risk rating of the project before considering mitigating measures is moderate. The identified financial management risks and the implementation of agreed mitigation measures need to be closely monitored during project implementation. The proposed financial management action plan is shown in Table 1, and this should be made in the relevant project documents—notably the loan and project agreements, and the project administration manual.

VI. Conclusion

44. The overall financial management risk rating of the project before considering mitigating measures is moderate. The identified financial management risks will be closely monitored during project implementation. It was agreed that the EA and the IAs will further enhance their capabilities by undertaking more training, particularly on ADB's policies and procedures. Therefore, the project's financial management arrangements with appropriate mitigation measures are considered satisfactory.

ATTACHMENT 1: FINANCIAL MANAGEMENT ASSESSMENT QUESTIONNAIRES

A. Financial Management Assessment Questionnaire—Zuoquan County Finance Bureau (ZCFB)

Name of agency	Zuoquan County Finance Bureau (ZCFB)
Project component that agency is responsible for	Manage and supervise all components
Name of person responsible for filling this form	
Position, title and telephone of person responsible for	
filling this form	
Mark the chosen item by √	
Nature of agency's responsibility for the Project	Provide counterpart funding
(check all that apply)	Sign a follow on loan contract for ADB funds
	☐ Management of contributions from NGOs or
	project beneficiaries
	☐ Project operation and maintenance
	√ Financial management of project √ Generate funds from tariffs, taxes or other
	sources to service the ADB loan
	□Other – describe
Tauia	
Topic	Response
1 Implementing Agency/ Executing Agency	A desiralated in a second
What is your agency's legal status and registration?	Administrative agency
1.1 What is your agency's governing body?	County government
1.2 What is the governing body's relationship to the Government?	Department of the government
1.3 Can the governing body make decisions	□ YES
independently of Government? If NO, please	NO → explain: Participate in government's
explain what decisions need government	decision-making, have no right of decision-
approval.	making.
1.4 Has your agency implemented an externally-	☐ YES → briefly describe
financed project in the past? If yes, please provide details?	NO
1.5 What are the statutory reporting requirements for	Financial standards of administrative institutes
your agency with respect to finance?	I manda standards of administrative institutes
1.6 Describe your agency's organizational structure?	☐ Organization chart attached
(please attach an organization chart)	☐ Organization chart not attached
1.7 Is the organizational structure appropriate for the	√YES
needs of the Project?	□ NO→ briefly describe
1.8 Has or will your agency established a project	☐ YES, already have project office
management office?	☐ YES, will set up project office
	☑ NO, Project will be managed by the current
	division
1.9 If the ADB loan is approved, what staffing	No need
changes will you make to assist with project	
implementation? 1.10Does the Project have written job descriptions	☐ YES – have already prepared these (attach
that define duties, responsibilities, lines of	job descriptions for the top two positions)
supervision, and limits of authority for staff?	☐ Written job descriptions are being or will be
supervision, and mino or dunonty for stair.	prepared
	NO

2 Funds Flow Arrangements	
2.0 Describe proposed project funds flow	Provincial department—County Financial bureau-
arrangements. Include a chart and	-Contractor
explanation of the flow of funds from ADB, government and other financiers to each	
lower level that will receive funds.	
2.1 Are the (proposed) arrangements to transfer the	MYES
proceeds of the loan from the government to	□ NO → briefly explain why not
the implementing agency satisfactory?	□Not applicable → briefly explian why
2.2 Describe any past problems experienced in	None
receiving investment funds from funding	
sources?	
2.3 Describe proposed on-lending arrangements	
from the Government to your agency,	
including on-lending terms and conditions.	[]V50 > (1)
2.4 Will your agency use an imprest account to manage ADB funds? If YES, in which bank	YES → name of bank
will the Imprest Account be opened?	□ NO → briefly explian why
2.5 Does your agency have experience in the	□YES
management of disbursements from ADB?	NO
2.6 Does your agency have experience managing	□YES
foreign exchange risks?	NO
2.7 Will your agency need to develop capacity to	√ YES. → Explain capacity building
manage foreign exchange risks? If yes, what	arrangements:
arrangements have been made to develop	□NO
this capacity?	
2.8 Is your agency is responsible for providing	YES → answer questions 2.8.1 to 2.8.3
counterpart funds? If YES answer the next 3 questions.	□NO
2.8.1What is the source of the counterpart funds:	Government tax and others
revenues generated by your business	Covernment tax and others
activity, government tax funds, other?	
2.8.2How will you access the counterpart funds?	Allocated by the government
Are they drawn from revenues coming	
directly to you or do you obtain them as	
government transfers?	
2.8.3How are payments made from the	Based on the work progress and relative
counterpart funds?	supporting documents
2.9 Will user charges that you receive as revenue be used to generate counterpart funds?	
2.10Will user charges that you receive as revenue be	√YES
used to help finance the ADB loan?	□ NO
2.11Is part of the Project implemented by	☐ YES → describe arrangements
communities, project beneficiaries or NGOs	NO
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?	E VEC N describe and delices
2.12Are project beneficiaries under your direction	☐ YES → describe guidelines
required to contribute in the form of labor to project costs? If YES, briefly describe	NO NO
guidelines and arrangements formulated to	
record and value the labor contribution?	
3 Staffing	

including job title, responsibilities, educational background and professional certification. 3.1.1.9b title 3.1.1.1 Staff 3.1.1.2 Main responsibilities 3.1.2.1 Staff 3.1.2.2 Main responsibilities 3.1.3.3 Training and Certification 3.1.3.1 Staff 3.1.2.3 Training and Certification 3.1.3.1 Staff 3.1.2.3 Training and Certification 3.1.3.1 Staff 3.1.3.2 Main responsibilities 3.1.3.3 Training and Certification 3.1.3.1 Staff 3.1.3.2 Main responsibilities 3.1.3.1 Training and Certification 3.1.4.3 Distitle 3.1.4.1 Staff 3.1.4.2 Main responsibilities 3.1.4.3 Training and Certification 3.1 Autob title 3.1.4.5 Istaff 3.1.4.5 Istaff 3.1.4.5 Istaff 3.1.4.5 Main responsibilities 3.1.5 Istaff 3.1.6 Main responsibilities 3.1.6 Main responsibilities 3.1.7 Indicate dadequately? □ Job descriptions, CVs attached □ Job descriptions, CVs not attached □ VES □ NO→briefly describe arrangement □ YES □ NO→briefly describe arrangement □ YES □ NO→briefly describe arrangement □ YES □ NO→briefly describe training arrangements □ YES □ NO→ describe training arrangements □ NO→ describe training arrangements □ Orationing arrangements □ Orationing arrangements □ Orationing arrangements □ Orationing	3.0 What is your agency's organizational structure for accounting and finance? Please attach an organization chart.	Buget Division and Treasury Division will be involved into the project financial management. Meanwhile Financing Department is responsible for ADB project management
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responsibilities, lines of supervision, and limits of authority for all of the officers, managers, and staff? 3.9 At what frequency are personnel transferred? 3.10What is training policy for the finance and accounting staff? Continuing education and training education and training Continuing education and training Accounting Policies and Procedures 4.0 General 4.0.1Will the Project use your agency accounting Accounting standards of administrative institutes	descriptions that clearly define duties,	NO
and staff? 3.9 At what frequency are personnel transferred? 3.10What is training policy for the finance and accounting staff? 4 Accounting Policies and Procedures 4.0 General 4.0.1Will the Project use your agency accounting Accounting standards of administrative institutes	responsibilities, lines of supervision, and limits	
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3.10What is training policy for the finance and accounting staff? 4 Accounting Policies and Procedures 4.0 General 4.0.1Will the Project use your agency accounting Accounting standards of administrative institutes	and staff?	
accounting staff? 4 Accounting Policies and Procedures 4.0 General 4.0.1Will the Project use your agency accounting Accounting standards of administrative institutes	3.9 At what frequency are personnel transferred?	Not frequently
4 Accounting Policies and Procedures 4.0 General 4.0.1Will the Project use your agency accounting Accounting standards of administrative institutes		Continuing education and training
4.0 General 4.0.1Will the Project use your agency accounting	accounting staff?	
4.0 General 4.0.1Will the Project use your agency accounting	4 Accounting Policies and Procedures	
4.0.1Will the Project use your agency accounting Accounting standards of administrative institutes		
		Accounting standards of administrative institutes
System:	system?	

4.0.2Describe how your agency accounting	Accounting standards of administrative institutes
system will record project financial transactions.	
4.0.3Describe how your agency accounting	There is subsidiary accounting account to record
system will allocate project expenditures	project revenue and expenditure according to
in accordance with the respective	Project Agreement and Loan Agreemen
components, disbursement categories,	
and sources of funds?	
4.0.4Describe controls in place to ensure that all	There is clear regulation in accounting
transactions are correctly made,	regulations and rules.
adequately explained, prepared and	
approved.	
4.0.5Will you have to change your chart of	☐ YES → describe changes
accounts to properly account for and	NO
report on project activities and	
disbursement categories? If YES,	
describe the changes?	
4.0.6Describe arrangements in place to ensure	To build sudsidiary accounting account according
that cost allocations to the various funding	Project Agreement and Loan Agreement
sources will be made accurately and in	Requirement
accordance with established agreements.	Myrc
4.0.7Are the General Ledger and subsidiary ledgers reconciled and in balance?	∐ YES □ NO
4.0.8Are all accounting and supporting documents	NO NO NO NO NO NO NO NO
retained on a permanent basis in a	□ NO
defined system that allows authorized	
users easy access?	
	The accounting documents are stored for 15
4.0.9Describe the system for storing and	The accounting documents are stored for 15 years; the materials are stored for 5 years.
	The accounting documents are stored for 15 years; the materials are stored for 5 years.
4.0.9Describe the system for storing and accessing accounting documents and materials? 4.1 Segregation of Duties	
4.0.9Describe the system for storing and accessing accounting documents and materials? 4.1 Segregation of Duties 4.1.1Who is responsible for the following duties	
4.0.9Describe the system for storing and accessing accounting documents and materials? 4.1 Segregation of Duties 4.1.1Who is responsible for the following duties (give name and title):	
4.0.9Describe the system for storing and accessing accounting documents and materials? 4.1 Segregation of Duties 4.1.1Who is responsible for the following duties (give name and title): 4.1.1.1 authorize execution of transactions	
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4.0.9Describe the system for storing and accessing accounting documents and materials? 4.1 Segregation of Duties 4.1.1Who is responsible for the following duties (give name and title): 4.1.1.1 authorize execution of transactions 4.1.1.2 record transactions 4.1.1.3 maintain custody of assets involved in transaction 4.1.2Are responsibilities for ordering, receiving, accounting for, and paying for goods and services separated? If NO, briefly describe how they are not separated.	years; the materials are stored for 5 years.
4.0.9Describe the system for storing and accessing accounting documents and materials? 4.1 Segregation of Duties 4.1.1Who is responsible for the following duties (give name and title): 4.1.1.1 authorize execution of transactions 4.1.1.2 record transactions 4.1.1.3 maintain custody of assets involved in transaction 4.1.2Are responsibilities for ordering, receiving, accounting for, and paying for goods and services separated? If NO, briefly describe how they are not separated. 4.1.3Are bank reconciliations prepared by	years; the materials are stored for 5 years. NYES NO → describe
4.0.9Describe the system for storing and accessing accounting documents and materials? 4.1 Segregation of Duties 4.1.1Who is responsible for the following duties (give name and title): 4.1.1.1 authorize execution of transactions 4.1.1.2 record transactions 4.1.1.3 maintain custody of assets involved in transaction 4.1.2Are responsibilities for ordering, receiving, accounting for, and paying for goods and services separated? If NO, briefly describe how they are not separated. 4.1.3Are bank reconciliations prepared by someone other than those who make or	years; the materials are stored for 5 years.
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4.0.9Describe the system for storing and accessing accounting documents and materials? 4.1 Segregation of Duties 4.1.1Who is responsible for the following duties (give name and title): 4.1.1.1 authorize execution of transactions 4.1.1.2 record transactions 4.1.1.3 maintain custody of assets involved in transaction 4.1.2Are responsibilities for ordering, receiving, accounting for, and paying for goods and services separated? If NO, briefly describe how they are not separated. 4.1.3Are bank reconciliations prepared by someone other than those who make or approve payments? 4.2 Budgeting System 4.2.1Are annual budgets based on physical and	years; the materials are stored for 5 years.
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4.0.9Describe the system for storing and accessing accounting documents and materials? 4.1 Segregation of Duties 4.1.1Who is responsible for the following duties (give name and title): 4.1.1.1 authorize execution of transactions 4.1.1.2 record transactions 4.1.1.3 maintain custody of assets involved in transaction 4.1.2Are responsibilities for ordering, receiving, accounting for, and paying for goods and services separated? If NO, briefly describe how they are not separated. 4.1.3Are bank reconciliations prepared by someone other than those who make or approve payments? 4.2 Budgeting System 4.2.1Are annual budgets based on physical and financial targets? 4.2.2Are multiple year budgets and financing plans prepared for capital expenditures?	years; the materials are stored for 5 years. NYES NO → describe YES NO YES - with financial targets only YES - with physical and financial targets NO NYES

4.2.3.2 Individual work units?	∏YES □ NO
42.2.2 Distinct and significant functional	
4.2.3.3 Distinct and significant functional	∏ YES
activities (e.g. maintenance)?	□ NO
4.2.3.4 All major capital projects?	<mark> </mark>
	□NO
4.2.4Is there sufficient detail in annual budgets to	√ YES
provide a meaningful tool for performance	□NO
monitoring?	
4.2.5Are budgets used to monitor and control the	√YES
performance of individual departments	□ NO
and units?	
4.2.6How frequently are actual expenditures	vat least once every month
compared to the budget?	
Compared to the budget:	☐ once every 2 to 3 months
	☐ once every 4 to 6 months
	☐ once every 6 to 12 months
	□ never
4.2.7What happens if there are significant	Need explanations
variations from the budget? Are	
explanations required?	
4.2.8Are approvals for variations from the budget	Yes
required in advance or are they obtained	
after the fact?	
4.2.9Who is responsible for preparation and	The budget department
approval of budgets?	
4.2.10 How are budgets prepared and	Submitted for approval
approved?	
4.2.11 Describe procedures used to plan project	3 PIOs to prepare proposed project detail
activities, collect information from units in	information.
charge of project components, and	
prepare budgets?	
4.2.12 What due diligence measures are there to	Yes
assure that project plans and budgets are	103
based on valid assumptions, are	
developed by knowledgeable individuals and are realistic?	
4.3 Payments	
4.3.1During invoice-processing procedures are:	D. (= 0
4.3.1.1 Copies of purchase orders and	
receiving reports obtained directly	□NO
from issuing departments?	
4.3.1.2 Comparison made of invoice	√ YES
quantities, prices and terms, with	□NO
those indicated on the purchase order	
and with records of goods actually	
received?	
4.3.1.3 Comparison of invoice quantities with	√ YES
those indicated on the receiving	☐ NO
reports?	
4.3.1.4 The accuracy of calculations	√YES
checked?	□ NO
4.3.2Are all invoices:	
4.3.2.1 dated, reviewed and approved	√YES
7.5.2. i dated, reviewed and approved	□ NO
	1 1 1 1 1 1 1

4.3.2.2 stamped PAID upon payment	☑ YES □ NO
4.3.2.3 marked for account code	√YES
assignment?	□ NO
	Reviewed and approved by the personnel bureau
4.3.3What controls exist for the preparation of the	Reviewed and approved by the personner bureau
payroll?	
4.3.4How are changes to the payroll authorized?	Reviewed and approved by the personnel bureau
4.4 Policies And Procedure	
4.4.1What is the basis of accounting (e.g., cash,	Cash-basis standards
accrual)?	
4.4.2What accounting standards are followed	PRC Accounting Standards
(PRC, ISA, other)?	g
4.4.3Does the Project have an adequate policies	YES
and procedures manual to guide activities	□ NO
	LI NO
and ensure staff accountability?	T ./ C
4.4.4Does the accounting policy and procedure	☐ YES → explain how?
manual need to be updated for the project	NO
activities? If YES, explain how this will this	
be done?	
4.4.5Are there written policies and procedures	√ YES
covering all routine financial management	□ NO
and related administrative activities?	
4.4.6How are new accounting principles, policies	Implement after being approved by the leaders
or procedures implemented within your	implement after being approved by the leaders
agency?	
	Dyro
4.4.7Do procedures exist to ensure that only	YES
authorized persons can alter or establish	□NO
a new accounting principle, policy or	
procedure to be used by your agency?	
4.4.8Do policies and procedures define conflict of	√ YES
interest and provide safeguards to protect	□ NO
the organization from them?	
4.4.9Do policies and procedures define related	√YES
party transactions (real and apparent)?	□ NO
4.4.10 What safeguards are there to protect the	Avoidance System
organization from conflict of interest and	Avoidance System
related party transactions?	
4.4.11 Who has a copy of the policies and	Accountant
procedures manual?	
4.5 Cash and Bank	
4.5.1Indicate names and positions of authorized	
signatories in the bank accounts.	
4.5.1.1	Name:
	Position:
4.5.1.2	Name:
	Position:
4.5.1.3	Position
4.5.2Does the organization maintain an up-to-date	√ YES
cashbook, recording receipts and	□ NO
payments?	
4.5.3What are the controls for the following activities:	
4.5.3.1 collection of revenues	
4.5.3.2 timely deposit of receipts	
r.o.o.e union adposit of foodings	1

4.5.3.3 recording of receipts	
4.5.4How frequently are bank and cash reconciled	☐ more frequently than monthly
on a monthly basis?	√ every month
·	every quarter
	☐ less frequently than every quarter
4.5.5Are all unusual items on the bank	√YES
reconciliation reviewed and approved by a	□ NO
responsible official?	
4.5.6How quickly are receipts deposited?	On the same day
4.6 Safeguard over Assets	
4.6.1Describe the system to record assets and	
protect them from fraud, waste and	
abuse?	
4.6.2Are subsidiary records of fixed assets and	√YES
stocks kept up to date?	□ NO
4.6.3Are subsidiary records of fixed assets and	YES
stocks reconciled with control accounts?	I NO
4.6.4How often are physical inventories	vat least once a year
completed of fixed assets and stocks?	every 2 to 3 years
completed of fixed decete and election.	every 2 to 5 years
	☐ less frequently
	□ never
4.6.5Are assets sufficiently covered by insurance	☑ YES, but only part
policies?	
4.7 Other Offices and Implementing Entities	
4.7.1Identify other offices or implementing	Construction Bureau, Water Resources Bureau,
agencies or units under your supervision	Reservoir
or control that are responsible for project	Reservoir
implementation or finance?	
4.7.2In relation to these other agencies, has the	
Project established controls and	
procedures for:	
4.7.2.1 flow of funds	MYES
4.7.2.1 HOW OF TURIOS	□ NO
4.7.2.2 financial information	
4.7.2.2 Illianciai iniormation	YES
4700	□ NO
4.7.2.3 accountability	N YES
	□ NO
4.7.2.4 audits	YES
	□NO
4.7.3How long does it take for project information	
to reach your agency from other offices or	
implementing agencies or units?	
4.7.4What checks are there to ensure the	
accuracy of project information that your	
agency receives from other offices or	
implementing agencies or units.	
4.7.5Are periodic reconciliations performed	√ YES
among the different offices and	□NO
implementing agencies?	
4.8 Other	

4.8.1Describe the options available to employees,	
beneficiaries and others for reporting	
suspected fraud, waste or misuse of	
project resources or property?	
4.8.2Will representatives of the municipal	☐ YES
discipline investigation bureau be involved	NO
in project bidding and construction	
activities?	
4.8.3Do contracts let by your agency for civil	<mark>√</mark> YES
works and other large procurements	□NO
include anticorruption clauses and	
safeguards.	
5 Reporting and Monitoring	
5.0 Are financial statements prepared for your	√YES → accounting standards:
agency? If YES, what accounting standards	□ NO
are they based on?	
5.1 How often are financial statements prepared?	Quarter and year.
5.2 How quickly are the financial statements	Half month later
prepared at year end?	
5.3 Are separate financial statements prepared for	√ YES
the office or unit in your agency that will	□ NO
implement the Project?	
5.4 Will the financial reporting system need to be	√YES→brifely describe arrangement :
adapted to report on the project components?	□ NO
5.5 Does the reporting system have the capacity to	√ YES
link financial information with information on	□NO
the physical progress of engineering	
project's?	
5.6 Describe procedures and controls used to insure	
that the physical project data can be	
compared and coordinated with the financial	
data?	
5.7 Are there financial management reporting	Requirements of special engineering
requirements for existing engineering projects	
that specify:	
5.8 What information do the financial management	√ Total project expenditures to date
reports for engineering projects contain?	
(check all that apply)	budgets
	√ Comparison of actual expenditures with work
	completed
	∇ Expenditures by project component
	Explanations of significant variances of
	expenditures from budgets
5.9 Are financial management reports used by	N YES
management?	□ NO
5.10Describe a recent action taken by management	
in response to information provided in a	
financial management report?	
5.11Are financial reports prepared directly by the	☐ prepared by an automated accounting system
automated accounting system or are they	☐ prepared by spreadsheets or other method
prepared by spreadsheets or some other	√ both ways used
manual method?	
6 Internal Audit	

6.0	Is there an internal auditor or audit department in	☐ YES → answer questions 6.1 to 6.5
0.4	your agency?	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?	
	Will the internal audit department include the	
0.5	Project in its work program?	
6.4	Are actions taken on the internal audit findings?	□YES
		□ 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	√YES → Who: Audited by the county
	year by an independent non-government	□ NO
	auditor? If YES, who is the auditor?	
7.1	How soon following the financial yearend are	According to the requiremetns of auditing
	audit reports issued?	department
7.2	Is the audit of your agency conducted according	☐ YES
	to International Standards on Auditing?	NO NO
7.3	Were any major accountability issues identified	☐ YES
	in audit reports over the past three years?	NO
7.4	Will your agency auditor audit the Project	☐ agency auditor
	financial statements and accounts or will	d another auditor
	another auditor be appointed?	
7.5	Has your agency implemented all	YES
	recommendations made by the auditors in	☐ NO → explain
	audit reports or management letters over the	
7.0	past three years? If NO, please explain.	☐ YES →Who:
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	NO
	external audit? If YES, who is the independent	
	entity?	
7.7	Does your agency have separate terms of	√ YES
	reference for annual audits of major projects?	□NO
7.8	Please provide the audit reports for the past	☐ Provided
	three years.	☐ Not provided – please give reason
8	Information Systems	
8.0	Is the financial management system	√ YES → Software Name:
L	computerized?	□ NO
8.1	Can the system produce the necessary project	√ YES
L	financial reports?	□ NO
8.2	What training has the staff received to operate	Training of software operations
	the system?	
8.3	What controls are there to safeguard the	Set passwords
	confidentiality, integrity and availability of data	
	in the information system?	
9	Documents	
9.0	Please provide copies of the following	
	documents:	
	9.0.1Job descriptions and CVs of key accounting	☐ Provided
	staff.	☐ Not provided

9.0.2Organization chart for your agency.	√ Provided
	☐ Not provided
9.0.3Organization chart for accounting and	√ Provided
finance.	☐ Not provided
9.0.4Document establishing the legal status of	√ Provided
your agency.	☐ Not provided
9.0.5Chart of Accounts	√ Provided
	☐ Not provided
9.0.6The last 3 financial statements produced for	√ Provided
the agency	☐ Not provided
9.0.7Sample financial statement produced for an	☐ Provided
engineering project.	√ Not provided
9.0.8The last 3 external audit reports.	☐ Provided
	√ Not provided
9.0.9Legal documents or agreements confirming	☐ Provided
counterpart funding	√ Not provided
9.0.10 Sample of recent financial management	☐ Provided
reports	√ Not provided

B. Financial Management Assessment Questionnaire—Zuoquan Housing Security, and Urban and Rural Construction and Management Bureau (ZHCB)

Name of agency	Zuoquan Housing Security and Urban and Rural Construction and Management Bureau (ZHCB)
Project component that agency is responsible for	Central Avenue Qingzhang River Wetland Park
Name of person responsible for filling this form	Fan Junhua
Position, title and telephone of person responsible for filling this form	Accountant of Finance Unit 13903546063
Mark the chosen item by √	
Nature of agency's responsibility for the Project (check all that apply)	Provide counterpart funding □ Sign a follow on loan contract for ADB funds □ Management of project construction □ Management of contributions from NGOs or project beneficiaries □ Project operation and maintenance □ Financial management of project □ Generate funds from tariffs, taxes or other sources to service the ADB loan □Other – describe
Topic	Response
1 Implementing Agency/ Executing Agency	
1.0 What is your agency's legal status and registration?	01273067-6
1.1 What is your agency's governing body?	Zuoquan County Government
1.2 What is the governing body's relationship to the Government?	Government

1.3	Can the governing body make decisions independently of Government? If NO, please explain what decisions need government approval.	☐ YES NO → explain:
1.4	Has your agency implemented an externally- financed project in the past? If yes, please provide details?	☐ YES → briefly describe NO
1.5	What are the statutory reporting requirements for your agency with respect to finance?	State-owned construction enterprise accounting regulations
1.6	Describe your agency's organizational structure? (please attach an organization chart)	 ✓ Organization chart attached □ Organization chart not attached
1.7	Is the organizational structure appropriate for the needs of the Project?	✓ YES□ NO→ briefly describe
1.8	Has or will your agency established a project management office?	✓ YES, already have project office☐ YES, will set up project office☐ NO
1.9	If the ADB loan is approved, what staffing changes will you make to assist with project implementation?	No staffing changes, use the existing staff and equipment
1.10	Does the Project have written job descriptions that define duties, responsibilities, lines of supervision, and limits of authority for staff?	 ✓ YES – have already prepared these (attach job descriptions for the top two positions) □ Written job descriptions are being or will be prepared □ NO
2 Fu	unds Flow Arrangements	
2.0	Describe proposed project funds flow	ADB loan →Provincial Finance Department
	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.	→County Financial Bureau →ZHURB→Contractor/supplier
2.1	arrangements. Include a chart and explanation of the flow of funds from ADB, government and other financiers to each lower level that will	→County Financial Bureau
	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. Are the (proposed) arrangements to transfer the proceeds of the loan from the government	→County Financial Bureau →ZHURB→Contractor/supplier
2.1	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. Are the (proposed) arrangements to transfer the proceeds of the loan from the government to the implementing agency satisfactory? Describe any past problems experienced in receiving investment funds from funding	→County Financial Bureau →ZHURB→Contractor/supplier
2.1	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. Are the (proposed) arrangements to transfer the proceeds of the loan from the government to the implementing agency satisfactory? Describe any past problems experienced in receiving investment funds from funding sources? Describe proposed on-lending arrangements from the Government to your agency, including	→County Financial Bureau →ZHURB→Contractor/supplier
2.1	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. Are the (proposed) arrangements to transfer the proceeds of the loan from the government to the implementing agency satisfactory? Describe any past problems experienced in receiving investment funds from funding sources? Describe proposed on-lending arrangements from the Government to your agency, including on-lending terms and conditions. Will your agency use an imprest account to manage ADB funds? If YES, in which bank will	→County Financial Bureau →ZHURB→Contractor/supplier
2.1 2.2 2.3	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. Are the (proposed) arrangements to transfer the proceeds of the loan from the government to the implementing agency satisfactory? Describe any past problems experienced in receiving investment funds from funding sources? Describe proposed on-lending arrangements from the Government to your agency, including on-lending terms and conditions. Will your agency use an imprest account to manage ADB funds? If YES, in which bank will the Imprest Account be opened? Does your agency have experience in the	→County Financial Bureau →ZHURB→Contractor/supplier YES □ NO → briefly explain why not □Not applicable → briefly explian why None □ YES → name of bank □ NO → briefly explian why Directly disbursed by the fiancial bureau □ YES
2.1 2.2 2.3 2.4 2.5	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. Are the (proposed) arrangements to transfer the proceeds of the loan from the government to the implementing agency satisfactory? Describe any past problems experienced in receiving investment funds from funding sources? Describe proposed on-lending arrangements from the Government to your agency, including on-lending terms and conditions. Will your agency use an imprest account to manage ADB funds? If YES, in which bank will the Imprest Account be opened? Does your agency have experience in the management of disbursements from ADB? Does your agency have experience managing	→County Financial Bureau →ZHURB→Contractor/supplier YES □ NO → briefly explain why not □Not applicable → briefly explian why None □ YES → name of bank □ NO → briefly explian why Directly disbursed by the fiancial bureau □ YES □ NO □ YES

2.8	· · · · · · · · · · · · · · · · · · ·	None
	funds: revenues generated by your	
	business activity, government tax funds,	
	other?	
2.8	.2 How will you access the counterpart funds?	None
	Are they drawn from revenues coming	
	directly to you or do you obtain them as	
	government transfers?	
2.8		None
	counterpart funds?	
2.9	Will user charges that you receive as revenue	□YES
	be used to generate counterpart funds?	NO
2.10	Will user charges that you receive as revenue	☐ YES
	be used to help finance the ADB loan?	NO NO
2.11	Is part of the Project implemented by	☐ YES → describe arrangements
	communities, project beneficiaries or NGOs	NO
	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?	
2.12	Are project beneficiaries under your direction	☐ YES → describe guidelines
	required to contribute in the form of labor to	NO O
	project costs? If YES, briefly describe	
	guidelines and arrangements formulated to	
	record and value the labor contribution?	
3 St	affing	
3.0	What is your agency's organizational structure	
0.0	for accounting and finance? Please attach an	
	organization chart.	
3.1	Identify key finance and accounting staffs	Fan Junhua, Female, Associate Degree,
J. I	including job title, responsibilities, educational	Accountant of Finance Unit
	background and professional certification.	
	background and professional certification.	Yang Junqing, Female, High School Degree, Accountant of Finance Unit
2.4	1 Joh titla	Accountant of Finance Offic
3.1		
	3.1.1.1 Staff	Fan Junhua

	3.1.1.2 Main responsibilities	Responsible for the preparation and implementation of financial system, coordinate with the higher authorities and national audit department to audit, review and supervise the project; Responsible for construction financing and support competent authorities and relevant departments to make full use of funds; Responsible for standardize basic accounting and process, ensuring the accounting materials are sound, legal and complete; Responsible for reviewing all
		items of expenditures and avoid unreasonable expenses; Responsible for preparing project funding plan, managing the project construction fund in accordance with the principle of earmarking and fund safety; Responsible for project resettlement, preparing resettlement statements;
		Assist the competent authorities to manage
	0440 Tulibu + 10 - 17 - 1	the construction fund.
2.1	3.1.1.3 Training and Certification 1.2 Job title	
3.	3.1.2.1 Staff	Yang Zhongqing
	3.1.2.2 Main responsibilities	Responsible for cash payment and settlement services, cash registration and band deposit account, custody of cash and various securities, relevant seals, blank receipts and cheques
	3.1.2.3 Training and Certification	receipts and cheques
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	1.4 Job title	
	3.1.4.1 Staff	
	3.1.4.2 Main responsibilities	
0.0	3.1.4.3 Training and Certification	
3.2	Attach job descriptions and CVs of key accounting staff.	Job descriptions, CVs attached
3.3	Is the project finance and accounting function staffed adequately?	☐ job descriptions, CVs not attached ☐ YES ☐ NO→brifoly describe arrangement
3.4	Is the finance and accounts staff adequately	□ NO→brifely describe arrangement YES
2 5	qualified and experienced?	☐ NO→brifely describe arrangement
3.5	Is the project accounts and finance staff trained in ADB procedures? If NO, what arrangements will be made for training?	☐ YES ☐ NO → describe training arrangements Arrangements trainings on ADB procedure and ADB financial management
3.6	What is the duration of the work contract for project finance and accounts staff?	None
3.7	Indicate key project finance and accounts staff positions not filled yet, and the estimated date of appointment.	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?	
3.9	At what frequency are personnel transferred?	No
3.10	What is training policy for the finance and accounting staff?	Continuing Education Training of Accountant
4 Ac	counting Policies and Procedures	
4.0	General	
4.0.		Yes, state-owned construction unit
	accounting system?	accounting regulation
4.0.	.2 Describe how your agency accounting system will record project financial transactions.	In accordance with state-owned construction unit accounting regulation to record the project financial transactions correctly.
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?	In accordance with the state-owned construction unit accounting regulation to allocate project expenditures
4.0.	Describe controls in place to ensure that all transactions are correctly made, adequately explained, prepared and approved.	Project statements
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?	☐ YES → describe changes ☑ NO
4.0.		
4.0.		☑ YES □ NO
4.0.	<u> </u>	NO YES □ NO
4.0.	.9 Describe the system for storing and accessing accounting documents and materials?	In accordance with the requirement of storing, accounting documents and materials will be stored and bounded into books by the financial departments, which will store them after the fiscal year is ended. Any staff requesting for accessing the documents in the bureau shall be approved by the principal of financial department; As for the staff from other agencies, a formal introduction letter and approval of leaders of the bureau are required, as well as registration procedure. Any painting, unpacking or replacing of the accounting documents are strictly forbidden for anyone who review or duplicate the accounting documents.
4.1	Segregation of Duties	

4.1.1	Mha is responsible for the following duties	
4.1.1	Who is responsible for the following duties	
1	(give name and title):	Dan Manhua
	1.1.1 authorize execution of transactions	Ren Wenhua
	1.1.2 record transactions	Fan Junhua
4.	1.1.3 maintain custody of assets involved in transaction	
4.1.2	Are responsibilities for ordering, receiving,	□ YES
	accounting for, and paying for goods and	□ NO → describe
	services separated? If NO, briefly describe	
	how they are not separated.	
4.1.3	Are bank reconciliations prepared by	MYES
	someone other than those who make or	□NO
	approve payments?	
4.2 Bu	udgeting System	
4.2.1	Are annual budgets based on physical and	☐ YES – with financial targets only
	financial targets?	▼YES – with physical and financial targets
		□ NO
4.2.2	Are multiple year budgets and financing	☐ YES
	plans prepared for capital expenditures?	NO
4.2.3	Are separate budgets prepared for:	
	2.3.1 Individual departments?	√YES
		□ NO
4:	2.3.2 Individual work units?	√YES
	TOLE MANAGEMENT ATMOS	□ NO
4 2	2.3.3 Distinct and significant functional	NYES
7.2	activities (e.g. maintenance)?	□ NO
1.	2.3.4 All major capital projects?	MYES
7.2	2.3.4 All Major Capital projects:	□ NO
4.2.4	Is there sufficient detail in annual budgets	√YES
	to provide a meaningful tool for	□ NO
	performance monitoring?	
4.2.5	Are budgets used to monitor and control	√YES
	the performance of individual departments	NO
	and units?	
4.2.6	How frequently are actual expenditures	☐ at least once every month
	compared to the budget?	√once every 2 to 3 months
	, 3	□ once every 4 to 6 months
		□ once every 6 to 12 months
		□ never
4.2.7	What happens if there are significant	It will be explained.
	variations from the budget? Are	
	explanations required?	
4.2.8	Are approvals for variations from the	Yes
	budget required in advance or are they	1.55
	obtained after the fact?	
4.2.9	Who is responsible for preparation and	Financial staff
5	approval of budgets?	
Ш	app. oral or budgeto.	

4.2.10	How are budgets prepared and approved?	Each department participates in preparing budget. The financial department summarizes the budgets and report to the director for review, then report to the county financial bureau. The county financial bureau reviews the budget with "Two Ups and Two Downs", and then releases the budget approval after the approval of County People's Congress.
4.2.11	Describe procedures used to plan project activities, collect information from units in charge of project components, and prepare budgets?	
	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?	
	yments	
4.3.1	During invoice-processing procedures are:	HVEC
	2.1.1 Copies of purchase orders and receiving reports obtained directly from issuing departments?	☐ NO
4.3	2.1.2 Comparison made of invoice quantities, prices and terms, with those indicated on the purchase order and with records of goods actually received?	MYES □ NO
4.3	2.1.3 Comparison of invoice quantities with	√YES
	those indicated on the receiving reports?	□ NO
4.3	2.1.4 The accuracy of calculations checked?	NO YES
4.3.2	Are all invoices:	
	2.2.1 dated, reviewed and approved	☑YES □ NO
	3.2.2 stamped PAID upon payment	MYES □ NO
	2.2.3 marked for account code assignment?	☐ YES ☐ NO
4.3.3	What controls exist for the preparation of the payroll?	
4.3.4	How are changes to the payroll authorized?	The changes to the payroll have to be approved by the Personnel Bureau
	licies And Procedure	
4.4.1	What is the basis of accounting (e.g., cash, accrual)?	State-owned construction unit accounting regulation, accrual standards
4.4.2	What accounting standards are followed (PRC, ISA, other)?	PRC Accounting Standards
4.4.3	Does the Project have an adequate policies and procedures manual to guide activities and ensure staff accountability?	□ YES □ 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?	☐ YES → explain how? NO
4.4.5	Are there written policies and procedures	□ YES
	covering all routine financial management	□NO
	and related administrative activities?	
4.4.6	How are new accounting principles, policies	
	or procedures implemented within your	
	agency?	
4.4.7	Do procedures exist to ensure that only	√ YES
	authorized persons can alter or establish a	□ NO
	new accounting principle, policy or	
	procedure to be used by your agency?	
4.4.8	Do policies and procedures define conflict	√ YES
	of interest and provide safeguards to	□ NO
	protect the organization from them?	
4.4.9	Do policies and procedures define related	√ YES
	party transactions (real and apparent)?	□ NO
4.4.10	What safeguards are there to protect the	
	organization from conflict of interest and	
	related party transactions?	
4.4.11		Financial staff, main leaders
	procedures manual?	,
4.5 Ca	sh and Bank	
4.5.1	Indicate names and positions of authorized	
	signatories in the bank accounts.	
4.5	5.1.1	Name: Ren Wenhua
		Position: Principal of the unit
4.5	5.1.2	Name: Cheng Hongfei
		Position: Principal of finance
4.5	5.1.3	Name: Fan Junhua
4.5.0	Describeration of a first and a first and a first	Position: Accountant
4.5.2	Does the organization maintain an up-to-	M YES
	date cashbook, recording receipts and	□ NO
4.5.0	payments?	
4.5.3	What are the controls for the following	
4.5	activities:	Figure and controlling descriptions
	5.3.1 collection of revenues	Financial centralized payment system
4.5	5.3.2 timely deposit of receipts	Financial centralized payment system, no cash revenue
15	5.3.3 recording of receipts	Financial centralized payment system, no
4.0	.3.3 recording or receipts	cash revenue
4.5.4	How frequently are bank and cash	☐ more frequently than monthly
4.0.4	reconciled on a monthly basis?	very month
	reconciled on a monthly basis:	□ every quarter
		☐ less frequently than every quarter
4.5.5	Are all unusual items on the bank	YES
7.5.5	reconciliation reviewed and approved by a	□ NO
	responsible official?	
4.5.6	How quickly are receipts deposited?	On the same day
	feguard over Assets	
4.6.1	Describe the system to record assets and	
	protect them from fraud, waste and abuse?	

4.6.2	Are subsidiary records of fixed assets and stocks kept up to date?	MYES □ NO
462		
4.6.3	Are subsidiary records of fixed assets and stocks reconciled with control accounts?	NO YES
4.6.4	How often are physical inventories	√ at least once a year
	completed of fixed assets and stocks?	□ every 2 to 3 years
	•	□ every 3 to 5 years
		☐ less frequently
		□ never
4.6.5	Are assets sufficiently covered by	☐ YES, but only part
	insurance policies?	NO
4.7 Otl	her 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	7.2.1 flow of funds	□YES
		□NO
4.7	7.2.2 financial information	□YES
		□NO
4.7	7.2.3 accountability	□YES
	70.4	□ NO
4.7	7.2.4 audits	☐ YES
470	Have long done it take for project	□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	
7.7.7	accuracy of project information that your	
	agency receives from other offices or	
	implementing agencies or units.	
4.7.5	Are periodic reconciliations performed	□YES
	among the different offices and	□ NO
	implementing agencies?	
4.8 Otl	her	
4.8.1	Describe the options available to	
	employees, beneficiaries and others for	
	reporting suspected fraud, waste or misuse	
	of project resources or property?	
4.8.2	Will representatives of the municipal	□YES
	discipline investigation bureau be involved	□NO
	in project bidding and construction	
	activities?	
4.8.3	Do contracts let by your agency for civil	√ YES
	works and other large procurements	□NO
	include anticorruption clauses and	
	safeguards.	
5 Repor	rting and Monitoring	

	they based on?	regulation.
5 1	How often are financial statements prepared?	□ NO Monthly Report
5.1 5.2	How often are financial statements prepared? How quickly are the financial statements	15 days
5.3	prepared at year end? Are separate financial statements prepared for	MVES
5.5	the office or unit in your agency that will implement the Project?	∐YES □ NO
5.4	Will the financial reporting system need to be adapted to report on the project components?	☐ YES→brifely describe arrangement : NO
5.5	Does the reporting system have the capacity to link financial information with information on the physical progress of engineering project's?	√YES □ NO
5.6	Describe procedures and controls used to insure that the physical project data can be compared and coordinated with the financial data?	
5.7	Are there financial management reporting requirements for existing engineering projects that specify:	
5.8	What information do the financial management reports for engineering projects contain? (check all that apply)	☐ Total project expenditures to date ☐ Comparison of actual expenditures with budgets ☐ Comparison of actual expenditures with work completed ☐ Expenditures by project component ☐ Explanations of significant variances of expenditures from budgets
5.9	Are financial management reports used by management?	∏YES □ NO
5.10	Describe a recent action taken by management in response to information provided in a financial management report?	
5.11	Are financial reports prepared directly by the automated accounting system or are they prepared by spreadsheets or some other manual method?	 ☑ prepared by an automated accounting system ☐ prepared by spreadsheets or other method ☐ both ways used
6 Ir	nternal Audit	
6.0	Is there an internal auditor or audit department in your agency?	☐ YES → answer questions 6.1 to 6.5 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?	☐ YES ☐ NO
6.5	Describe the most recent actions taken in response to the internal audit findings?	

7.0	Is your agency financial statement audited each	☐ YES → Who:
	year by an independent non-government	NO
	auditor? If YES, who is the auditor?	
7.1	How soon following the financial yearend are	To be determined by the auditing department
7.2	audit reports issued?	□ YES
1.2	Is the audit of your agency conducted according to International Standards on	NO NO
	Auditing?	NO NO
7.3	Were any major accountability issues identified	□YES
7.0	in audit reports over the past three years?	□ NO
7.4	Will your agency auditor audit the Project	☐ agency auditor
	financial statements and accounts or will	another auditor
	another auditor be appointed?	
		[]
7.5	Has your agency implemented all	
	recommendations made by the auditors in audit reports or management letters over the past	□ NO → explain
	three years? If NO, please explain.	
7.6	Is the Project subject to any kind of audit from	☐ YES →Who:
7.0	an independent governmental entity (e.g., the	□ NO
	supreme audit institution) in addition to the	
	external audit? If YES, who is the independent	
	entity?	
7.7	Does your agency have separate terms of	□ YES
	reference for annual audits of major projects?	√ NO
7.8	Please provide the audit reports for the past	√ Provided
	three years.	☐ Not provided – please give reason
0 1	farment's Oraclesses	
	formation Systems	Myro > O. f. and Name Parks O. f.
8.0	Is the financial management system computerized?	
8.1	•	□ NO
0.1	Can the system produce the necessary project financial reports?	MYES □ NO
8.2	What training has the staff received to operate	Trainings provided by the software vendors
0.2	the system?	Trainings provided by the software vehiclis
8.3	What controls are there to safeguard the	
	confidentiality, integrity and availability of data	
	in the information system?	
9 D	ocuments	
9.0	Please provide copies of the following	
	documents:	
9.0	•	√Provided
	accounting staff.	☐ Not provided
9.0	0.2 Organization chart for your agency.	□ Provided □ Provided
		☐ Not provided
9.0		
	finance.	□ Not provided
9.0	0 0	
	your agency.	□ Not provided
9.0	0.5 Chart of Accounts	☐ Provided
9.0	0.6 The last 3 financial statements produced	
9.0	for the agency	Not provided
		I I I I I I I I I I I I I I I I I I I

9.0.7	Sample financial statement produced for an	☐ Provided
	engineering project.	√ Not provided
9.0.8	The last 3 external audit reports.	√Provided
		☐ Not provided
9.0.9	Legal documents or agreements confirming	☐ Provided
	counterpart funding	Not provided
9.0.10	Sample of recent financial management	☐ Provided
	reports	Not provided

C. Financial Management Assessment Questionnaire—Zuoquan Shixia Reservoir Management Office (ZSRMO)

		- O
Nam	e of agency	Zuoquan Shixia Reservoir Management Office (ZSRMO)
	ct component that agency is responsible for	Water Source Protection of Qingzhang River
Nam	e of person responsible for filling this form	Zhao Lianhu
	ion, title and telephone of person responsible for this form	Director of Shixia Reservoir Management Division 13111012599
Mark	the chosen item by $\sqrt{}$	
	re of agency's responsibility for the Project (check at apply)	☐ Provide counterpart funding ☐ Sign a follow on loan contract for ADB funds ☐ Management of project construction ☐ Management of contributions from NGOs or project beneficiaries ☐ Project operation and maintenance ☐ Financial management of project ☐ Generate funds from tariffs, taxes or other sources to service the ADB loan ☐ Other – describe
T	opic	Response
	Implementing Agency/ Executing Agency	•
1.0		
	What is your agency's legal status and	The Collective Enterprise
	What is your agency's legal status and registration?	The Collective Enterprise 140722016000104
1.1	registration? What is your agency's governing body?	
	registration?	140722016000104
1.1	registration? What is your agency's governing body? What is the governing body's relationship to the Government? Can the governing body make decisions independently of Government? If NO, please explain what decisions need government approval.	140722016000104 Zuoquan County Water Resources Bureau
1.1	registration? What is your agency's governing body? What is the governing body's relationship to the Government? Can the governing body make decisions independently of Government? If NO, please explain what decisions need government	140722016000104 Zuoquan County Water Resources Bureau Department of the government

1.6	Describe your agency's organizational structure? (please attach an organization chart)	☐ Organization chart attached☐ Organization chart not attached☐ Established 9 units, stations and offices, namely: general office, finance unit, water supply station, operation and management unit, security unit, Hydropower Station, general affairs unit, Fisheries Station, Engineering Technology Unit(project department), etc.
1.7	Is the organizational structure appropriate for the needs of the Project?	 ✓ YES □ NO→ briefly describe
1.8	Has or will your agency established a project management office?	✓ YES, already have project office☐ YES, will set up project office☐ NO
1.9	If the ADB loan is approved, what staffing changes will you make to assist with project implementation?	If lack of qualified professional staff, will employ one from external (including leaders)
1.10	Does the Project have written job descriptions that define duties, responsibilities, lines of supervision, and limits of authority for staff?	 ☐ YES – have already prepared these (attach job descriptions for the top two positions) ☑ Written job descriptions are being or will be prepared ☐ NO
2 Fu	unds 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 →Provincial Finance Department →County Financial Bureau →SRMO→Contractor/supplier
2.1	Are the (proposed) arrangements to transfer the proceeds of the loan from the government to the implementing agency satisfactory?	☐ YES ☐ NO → briefly explain why not ☑Not applicable → briefly explian why Reasons: Unified loan and unified repayment by the financial bureau
2.2	Describe any past problems experienced in receiving investment funds from funding sources?	None
2.3	Describe proposed on-lending arrangements from the Government to your agency, including on-lending terms and conditions.	Unified loan and unified repayment by the financial bureau
2.4	Will your agency use an imprest account to manage ADB funds? If YES, in which bank will the Imprest Account be opened?	 ☐ YES → name of bank ☐ NO → briefly explian why Resons: determined by the financial bureau
2.5	Does your agency have experience in the management of disbursements from ADB?	MYES □ NO
2.6	Does your agency have experience managing foreign exchange risks?	MYES □ 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?	YES. → Explain capacity building arrangements: external specialistsNO

2.8	Is your agency is responsible for providing counterpart funds? If YES answer the next 3 questions.	☐ YES → answer questions 2.8.1 to 2.8.3 No: As a water protection, rehabilitation and flood control project for public welfare, the financial department shall provide funding.
2.8	3.1 What is the source of the counterpart funds: revenues generated by your business activity, government tax funds, other?	
2.8		
2.8	3.3 How are payments made from the counterpart funds?	
2.9	Will user charges that you receive as revenue be used to generate counterpart funds?	☐ YES ☑ NO
2.10	Will user charges that you receive as revenue be used to help finance the ADB loan?	□ YES ☑ 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?	☐ YES → describe arrangements ☐ 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?	☐ YES → describe guidelines ☐ NO
3 St	taffing	
3.0	What is your agency's organizational structure for accounting and finance? Please attach an organization chart.	Apart from the existing staff, the project shall employ more external staff.
3.1	Identify key finance and accounting staffs including job title, responsibilities, educational background and professional certification.	
3.1	.1 Job title	Chief of Finance unit of Shixia Reservoir, for 22 years
	3.1.1.1 Staff	Li Shuping
	3.1.1.2 Main responsibilities	Accountant of Shixia Reservoir, for 22 years
	3.1.1.3 Training and Certification	Assistant Accountant
3.1		Cashier of Shixia Reservoir, for 12 years
	3.1.2.1 Staff	Zhang Guoyan
<u> </u>	3.1.2.2 Main responsibilities	Cashier of Shixia Reservoir, for 12 years
2.4	3.1.2.3 Training and Certification	Engineer
3.1		
<u> </u>	3.1.3.1 Staff	
<u> </u>	3.1.3.2 Main responsibilities 3.1.3.3 Training and Certification	
3.1		
3.1	3.1.4.1 Staff	
	3.1.4.2 Main responsibilities	
ш	P. C.	1

II	2.1.4.2 Training and Cartification	
2.2	3.1.4.3 Training and Certification	Mak decements a OV- etteched
3.2	Attach job descriptions and CVs of key	Job descriptions, CVs attached
	accounting staff.	☐ job descriptions, CVs not attached
3.3	Is the project finance and accounting function	□YES
	staffed adequately?	NO→brifely describe arrangement: Need
		strengthening
3.4	Is the finance and accounts staff adequately	√YES
	qualified and experienced?	☐ NO→brifely describe arrangement
3.5	Is the project accounts and finance staff trained	☐ YES
	in ADB procedures? If NO, what arrangements	NO → describe training arrangements:
	will be made for training?	Targeted trainings, procedures and financial
	Č	management
3.6	What is the duration of the work contract for	See to the project duration: about 3 years.
	project finance and accounts staff?	
3.7	Indicate key project finance and accounts staff	Date:
0.7	positions not filled yet, and the estimated date	Position: TBD
	of appointment.	1 Coldon. 122
	o. Sekammonn	Date:
		Position: TBD
3.8	Does the Project have written position	YES
5.0	descriptions that clearly define duties,	NO NO
	responsibilities, lines of supervision, and limits	Пио
	of authority for all of the officers, managers,	
	and staff?	
2.0		Not frequently
3.9 3.10	At what frequency are personnel transferred? What is training policy for the finance and	Targeted and professional trainings on
3.10	accounting staff?	finance, continuing education, workshops
		Imance, continuing education, workshops
	ccounting Policies and Procedures	
4.0	General	
4.0	, , , ,	Yes: separate infrastructure account, state-
	accounting system?	owned construction unit accounting
		standards, auditing and accounting
4.0	, , ,	
	system will record project financial	
	transactions.	
4.0	, , ,	
	system will allocate project expenditures in	
	accordance with the respective	
	components, disbursement categories, and	
	sources of funds?	
4.0	• • • • • • • • • • • • • • • • • • •	Implement the laws and regulations such as
	transactions are correctly made,	accounting law, accurate transactions and
	adequately explained, prepared and	internal control
	approved.	
4.0	0.5 Will you have to change your chart of	√ YES → describe changes
	accounts to properly account for and report	Deal with and adjust the finances in
	on project activities and disbursement	accordance with ongoing water resources
	categories? If YES, describe the changes?	project
	-	ΠNO
4.0	0.6 Describe arrangements in place to ensure	
	that cost allocations to the various funding	
	sources will be made accurately and in	
II .	accordance with established agreements.	
	accordance with established adreements	

4.0.7	Are the General Ledger and subsidiary	V YES
4.0.0	ledgers reconciled and in balance?	□ NO
4.0.8	Are all accounting and supporting	<u>√</u> YES
	documents retained on a permanent basis	□NO
	in a defined system that allows authorized	
4.0.0	users easy access?	
4.0.9	Describe the system for storing and	
	accessing accounting documents and	
4.1 Se	materials? gregation of Duties	
4.1.1	Who is responsible for the following duties	
	(give name and title):	
4.1	1.1.1 authorize execution of transactions	
	1.1.2 record transactions	
	1.1.3 maintain custody of assets involved in	
	transaction	
4.1.2	Are responsibilities for ordering, receiving,	Yes: Separate with dam management
	accounting for, and paying for goods and	☐ NO → describe
	services separated? If NO, briefly describe	
	how they are not separated.	
4.1.3	Are bank reconciliations prepared by	NYES
	someone other than those who make or	□NO
	approve payments?	
	dgeting System	
4.2.1	Are annual budgets based on physical and	☐ YES – with financial targets only
	financial targets?	
		□NO
4.2.2	Are multiple year budgets and financing	√ YES
	plans prepared for capital expenditures?	□NO
4.2.3	Are separate budgets prepared for:	Yes
4.2	2.3.1 Individual departments?	
		□NO
4.2	2.3.2 Individual work units?	√ YES
		□ NO
4.2	2.3.3 Distinct and significant functional	M YES
	activities (e.g. maintenance)?	□ NO
4.2	2.3.4 All major capital projects?	M YES
		□NO
4.2.4	Is there sufficient detail in annual budgets	VES YES
	to provide a meaningful tool for	□NO
	performance monitoring?	
4.2.5	Are budgets used to monitor and control	MYES
	the performance of individual departments	□NO
	and units?	
4.2.6	How frequently are actual expenditures	☐ at least once every month
	compared to the budget?	√ once every 2 to 3 months
		□ once every 4 to 6 months
		☐ once every 6 to 12 months
	140	never
4.2.7	What happens if there are significant	Yes
	variations from the budget? Are	
	explanations required?	

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?	Finance unit, engineering department, general office and manager office prepare the budgets; the leaders approve; then submit the budgets to the financial bureau for approval.
4.2.10	How are budgets prepared and approved?	Prepare and approve in accordance with actual physical and financial targets
4.2.11	Describe procedures used to plan project activities, collect information from units in charge of project components, and prepare budgets?	
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?	All participate, open and transparent
4.3 Pay	yments	
4.3.1	During invoice-processing procedures are:	
4.3	1.1.1 Copies of purchase orders and	√ YES
	receiving reports obtained directly from issuing departments?	□ NO
4.3	1.1.2 Comparison made of invoice quantities,	√ YES
	prices and terms, with those indicated	□NO
	on the purchase order and with records of goods actually received?	
4.3	1.1.3 Comparison of invoice quantities with those indicated on the receiving reports?	
4.3	.1.4 The accuracy of calculations checked?	☑YES □ NO
4.3.2	Are all invoices:	
4.3	2.2.1 dated, reviewed and approved	√YES
	,	□ NO
4.3	2.2.2 stamped PAID upon payment	√YES
		□ NO
4.3	.2.3 marked for account code assignment?	MYES □ NO
4.3.3	What controls exist for the preparation of the payroll?	Approval by the personnel department
4.3.4	How are changes to the payroll authorized?	Approval by the personnel department
	licies And Procedure	
4.4.1	What is the basis of accounting (e.g., cash, accrual)?	Accrual accounting
4.4.2	What accounting standards are followed (PRC, ISA, other)?	PRC Accounting Standards
4.4.3	Does the Project have an adequate policies	√YES
	and procedures manual to guide activities and ensure staff accountability?	□ 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?	✓ YES → explain how?Adjust in accordance with ADB's requirements□ NO
4.4.5	Are there written policies and procedures covering all routine financial management and related administrative activities?	NO YES
4.4.6	How are new accounting principles, policies or procedures implemented within your agency?	All financial and accounting activities shall follow laws and regulations; organize trainings in accordance with the requirements of the project after approval by the leaders.
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?	NO YES
4.4.8	Do policies and procedures define conflict of interest and provide safeguards to protect the organization from them?	NO YES
4.4.9	Do policies and procedures define related	1 YES
4.4.40	party transactions (real and apparent)?	Delevent transaction part unbysical auditing
	What safeguards are there to protect the organization from conflict of interest and related party transactions?	Relevant transaction party: physical auditing, financial auditing
4.4.11	Who has a copy of the policies and	Financial staff, participants of director
	procedures manual?	meeting, principals of each department
	sh and Bank	71 0 0 1:
4.5.1	Indicate names and positions of authorized signatories in the bank accounts.	Zhang Guoyan Cashier
	5.1.1	Name: Zhang Guoyan Position: Cashier
4.5	5.1.2	Name: Position:
	5.1.3	Position
4.5.2	Does the organization maintain an up-to-	√YES
	date cashbook, recording receipts and	□ NO
4.5.0	payments?	
4.5.3	What are the controls for the following activities:	
45	5.3.1 collection of revenues	Yes
	5.3.2 timely deposit of receipts	Yes
	5.3.3 recording of receipts	Yes
4.5.4	How frequently are bank and cash	more frequently than monthly
	reconciled on a monthly basis?	very month
	·	every quarter
		☐ less frequently than every quarter
4.5.5	Are all unusual items on the bank	√ YES: Timely settlement
	reconciliation reviewed and approved by a	□NO
4.5.0	responsible official?	
4.5.6	How quickly are receipts deposited?	
	feguard over Assets	
4.6.1	Describe the system to record assets and protect them from fraud, waste and abuse?	
Ш	proteot them from fraud, waste and abuse?	

4.6.2	Are subsidiary records of fixed assets and	NYES
	stocks kept up to date?	□ NO
4.6.3	Are subsidiary records of fixed assets and	√YES
	stocks reconciled with control accounts?	□ NO
4.6.4	How often are physical inventories	☐ at least once a year
	completed of fixed assets and stocks?	very 2 to 3 years
	·	every 3 to 5 years
		☐ less frequently
		□ never
4.6.5	Are assets sufficiently covered by	√YES, but only part
	insurance policies?	□ NO
4.7 Ot	her 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	7.2.1 flow of funds	□YES
		□NO
4.7	7.2.2 financial information	□YES
		□NO
4.7	7.2.3 accountability	□YES
		□NO
4.7	7.2.4 audits	□YES
470		□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	
4.7.4		
	accuracy of project information that your agency receives from other offices or	
	implementing agencies or units.	
4.7.5	Are periodic reconciliations performed	□YES
4.7.5	among the different offices and	□ NO
	implementing agencies?	
4.8 Ot	her	
4.8.1	Describe the options available to	Anti-corruption and safety supervision,
	employees, beneficiaries and others for	interest and liability, discipline inspection,
	reporting suspected fraud, waste or misuse	letters and visits, primary principal
	of project resources or property?	Final Paris Control of the Control o
4.8.2	Will representatives of the municipal	∇ YES
	discipline investigation bureau be involved	□ NO
	in project bidding and construction	
	activities?	
4.8.3	Do contracts let by your agency for civil	√YES
	works and other large procurements	□ NO
	include anticorruption clauses and	
	safeguards.	
5 Repo	rting and Monitoring	

5.0	Are financial statements prepared for your	
	agency? If YES, what accounting standards are they based on?	Enterprise accounting standards
5.1	How often are financial statements prepared?	One year
5.2	How quickly are the financial statements	15 days
	prepared at year end?	
5.3	Are separate financial statements prepared for	√ YES
	the office or unit in your agency that will	□NO
5 4	implement the Project?	
5.4	Will the financial reporting system need to be adapted to report on the project components?	MYES→brifely describe arrangement :
5.5	Does the reporting system have the capacity to	□ NO YES
5.5	link financial information with information on the	
	physical progress of engineering project's?	
5.6	Describe procedures and controls used to	Yes
	insure that the physical project data can be	
	compared and coordinated with the financial	
	data?	
5.7	Are there financial management reporting requirements for existing engineering projects	Only to the special projects
	that specify:	
5.8	What information do the financial management	√ Total project expenditures to date
	reports for engineering projects contain? (check	Comparison of actual expenditures with
	all that apply)	budgets
		Comparison of actual expenditures with
		work completed
		Expenditures by project component
- 0	Are finencial management reports used by	expenditures from budgets
5.9	Are financial management reports used by management?	MYES □ NO
5.10	Describe a recent action taken by management	
0.10	in response to information provided in a	
	financial management report?	
5.11	Are financial reports prepared directly by the	☐ prepared by an automated accounting
	automated accounting system or are they	system
	prepared by spreadsheets or some other	
	manual method?	□ both ways used
	ternal Audit	DVEC \ anamon months and CA to CE
6.0	Is there an internal auditor or audit department in your agency?	☐ YES → answer questions 6.1 to 6.5 NO → go to section 7
6.1	What are the qualifications and experience of	NIVO 7 go to section 7
0.1	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?	□YES
0.5	Departies the mant secretarity of the	□ NO
6.5	Describe the most recent actions taken in	Hiring qualified and experienced
	response to the internal audit findings?	independent third-party cost departments by economic responsibilities system, for mutual
		constraint auditing
7 E	xternal Audit	<u> </u>

7.0	Is your agency financial statement audited each	☑YES → Who: Zuoquan County Audit
	year by an independent non-government	Bureau
	auditor? If YES, who is the auditor?	□NO
7.1	How soon following the financial yearend are audit reports issued?	
7.2	Is the audit of your agency conducted	☐ YES
	according to International Standards on	NO
	Auditing?	
7.3	Were any major accountability issues identified	☐ YES
	in audit reports over the past three years?	NO
7.4	Will your agency auditor audit the Project	☐ agency auditor
	financial statements and accounts or will	⊴ another auditor
7.5	another auditor be appointed?	Пугс
7.5	Has your agency implemented all recommendations made by the auditors in audit	YES
	reports or management letters over the past	☐ NO → explain
	three years? If NO, please explain.	
7.6	Is the Project subject to any kind of audit from	√YES →Who: Zuoquan County Auditing
7.0	an independent governmental entity (e.g., the	Bureau
	supreme audit institution) in addition to the	□ NO
	external audit? If YES, who is the independent	
	entity?	
7.7	Does your agency have separate terms of	√YES
	reference for annual audits of major projects?	□ NO
7.8	Please provide the audit reports for the past	√ Provided
	three years.	☐ Not provided – please give reason
8 In	formation Systems	
8.0	Is the financial management system	√YES → Software Name: User Friend
	computerized?	□NO
8.1	Can the system produce the necessary project	√YES
	financial reports?	□NO
8.2	What training has the staff received to operate	Trainings for software
	the system?	
8.3	What controls are there to safeguard the	Enhance financial staff's business quality
	confidentiality, integrity and availability of data	and accountability, set up different
	in the information system?	passwords
	Ocuments	
9.0	Please provide copies of the following	
9.0	documents: 0.1 Job descriptions and CVs of key	√ Provided
9.0	accounting staff.	Not provided □ Not provided
9.0	-	√ Provided
0.0	Organization onarrior your agency.	☐ Not provided
9.0	.3 Organization chart for accounting and	
5.0	finance.	☐ Not provided
9.0		√ Provided
5.0	your agency.	☐ Not provided
9.0		√ Provided
		☐ Not provided
0.0		
9.0	.6 The last 3 financial statements produced	
9.0	1.6 The last 3 financial statements produced for the agency	√ Provided
9.0	for the agency	

9.0.8	The last 3 external audit reports.	√ Provided
		☐ Not provided
9.0.9	Legal documents or agreements confirming	☐ Provided
	counterpart funding	☐ Not provided
9.0.10	Sample of recent financial management	√ Provided
	reports	☐ Not provided

D. Financial Management Assessment Questionnaire—Zuoquan Water Resource Bureau (ZWRB)

Name of agency		Zuoquan Water Resource Bureau (ZWRB)
Project component that agency is responsible for		
Name of person responsible for filling this form		Zhao Fengyan
Position, title and telephone of person responsible for		Zuoquan County Water Resources Bureau,
	this form	Accountant, 13753411969
	the chosen item by √	
	e of agency's responsibility for the Project (check	☐ Provide counterpart funding
all tha	at apply)	☐ Sign a follow on loan contract for ADB
		funds
		Management of project construction
		☐ Management of contributions from NGOs or
		project beneficiaries V Project operation and maintenance
		-,
		☐ Financial management of project☐ Generate funds from tariffs, taxes or other
		sources to service the ADB loan
		☐Other – describe
Т	opic	Response
	mplementing Agency/ Executing Agency	Nespense
1.0	What is your agency's legal status and	
1.0	registration?	
1.1	What is your agency's governing body?	County government
1.1	What is the governing body's relationship to the	The governing body is one department of the
1.2	What is the governing body's relationship to the Government?	The governing body is one department of the government.
	What is the governing body's relationship to the Government? Can the governing body make decisions	The governing body is one department of the government. ☐ YES
1.2	What is the governing body's relationship to the Government? Can the governing body make decisions independently of Government? If NO, please	The governing body is one department of the government. ☐ YES ☑ NO → explain: accept the unified
1.2	What is the governing body's relationship to the Government? Can the governing body make decisions independently of Government? If NO, please explain what decisions need government	The governing body is one department of the government. ☐ YES
1.2	What is the governing body's relationship to the Government? Can the governing body make decisions independently of Government? If NO, please explain what decisions need government approval.	The governing body is one department of the government. ☐ YES ☑ NO → explain: accept the unified leadership of the government
1.2	What is the governing body's relationship to the Government? Can the governing body make decisions independently of Government? If NO, please explain what decisions need government approval. Has your agency implemented an externally-	The governing body is one department of the government. ☐ YES ☑ NO → explain: accept the unified leadership of the government ☐ YES → briefly describe
1.2	What is the governing body's relationship to the Government? Can the governing body make decisions independently of Government? If NO, please explain what decisions need government approval. Has your agency implemented an externally-financed project in the past? If yes, please	The governing body is one department of the government. ☐ YES ☑ NO → explain: accept the unified leadership of the government
1.2	What is the governing body's relationship to the Government? Can the governing body make decisions independently of Government? If NO, please explain what decisions need government approval. Has your agency implemented an externally-financed project in the past? If yes, please provide details?	The governing body is one department of the government. ☐ YES ☑ NO → explain: accept the unified leadership of the government ☐ YES → briefly describe ☑ NO
1.2	What is the governing body's relationship to the Government? Can the governing body make decisions independently of Government? If NO, please explain what decisions need government approval. Has your agency implemented an externally-financed project in the past? If yes, please	The governing body is one department of the government. ☐ YES ☑ NO → explain: accept the unified leadership of the government ☐ YES → briefly describe
1.2 1.3 1.4	What is the governing body's relationship to the Government? Can the governing body make decisions independently of Government? If NO, please explain what decisions need government approval. Has your agency implemented an externally-financed project in the past? If yes, please provide details? What are the statutory reporting requirements for your agency with respect to finance?	The governing body is one department of the government. ☐ YES ☑ NO → explain: accept the unified leadership of the government ☐ YES → briefly describe ☑ NO Legal person responsibility system, the financial report shall be sound and complete, in accordance with legal accounting standards
1.2	What is the governing body's relationship to the Government? Can the governing body make decisions independently of Government? If NO, please explain what decisions need government approval. Has your agency implemented an externally-financed project in the past? If yes, please provide details? What are the statutory reporting requirements for your agency with respect to finance? Describe your agency's organizational structure?	The governing body is one department of the government. ☐ YES ☑ NO → explain: accept the unified leadership of the government ☐ YES → briefly describe ☑ YES → briefly describe ☑ NO Legal person responsibility system, the financial report shall be sound and complete,
1.2 1.3 1.4 1.5	What is the governing body's relationship to the Government? Can the governing body make decisions independently of Government? If NO, please explain what decisions need government approval. Has your agency implemented an externally-financed project in the past? If yes, please provide details? What are the statutory reporting requirements for your agency with respect to finance? Describe your agency's organizational structure? (please attach an organization chart)	The governing body is one department of the government. □ YES □ NO → explain: accept the unified leadership of the government □ YES → briefly describe □ NO Legal person responsibility system, the financial report shall be sound and complete, in accordance with legal accounting standards □ Organization chart attached □ Organization chart not attached
1.2 1.3 1.4	What is the governing body's relationship to the Government? Can the governing body make decisions independently of Government? If NO, please explain what decisions need government approval. Has your agency implemented an externally-financed project in the past? If yes, please provide details? What are the statutory reporting requirements for your agency with respect to finance? Describe your agency's organizational structure? (please attach an organization chart) Is the organizational structure appropriate for the	The governing body is one department of the government. ☐ YES ☑ NO → explain: accept the unified leadership of the government ☐ YES → briefly describe ☑ YES → briefly describe ☑ NO Legal person responsibility system, the financial report shall be sound and complete, in accordance with legal accounting standards ☑ Organization chart attached ☐ Organization chart not attached ☑ YES
1.2 1.3 1.4 1.5 1.6	What is the governing body's relationship to the Government? Can the governing body make decisions independently of Government? If NO, please explain what decisions need government approval. Has your agency implemented an externally-financed project in the past? If yes, please provide details? What are the statutory reporting requirements for your agency with respect to finance? Describe your agency's organizational structure? (please attach an organization chart) Is the organizational structure appropriate for the needs of the Project?	The governing body is one department of the government. ☐ YES ☑ NO → explain: accept the unified leadership of the government ☐ YES → briefly describe ☑ YES → briefly describe ☑ NO Legal person responsibility system, the financial report shall be sound and complete, in accordance with legal accounting standards ☑ Organization chart attached ☐ Organization chart not attached ☑ YES ☐ NO→ briefly describe: No organizations
1.2 1.3 1.4 1.5	What is the governing body's relationship to the Government? Can the governing body make decisions independently of Government? If NO, please explain what decisions need government approval. Has your agency implemented an externally-financed project in the past? If yes, please provide details? What are the statutory reporting requirements for your agency with respect to finance? Describe your agency's organizational structure? (please attach an organization chart) Is the organizational structure appropriate for the needs of the Project? Has or will your agency established a project	The governing body is one department of the government. ☐ YES ☑ NO → explain: accept the unified leadership of the government ☐ YES → briefly describe ☑ NO Legal person responsibility system, the financial report shall be sound and complete, in accordance with legal accounting standards ☑ Organization chart attached ☐ Organization chart not attached ☑ YES ☐ NO→ briefly describe: No organizations ☑ YES, already have project office
1.2 1.3 1.4 1.5 1.6	What is the governing body's relationship to the Government? Can the governing body make decisions independently of Government? If NO, please explain what decisions need government approval. Has your agency implemented an externally-financed project in the past? If yes, please provide details? What are the statutory reporting requirements for your agency with respect to finance? Describe your agency's organizational structure? (please attach an organization chart) Is the organizational structure appropriate for the needs of the Project?	The governing body is one department of the government. ☐ YES ☑ NO → explain: accept the unified leadership of the government ☐ YES → briefly describe ☑ YES → briefly describe ☑ NO Legal person responsibility system, the financial report shall be sound and complete, in accordance with legal accounting standards ☑ Organization chart attached ☐ Organization chart not attached ☑ YES ☐ NO→ briefly describe: No organizations

1.9	If the ADB loan is approved, what staffing changes will you make to assist with project	Employ specialized technical staff and qualified specialists to assist the
	implementation?	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?	✓ YES – have already prepared these (attach job descriptions for the top two positions) ☐ Written job descriptions are being or will be prepared ☐ NO
2 Fu	unds Flow Arrangements	
2.0	Describe proposed project funds flow	See the main text
	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.	
2.1	Are the (proposed) arrangements to transfer the proceeds of the loan from the government to the	YES
	implementing agency satisfactory?	 NO → briefly explain why not: The government transfers the proceeds of the loan. □Not applicable → briefly explian why
2.2	Describe any past problems experienced in receiving investment funds from funding sources?	None
2.3	Describe proposed on-lending arrangements	None
2.0	from the Government to your agency, including	Tions .
	on-lending terms and conditions.	
2.4	Will your agency use an imprest account to	√ YES → name of bank:
	manage ADB funds? If YES, in which bank will	Zuoquan Branch, China Construction Bank
	the Imprest Account be opened?	☐ NO → briefly explian why
2.5	Does your agency have experience in the	☐ YES
2.6	management of disbursements from ADB?	NO □ YES
2.0	Does your agency have experience managing foreign exchange risks?	NO
2.7	Will your agency need to develop capacity to	∀ YES. → Explain capacity building
	manage foreign exchange risks? If yes, what	arrangements: Prepare professional training
	arrangements have been made to develop this	□NO
	capacity?	
2.8	Is your agency is responsible for providing	☐ YES → answer questions 2.8.1 to 2.8.3
	counterpart funds? If YES answer the next 3 questions.	l √l NO
2.8	,	
	revenues generated by your business	
	activity, government tax funds, other?	
2.8		
	Are they drawn from revenues coming	
	directly to you or do you obtain them as	
2.0	government transfers?	
2.8	3.3 How are payments made from the counterpart funds?	
2.9	Will user charges that you receive as revenue be	□YES
	used to generate counterpart funds?	ที่ NO
2.10	Will user charges that you receive as revenue be	□YES
	used to help finance the ADB loan?	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?	☐ YES → describe arrangements 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?	☐ YES → describe guidelines NO
3 St	affing	
3.0	What is your agency's organizational structure for accounting and finance? Please attach an organization chart.	Principal of the unit—Principal of Finance— Undertaker
3.1	Identify key finance and accounting staffs including job title, responsibilities, educational background and professional certification.	
3.1	.1 Job title	Legal person of the project
	3.1.1.1 Staff	Han Lijun
	3.1.1.2 Main responsibilities	
	3.1.1.3 Training and Certification	
3.1		Director
	3.1.2.1 Staff	Zhao Fengyan
	3.1.2.2 Main responsibilities	
	3.1.2.3 Training and Certification	
3.1		11 14
	3.1.3.1 Staff	Han Min
	3.1.3.2 Main responsibilities	
0.4	3.1.3.3 Training and Certification	
3.1		
	3.1.4.1 Staff	
	3.1.4.2 Main responsibilities	
3.2	3.1.4.3 Training and Certification Attach job descriptions and CVs of key	lab descriptions CVs attached
3.2	accounting staff.	Job descriptions, CVs attached □ job descriptions, CVs not attached
3.3	Is the project finance and accounting function	☐ YES
0.0	staffed adequately?	NO→brifely describe arrangement: Need to
	stanou adoquatory.	add qualified financial and accounting staff.
3.4	Is the finance and accounts staff adequately	YES
0.1	qualified and experienced?	☐ NO→briefly describe arrangement
3.5	Is the project accounts and finance staff trained in	☐ YES
0.0	ADB procedures? If NO, what arrangements will	NO → describe training
	be made for training?	arrangements :Professional training for the
	· ·	financial staff, ADB project financial training
3.6	What is the duration of the work contract for	, , , ,
	project finance and accounts staff?	
3.7	Indicate key project finance and accounts staff	Date:
	positions not filled yet, and the estimated date of	Position:
	appointment.	

3.8	Does the Project have written position descriptions that clearly define duties,	√YES □ NO
	responsibilities, lines of supervision, and limits of	
	authority for all of the officers, managers, and staff?	
3.9	At what frequency are personnel transferred?	No
3.10	What is training policy for the finance and	Accounting Law
	accounting staff?	
	counting Policies and Procedures	
4.0	General	
4.0	system?	No, set up separate infrastructure account to proceed with loan management
4.0	, , ,	
	system will record project financial transactions.	
4.0	, , ,	
	system will allocate project expenditures in	
	accordance with the respective components, disbursement categories, and sources of	
	funds?	
4.0	• • • • • • • • • • • • • • • • • • •	
	transactions are correctly made, adequately	
4.0	explained, prepared and approved. .5 Will you have to change your chart of	☐ YES → describe changes
4.0	accounts to properly account for and report	NO
	on project activities and disbursement	
	categories? If YES, describe the changes?	
4.0		
	that cost allocations to the various funding	
	sources will be made accurately and in	
4.0	accordance with established agreements..7 Are the General Ledger and subsidiary	√YES
4.0	ledgers reconciled and in balance?	
4.0		√YES
	retained on a permanent basis in a defined	□ NO
	system that allows authorized users easy	
	access?	
4.0	, ,	Accounting documents and materials would
	accessing accounting documents and materials?	be stored in finance unit for three years, and then handed to the Archives Office. Anyone
	materials!	accessing the documents shall get the
		approval of the legal person.
4.1	Segregation of Duties	Separation and to gain paration
4.1		
	(give name and title):	
	4.1.1.1 authorize execution of transactions	Legal person of the unit
	4.1.1.2 record transactions	Accountant
	4.1.1.3 maintain custody of assets involved in transaction	Cashier
4.1		NYES
	accounting for, and paying for goods and	□ NO → describe
	services separated? If NO, briefly describe	
	how they are not separated.	

4.1.3	Are bank reconciliations prepared by	√ YES
	someone other than those who make or	□ NO
	approve payments?	
4.2 Bu	dgeting System	
4.2.1	Are annual budgets based on physical and	√ YES – with financial targets only: Only
	financial targets?	based on financial targets
	3	☐ YES – with physical and financial targets
		□ NO
4.2.2	Are multiple year budgets and financing	☐ YES
	plans prepared for capital expenditures?	
4.2.3	Are separate budgets prepared for:	
	2.3.1 Individual departments?	√YES
7.2		
4.2	2.3.2 Individual work units?	MYES
4.2		
4.0	0.0.0 Distinct and all office of the office of	□ NO
4.2	2.3.3 Distinct and significant functional	N YES
	activities (e.g. maintenance)?	□ NO
4.2	2.3.4 All major capital projects?	√ YES
		□NO
4.2.4	Is there sufficient detail in annual budgets to	√ YES
	provide a meaningful tool for performance	□NO
	monitoring?	
4.2.5	Are budgets used to monitor and control the	√ YES
	performance of individual departments and	□NO
	units?	
4.2.6	How frequently are actual expenditures	at least once every month
	compared to the budget?	once every 2 to 3 months
		☐ once every 4 to 6 months
		☐ once every 6 to 12 months
		☐ never
4.2.7	What happens if there are significant	Variations are strictly forbidden
	variations from the budget? Are explanations	
	required?	
4.2.8	Are approvals for variations from the budget	Yes
	required in advance or are they obtained	
	after the fact?	
4.2.9	Who is responsible for preparation and	Finance department and relevant units: Report
	approval of budgets?	to the county financial bureau for approval.
	How are budgets prepared and approved?	Two Ups and Two Downs
4.2.11	Describe procedures used to plan project	
	activities, collect information from units in	
	charge of project components, and prepare	
	budgets?	
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?	
	yments	
4.3.1	During invoice-processing procedures are:	
4.3	3.1.1 Copies of purchase orders and receiving	√YES
	reports obtained directly from issuing	□ NO
	departments?	

4.3	.1.2 Comparison made of invoice quantities,	√ YES
	prices and terms, with those indicated on	□NO
	the purchase order and with records of	
	goods actually received?	
4.3	.1.3 Comparison of invoice quantities with	√ YES
	those indicated on the receiving reports?	□ NO
1 3	.1.4 The accuracy of calculations checked?	
4.3	. 1.4 The accuracy of calculations checked?	YES
		□NO
4.3.2	Are all invoices:	
4. 3	.2.1 dated, reviewed and approved	√ YES
		□NO
4.3	.2.2 stamped PAID upon payment	√ YES
	the best to the second	□ NO
13	.2.3 marked for account code assignment?	NYES
7.0	.2.5 marked for account code assignment:	
		□ NO
4.3.3	What controls exist for the preparation of the	The payroll standards of personnel bureau is
	payroll?	prepared by the financial department of the
		unit, reviewed by the legal person and
		approved by the Financial Bureau.
4.3.4	How are changes to the payroll authorized?	The payroll is filled by the financial staff,
		approved by the legal person and Financial
		Bureau.
4.4 Po	licies And Procedure	
4.4.1	What is the basis of accounting (e.g., cash,	The basis of accounting is to set up
7.7.1	accrual)?	accounting books based on transaction needs
	acciual):	
4.4.0	What are with a standards are followed	and cash-basis accounting
4.4.2	What accounting standards are followed	PRC Accounting Standards
	(PRC, ISA, other)?	
4.4.3	Does the Project have an adequate policies	√YES
	and procedures manual to guide activities	□NO
	and ensure staff accountability?	
4.4.4	Does the accounting policy and procedure	☐ YES → explain how?
	manual need to be updated for the project	l 🗖a
	manda neca to be apacted for the project	√ NO
		MNO
	activities? If YES, explain how this will this be	M NO
445	activities? If YES, explain how this will this be done?	
4.4.5	activities? If YES, explain how this will this be done? Are there written policies and procedures	
4.4.5	activities? If YES, explain how this will this be done? Are there written policies and procedures covering all routine financial management	
	activities? If YES, explain how this will this be done? Are there written policies and procedures covering all routine financial management and related administrative activities?	
4.4.5	activities? If YES, explain how this will this be done? Are there written policies and procedures covering all routine financial management and related administrative activities? How are new accounting principles, policies	
	activities? If YES, explain how this will this be done? Are there written policies and procedures covering all routine financial management and related administrative activities? How are new accounting principles, policies or procedures implemented within your	
4.4.6	activities? If YES, explain how this will this be done? Are there written policies and procedures covering all routine financial management and related administrative activities? How are new accounting principles, policies or procedures implemented within your agency?	□ NO
	activities? If YES, explain how this will this be done? Are there written policies and procedures covering all routine financial management and related administrative activities? How are new accounting principles, policies or procedures implemented within your agency? Do procedures exist to ensure that only	□ YES
4.4.6	activities? If YES, explain how this will this be done? Are there written policies and procedures covering all routine financial management and related administrative activities? How are new accounting principles, policies or procedures implemented within your agency? Do procedures exist to ensure that only authorized persons can alter or establish a	□ NO
4.4.6	activities? If YES, explain how this will this be done? Are there written policies and procedures covering all routine financial management and related administrative activities? How are new accounting principles, policies or procedures implemented within your agency? Do procedures exist to ensure that only authorized persons can alter or establish a new accounting principle, policy or procedure	□ YES
4.4.6	activities? If YES, explain how this will this be done? Are there written policies and procedures covering all routine financial management and related administrative activities? How are new accounting principles, policies or procedures implemented within your agency? Do procedures exist to ensure that only authorized persons can alter or establish a	□ YES
4.4.6	activities? If YES, explain how this will this be done? Are there written policies and procedures covering all routine financial management and related administrative activities? How are new accounting principles, policies or procedures implemented within your agency? Do procedures exist to ensure that only authorized persons can alter or establish a new accounting principle, policy or procedure	□ YES
4.4.6	activities? If YES, explain how this will this be done? Are there written policies and procedures covering all routine financial management and related administrative activities? How are new accounting principles, policies or procedures implemented within your agency? 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? Do policies and procedures define conflict of	□ YES □ NO □ YES □ NO
4.4.6	activities? If YES, explain how this will this be done? Are there written policies and procedures covering all routine financial management and related administrative activities? How are new accounting principles, policies or procedures implemented within your agency? 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? Do policies and procedures define conflict of interest and provide safeguards to protect the	□ YES □ NO
4.4.6	activities? If YES, explain how this will this be done? Are there written policies and procedures covering all routine financial management and related administrative activities? How are new accounting principles, policies or procedures implemented within your agency? 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? Do policies and procedures define conflict of interest and provide safeguards to protect the organization from them?	□ YES □ NO □ YES □ NO □ YES □ NO
4.4.6	activities? If YES, explain how this will this be done? Are there written policies and procedures covering all routine financial management and related administrative activities? How are new accounting principles, policies or procedures implemented within your agency? 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? Do policies and procedures define conflict of interest and provide safeguards to protect the organization from them? Do policies and procedures define related	□ YES □ NO □ YES □ NO □ YES □ NO □ YES □ NO
4.4.6 4.4.7 4.4.8 4.4.9	activities? If YES, explain how this will this be done? Are there written policies and procedures covering all routine financial management and related administrative activities? How are new accounting principles, policies or procedures implemented within your agency? 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? Do policies and procedures define conflict of interest and provide safeguards to protect the organization from them? Do policies and procedures define related party transactions (real and apparent)?	□ YES □ NO □ YES □ NO □ YES □ NO
4.4.6	activities? If YES, explain how this will this be done? Are there written policies and procedures covering all routine financial management and related administrative activities? How are new accounting principles, policies or procedures implemented within your agency? 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? Do policies and procedures define conflict of interest and provide safeguards to protect the organization from them? Do policies and procedures define related party transactions (real and apparent)? What safeguards are there to protect the	□ YES □ NO □ YES □ NO □ YES □ NO □ YES □ NO
4.4.6 4.4.7 4.4.8 4.4.9	activities? If YES, explain how this will this be done? Are there written policies and procedures covering all routine financial management and related administrative activities? How are new accounting principles, policies or procedures implemented within your agency? 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? Do policies and procedures define conflict of interest and provide safeguards to protect the organization from them? Do policies and procedures define related party transactions (real and apparent)?	□ YES □ NO □ YES □ NO □ YES □ NO □ YES □ NO

4.4.11	Who has a copy of the policies and	Legal person of the unit, relevant staff in the
	procedures manual?	finance unit.
	sh and Bank	
4.5.1	Indicate names and positions of authorized signatories in the bank accounts.	
	5.1.1	Name: Zhao Fengyan Position: Accountant
4.5	5.1.2	Name: Position:
4.5	5.1.3	Position
4.5.2	Does the organization maintain an up-to-date cashbook, recording receipts and payments?	N YES □ NO
4.5.3	What are the controls for the following activities:	
4.5	5.3.1 collection of revenues	
4.5	5.3.2 timely deposit of receipts	
4.5	5.3.3 recording of receipts	
4.5.4	How frequently are bank and cash reconciled	□ more frequently than monthly
	on a monthly basis?	vevery month
		every quarter
		☐ less frequently than every quarter
4.5.5	Are all unusual items on the bank	√ YES
	reconciliation reviewed and approved by a	□ NO
	responsible official?	
4.5.6	How quickly are receipts deposited?	On the same day
4.6 Sa	feguard over Assets	
4.6.1	Describe the system to record assets and	The assets would be recorded with the
	protect them from fraud, waste and abuse?	purchase price, managed by the professional
		staff.
4.6.2	Are subsidiary records of fixed assets and	VES YES
	stocks kept up to date?	□NO
4.6.3	Are subsidiary records of fixed assets and	∀ YES
	stocks reconciled with control accounts?	□NO
4.6.4	How often are physical inventories completed	d at least once a year
	of fixed assets and stocks?	☐ every 2 to 3 years
		□ every 3 to 5 years
		☐ less frequently
		□ never
4.6.5	Are assets sufficiently covered by insurance	☐ YES, but only part
	policies?	NO
	her 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	
470	implementation or finance?	
4.7.2	In relation to these other agencies, has the Project established controls and procedures	
	for:	
17	7.2.1 flow of funds	□YES
J	.2.1 HOW OF FURIOS	□ NO
47	7.2.2 financial information	☐ YES
ļ <i>"''</i>	anour morniadon	□ NO
4.7	7.2.3 accountability	☐ YES
	,	□NO

	4.7.2.4 audits	☐ YES ☐ NO
4.7	20. How love does it take for evaluation	LI NO
4.7	, ,	
	to reach your agency from other offices or	
4 7	implementing agencies or units?	
4.7		
	accuracy of project information that your	
	agency receives from other offices or	
	implementing agencies or units.	
4.7		☐ YES
	the different offices and implementing	□ NO
	agencies?	
4.8	Other	
4.8	.1 Describe the options available to employees,	The primary principal, interest liability, visits
	beneficiaries and others for reporting	and letters
	suspected fraud, waste or misuse of project	
	resources or property?	
4.8		☐ YES
	discipline investigation bureau be involved in	NO NO
	project bidding and construction activities?	
4.8		√YES
	works and other large procurements include	□ NO
	anticorruption clauses and safeguards.	
5 R	eporting and Monitoring	
5.0	Are financial statements prepared for your	YES → accounting standards: Accounting
0.0	agency? If YES, what accounting standards are	Law
	they based on?	□ NO
<i>5</i> 1	•	One month
5.1 5.2	How often are financial statements prepared? How quickly are the financial statements	Half a month
5.2	prepared at year end?	
5.3	Are separate financial statements prepared for	√ YES
	the office or unit in your agency that will	□ NO
	implement the Project?	
5.4	Will the financial reporting system need to be	☐ YES→brifely describe arrangement :
	adapted to report on the project components?	NO
5.5	Does the reporting system have the capacity to	√ YES
	link financial information with information on the	☐ NO
	physical progress of engineering project's?	
5.6	Describe procedures and controls used to insure	Compare the approval and financial data
	that the physical project data can be compared	between project budget and resettlement, in
	and coordinated with the financial data?	compliance.
5.7	Are there financial management reporting	Yes
	requirements for existing engineering projects	
	that specify:	
5.8	What information do the financial management	√ Total project expenditures to date
0.0	reports for engineering projects contain? (check	Comparison of actual expenditures with
	all that apply)	
	an trac appry/	budgets
		☐ Comparison of actual expenditures with
		work completed
		☐ Explanations of significant variances of
		expenditures from budgets
5.9	Are financial management reports used by	√ YES
l	management?	□ NO

5.10	Describe a recent action taken by management in	
	response to information provided in a financial	
	management report?	
5.11	Are financial reports prepared directly by the	
	automated accounting system or are they prepared by spreadsheets or some other manual	system
	method?	☐ prepared by spreadsheets or other method☐ both ways used☐
6 In	ternal Audit	
6.0	Is there an internal auditor or audit department in	☐ YES → answer questions 6.1 to 6.5
	your agency?	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	
C 4	Project in its work program?	☐ YES
6.4	Are actions taken on the internal audit findings?	□ NO
6.5	Describe the most recent actions taken in	
7 5	response to the internal audit findings?	
7 E	xternal Audit Is your agency financial statement audited each	VEC > When Zugguen County Auditing
7.0	year by an independent non-government auditor?	☑ YES → Who: Zuoquan County Auditing Bureau
	If YES, who is the auditor?	□ NO
7.1	How soon following the financial yearend are	One quarter in advance
	audit reports issued?	one quanto in autaines
7.2	Is the audit of your agency conducted according	☐ YES
	to International Standards on Auditing?	√ NO
7.3	Were any major accountability issues identified in	√ YES
	audit reports over the past three years?	□NO
7.4	Will your agency auditor audit the Project	☐ agency auditor
	financial statements and accounts or will another	⊴ another auditor
7.5	auditor be appointed? Has your agency implemented all	MYES
7.5	recommendations made by the auditors in audit	□ NO → explain
	reports or management letters over the past three	
	years? If NO, please explain.	
7.6	Is the Project subject to any kind of audit from an	☐ YES →Who:
	independent governmental entity (e.g., the	NO
	supreme audit institution) in addition to the	
	external audit? If YES, who is the independent	
7.7	entity? Does your agency have separate terms of	☐ YES
7.7	reference for annual audits of major projects?	NO NO
7.8	Please provide the audit reports for the past three	☐ Provided
	years.	Not provided – please give reason: The
		auditing department hasn't issued the
		auditing report
	formation Systems	
8.0	Is the financial management system	
	computerized?	financial software
0.4	Can the aveter produce the passessory project	□ NO
8.1	Can the system produce the necessary project financial reports?	YES NO
Ì		

II	hat training has the staff received to operate e system?	Professional training
coi	hat controls are there to safeguard the nfidentiality, integrity and availability of data in information system?	Set passwords, record relevant information timely and accurately.
9 Docu	ments	
	ease provide copies of the following cuments:	
9.0.1	Job descriptions and CVs of key accounting staff.	✓ Provided☐ Not provided
9.0.2	Organization chart for your agency.	✓ Provided☐ Not provided
9.0.3	Organization chart for accounting and finance.	☐ Provided ☐ Not provided
9.0.4	Document establishing the legal status of your agency.	✓ Provided: The document of establishingWater Resources Bureau☐ Not provided
9.0.5	Chart of Accounts	☐ Provided Not provided
9.0.6	The last 3 financial statements produced for the agency	☐ Provided Not provided
9.0.7	Sample financial statement produced for an engineering project.	☐ Provided Not provided
9.0.8	The last 3 external audit reports.	☐ Provided Not provided
9.0.9	Legal documents or agreements confirming counterpart funding	☐ Provided Not provided
9.0.10	Sample of recent financial management reports	☐ Provided Not provided