

## Chapter -1 Project Description

Government of Uttar Pradesh has prepared Uttar Pradesh Water Sector Restructuring Project with assistance from the World Bank. U.P. Water Sector Restructuring Project envisages to raise the standard of living of the rural poor by increasing the agricultural production in a sustained manner in the project area. The project plans to have fiscally and environmentally sustainable water resource planning, management and operation for holistic development intervention. Intensified and diversified agriculture will enhance efficient land and water management practices to improve food security and income of about 80% of the rural population living on agriculture related livelihood systems in Uttar Pradesh. The aim of the project is also to strengthen the loss -making Irrigation sector organisation and to ensure far -reaching and long -term benefits to larger segments of the rural population due to modernized irrigation and drainage infrastructure, intensified and diversified agricultural support and sustainable growth.

To obtain the above object, the project was divided into four phases. The 1<sup>st</sup> phase of the project has been completed on 31<sup>st</sup> October 2011. The pre activities before starting the II<sup>nd</sup> phase are presently going on for the preparation and making the base for II<sup>nd</sup> phase of the project. Retroactive Financing is proposed for expenditures incurred during pre -activities of phase-II Which is expected to start in the coming Financial Year 2013 -14. However, the project guidelines include the clause which will allow to Government of Uttar Pradesh to draw down upto the maximum of US\$ 70 Millions as on advance to be utilized for the project activities. The project will, therefore, support the proposed components as given below:-

1. **Component: A -1- Operationalizing the State Water Regulation** - The UPWaMReC was created under UPWaMReC Act 2008 which is responsible for approving the Integrated State Water Plans, determining the allocation and distribution of entitlements for various usage of water viz. (Urban, Agriculture, Energy) as defined in State Water Policy. This component proposes to build the capacity of UPWaMReC to implement the power, functions and the duties of the commissions. This will include primarily training, a panel of experts and various workshops and study tours.
2. **Component A -2:- Strengthening the knowledgebase and analytical capacity for integrated water resources management:-** This component will improve the knowledge base and analytical capacity of SWaRA and SWaRDAC. These two institutions would support UPWaMReC, prepare basin plans and decision support system for the sub basins in the Lower Ganga Canal Command area, Sharda Sahayak area (Haidergarh Canal 23 down), Rohini, Jamini and Sajnam Canal Commands.

- 3. Component A -3:- Strengthening the knowledge base and Institutional Capacity of Water and Land Management Institute (WALMI):** -Water and Land Management Institute Lucknow was created in year 1984 under the World Bank aided Upper Ganga Canal Modernization Project with the basic objective to train the officials of irrigation department of Uttar Pradesh and farmers of the state. This institutes is proposed to be up -graded and made a center of excellence and a premier organization of training, making it self sufficient organization.

### **Component B: - Modernization and Rehabilitation of Irrigation and Drainage System**

- 4. Component B -1:- Horizontal expansion of irrigation and drainage investment:-** This component will rehabilitate and modernize the irrigation and drainage system of selected canal commands in new areas of Lower Ganga Canal, Haidergarh, Sajnam, Rohini and Jamni Canal Systems. This component would include updating topographical and cadastral surveys , rehabilitation of canal and drains and pucca structures, introducing modernization of outlets, SCADA and Telemetry system, Cross regulators, Duck bill weirs, canal lining in critical reaches etc.
- 5. Component B -2:- Vertical expansion of Irrigation and Drainage investments:-** This component includes modern methods of control and operation in UPWSRP Phase-I areas (Jaunpur Branch) where modernization was not completed. This includes the installation of controllable and measureable inlets to the minor with participation of WUAs to provide the basis of volumetric water charges, proportional non adjustable water dividers having a measurement facility for outlets to the field channels, modern measurement devices, SCADA and Telemetry System.
- 6. Component B-3:- Ground Water Activities:-** Integrated and coordinated development of surface and ground water has generally not been practiced in the command area as part of development planning process. Due to this un planned development and excessive utilization there has been a steady decline in the water tables in many part of the State especially in those areas where recharge from rain water is insufficient. Declining trend of ground water has been observed in 559 of 819 blocks of the State. Improved conjunctive use of water is required not only to increase the irrigation potential but also to mitigate water logging. A proposal for study of ground water levels and introducing conjunctive use of water in the command is included in the Project.

### **Component C:- Consolidation and enhancement of Irrigation Department Reforms**

- 7. Component C -1: UPID Modernization and Capacity Buildings:** - This component would continue the capacity building efforts including

among other things training in advance surveying techniques. GIS, modern control and approaches, Computers and IT systems and exposure trips to enhance the understanding of PIM and financial management activities. The MIS activities are now confined to PACT only therefore, a new proposal to be included in the project has to be prepared by the MIS Cell in consultation with CE (ISO).

8. **Component C-2:- Water User Associations Strengthening and Development:-** This component will support the strengthening and development of WUAs in both the Phase -I and new Phase -II area. It will also assist GoUP in ensuring that the UP PIM Act is effective across the State and main streamed in all of its activities, systems and procedures.

**Component D: - Enhancing Agricultural Productivity and efficiency improvement Program**

9. **Component D -1:-** This component will focus on Phase -I outlet command areas where improvement with irrigation water availability and timing and support to WUAs can be packaged with improved production practices to improve overall productivity and increase diversification. These interventions will be sequenced in to Phase -II areas as water delivery systems are improved.

**Component E: - Feasibility Studies and Preparation activity for next Phase.** This component comprises of activities to be under taken for preparation of Phase-III. This component shall begin from 4<sup>th</sup> year of the Project.

**Component F**

10. **Component F1 :- Project Coordination and Monitoring** -The existing multi-disciplinary Project Activity Core Team (PACT) will coordinate the project activities, which covers multiple Departments. This component is designed to assist the PACT with its role in facilitating and guiding the implementation and monitoring of all project activities, ensuring synergy and coordination amongst various activities and different Departments, preparing consolidated reports and facilitating training and study tours etc.
11. **Component F2: - RSAC Monitoring:** - It is proposed to have services of Remote Sensing Application Center for monitoring and evaluation of the proposed interventions, intermittently through satellite imageries.

## **Chapter -2**

### **Guiding Principles of Financial Management**

1. Principles of Financial Management are mandatory for all the departments/line agencies implementing this project.
2. The main objectives of PACT, other departments and Line Agencies are to implement and execute the activities of the project phase -II (The list of departments and line agencies is given in Chapter -3). The Annual Action Plan of all the agencies would be compiled at PACT and the total budget would be put up before the Executive Committee for its sanction. This will then be submitted before the planning department by concerning departments / agencies and then put up before the Finance Department (F.D.). After approval of the F.D. on the plan outlay, the funds will be allotted by the Government to the concerning administrative department, agencies and divisions.
3. The concerning departments will be allocated separate budgets and they will use the treasury system and / or CCL System for drawing budgets and making payments under the project regarding their financial operations.
4. Record keeping and accounting shall be as per the provisions of U.P. Financial Hand Books and every department / line agency shall submit monthly financial accounts to the A.G. as well as to the PACT.
5. Primary responsibilities to implement the provisions / guidelines of Financial Management shall be with the concerning D.D.O. as well as the controlling officer of the department.

## Chapter -3 Financial Management System

### **3.1 Introduction:**

The principle of use of fund flow and accounting system is to use arrangements that officers and departments are familiar with.

### **3.2 Financial Management System:**

For effective implementation of the Project, it is proposed to adopt the main stream government accounting system based on the success of implementing other externally aided projects in the state. In addition, it is proposed to avail the benefits of treasury computerization by establishing linkages with the treasury system and /or CCL system for effective data transfer and financial reporting. For a few institutions like Walmi, their existing arrangements are proposed to be used. These institutions are created as society and normally use commercial banking.

### **Objects of Financial Management System:**

Considering the special features of the Project, the proposed financial management system aims to achieve the following objects:-

- Efficient fund flow and its proper utilization at all levels
- Efficient accounting system
- Accurate and timely financial reporting system
- Compliance of applicable laws and regulations
- Utilization of funds for the purpose for which it is provided
- Timely submission of disbursement application
- Establishing a system of accountability and responsibility
- Enable proper forecasting and budgeting
- Enable decision making to ensure timely completion of the Project plan by achieving specified goals and objectives.

### **3.3 Approaches of Financing:**

The UPWSRP will get financing from the World Bank for works, goods, technical assistance, training and incremental operating costs through the State budget for project expenditure which will be incurred at PACT and other identified accounting locations.

### **3.4 Financial Management Manual:**

This Financial Management Manual covers the following areas:

- Budgeting process
- Fund flow mechanism
- Accounting
- Disbursement system
- Audit arrangements

As the project will be implemented through the main stream State Treasury System and /or CCL system, the expenditure will be recorded on cash payment basis. The procurement of works, goods and services will be done following the prescribed procedure as per the World Bank's procurement guidelines for works, goods and services. As regards the operational expenditure on project implementation, these will be done following the rules and regulation of the UPWSRP as well as UP Govt. financial rules. Standing Orders, Departmental instructions and circulars, issued from time to time shall be applicable to all accounting locations.

The Financial management manual and accounting systems shall be mandatory for all accounting locations under the Project. The list of accounting locations , concerned drawing disbursing officers and accounting locations are as given below:-

**Chief Engineer, PACT (No. of D.D.O. - 4)**

S.N.	Organization	Drawing Disbursing Officer	Accounting Locations
1.	PACT (HEAD OFFICE)	Financial Management Expert	Finance Cell, PACT
2.	Quality Control Division, Jhansi	Executive Engineer	E.E., Quality Control Division, Jhansi
3.	Quality Control Division, Etawah	Executive Engineer	E.E., Quality Control Division, Etawah
4.	Quality Control Division, Kanpur	Executive Engineer	E.E., Quality Control Division, Kanpur

**SHARDA SAHAYAK ORGANIZATION (No. of D.D.Os - 8)**

1.	ICD-I, Lucknow (Including SWaRA & SWaRDAC)	Executive Engineer ICD-I Lucknow	Executive Engineer ICD-I Lucknow
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**Field Divisions of Phase-1 under Chief Engineer Sharda Sahayak**

2.	SSK - 28 Haidergarh	Executive Engineer	E.E. SSK - 28 Haidergarh
3.	SSK - 49 Sultanpur	Executive Engineer	E.E. SSK - 49 Sultanpur
4.	SSK-41, Gauriganj	Executive Engineer	E.E. SSK-41, Gauriganj
5.	SSK-45, Raibareli	Executive Engineer	E.E. SSK-45, Raibareli
6.	SSK-51, Pratapgarh	Executive Engineer	E.E. SSK-51, Pratapgarh
7.	ID, Sultanpur	Executive Engineer	E.E. ID, Sultanpur
8.	SSK-36, Jaunpur	Executive Engineer	E.E. SSK-36, Jaunpur

**Note:- At the above Sl. No. 1, SWaRA & SWaRDAC is not covered under SHARDA SAHAYAK ORGANIZATION but DDO is same as ICD-I, Lucknow.**

**RAMGANGA ORGANIZATION (No. of D.D.Os - 13)**

S.N.	Organization	Drawing Disbursing Officer	Accounting Locations
	<b>Irrigation Works Circle, Aligarh</b>		
1.	Narora Division, LGC, Aligarh	Executive Engineer	E.E. Narora Division, LGC, Aligarh
2.	Irrigation Division, Etah	Executive Engineer	E.E. Irrigation Division,

			Etah
3.	Irrigation Division, Kashganj	Executive Engineer	E.E. Irrigation Division, Kashganj
<b>Irrigation Works Circle-II, Kanpur</b>			
4.	LGC Kanpur	Executive Engineer	E.E. LGC Kanpur
5.	Mainpuri Division LGC, Mainpuri	Executive Engineer	E.E. Mainpuri Division LGC, Mainpuri
6.	Irrigation Division, Farrukhabad	Executive Engineer	E.E. Irrigation Division, Farrukhabad
7.	Irrigation Division, Kannauj	Executive Engineer	E.E. Irrigation Division, Kannauj
<b>Irrigation Work Circle, Etawah</b>			
8.	Etawah Division LGC, Etawah	Executive Engineer	E.E. Etawah Division LGC, Etawah
9.	Bhognipur Division LGC, Etawah	Executive Engineer	E.E. Bhognipur Division LGC, Etawah
10.	Irrigation Division, Auraiya (Dibiyapur)	Executive Engineer	E.E. Irrigation Division, Auraiya (Dibiyapur)
<b>Irrigation Work Circle, Kanpur</b>			
11.	LGC, Fatehpur	Executive Engineer	E.E. LGC, Fatehpur
12.	Irrigation Division, Fatehpur	Executive Engineer	E.E. Irrigation Division, Fatehpur
13.	Irrigation Division, Kanpur Dehat	Executive Engineer	E.E. Irrigation Division, Kanpur Dehat

**BETWA ORGANIZATION (No. of D.D.O. - 1)**

S.N.	Organization	Drawing Disbursing Officer	Accounting Locations
<b>Irrigation Circle, Lalitpur</b>			
1.	ID, Lalitpur	Executive Engineer	E.E. ID, Lalitpur

**GANDAK ORGANIZATION (No. of D.D.O. - 1)**

S.N.	Organization	Drawing Disbursing Officer	Accounting Locations
<b>Irrigation Work Circle-2, Gorakhpur</b>			
1.	Flood Division-2, Gorakhpur	Executive Engineer	E.E. Flood Division-2, Gorakhpur

**JAL SANSADHAN ORGANIZATION (No. of D.D.O. - 1)**

S.N.	Organization	Drawing Disbursing Officer	Accounting Locations
<b>Investigation &amp; Planning (Jal Sansadhan), Circle Allahabad</b>			
1.	Investigation & Planning (Jal Sansadhan), Division-Basti	Executive Engineer	E.E. Investigation & Planning (Jal Sansadhan), Division-Basti

**INVESTIGATION AND PLANNING ORGANIZATION (No. of D.D.O. - 1)**

S.N.	Organization	Drawing Disbursing	Accounting Locations
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		<b>Officer</b>	
1.	Flood Management Information System Center (FMISC), Lucknow	Executive Engineer	E.E. Flood Management Information System Center (FMISC), Lucknow

**SAJJA EVAM SAMAGRI PRABANDH ORGANIZATION (No. of D.D.O. - 1)**

<b>S.N.</b>	<b>Organization</b>	<b>Drawing Disbursing Officer</b>	<b>Accounting Locations</b>
	Irrigation Workshop Circle-1st Kanpur		
1.	Irrigation Workshop Division Bareilly	Works Manager	Works Manager, Irrigation Workshop Division, Bareilly
2.	Barrage Mechanical Maintenance Division, Kanpur	Executive Engineer	E.E., Barrage Mechanical Maintenance Division, Kanpur

**Engineer in Chief Office, Lucknow (No. of D.D.O. - 1)**

<b>S.N.</b>	<b>Organization</b>	<b>Drawing Disbursing Officer</b>	<b>Accounting Locations</b>
1.	Chief Engineer ISO, Lucknow.	Executive Engineer, Unit-5, ISO, Lucknow	Executive Engineer Unit-5, ISO, Lucknow
2.	Director, PIM Cell, E-in-C UPID		

**WALMI (No. of D.D.O. - 1)**

<b>S.N.</b>	<b>Organization</b>	<b>Drawing Disbursing Officer</b>	<b>Accounting Locations</b>
1.	Water and Land Management Institute (WALMI), Lucknow (Will operate PLA system, since it is registered as society)	Deputy Director, Walmi	Deputy Director, WALMI

**OTHER DEPARTMENTS & LINE AGENCIES**

**Ground Water Department (No of D.D.Os- 19)**

<b>S.N.</b>	<b>Organization</b>	<b>Drawing Disbursing Officer</b>	<b>Accounting Locations</b>
1.	Ground Water Directorate	Director	Director, Ground Water Department, Lucknow, U.P.
2.	Senior Geophysist, GWD, Division Agra	Senior Geophysist	Senior Geophysist, GWD, Division Agra
3.	Senior Hydrologist, GWD,	Senior Hydrologist	Senior Hydrologist,



	Division Barailly		GWD, Division Barailly
4.	Executive Engineer, GWD, Division Kanpur	Executive Engineer	Executive Engineer, GWD, Division Kanpur
5.	Senior Hydrologist, GWD, Division Lucknow	Senior Hydrologist	Senior Hydrologist, GWD, Division Lucknow
6.	Senior Geophysist, GWD, Division Meerut	Senior Geophysist	Senior Geophysist, GWD, Division Meerut
7.	Executive Engineer, GWD, Division Gautambudh, Nagar (Noida)	Executive Engineer	Executive Engineer, GWD, Division Gautambudh, Nagar (Noida)
8.	Executive Engineer, GWD, Division Moradabad	Executive Engineer	Executive Engineer, GWD, Division Moradabad
9.	Executive Engineer, GWD, Division Saharanpur	Executive Engineer	Executive Engineer, GWD, Division Saharanpur
10.	Executive Engineer, GWD, Division Azamgarh	Executive Engineer	Executive Engineer, GWD, Division Azamgarh
11.	Executive Engineer, GWD, Division Allahabad	Executive Engineer	Executive Engineer, GWD, Division Allahabad
12.	Senior Hydrologist, GWD, Division Basti	Senior Hydrologist	Senior Hydrologist, GWD, Division Basti
13.	Executive Engineer, GWD, Division Chitrakut Dham, Banda	Executive Engineer	Executive Engineer, GWD, Division Chitrakut Dham, Banda
14.	Senior Hydrologist, GWD, Division Devipatan (Gonda)	Senior Hydrologist	Senior Hydrologist, GWD, Division Devipatan (Gonda)
15.	Executive Engineer, GWD, Division Faizabad	Executive Engineer	Executive Engineer, GWD, Division Faizabad
16.	Executive Engineer, GWD, Division Gorakhpur	Executive Engineer	Executive Engineer, GWD, Division Gorakhpur
17.	Senior Geophysist, GWD, Division Jhansi	Senior Geophysist	Senior Geophysist, GWD, Division Jhansi
18.	Senior Geophysist, GWD, Division Mirzapur	Senior Geophysist	Senior Geophysist, GWD, Division Mirzapur
19.	Senior Hydrologist, GWD, Division Varanasi	Senior Hydrologist	Senior Hydrologist, GWD, Division Varanasi
<b>Note- All the D.D.Os of concerning units are responsible for Ground Water Activities of their Jurisdiction and Director, Ground Water Department will be</b>			

responsible for the proper utilization of funds, allotted to the above units.

**Remote Sensing Application Centre, Lucknow (No. of D.D.O. - 1)**

S.N.	Organization	Drawing Disbursing Officer	Accounting Locations
1.	Remote Sensing Application Centre, Lucknow, <b>(Registered as Society and will use Commercial Banking System)</b>	Director	Director, Remote Sensing Application Centre, Lucknow

**Department of State Institute of Rural Development (No. of D.D.Os - 51)**

S.N.	Organization	Drawing Disbursing Officer	Accounting Locations
1.	Director General, Deen Dayal Upadhyay State Institute of Rural Development, Lucknow	Joint Director, S.I.R.D.	Director General, Deen Dayal Upadhyay State Institute of Rural Development, Lucknow
2.	RIRD, Afim ki Kothi Pratapgarh	Principal	RIRD, Afim ki Kothi Pratapgarh
3.	RIRD, Doharighat Mau	Principal	RIRD, Doharighat Mau
4.	RIRD, Baraut Baghpat	Principal	RIRD, Baraut Baghpat
5.	RIRD, Badaun	Principal	RIRD, Badaun
6.	RIRD, Raebareli	Principal	RIRD, Raebareli
7.	RIRD, Faizabad	Principal	RIRD, Faizabad
8.	RIRD, Kalakankar, Pratapgarh	Principal	RIRD, Kalakankar, Pratapgarh
9.	RIRD, Gorakhpur	Principal	RIRD, Gorakhpur
10.	RIRD, Bulandshahar	Principal	RIRD, Bulandshahar
11.	RIRD, Mainpuri	Principal	RIRD, Mainpuri
12.	RIRD, Lakhawati, Bulandshahar	Principal	RIRD, Lakhawati, Bulandshahar
13.	RIRD, Gazipur	Principal	RIRD, Gazipur
14.	RIRD, Etawah	Principal	RIRD, Etawah
15.	RIRD, BKT Lucknow	Principal	RIRD, BKT Lucknow
16.	RIRD, Agra	Principal	RIRD, Agra
17.	RIRD, Jhansi	Principal	RIRD, Jhansi
18.	RIRD, Saharanpur	Principal	RIRD, Saharanpur
19.	DIRD, Gonda	District Training Officer	DIRD, Gonda
20.	DIRD, Varanasi	District Training Officer	DIRD, Varanasi
21.	DIRD, Allahabad	District Training Officer	DIRD, Allahabad

22.	DIRD, Banda	District Training Officer	DIRD, Banda
23.	DIRD, Balia	District Training Officer	DIRD, Balia
24.	DIRD, Kanpur	District Training Officer	DIRD, Kanpur
25.	DIRD, Urai, Jalaun	District Training Officer	DIRD, Urai, Jalaun
26.	DIRD, Etah	District Training Officer	DIRD, Etah
27.	DIRD, Mathura	District Training Officer	DIRD, Mathura
28.	DIRD, Pilibhit	District Training Officer	DIRD, Pilibhit
29.	DIRD, Hardoi	District Training Officer	DIRD, Hardoi
30.	DIRD, Sitapur	District Training Officer	DIRD, Sitapur
31.	DIRD, Lakhimpur Khiri	District Training Officer	DIRD, Lakhimpur Khiri
32.	DIRD, Sultanpur	District Training Officer	DIRD, Sultanpur
33.	DIRD, Fatehpur	District Training Officer	DIRD, Fatehpur
34.	DIRD, Hamirpur	District Training Officer	DIRD, Hamirpur
35.	DIRD, Moradabad	District Training Officer	DIRD, Moradabad
36.	DIRD, Dadri Gautam, Budhnagar	District Training Officer	DIRD, Dadri Gautam, Budhnagar
37.	DIRD, Muzaffarnagar	District Training Officer	DIRD, Muzaffarnagar
38.	DIRD, Bareilly	District Training Officer	DIRD, Bareilly
39.	DIRD, Shahjahanpur	District Training Officer	DIRD, Shahjahanpur
40.	DIRD, Bijnor	District Training Officer	DIRD, Bijnor
41.	DIRD, Unnao	District Training Officer	DIRD, Unnao
42.	DIRD, Barabanki	District Training Officer	DIRD, Barabanki
43.	DIRD, Bahraich	District Training Officer	DIRD, Bahraich
44.	DIRD, Jaunpur	District Training Officer	DIRD, Jaunpur
45.	DIRD, Mirzapur	District Training Officer	DIRD, Mirzapur
46.	DIRD, Deoria	District Training Officer	DIRD, Deoria
47.	DIRD, Basti	District Training Officer	DIRD, Basti
48.	DIRD, Kannauj	District Training Officer	DIRD, Kannauj
49.	DIRD, Lalitpur	District Training Officer	DIRD, Lalitpur
50.	DIRD, Aligarh	District Training Officer	DIRD, Aligarh
51.	DIRD, Rampur	District Training Officer	DIRD, Rampur

**Note- All the D.D.Os of concerning units are responsible for PIM activities of their Jurisdiction and Joint Director as well as Director General, S.I.R.D. will be responsible for the proper utilization of funds, allotted to the above units.**

**Department of Agriculture (No. of D.D.Os - 20)**

S.N.	Organization	Drawing Disbursing Officer	Accounting Locations
1.	Agriculture Directorate, U.P., Lucknow	Finance Controller, Agriculture Directorate, U.P.	F.C., Agriculture Directorate U.P., Lucknow
2.	Deputy Director, Agriculture, Barabanki	Deputy Director	Deputy Director, Agriculture, Barabanki
3.	Deputy Director, Agriculture Amethi	Deputy Director	Deputy Director, Agriculture Amethi
4.	Deputy Director, Agriculture Raibareli	Deputy Director	Deputy Director, Agriculture Raibareli

5.	Deputy Director, Agriculture Sultanpur	Deputy Director	Deputy Director, Agriculture Sultanpur
6.	Deputy Director, Agriculture Jaunpur	Deputy Director	Deputy Director, Agriculture Jaunpur
7.	Deputy Director, Agriculture Pratapgarh	Deputy Director	Deputy Director, Agriculture Pratapgarh
8.	Deputy Director, Agriculture Etah	Deputy Director	Deputy Director, Agriculture Etah
9.	Deputy Director, Agriculture Etawa	Deputy Director	Deputy Director, Agriculture Etawa
10.	Deputy Director, Agriculture Firozabad	Deputy Director	Deputy Director, Agriculture Firozabad
11.	Deputy Director, Agriculture Farukhabad	Deputy Director	Deputy Director, Agriculture Farukhabad
12.	Deputy Director, Agriculture Kashganj	Deputy Director	Deputy Director, Agriculture Kashganj
13.	Deputy Director, Agriculture Manपुरi	Deputy Director	Deputy Director, Agriculture Manपुरi
14.	Deputy Director, Agriculture Kannauj	Deputy Director	Deputy Director, Agriculture Kannauj
15.	Deputy Director, Agriculture Auraiya	Deputy Director	Deputy Director, Agriculture Auraiya
16.	Deputy Director, Agriculture Kanpur Dehat	Deputy Director	Deputy Director, Agriculture Kanpur Dehat
17.	Deputy Director, Agriculture Kanpur Nagar	Deputy Director	Deputy Director, Agriculture Kanpur Nagar
18.	Deputy Director, Agriculture Fatehpur	Deputy Director	Deputy Director, Agriculture Fatehpur
19.	Deputy Director, Agriculture Kaushambi	Deputy Director	Deputy Director, Agriculture Kaushambi
20.	Deputy Director, Agriculture Lalitpur	Deputy Director	Deputy Director, Agriculture Lalitpur
<b>Note- All the D.D.Os of concerning units are responsible for Agriculture activities of their Jurisdiction and Finance Controller Agriculture Directorate will be responsible for the proper utilization of funds, allotted to the above units.</b>			

From the above table it is clear that total accounting locations and no. of D.D.O's in the Project, Phase -II, will be 123. Total no. of accounting locations may be increased or decreased depending upon the actual requirement of the project in the future.

**Chapter -4**  
**Organisational Structure of Finance**  
**and Accounts wing**

**4.1** The Project will be administered and monitored at various levels:

- (1) Steering Committee (SC) of the UPWSRP headed by Chief Secretary, Government of Uttar Pradesh.
- (2) Executive Committee (EC) headed by Principal Secretary, Irrigation Department, Government of Uttar Pradesh
- (3) Project Activity Core Team (PACT) headed by Chairman, PACT as described in PIP.
- (4) Project Support Units - Chief Engineer, PACT, (Lucknow), Chief Engineer, Sharda Sahayak, (Lucknow), Chief Engineer, Betwa, (Jhansi), Chief Engineer, Ramganja, (Kanpur), Chief Engineer, (ISO) E -In-C, UPID, (Lucknow), Agriculture Directorate, Director Ground Water Department, Director Remote Sensing Application Center and Director General Deen Dayal Upadhyay, State Institute of Rural Development.
- (5) Technical Advisor, PACT followed by other experts /technical Service Providers.

**4.2 The Organizational structure of Finance and Accounts wing at PACT:**

A Financial Management Expert will head the Finance Unit at the PACT. The Financial Management Expert will be deputed from State Finance & Account services and he/she will not be below the level of Senior Accounts Officer. He/she will provide leadership and strategic direction on financial aspects of the projects, including development of financial capability at middle and lower level. He/she has overall responsibility for all finance, accounts and audit functions of the project; in addition he/she shall be responsible for compliance of the relevant Acts, Rules, and financial covenants of the project's legal agreement.

UPWSRP will also hire the services of a financial management consultants (chartered accountants) for effective implementation of financial management system including disbursement of funds from the World Bank. The FM Consultant will assist the Financial Management Expert, Chief Engineer and Chairman, PACT in financial management functions of the Project with specific focus on following:-

- Implementing Internal Control Systems at all levels of the Project.
- Regular consolidation of financial information for the purposes of reporting.
- Training and capacity building support to project accounting locations

- Preparing Annual and Quarterly budgets and getting approval from government.
- Preparation and Submission of Interim Financial Reports (IFRs) and claiming reimbursements from the World Bank.
- Proving financial progress report to Government and the World Bank.
- Assisting FME, Chief Engineer and Chairman on key decisions by providing financial management support.
- Field visits for monitoring of project financial managements.

The following Account & Finance staff will assist to FME in implementation of financial management functions of the Project.

Sl.No.	Position	Major Responsibilities
1-	Finance & Accounts Officer	Training, capacity building and monitoring of project accounting locations Internal Audit, AG Audit & Procurement Audit. All Treasury Bills Checking, Getting Bills passed and signed by the DDOs and Record Keeping as per Financial Hand Book, Expenditure Reporting, Reconciliation with Treasury & AG (A&E) and submission of accounts to AG.
3-	Accountant-first	Payment checking and processing work for all activities under Component -1,2,3,4 and 5, Pay Bills Preparation, TA Bills, Medical Bills and other claims of staff and consultants.
4-	Accountant-second	Payment checking and processing work for all activities under Component -6,7,8 and 9. All Treasury Bills Preparation
6-	Cashier	Getting Treasury Bill Passed and collect the cheque from Treasury and safe holding of cheque, EMD, Security Money, Bank Guarantee etc at PACT. Reconciliation of Project expenditure with Treasury & AG every month, maintaining the Cash Book and other relevant records.

However Financial Management Expert can assign any other responsibility to the above mentioned staff/officers as per requirement of the work.

#### 4.3 Accounting Units:

The Project will have its main accounting centre at the PACT, and decentralized at divisions of various departments and significant expenditure under the project will be incurred and controlled centrally from the PACT. The project will also have 115 no. other accounting locations **as given in chapter -3**. The project and divisions will keep separate set of Accounting Records as per the State Financial Handbook as applicable to all transaction in UP. Every accounting location consisting of one drawing disbursing officer, one divisional accountant and other clerical staff. At divisional/accounting locations, every officer and staff will be responsible for handling all transactions related with the project and its reporting to the PACT.

**Role & Responsibility of Divisional Accountant:**

1. To record all receipt of budget from UPWSRP/GOUP for the Project and maintain separate accounting records of the Project as per the Financial Hand Book and Budget Manual of the State Government.
2. Make payment against the approved contracts of PACT after due verification/approval from the competent authority and checking of bills for quantity, quality, rates and stock entry.
3. Prepare Treasury Bills for all payments. Record keeping as per Financial Hand Book, Expenditure Reporting to PACT, Reconciliation with Treasury & AG regularly every month and submission of Accounts to AG.
4. Proper upkeep of payment records in office.
5. Preparation of monthly financial & physical progress report required to be furnished to PACT.
6. Any other responsibility as assigned by the PACT and Irr igation Department.

## Chapter -5 Budgeting and Fund Flow Mechanism

Budget is both a planning and controlling device. The main objective of an efficient budgeting system is to facilitate budgetary control i.e. monitoring of performance at regular intervals and the accountability for variance. The proposed budgeting system has been developed with this objective. The main objectives of the proposed budgeting system are as follows:

- To ensure participation at all levels in the budgeting process from the PACT to the divisions of U.P.I.D. and other line agencies.
- To provide a basis for periodical monitoring of the performance of project implementing agencies (both in physical and that of all the executing agencies under the implementing agency.
- To facilitate fixation of accountability for budget variances. Thus the overall budgets would be broken -up into accounting centre -wise targets.

Conceptually, the budget exercise would involve preparation of budgets for each activity of the project in terms of project implementation plan and the cost tables by each line agency which will be finally considered in the budget for UPWSR project as a whole.

For effective implementation of the Project, the concerned agencies and all the divisions of U.P.I.D. would be asked to prepare details of the Annual Work Plan of the activities to be undertaken in the next year. Annual Work Plan will be a quantitative and financial action plan of the activities to be undertaken by that department in that year. Each Project activity and expenditure would have to be planned month wise while preparing annual budget. The departments should also give a summary for each quarter to achieve the financial and physical targets.

The Annual Action Plan of all the agencies would be compiled at PACT along with its own office's share of expenditure and the total estimated expenditure would be summarized under project component heads to arrive at the total budget of the project for the year.

Accordingly the proposed plan outlay would be put -up before Executive Committee for its sanction and thereafter the proposed plan outlay will be submitted before Planning Department of GOUP by the concerning departments on or before 15<sup>th</sup> November. After approval by Planning Department the said plan outlay will be put -up before Finance Department of GOUP through the concerning departments. Finance department shall not entertain request for allocation of budget (under this project) directly from the



departments – unless the same have gone through the approval process as described above. This will be clarified in form of a Government Order.

After approval of Finance Department on the said plan outlay, the funds will be allotted by the government to the concerned administrative department, agencies and divisions.

Apart from the above financial budgets, the PACT will also prepare the targets for physical activities to be carried out by the various project executing agencies under it. The physical activities to be carried out in the budgeted year are based on the total project activities as agreed with the World Bank in the Project Implementation Plan.

### **Budget period and revision of budgets**

Budget period shall be the same as the financial year followed by project implementing agencies i.e. from April to March of each year.

Budgets shall be prepared for the budget year and then broken up into quarterly budgets. This would enable periodical performance review through quarterly variance analysis.

As the budgeting process involves forecasting on the basis of certain assumptions (e.g. climatic conditions in the field), the possible variations should be planned at the time of preparation of the budgets. Any significant variations from the original assumptions would necessitate revision of budgets within the budget year itself.

### **Annual Work Plan (AWP)**

Based on the overall work plan, the Annual Work Plans shall be prepared. The main features of the Annual Work Plan are as under:

- a. Preparation of Annual Work Plan (both for physical and financial targets) along with implementation/procurement schedule enabling breakdown of annual budgets into quarterly budgets.
- b. Work plan to incorporate revisions based on variance analysis of the previous year.
- c. Work plan shall be prepared taking into consideration the funding proportion of World Bank/ State governments and beneficiary contribution for the budgeted years.
- d. Work plan shall be structured to facilitate preparation of budgets on the basis of component and activity wise.

### **Preparation of Annual Work Plan**

The PACT shall, on the basis of overall work plan, prepare the division/ line agency wise physical and financial targets for each activity. The division/ line agency wise budget allocation shall be based on the NGOs/other departments controlled by each division/agency and the projected activities to be carried out by

the divisions/agencies itself. The basic objective of this break-up of physical and financial targets is to provide an overall framework within which each agency shall prepare their respective budgets and procurement schedule for the budgeted year.

Once the physical targets and financial targets have been allocated to the divisions for each of the project activity, the division/ agency shall again break-up these targets for various departments/ NGOs working under it.

On the basis of the physical and financial targets given by the divisions/ agency each department under it shall prepare its own physical targets along with the budgeted resources to be utilised in terms of labour and material for implementing the project activities. While preparing the budgets, these departments shall also analyse the actual vs budgeted performance for the previous years. In case of the first year of project implementation, the analysis for the actual vs budget performance for the previous year is not possible.

These Departments shall prepare the annual physical and financial budgets broken-up into quarterly figures. After the budgets have been prepared, these shall be forwarded to the respective divisions/ Line agencies under which they are directly working for review, finalisation and consolidation.

### **Budget approval process**

The above Annual Work Plan of the PACT will be produced before Executive Committee for its sanction and there after it shall be submitted to U.P. government for its approval. Also this consolidated Annual Work Plan for the project as a whole should be submitted to the World Bank for intimation .

### **Allocation of approved budget**

The basis of allocation of physical and financial budgets shall be the approved Annual Work Plan submitted by various organization/line agencies. Budget allocation to agriculture and other departments will be made directly by finance department.

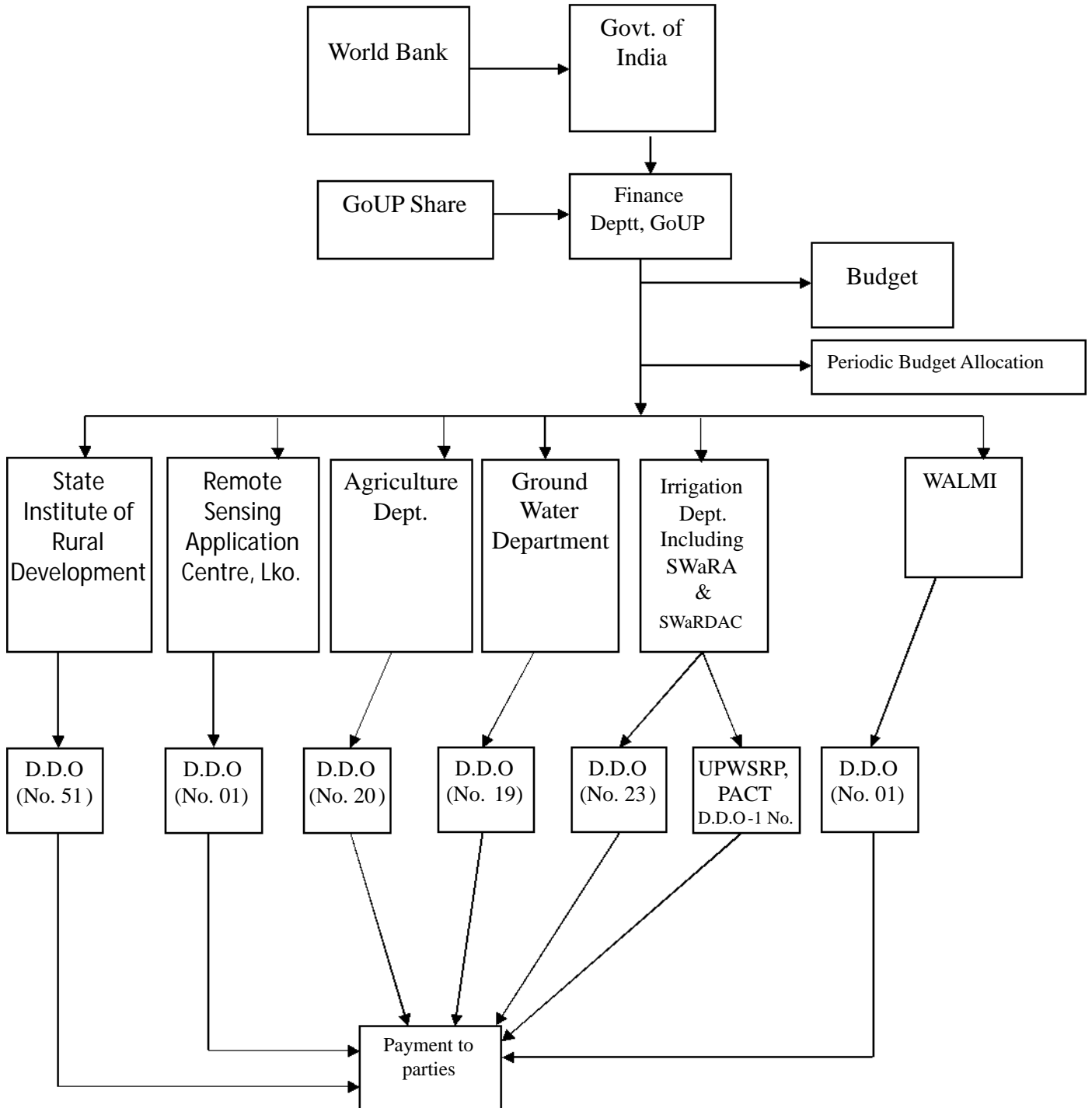
Once the annual budgets (physical and financial) have been allocated to various organization/line agencies, they can re-allocate the budgets (physical and financial) to various departments/agencies working directly under them along with the quarterly breakup of the budgets after setting aside its own physical and financial budgets.

Essentially, the process of budget allocation to the organization/line agencies should be completed before the start of the accounting year.

## FLOW OF FUNDS

1. The total cost of phase -2 of UPWSR Project is Rs. 2835.00 Crore .
2. The flow of funds for this projects is given below: -

### UPWSRP 2, Funds Flow Arrangements



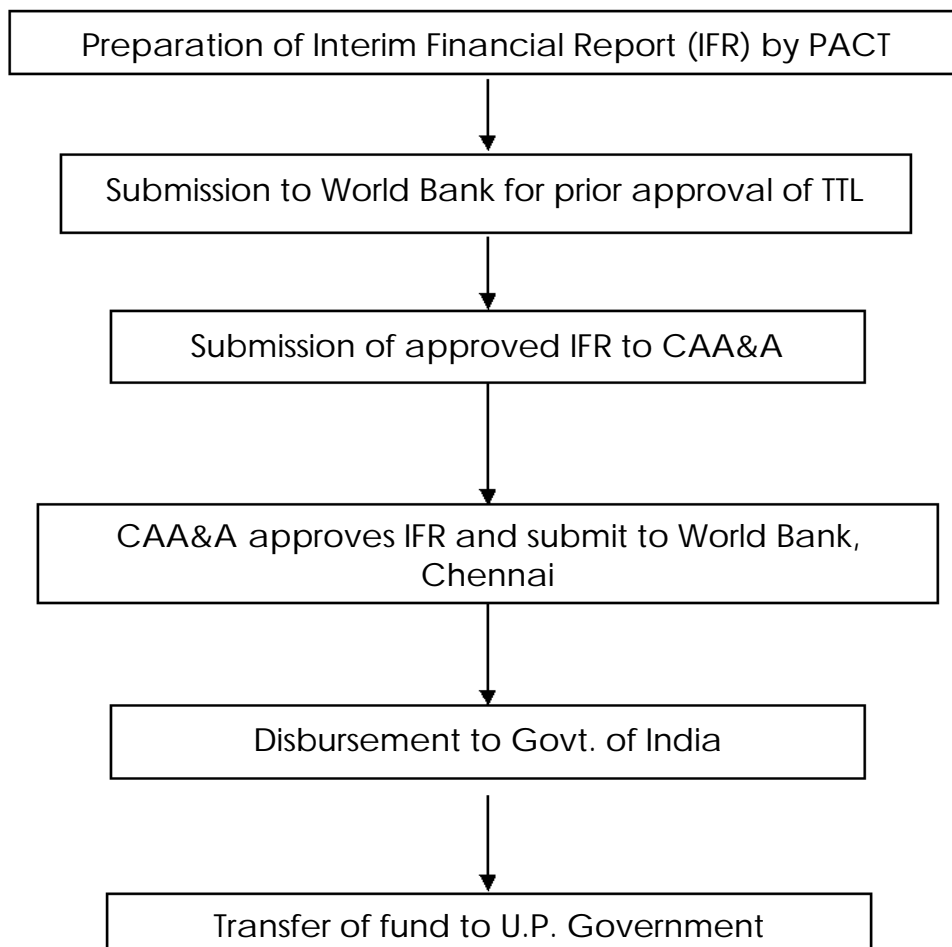
- Arrow Line shows flow of funds



### 3. Interim Financial Reporting Based Reimbursement

Under this method, quarterly Interim Financial Report (IFR) containing the summary of expenditure incurred on the project is sent to the World Bank. Based on this Interim Financial Report (IFR), the World Bank reimburses the amount claimed. The flow of submitting claim to the World Bank for reimbursement is as given below:-

#### Flow of Reimbursement



## Chapter -6

### Accounting Methods, Procedures, Policies and Records

The project accounts will cover the accounting of receipts of funds for UPWSRP from government of Uttar Pradesh and overall utilization of funds for the project activities for the purpose of reporting to both state government and World Bank.

#### **1. Accounting Location**

The offices, where the basic accounting for the project expenditures will be done, shall be treated as 'Accounting Location' (The list of accounting locations is given in Chapter -3). These accounting Locations shall be responsible for maintaining the relevant books of accounts and other records for all the financial transactions entered into by them.

The NGO's and WUA's shall not be the accounting Locations instead they shall be required to maintain some specific records only for recording and sending the information of project expenses to the divisions of UPID where all the accounting shall be done.

#### **2. Proposed Accounting System:**

As UPWSRP Project is implemented by the Irrigation Department of Government of Uttar Pradesh, it needs to follow the Government accounting system on "Cash Basis of Accounting". Thus, the accounting system shall be mainstream government accounting based on treasury operations. Therefore, provisions of the Uttar Pradesh Treasury Systems and /or CCL system, UP Financial Handbook, Budget Manual and Standing Orders or instructions amended from time to time applicable to the Government of Uttar Pradesh shall be applicable to the PACT, Divisions, Departments and other line agencies.

#### **3. Accounting Policies:**

The Project will adopt mainstream government accounting policies, which are being practicing as per UP Finance Rules and guidelines issued by government from time to time. Project will also adopt Cash Credit Limit (CCL) system of treasury for all works related payments of Irrigation Department. Project (H.O.), Divisions and other Departments/ Line Agencies are also responsible for regular submission of monthly accounts in prescribed format to the A.G. Divisions and other departments are also liable to submit their expenditure in the same format to the PACT Office as they will submit to the A.G.

#### **4. Classification of Project Transaction (Accounts) :**

In addition to mainstream Government standard accounting requirement, the project will maintain Interim Financial Report (IFR) to meet the specific reporting needs of stakeholders mentioned above by classifying the project transactions under State budget head, project

component & sub-component, object head and Project location -wise etc.

#### 5. Books of Accounts:

As the project is implemented by the Irrigation Department, GOUP the Statutory books of accounts as required by the UP Financial Handbook Rules i.e. Cash Book, 11 -C Register, Treasury Register, Pay Bill Register, Contingency Register, TA Bill Register, BM -4, BM-5, BM-6, BM-8, BM-9 & BM-11 are required to be maintained. In addition to these, Project shall maintain following additional project specific records.

Sl. No.	Books of accounts and records
1	Contract Monitoring Register
2	WBR Number Register / Prior Review Contracts
3	Statement of Expenses Register
4	Project Ledger Account with details of Components/Sub Components /Expenditure Object Head
5	Earnest Money Register, Security Money Register, Tax Deducted at Source Register, Medical Register, Bill Payment Register Treasury Cheque Issue Register, Traveling Expenses Register, Dak Receipt & Dispatch Register, Stationery Stock Register
6	Fixed Assets Register
7	Dead and Consumable Stock register
8	Workshop and Training Expenses Register
9	Reimbursement claims monitoring register
10	Funds Receipt Register

In addition to above, following records and documents shall be kept properly and safely as the same are required from time to time for classification and submission of information to various authorities, for audit by Internal Auditors, AG Auditors & Procurement Audit by the World Bank.

1. Treasury Payment Bills along with-supporting documents.
2. Tender Notices, Tenders documents, Evaluation Reports, Comparative Charts, Approval of the World Bank, wherever required, Approval of the competent authority/committee for administrative & Financial approval, Purchase orders, Contracts, Challans, Goods Receipt Notes.
3. Measurement Books, Running & Final Bills
4. Bills and verification of Receipt Documents
5. Material/Goods Indent Forms
6. Other incidental documents required for accounts & audit.

The list of books and registers mentioned above is indicative only.

## **Chapter -7**

### **W.U.A. ACCOUNTING & AUDIT**

Funds will be provided to Water User Associations at distributory (Rajwaha) and Minor (Alpika) level. These funds may be different grants from Govt. of India under schemes such as MNREGA and various schemes of Govt. of Uttar Pradesh. Under the UPWSRP, each WUA of phase -I & phase-II is expected to receive and spend funds for construction of office building and salary for 02 person for technical and financial support services hired by WUA. Currently no other funds are expected to be provided to WUA's under UPWSR-2 project.

Accounting and Audit at WUA will primarily be guided by U.P. PIM Act and PIM Manual. The PIM Manual gives detailed guidelines regarding WUA bank accounts, Receipt and Allocation of Grant, Accounting and Book Keeping, Delegation of Power and Audit.

#### **AUDIT ARRANGEMENTS AT W.U.A.** Will include:-

- (A) Hiring of Firm of Chartered Accountants as auditors. These firms will be drawn from a panel established by the C & A.G. for the State of Uttar Pradesh. The concerned Superintending Engineer shall agree with and identify specific firm which will cover each WUA.
- (B) The WUA shall hire the Chartered Accountant and ensure submission of Audit Report to the Superintending Engineer for each financial year with in three month of the close of the financial year.  
To clarify , audit for April to March period shall be completed by 30th June of each year.
- (C) Audit shall be as per standard T.O.R. which shall be adhered to by each auditor. That audit T.O.R. has been annexed to this manual.  
To ensure quality of audit, fee payable and expenses reimbursable should at a minimum be as per guide line established by Institute Of Chartered Accountants Of India. The qualification and final Terms of Reference of Chartered Accountants firm has been approved by The World Bank **(Anneuxre-1)**.

## **Chapter -8**

### **Internal Control**

#### **1. Need for Internal Controls:**

Internal Controls are essential to ensure compliance with rules and regulations and applicable local laws, authenticity of financial and operational reporting and effectiveness of operations. Various internal control measures are designed to reduce the risks associated with Project financial management system. In addition the internal control system is expected to ensure timely reimbursement from the World Bank, accuracy and reliability of the books of accounts and financial statements.

The internal control measures proposed shall form part of the accounting system and are duly respected and adhered to on a routine basis – as a financial discipline to derive the optimum benefits of the FM system. The following are the selected internal control measures to be followed to achieve the objectives of the FMS in addition to mainstream government adopted system:

- a. Reconciliation of Payments with Expenditures
- b. Reconciliation of Expenditures with claims (Eligible for IDA financing)
- c. Review of financial progress against Budget (quarterly target) identifying the reasons for variance
- d. Monitoring of major works/procurement, supply, installation and commissioning of equipments/goods, services, and consultancy contracts etc, with respect to time. PACT shall monitor the physical progress and the achievement of benchmarks / milestones.
- e. Monitoring of the Bank guarantees and obtaining bank confirmations, its renewals etc,
- f. Numbering of assets and its periodic physical verification
- g. Periodic review and reconciliation of the status of disbursement
- h. Periodical Review of progress of Project and compliance to the agreed legal documents

#### **2. Financial Disciplines:**

Apart from the above the following financial disciplines will have a great bearing on the quality of the finance and accounting records to generate timely, accurate and reliable financial statements:

- Keep updated all books and records on daily basis.
- Record transactions legibly in Treasury Bill Register, Cash Book and Contingency Register.
- Providing full and complete description of the Transaction as narration in the "Treasury Bills" and books of account.
- Providing cross reference such as bill no., invoice no., GRN no., cheque no., purchase order no., etc., in the payment order sheet, registers and books of account.



- Authentication and marking of details of payments on bills and avoiding duplicate payments - stamping of bills immediately after payment.
- Preparation of monthly summary of transactions and certification by the Finance officer and reconcile the same with Treasury.
- Maintain consistency in classification of expenditure by sub-component and object head.
- Reconciliation of all transactions with the treasury books / statements.
- Update and act on the latest circulars, orders and implement it without any delay.
- Obtain and update the minutes or proceedings of the meetings or committees of its approvals for any activities and adhere to its decision.
- Ensure that sundry registers such as logbooks for vehicle, etc are maintained.

These internal control measures need to be addressed on a routine basis and shall be discussed during the monthly accounts meeting. The project shall educate and empower the accounts personnel during the periodical training session / workshops on the latest developments to ensure greater financial discipline and compliance to the rules and regulations.

## Chapter -9

### Auditing

#### 1. Need for Audit :

Auditing of accounts of the Project is a statutory obligation, it gives an assurance to the reader of the financial statements that necessary books of accounts, records are maintained and the funds provided have been used for the purpose for which they have been provided etc.

It is the responsibility of the Project to maintain the required books of accounts, records, documents etc., as per the Government of Uttar Pradesh's accounting system.

#### 2. Statutory Audit :

The legal documents specify the requirement of audit including furnishing of the annual audit report. The Bank requires the project implementing agencies to have each year's financial statements audited by an independent auditor acceptable to the Bank.

The Controller and Auditor General of India (CAG) through its office in Uttar Pradesh will be the statutory auditor for the project i.e. PACT and Divisions accounts annually. The CAG's office will conduct an annual audit of the operations of the project i.e. PACT and Divisions accounts. The project intends to rely on the existing audit mechanism. Therefore, the UPWSRP will provide the World Bank with a consolidated report on audit of the project related expenditure. As per the legal requirements, project authorities will furnish the audit report to the World Bank within six months from the financial year -end **(Annexure-3 TOR for Audit of Financial Statement)**.

#### 3. Management Audit (MgA):

With the internal controls and the external audit by the C & AG, there will be adequate financial control of all transactions and payments. However a provision of MgA has been built into the project to evaluate the efficacy of the fiduciary systems or to conduct process reviews. Terms of reference for this review will be flexible and will be based on experience during project implementation. This work may be entrusted to a firm of Chartered Accountants; whose qualifications and final Terms of Reference has been approved by World Bank **(Annexure-2)**.

**UTTAR PRADESH WATER SECTOR RESTRUCTURING PROJECT  
TERMS OF REFERENCE (TOR) FOR HIRING SERVICES OF A CHARTERED ACCOUNTANT FIRM  
FOR AUDIT OF WATER USER ASSOCIATIONS**

**Background**

Government of Uttar Pradesh has prepared Uttar Pradesh Water Sector Restructuring Project with assistance from the World Bank. U.P. Water Sector Restructuring Project envisages to raise the standard of living of the rural poor by increasing the agricultural production in a sustained manner in the project area. The project plans to have fiscally and environmentally sustainable water resource planning, management and operation for holistic development intervention. Intensified and diversified agriculture will enhance efficient land and water management practices to improve food security and income of about 80% of the rural population living on agriculture related livelihood systems in Uttar Pradesh. The aim of the project is also to strengthen the loss-making Irrigation sector organisation and to ensure far-reaching and long-term benefits to larger segments of the rural population due to modernized irrigation and drainage infrastructure, intensified and diversified agricultural support and sustainable growth.

To obtain the above object, the project was divided into four phases. The 1st phase of the project has been completed on 31st October 2011. The pre activities before starting the II<sup>nd</sup> phase are presently going on for the preparation and making the base for II<sup>nd</sup> phase of the project. Retroactive Financing is proposed for expenditures incurred during pre-activities of phase-II Which is expected to start in the Financial Year 2013-14. However, the project guidelines include the clause which will allow to Government of Uttar Pradesh to draw down upto the maximum of US\$ 70 Millions as on advance to be utilized for the project activities. The project will, therefore, support the proposed components as given below: -

<b>Component A</b>	
A-1: Operationalizing the State Water Regulation	Build the capacity of UPWaMReC to implement the power, functions and duties of the commissions. This will include primarily training, a panel of experts and various workshops and study tour
A-2: Strengthening the knowledgebase and analytical capacity for integrated water resources management	Improve the knowledgebase and analytical capacity of SWaRA and SWaRDAC .
A-3: Strengthening the knowledge base and Institutional Capacity of Water and Land Management Institute (WALMI)	To train the officials of irrigation department of Uttar Pradesh and farmers of the state.
<b>Component B: Modernization and Rehabilitation of Irrigation and Drainage System</b>	
B-1: Horizontal expansion of irrigation and drainage investment	Rehabilitate and modernize the irrigation and drainage system of selected canal system in new areas of Lower Ganga Canal System
B-2: Vertical extension of I and D investments	Control and operation in UPWSRP Phase-I areas (Jaunpur Branch) where modernization was not completed

B-3: Ground Water Activities:	Study of ground water levels and introducing conjunctive use of water in the command
<b>Component C: Consolidation and enhancement of Irrigation Department Reforms</b>	
C-1: UPID Modernization and Capacity Buildings	Capacity building efforts including training in advance surveying techniques. GIS, modern control and approaches, Computers and IT systems and exposure trips etc.
C-2: Water User Associations Strengthening and Development	Strengthening and development of WUAs in both the Phase-I and new Phase-II area
<b>Component D: Enhancing Agricultural Productivity</b>	
	Improvement with irrigation water availability and timing and support to WUAs can be packaged with improved production practices to improve overall productivity and increase diversification.
<b>Component E: Feasibility Studies and Preparation activity for next Phase</b>	
	Activities to be under taken for preparation of Phase-III. This component shall begin from 4 <sup>th</sup> year of the Project.
<b>Component F1: Project Coordination and Monitoring</b>	
	Assist the PACT with its role in facilitating and guiding the implementation and monitoring of all project activities, ensuring synergy and coordination amongst various activities and different Departments, preparing consolidate
<b>F2: RSAC Monitoring</b>	For monitoring and evaluation of the proposed interventions, intermittently through satellite imageries.

### **Implementation Arrangements :**

- a. Institutional and implementation Arrangements
  1. Steering Committee (SC) of the UPWSRP headed by Chief Secretary, Government of Uttar Pradesh.
  2. Executive Committee (EC) headed by Principal Secretary, Irrigation Department, Government of Uttar Pradesh
  3. Project Activity Core Team (PACT) headed by Chairman, PACT as described in PIP.
  4. Project Support Units - Chief Engineer, PACT, (Lucknow), Chief Engineer, Sharda Sahayak, (Lucknow), Chief Engineer, Betwa, (Jhansi), Chief Engineer, Ramganja, (Kanpur), Chief Engineer, (ISO) E -In-C, UPID, (Lucknow), Agriculture Directorate, Director Ground Water Department, Director Remote Sensing Application Center and Director General Deen Dayal Upadhyay, State Institute of Rural Development.
  5. Technical Advisor, PACT followed by other experts/technical Service Providers.

## **b. Financial Management Arrangements**

The project is being implemented through the main stream State Treasury System and /or CCL system. The project implementing locations are the PACT in Telibagh, Lucknow and 115 **no. other accounting locations.**

- i. The main objectives of these departments are to implement and execute the activities of the project, covered under the phase -II. The concerning departments will be allocated separate budgets and they will use the treasury system and / or CCL System for drawing budgets and making payments under the project regarding their financial operations. No bank accounts will be used at any level.
- ii. Record keeping and accounting shall be as per the provisions of U.P. Financial Hand Books and every department / line agencies shall submit monthly financial accounts to the A.G. as well as to the PACT.
- iii. Primary responsibilities to implement the provisions / guidelines of Financial Management shall be with the concerning D.D.O. as well as the controlling officer of the department. However they shall report to the FME at PACT to ensure continuing adequacy of project FM arrangements.

## **Scope of Work**

The C.A. firm is required to exercise such tests of accounting records, internal checks and control and other necessary audit of the accounts as per general principles, standard of audits of the Institute of Chartered Accountant of India and norms of the Financial Management Manual (FMM) and UP PIM Act and PIM Manual. In conducting the Audit, attention should be given to the following:

- a. All funds, have been provided and have been used in accordance with the conditions, follow the relevant financial norms and financial regulations of (FMM) and UP PIM Act and PIM Manual, with due attention to economy and efficiency, and only for the purpose for which the funds were provided.
- b. Goods, works and services financed have been procured in accordance with relevant provisions of the Procurement Procedure prescribed by UP PIM Act and PIM Manual. Proper documents i.e. purchase orders, tender documents, invoices, vouchers, receipts, and pay bills, TA bills etc. are maintained and linked to the transactions and retained for the project period.
- c. All necessary supporting documents, records and accounts have been kept in respect of project expenditure and clear linkages should exist between the books of accounts and activities.
- d. The C.A. firm appointed for the audit should be required to verify the assets created under WUAs with respect to the following –
  - Are the specifications i.e. make, size etc of the asset available in the field conform to those mentioned in proposal and assets / stock register for that asset.
  - Is the asset being used for the purpose for which it was created.
  - Confirm that there is no discrepancy as to quality, number of the assets, etc. as noted in the assets/stock register and as available in the field.
  - Assets are well protected by the members of WUA.
  - That the assets physically exist and are not disposed of or sold by the WUAs.
  - That the members of WUAs know how to use the assets and that they are maintaining the same properly.

## **Water User Associations**

Funds will be provided to Water User Associations (WUA's) at distribut ary (Rajwaha) and Minor (Alpika) level. These funds may be different grants from Govt. of India under schemes

such as MNREGA and various schemes of Govt. of Uttar Pradesh. Under the UPWSRP, each WUA of phase-I & phase-II is expected to receive and spend funds for construction of office building and hiring of one technical and one financial person at distributary level. This may be rupees 10 to 15 lacs per WUA for office building and around 9000 per month per person over the project life time. Funds are being provided to the hiring of technical and financial person at distributary level in the UPWSRP -1 project. Currently no other funds are expected to be provided to WUA's under UPWSR-1 and UPWSR-2 project.

### **Scope of Work:**

The scope of this assignment is to audit the program activities implemented by the individual WUA's. The auditors are required to visit WUA's each time to conduct audit This would include certification of financial statements of WUA's, certifying that project funds have been used for the purposes intended. Considering the scope of work and the size of the state, multiple firms will be selected in the state and local presence will be a key criteria. The auditors will be paid by the project (payment by the concerned SE and eligible for reimbursement under the project) will audit the WUA's on behalf of PACT. The audit will be co-ordinated by the concerned Irrigation Division/Circle. The auditor would be appointed for an audit period initially for one year (coverage from \_\_ - \_\_ - \_\_\_\_ to \_\_ - \_\_ - \_\_\_\_ ) which may be extended for maximum of next 2 years on the annual renewable basis subject to their satisfactory performance. Audit at WUA will primarily be guided by U.P. PIM Act and PIM Manual. The PIM Manual gives detailed guidelines regarding WUA bank accounts, Receipt and Allocation of Grant, Accounting and Book Keeping, Delegation of Power and Audit.

### **Outline of Tasks to be carried out:**

1. **Certification of Financial Statements** – Checking the statement of Financial Statements and certifying that all figures and information are from the books of accounts and show a 'true and fair' view of the project finances. This will be done annually (April to March).
2. **Audit of expenditure** – Auditing on a test basis all expenditure and giving opinion whether all expenditure has been made for the purposes intended and funds have been used with due attention to economy and efficiency following the procedures as documented in the U.P. PIM Act and PIM Manual and Procurement Handbook. Also confirm whether all the records as required have been maintained and that such records are up to date.
3. **Community Contribution** – Checking that community contribution has been received as per norms of the project and used for the purposes intended for, with due attention to economy and efficiency following the procedures as documented in the U.P. PIM Act , PIM Manual, UP Financial Handbook, Budget Manual (In case of any contradiction in the provision of Financial Handbook, Budget Manual and PIM Act, the provision of PIM Act shall be effective) and Standing Orders or instructions amended from time to time
4. **Procurement** – Checking that all procurement of goods and services under U.P. PIM Act , PIM Manual, In case of any contradiction in the provision of Financial Handbook, Budget Manual and PIM Act, the provision of PIM Act shall be effective and Standing Orders or instructions amended from time to time and reporting any deviations from the Manual or cases of undue favour, mis -procurement, corruption, etc. Carry out physical verification of stocks where material is purchased by the community.

5. **Social Audit/ Transparency** – Ensuring, making enquiries and checking whether norms of social audit and transparency have been followed. E.g. contract award, contract and labour payments (where applicable), Books of accounts as well as expenditure statements have been made available to all members for viewing, information on scheme approval, award of contracts, funds received, payments made, final payment paid after due approval of general body of WUAs and balances, have been prominently displayed in the village at all time and updated regularly.
6. **Consolidation of audited accounts and findings of WUAs** : The auditors will also be required to consolidated the audited accounts of WUAs and issue a consolidated financial statements as well as consolidated report of findings.
7. **Compliance** - Ensuring compliance with laid down procedures in the U.P. PIM Act , PIM Manual, UP Financial Handbook, Budget Manual, (In case of any contradiction in the provision of Financial Handbook, Budget Manual and PIM Act, the provision of PIM Act shall be effective) Standing Orders or instructions amended from time to time , Agreement with UPWSRP II guidelines, if any

#### **Timing of Audit**

The respective Irrigation Division will issue instruction to the selected CA Firms for Audit of the WUA accounts. The CA firms have to submit the audit report to the respective irrigation division and within 90 days starting from the date of issuing audit instruction letter by ID.

#### **Audit Opinion**

The primary audit opinion should include the Financial Statements as mentioned above and the audit report. The financial statement, including the audit report should be received by the Irrigation Division not later than 90 days after the date of the audit allotment letter. The auditor will have to submit a copy of the report to WUAs in Hindi. The audit report is required to be submitted in Hindi and as well as in English.

#### **Follow up Process**

Competent canal officer (AE is the competent canal officer for minor level WUA and EE is the competent canal officer for Distributary level WUA) will be the authority for settling the audit observations. The following process will be adopted to follow -up the audit observations –

- After submission of the audit report by the CA firms, a copy of the same (Hindi version) will be enclosed in the concerning WUA project file.
- If the audit report required any compliance then the same will be listed in a register / database prepare for that purpose and request for compliance will be sent to the concerning WUA. This should be done within a week of receipt of audit report.
- The ideal time for compliance of the Audit observation by the concerning WUA is 1 Month from the date of issuing of the letter from Irrigation Division/ Circle .
- After receiving compliance from the concerning WUA, irrigation department will decide whether the clarification(s) is suitable enough to remove the audit objection, accordingly the register / database will be updated.
- If registrar (EE is the registrar for minor level WUA and SE is the registrar for distributary level WUA.) is not satisfied with the clarification provided by the concerning WUA, then he / she may ask for further clarification.

- Registrar after hearing of the case (chance should be given to the WUA for representation) decided on the process of initiation of recovery or may drop the audit objection.

### **Methodology**

- Field visit essential for each certification
- Audit manager to personally visit at least 20% of the WUA himself
- The auditor should submit three copies (in Hindi and also in English) of the audit report with **Annexure** . One copy each shall be sent to the PACT, SE and the WUA respectively.
- Review of documents (e.g., Reports, Financial Statements, etc);
- Physical verification will be limited to 'inspection' of site/ works, major items of inventory though the auditor is not expected to have any technical/ engineering skills;

### **Data, services and facilities to be provided by the WUA's:**

WUA shall provide access to all books of accounts, vouchers, supporting, books of accounts, previous audit statements and all relevant documents

### **Key Professionals required for Audit:**

<b>Key Person</b>	<b>Qualification</b>	<b>Specialization</b>	<b>Experience</b>
Audit Manager	Chartered Accountant	Experience of conducting audit of government institutions, specially rural or urban local bodies	Minimum 7 - 10 years in audit
Audit Assistant	Articled Clerk (PE II passed)	Experience of conducting audit	Minimum 1 year

It is expected that the Audit Manager should visit at least 20% of the WUA's this is with the objective of obtaining adequate assurance that the audit process is working adequately and therefore he would exercise his professional judgment in case there is a need to visit more locations. It is expected that each certification will require approximately        Man Days and hence Key Staff's input is calculated accordingly. In addition the Auditor shall provide the requisite support staff as required.



**UTTAR PRADESH WATER SECTOR RESTRUCTURING PROJECT  
Terms of Reference (ToR) for Hiring Services of a Chartered Accountant firm for  
Management Audit**

Background

Government of Uttar Pradesh has prepared Uttar Pradesh Water Sector Restructuring Project with assistance from the World Bank. U.P. Water Sector Restructuring Project envisages to raise the standard of living of the rural poor by increasing the agricultural production in a sustained manner in the project area. The project plans to have fiscally and environmentally sustainable water resource planning, management and operation for holistic development intervention. Intensified and diversified agriculture will enhance efficient land and water management practices to improve food security and income of about 80% of the rural population living on agriculture related livelihood systems in Uttar Pradesh. The aim of the project is also to strengthen the loss-making Irrigation sector organisation and to ensure far-reaching and long-term benefits to larger segments of the rural population due to modernized irrigation and drainage infrastructure, intensified and diversified agricultural support and sustainable growth.

To obtain the above object, the project was divided into four phases. The I<sup>st</sup> phase of the project has been completed on 31<sup>st</sup> October 2011. The pre activities before starting the II<sup>nd</sup> phase are presently going on for the preparation and making the base for II<sup>nd</sup> phase of the project. Retroactive Financing is proposed for expenditures incurred during pre-activities of phase -II Which is expected to start in the coming Financial Year 2013-14. However, the project guidelines include the clause which will allow to Government of Uttar Pradesh to draw down upto the maximum of US\$ 70 Millions as on advance to be utilized for the project activities. The project will, therefore, support the proposed components as given below:-

<b>Component A</b>	
A-1: Operationalizing the State Water Regulation	Build the capacity of UPWaMReC to implement the power, functions and duties of the commissions. This will include primarily training, a panel of experts and various workshops and study tour
A-2: Strengthening the knowledgebase and analytical capacity for integrated water resources management	Improve the knowledgebase and analytical capacity of SWaRA and SWaRDAC .
A-3: Strengthening the knowledge base and Institutional Capacity of Water and Land Management Institute (WALMI)	To train the officials of irrigation department of Uttar Pradesh and farmers of the state.
<b>Component B: Modernization and Rehabilitation of Irrigation and Drainage System</b>	
B-1: Horizontal expansion of irrigation and drainage investment	Rehabilitate and modernize the irrigation and drainage system of selected canal system in new areas of Lower Ganga Canal System
B-2: Vertical extension of I and D investments	Control and operation in UPWSRP Phase -I areas (Jaunpur Branch) where modernization was not completed

B-3: Ground Water Activities:	Study of ground water levels and introducing conjunctive use of water in the command
Component C: Consolidation and enhancement of Irrigation Department Reforms	
C-1: UPID Modernization and Capacity Buildings	Capacity building efforts including training in advance surveying techniques. GIS, modern control and approaches, Computers and IT systems and exposure trips
C-2: Water User Associations Strengthening and Development	Strengthening and development of WUAs in both the Phase-I and new Phase-II area
Component D: Enhancing Agricultural Productivity	
	Improvement with irrigation water availability and timing and support to WUAs can be packaged with improved production practices to improve overall productivity and increase diversification.
Component E: Feasibility Studies and Preparation activity for next Phase	Activities to be under taken for preparation of Phase-III. This component shall begin from 4 <sup>th</sup> year of the Project.
Component F1: Project Coordination and Monitoring	Assist the PACT with its role in facilitating and guiding the implementation and monitoring of all project activities, ensuring synergy and coordination amongst various activities and different Departments, preparing consolidate reports.
F2: RSAC Monitoring	For monitoring and evaluation of the proposed interventions, intermittently through satellite imageries.

### **Implementation Arrangements :**

#### c. Institutional and implementation Arrangements

1. Steering Committee (SC) of the UPWSRP headed by Chief Secretary, Government of Uttar Pradesh.
2. Executive Committee (EC) headed by Principal Secretary, Irrigation Department, Government of Uttar Pradesh
3. Project Activity Core Team (PACT) headed by Chairman, PACT as described in PIP.
4. Project Support Units - Chief Engineer, PACT, (Lucknow), Chief Engineer, Sharda Sahayak, (Lucknow), Chief Engineer, Betwa, (Jhansi), Chief Engineer, Ramganja, (Kanpur), Chief Engineer, (ISO) E -In-C, UPID, (Lucknow), Agriculture Directorate, Director Ground Water Department, Director Remote Sensing Application Center and Director General Deen Dayal Upadhyay, State Institute of Rural Development.
5. Technical Advisor, PACT followed by other experts/technical Service Providers.

#### d. Financial Management Arrangements

The project is being implemented through the main stream State Treasury System and /or CCL system. The project implementing locations are the PACT in Telibagh, Lucknow and 115 **no. other accounting locations.**

- iv. The main objectives of these departments are to implement and execute the activities of the project, covered under the phase -II. The concerning departments will be allocated separate budgets and they will use the treasury system and / or CCL

System for drawing budgets and making payments under the project regarding their financial operations. No bank accounts will be used at any level.

- v. Record keeping and accounting shall be as per the provisions of U.P. Financial Hand Books and every department / line agencies shall submit monthly financial accounts to the A.G. as well as to the PACT.
- vi. Primary responsibilities to implement the provisions / guidelines of Financial Management shall be with the concerning D.D.O. as well as the controlling officer of the department. However they shall report to the FME at PACT to ensure continuing adequacy of project FM arrangements.

### **Accounting Units:**

The Project will have its main accounting centre at the PACT, and de centralized at divisions of various departments and significant expenditure under the project will be incurred and controlled centrally from the PACT. The project will also have 115 **other accounting locations as given in chapter -3**). The project and divisions will keep separate set of Accounting Records as per the State Financial Handbook as applicable to all transaction in UP. Every accounting location consisting of one drawing disbursing officer, one divisional accountant and other clerical staff. At divisional/accounting locations, every officer and staff will be responsible for handling all transactions related with the project and its reporting to the PACT.

### **Need for Management Audit**

With the use of treasury systems, there will be adequate financial control of all transactions and payments. However a provision of management audit has been built it to the project to evaluate the efficacy of the fiduciary systems or to conduct process reviews. This review shall cover on a test basis, all project accounting locations including the Irrigation Dept, Agriculture, Groundwater and 'accounting locations' of any other department that may be receiving project funds.

### **Objective**

The objective of the management audit is to:

- (i) Evaluate the efficacy of the fiduciary systems and/or to conduct process reviews;
- (ii) Provide project management with information on operational aspects of the project to enable follow-up action;
- (iii) Express a professional opinion on the operation of the overall management system including internal controls and compliance with financing agreements
- (iv) Recommend steps to overcome problems identified during audit and strengthen the internal control arrangements within the Project. Report the management on compliance therewith in subsequent audits.

In addition, the auditor may also be required to carry out some special tasks as agreed for which separate contract will be entered into.

### **Tasks to be carried out (A)**

The management audit will include such tests and controls as the Management Auditor considers necessary under the circumstances. Specific areas of coverage of the management audit will include the following:

1. Review of the assessment of the adequacy of the project financial management systems, including internal controls. This would be done periodically, and a specific report on this aspect would be provided. This would include aspects such as adequacy and effectiveness of accounting, financial and operational controls, and any needs for revision; level of compliance with established policies, plans and procedures;
2. Reliability of accounting systems, data and financial reports; methods of remedying weak controls or creating them where there are none; verification of assets and liabilities; and integrity, controls, security and effectiveness of the operation of the computerized system;
3. An assessment of compliance with laid down procedures in the U.P. PIM Act , PIM Manual, UP Financial Handbook, Budget Manual, Standing Orders or instructions amended from time to time, Agreement with UPWSRP and World Bank guidelines, if any especially those relating to accounting and financial matters;
4. Certifying whether the provisions of Financial management manual are being complied with.
5. Certifying that counterpart funds have been provided and used in accordance with the relevant financing agreements, with due regard to economy, efficiency and effectiveness, and only for the purposes for which they were provided;
6. Examination of compliance report and verification of compliance in subsequent audit, and preparation of Action Taken Report.

#### **ADDITIONAL TASKS (B)**

An additional component of the auditor 's assignment each year shall be specific review with the objective of improvement of processes. The review will depend on the assessment of risk arising out of experience of project implementation each year. The task under this component shall be to evaluate the current performance, identify bottlenecks, and recommend corrective action. This could for example include review of Procurement Procedure and evaluate reasons for delays, Inventory Control/ Management, contract implementation bottlenecks, delay in processing of bills/ payments, reasons for delay in rendering of monthly accounts, etc. This work shall be for a period of 100 -150 mandays each year for which the auditors would be required to quote separately.

#### **DATA, SERVICES AND FACILITIES TO BE PROVIDED BY THE CLIENT**

- The Management Auditor would be given access to all documents, correspondence, and any other information relating to the project and deemed necessary by the Management Auditor.
- The Management Auditor would be provided copies of the Project Implementation Plan; Project Appraisal Document (PAD) of the World Bank; Development Credit Agreement, and Project Agreement with IDA (including agreed Minutes of negotiations); guidelines, policies and procedures issued by project management and implementing agencies; recent aide memoires, and relevant World Bank policies and guidelines (such as World Bank's Guidelines on Disbursements, Project Financial Management Manual, Procurement Guidelines periodic aide memoirs etc).
- Any other facility mutually agreed.

#### **FINAL OUTPUTS THAT WILL BE REQUIRED FROM THE AUDITOR**

Reporting would be done as agreed. Reporting would be done on semi -annual and annual basis as given below:

**Reporting:** The Management Auditor will conduct audit for the period from \_\_\_\_\_ to \_\_\_\_\_ and report to project management highlighting findings to enable project management to take timely action. It should be ensured that normally each spending unit needs to cover by management auditor at least twice a year. The units to be taken up shall be decided in consultation with the project management based on perceived risks, quantum of expenditure incurred during the period under audit, and other relevant factors, if any. The Management Audit Report will be in the form of a *Management Letter* which will interalia include:

- ii) comments and observations on the financial management records, systems and controls that were examined during the course of the management audit;
- iii) deficiencies and areas of weakness in systems and controls and recommendation for their improvement;
- iv) compliance with covenants in the financing agreement and comments, if any, on internal and external matters affecting such compliance;
- v) matters that have come to attention during the management audit might have a significant impact on the implementation of the project; and
- vi) Status of compliance to audit observations made in the preceding report.
- vii) any other matters that the auditor considers pertinent.

The report should be submitted within \_\_\_\_\_ days of the end of quarter / half year .

#### **COMPOSITION OF REVIEW COMMITTEE TO MONITOR AUDITOR'S WORK**

All the progress reports, inception, status, final draft and final reports will be reviewed by following Committee:

1. Chief Engineer, PACT	Chairman
2. Procurement Expert, PACT	Member
3. Financial Management Expert, PACT	Member
4. Finance Officer, PACT	Member Secretary

#### **KEY PERSONNEL WHOSE CV AND EXPERIENCE WOULD BE EVALUATED**

The Key Personnel in the management audit team, their minimum qualifications, and their anticipated inputs are indicated below:

- a) The management audit team should be led by a *Chartered Accountant* with a minimum of 7 - 10 years of post-qualification experience.
- b) Day-to-day management of the management audit should be the responsibility of a *Manager/Partner* with at least 5 years of post-qualification experience as a practicing Chartered Accountant.
- c) In addition, the management audit team should include sufficient number of appropriate staff (audit seniors, junior staff, etc.), commensurate with the size and scope of the assignment.

#### **PERIOD OF THE ASSIGNMENT**

The management Auditor would be appointed for an audit period initially for one year (coverage from \_\_\_\_ - \_\_\_\_ - \_\_\_\_ to \_\_\_\_ - \_\_\_\_ - \_\_\_\_ ) which may be extended for maximum of next 2 years on the annual renewable basis subject to their satisfactory performance.

**UPWSRP**

**TERMS OF REFERENCE FOR AUDIT OF FINANCIAL STATEMENTS<sup>1</sup>**

**Background:**

Government of Uttar Pradesh has prepared Uttar Pradesh Water Sector Restructuring Project with assistance from the World Bank. U.P. Water Sector Restructuring Project envisages to raise the standard of living of the rural poor by increasing the agricultural production in a sustained manner in the project area. The project plans to have fiscally and environmentally sustainable water resource planning, management and operation for holistic development intervention. Intensified and diversified agriculture will enhance efficient land and water management practices to improve food security and income of about 80% of the rural population living on agriculture related livelihood systems in Uttar Pradesh. The aim of the project is also to strengthen the loss-making Irrigation sector organisation and to ensure far-reaching and long-term benefits to larger segments of the rural population due to modernized irrigation and drainage infrastructure, intensified and diversified agricultural support and sustainable growth.

To obtain the above object, the project was divided into four phases. The 1<sup>st</sup> phase of the project has been completed on 31<sup>st</sup> October 2011. The pre activities before starting the 2<sup>nd</sup> phase are presently going on for the preparation and making the base for 2<sup>nd</sup> phase of the project. Retroactive Financing is proposed for expenditures incurred during pre-activities of phase-II which is expected to start in the coming Financial Year 2013-14. However, the project guidelines include the clause which will allow to Government of Uttar Pradesh to draw down upto the maximum of US\$ 70 Millions as on advance to be utilized for the project activities. The project will, therefore, support the proposed components as given below:-

1. **Component: A -1- Operationalizing the State Water Regulation** – The UPWaMReC was created under UPWaMReC Act 2008 which is responsible for approving the Integrated State Water Plans, determining the allocation and distribution of entitlements for various usage of water viz. (Urban, Agriculture, Energy) as defined in State Water Policy. This component proposes to build the capacity of UPWaMReC to implement the power, functions and the duties of the commissions. This will include primarily training, a panel of experts and various workshops and study tours.
  
2. **Component A -2:- Strengthening the knowledgebase and analytical capacity for integrated water resources management:-** This

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<sup>1</sup> Terms of Reference for CAG Audit of World Bank Assisted Projects in India, as circulated by the Department of Economic Affairs, Ministry of Finance' O.M. No. 17/7/2006 -F.II dated the 20<sup>th</sup> March, 2009, which are reproduced in the following pages, will be adhered to.

component will improve the knowledge base and analytical capacity of SWaRA and SWaRDAC. These two institutions would support UPWaMReC, prepare basin plans and decision support system for the sub basins in the Lower Ganga Canal Command area, Sharda Sahayak area (Haidergarh Canal 23 down), Rohini, Jamini and Sajnam Canal Commands.

- 3. Component A-3:- Strengthening the knowledge base and Institutional Capacity of Water and Land Management Institute (WALMI):** -Water and Land Management Institute Lucknow was created in year 1984 under the World Bank aided Upper Ganga Canal Modernization Project with the basic objective to train the officials of irrigation department of Uttar Pradesh and farmers of the state. This institutes is proposed to be up -graded and made a center of excellence and a premier organization of training, making it self sufficient organization.

#### **Component B: - Modernization and Rehabilitation of Irrigation and Drainage System**

- 4. Component B -1:- Horizontal expansion of irrigation and drainage investment:-** This component will rehabilitate and modernize the irrigation and drainage system of selected canal commands in new areas of Lower Ganga Canal, Haidergarh, Sajnam, Rohini and Jamni Canal Systems. This component would include updating topographical and cadastral surveys , rehabilitation of canal and drains and pucca structures, introducing modernization of outlets, SCADA and Telemetry system, Cross regulators, Duck bill weirs, canal lining in critical reaches etc.
- 5. Component B -2:- Vertical expansion of Irrigation and Drainage investments:-** This component includes modern methods of control and operation in UPWSRP Phase-I areas (Jaunpur Branch) where modernization was not completed. This includes the installation of controllable and measureable inlets to the minor with participation of WUAs to provide the basis of volumetric water charges, proportional non adjustable water dividers having a measurement facility for outlets to the field channels, modern measurement devices, SCADA and Telemetry System.
- 6. Component B-3:- Ground Water Activities:-** Integrated and coordinated development of surface and ground water has generally not been practiced in the command area as part of development planning process. Due to this un planned development and excessive utilization there has been a steady decline in the water tables in many part of the State especially in those areas where recharge from rain water is insufficient. Declining trend of ground water has been observed in 559 of 819 blocks of the State. Improved conjunctive use of water is required not only to increase the irrigation potential but also to mitigate water logging. A proposal for study of ground water levels and

introducing conjunctive use of water in the command is included in the Project.

### **Component C:- Consolidation and enhancement of Irrigation Department Reforms**

7. **Component C -1: UPID Modernization and Capacity Buildings:** - This component would continue the capacity building efforts including among other things training in advance surveying techniques. GIS, modern control and approaches, Computers and IT systems and exposure trips to enhance the understanding of PIM and financial management activities. The MIS activities are now confined to PACT only therefore, a new proposal to be included in the project has to be prepared by the MIS Cell in consultation with CE (ISO).
8. **Component C-2:- Water User Associations Strengthening and Development:-** This component will support the strengthening and development of WUAs in both the Phase -I and new Phase -II area. It will also assist GoUP in ensuring that the UP PIM Act is effective across the State and main streamed in all of its activities, systems and procedures.

### **Component D: - Enhancing Agricultural Productivity and efficiency improvement Program**

9. **Component D -1:-** This component will focus on Phase -I outlet command areas where improvement with irrigation water availability and timing and support to WUAs can be packaged with improved production practices to improve overall productivity and increase diversification. These interventions will be sequenced in to Phase -II areas as water delivery systems are improved.

**Component E: - Feasibility Studies and Preparation activity for next Phase.** This component comprises of activities to be under taken for preparation of Phase-III. This component shall begin from 4<sup>th</sup> year of the Project.

### **Component F**

10. **Component F1: - Project Coordination and Monitoring** -The existing multi-disciplinary Project Activity Core Team (PACT) will coordinate the project activities, which covers multiple Departments. This component is designed to assist the PACT with its role in facilitating and guiding the implementation and monitoring of all project activities, ensuring synergy and coordination amongst various activities and different Departments, preparing consolidated reports and facilitating training and study tours etc.
11. **Component F2: - RSAC Monitoring:** - It is proposed to have services of Remote Sensing Application Center for monitoring and evaluation of the proposed interventions, intermittently through satellite imageries.



## IMPLEMENTATION ARRANGEMENTS:

### a. Institutional and implementation Arrangements

1. Steering Committee (SC) of the UPWSRP headed by Chief Secretary , Government of Uttar Pradesh.
2. Executive Committee (EC) headed by Principal Secretary, Irrigation Department, Government of Uttar Pradesh
3. Project Activity Core Team (PACT) headed by Chairman, PACT as described in PIP.
4. Project Support Units - Chief Engineer, PACT, (Lucknow), Chief Engineer, Sharda Sahayak, (Lucknow), Chief Engineer, Betwa, (Jhansi), Chief Engineer, Ramganja, (Kanpur), Chief Engineer, (ISO) E-In-C, UPID, (Lucknow), Agriculture Directorate, Director Ground Water Department, Director Remote Sensing Application Center and Director General Deen Dayal Upadhyay, State Institute of Rural Development.
5. Technical Advisor, PACT followed by other expert s/technical Service Providers.

### b. Financial Management Arrangements

The project is being implemented through the main stream State Treasury System and /or CCL system. The project implementing locations are the PACT in Telibagh, Lucknow and **115 no. other accounting locations** as per list provided in **Chapter – 3**.

### Objective:

The essence of the World Bank audit policy is to ensure that the Bank receives adequate independent, professional audit assurance that the proceeds of World Bank credit were used for the purposes intended,<sup>4</sup> that the annual project financial statements are free from material misstatement, and that the terms of the credit agreement were complied with in all material respects.

The objective of the audit of the Project Financial Statement (PFS) is to enable the auditor to express a professional opinion as to whether (1) the PFS present fairly, in all material respects, the sources and applications of project funds for the period under audit examination, (2) the funds were utilized for the purposes for which they were provided, and (3) expenditures shown in the PFS are eligible for financing under the credit agreement. In addition the auditor will express a professional opinion as to whether the Interim Financial Reports (IFRs) submitted by project management may be relied upon to support any applications for withdrawal.

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<sup>4</sup> The Bank's charter [Article III Section V (b) of IBRD's Articles of Agreement and Article V Section 1(g) of IDA's Articles of Agreement] specifies that: "The Bank shall make arrangements to ensure that the proceeds of any loan are used only for the purposes for which the loan was granted, with due attention to considerations of economy and efficiency and without regard to political or other non-economic influences or considerations."

The books of account that provide the basis for preparation of the PFS are established to reflect the financial transactions of the project and are maintained by the project implementation agency namely the UPWSRP at PACT and divisional level.

**Standards:**

The audit will be carried out in accordance with the Auditing Standards promulgated by the comptroller and Auditor General of India. The auditor should accordingly consider materiality when planning and performing the audit to reduce audit risk to an acceptable level that is consistent with the objective of the audit. Although the responsibility for preventing irregularity, fraud, or the use of loan proceeds for purpose other than as defined in the legal agreement remains with the borrower, the Audit should be planned so as to have reasonable expectation of detecting material misstatements in the project financial statements.

**Scope:**

In conducting the audit, special attention should be paid to the following:

- (a) All external funds have been used in accordance with the conditions of the relevant legal agreements and only for the purposes for which the financing was provided. Relevant legal agreements include the Credit Agreement, the Project Appraisal Document, the Minutes of Negotiations and the Memorandum of Understanding;
- (b) Counterpart funds have been provided and used in accordance with the legal agreements and only for the purposes for which they were provided;
- (c) All necessary supporting documents, records, and accounts have been kept in respect of all project transactions including expenditures reported via IFRs. Clear linkages should exist between the books of account and IFRs presented to the Bank;
- (d) The project accounts have been prepared in accordance with consistently applied government accounting standards<sup>5</sup> and present fairly, in all material respects the financial situation of the project at the year end and of resources and expenditures for the year ended on that date.

**Project Financial Statements:**

The Project Financial Statements should include-

- (a) Statement of Sources and Applications of Funds: The contents of Project Financial Statement (PFS) are specific to the sector, the project design and the type of implementing entity. The formats therefore vary from one project to another. The formats of PFS are prepared in consultation with the implementing entity during the preparation of the project. **See Attachment -1** for an example of a Statement of Sources and Application of funds that could be prepared for a project implemented by core government departments.

- (b) Reconciliation of Claims to Total Applications of Funds : The PFS includes reconciliation between expenditure reported as per the Statement of Sources and Applications of Funds and expenditure claimed from the World Bank through IFR based method of reimbursement. An example is shown at **Attachment-2**.
- (c) Other Statements or Schedules such as:
  - A statement showing appropriate major heads of expenditure by Project Component/Sub-components
  - A summary of cumulative expenditures
- (d) Management Assertion: Management should sign the project financial statements and provide a written acknowledgement of its responsibility for the preparation and fair presentation of the financial statements and an assertion that project funds have been expended in accordance with the intended purposes as reflected in the financial statements. An example of a Management Assertion Letter is shown at **Attachment-3**.

#### **Interim Financial Reports:**

In addition to the audit of the PFS the auditor is required to audit all Interim Financial Reports (IFRs) and/ or financial management reports (FMRs) for withdrawal applications made during the period under audit examination. The auditor should apply such tests as the auditor considers necessary under the circumstances to satisfy the audit objective. In particular, these expenditures should be carefully examined for project eligibility by reference to the relevant financing agreements. Where ineligible expenditures are identified as having been included in withdrawal applications and reimbursed against, these should be separately noted by the auditor

**Annexure -5.**

#### **Audit Report:**

An audit report on the project financial statements should be prepared in accordance with the Auditing Standards promulgated by the Comptroller and Auditor General of India. Those standards require an audit opinion to be rendered related to the financial statements taken as a whole indicating " unambiguously whether it is unqualified or qualified and, if the latter, whether it is qualified in certain respects or in adverse or a disclaimer of opinion" In addition the audit opinion paragraph will specify whether, in the auditor opinion, (a) with respect to IFRs adequate supporting documentation has been maintained to support claims to the World Bank for reimbursements of expenditures incurred; and (b) except for ineligible expenditures as detailed in the audit observations, if any , appended to the audit report, expenditures are eligible for financing under the Loan/Credit agreement. A sample audit report wording for an unqualified audit opinion is shown at **Attachment-4**. Relevant CAG auditing standards are reproduced in **Attachment-5**.

The project financial statements and the audit report should be received by the Bank not later than 6 months after the end of the fiscal year. The auditor

should also submit two copies of the audited accounts and audit report to the Implementing Agency.

The audit report is issued without prejudice to CAG right to incorporate the audit. Observations in the Report of CAG of India for being laid before parliament/ State or UT Legislature.

**Management Letter:**

In addition to the audit report on the project financial statements, the auditor may prepare a management letter containing recommendations for improvements in internal control and other matters coming to the attention of the auditor during the audit examination where a management letter is prepared by the auditor, a copy of the same will be supplied to the Bank. Else, a written advice may be made that no management letter was prepared together with the audit report on the project financial statements.

**General:**

The auditor should be given access to any information relevant for the purposes of conducting the audit. This would normally include all legal documents, correspondence, and any other information associated with the project and deemed necessary by the auditor. The information made available to the auditor should include, but not be limited to, copies of the Bank's Project Appraisal Document, the relevant Legal Agreements and a copy of Aide Memoires. It is highly desirable that the auditor become familiar with other Bank policy documents, such as OP/BP 10.02, the Bank's internal guidelines on Financial Management that include financial reporting and auditing requirements for projects financed by the World Bank. The auditor should also be familiar with the Bank's Disbursement Manual. Both documents will be provided by the Project staff to the auditor.

**Attachment - 1**

**STATEMENT OF SOURCES AND APPLICATION OF FUNDS**

Name of the Project  
Credit/ No.  
Report for the year ended.....

In Rs. Lakhs

Particulars	Current Year	Previous Year	Project to date
<b>Opening Balance (A)</b>			
<b>Receipts</b>			
Funds from Government through Budget (These will include external assistance received by Government for the project)			
Funds received directly by Project Implementing authority through external assistance			
<b>Total Receipts (B)</b>			
<b>Total Sources (C = A + B)</b>			
<b>Expenditures by Component</b>			
A.			
B.			
C.			
<b>Total Expenditures (D)</b>			
<b>Closing Balance, (C-D)</b>			

Notes:

1. This financial statement is prepared on a cash basis of accounting as per provisions of the financial rules and codes applicable.
2. The above figures will be based on monthly/quarterly abstract accounts prepared by the accounts compiling officers, duly reconciled by the respective DDO's with details of un reconciled amounts to be furnished.
3. Names of accounting units whose financial statements are aggregated to prepare the consolidated accounts.
4. Any other specific Note.

**Attachment -2**

**RECONCILIATION OF CLAIMS TO TOTAL APPLICATIONS OF FUNDS**

**Name of the Project**

**Credit No.**

**Report for the year ended.....**

	Schedules	Amt (Rs. Lakhs)		
		Current Year	Previous Year	Project to date
Bank Funds claimed during the year (A)	I			
Total Expenditure made during the year (B)				
Less: Outstanding bills (C)	II			
Ineligible expenditures (D)	III			
Expenditures not claimed (E)	IV			
Total Eligible Expenditures Claimed (F)=(B)-(C)-(D)-(E)				
World Bank Share @ x% of (F) above (G)				

\_\_\_\_\_

CFAO

\_\_\_\_\_

Project Director

\_\_\_\_\_

Date

\_\_\_\_\_

Date

Notes:

1. Total expenditure made during the year (B above) must be the same as the total expenditure shown on the statement of sources and application of funds (D on the statement of sources and applications of funds)
2. Outstanding AC bills (C above) reflect funds drawn against AC bill that have been booked as expenditure but not settled by the end of the year (i.e. unsettled advances). The project should show in schedule II the opening balance of unsettled AC bills, AC bills drawn during the year.
3. Expenditures not claimed (E above) may reflect timing differences for eligible expenditures incurred during the year but claimed after the year end.
4. Amounts A and G above must be equal.

**EXAMPLE OF A MANAGEMENT ASSERTION LETTER<sup>2</sup>**

(Project Letterhead)

(To Auditor)

(Date)

This assertion letter is provided in connection with your audit of the financial statements of the \_\_\_\_\_ Project for the year ended \_\_\_\_\_. We acknowledge our responsibility for the fair presentation of the financial statements in accordance with the cash basis of accounting followed by the Project, and we confirm, to the best of our knowledge and belief, the following representations made to you during your audit:

- The project financial statements are free of material misstatements, including omissions.
- Project funds have been used for the purposes for which they were provided.
- Project expenditures are eligible for financing under the Credit agreement.
- There have been no irregularities involving management or employees who have a significant role in internal control or that could have a material effect on the project financial statements.
- Procurement has been done as per the agreed procedures for the Project and we have made all the procurement related documents available for audit
- We have made available to you all books of account and supporting documentation relating to the project.
- The project has complied with the conditions of all relevant legal agreements, including the Credit Agreement, , the Project Appraisal Document, the Minutes of Negotiations, the Borrower's Project Implementation Plan, and Memorandum of Understanding

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(Senior Executive Officer)

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(Senior Financial Officer)

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<sup>2</sup> This sample management assertion letter is based on ISA 580, "Management Representations," *Handbook of International Auditing, Assurance and Ethics Pronouncements*, International Federation of Accountants, 2007

**SAMPLE AUDIT REPORT—UNQUALIFIED OPINION**

**Auditor's Report:**

Addressee<sup>3</sup>

**Report on the Project Financial Statements:**

We have audited the accompanying financial statements of the \_\_\_\_\_ Project financed under World Bank Loan No. \_\_\_\_\_ / IDA, which compose the Statement of Sources and Application of funds and the Reconciliation of Claims to Total Applications of Funds <sup>5</sup> for the Year ended \_\_\_\_\_. These statements are the responsibility of the Project's management. Our responsibility is to express an opinion on the accompanying financial statements based on our audit.

We conducted our audit in accordance with the Auditing Standards promulgated by the Comptroller and Auditor General of India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our audit examines, on a test basis evidence supporting the amounts and disclosures in the financial statements. It also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the sources and application of funds of \_\_\_\_\_ project for the year ended \_\_\_\_\_ in accordance with Government of India Accounting Standards<sup>4</sup>.

In addition, in our opinion, (a) with respect to IFRs, adequate supporting documentation has been maintained to support claims to the World Bank for reimbursements of expenditures incurred; and (b) except for ineligible expenditures as detailed in the audit observations, if any, appended to this audit report, expenditures are eligible for financing under the Credit Agreement. During the course of the audit, IFRs(period and amount to be indicated) and the connected documents were examined and these can be relied upon to support reimbursement under the Loan/Credit Agreement.

This report is issued without prejudices to CAG's right to incorporate the audit observation in the Report of CAG of India for being laid before parliament/State or UT Legislature.

[Auditor's Signature]

[Auditor's Address]

[Date<sup>5</sup>]

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<sup>3</sup> The auditor's report should be addressed to the person stipulated in the underlying loan agreement as responsible for providing audited project financial statements.

<sup>4</sup> Until the Ministry of Finance prescribes adoption of the accounting standards pronounced by GASAB or other body such as IRSAS. The accounting standards followed by the Government of the shall be the cash basis of accounting applied with the regard to the General Financial Rules, PW D codes, Treasury codes and similar financial rules and codes at are in effect and applicable to the operations of the project.



**Excerpt from CAG auditing Standards (2<sup>nd</sup> Edition, 2002) Chapter IV, Reporting Standards**

**11. The form and content of audit opinion and report.**

11.1 The form and content of all audit opinions and reports are founded on the following general principles:

- (a) **Title:** The opinion or report should be preceded by a suitable title or heading, helping the reader to distinguish it from statements and information issued by others.
- (b) **Signature and date:** The opinion or report should be properly signed. The inclusion of a date informs the reader that consideration has been given to the effect of events or transactions about which the auditor became aware up to that date (which, in the case of regularity (financial) audits, may be beyond the period of the financial statements).
- (c) **Objectives and scope:** The opinion or report should include reference to the objectives and scope of the audit. This information establishes the purpose and boundaries of the audit.
- (d) **Completeness:** Opinions should be appended to and published with the financial statements to which they relate. Out performance reports may be free standing. The auditor's opinions and reports should be presented as prepared by the auditor. In exercising its independence CAG may acquire information from time to time, which in the national interest cannot be freely disclosed. This can affect the completeness of the audit report. In this situation the auditor should consider the need to make a report, possible including confidential or sensitive material in a separate, unpublished report.
- (e) **Addressee:** The opinion or report should identify those to whom it is addressed, as required by the circumstances of the audit engagement and local regulations or practice. This is unnecessary where formal procedures exist for its delivery.
- (f) **Identification of subject matter:** The opinion or report should identify the financial statements (in the case of regularity (financial) audits) or area (in the case of performance audits) to which it relates. This includes information such as the name of the audited entity. The date and period covered by the financial statements and the subject matter that has been audited.
- (g) **Legal basis:** Audit opinions and reports should identify the legislation or other authority providing for the audit.
- (h) **Compliance with standards:** Audit opinions and reports should indicate the auditing standards or practices followed in conducting the audit, thus providing the reader with an assurance that the

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<sup>5</sup> The report should be dated as of the date to which the auditor has become aware of and considered the effects of events and transactions. This is generally the final date of fieldwork, as opposed to the date of signing the audit report.

audit has been carried out in accordance with generally accepted procedures.

- (i) **Timeliness:** The audit opinion or report should be available promptly to be of greatest use to readers and users, particularly those who have to take necessary action.

11.2 An audit opinion is normally in a standard format, relating to the financial statements as a whole thus avoiding the need to share at length what lies behind it but conveying by its nature a general understanding among readers as to its meaning. The nature of these words will be influenced by the legal framework for the audit, but the content of the opinion will need to indicate unambiguously whether it is unqualified or qualified and, if the latter, whether it is qualified in certain respects or is adverse or a disclaimer of opinion.

11.3 An unqualified opinion is given when the auditor is satisfied in all material respects that:

- I. The financial statements have been prepared using acceptable accounting bases and policies which have been consistently applied.
- II. The statements comply with statutory requirements and relevant regulations;
- III. The view presented by the financial statements is consistent with the auditor's knowledge of the audited entity; and
- IV. There is adequate disclosure of all material matters relevant to the financial statements.

11.4 **Emphasis of Matter:** In certain circumstances the auditor may consider that the reader will not obtain a proper understanding of the financial statements unless attention is drawn to unusual or important matters. As a general principle the auditor issuing an unqualified opinion does not make reference to specific aspects of the financial statements in the opinion in case this should be misconstrued as being a qualification. In order to avoid giving that impression, references that are meant as "emphasis or matter" are contained in a separate paragraph from the opinion. However, the auditor should not make use of an emphasis of matter to rectify a lack of appropriate disclosure in the financial statements, nor as an alternative to or a substitute for qualifying the opinion.

11.5 **Adverse Opinion:** Where the auditor is unable to form an opinion on the financial statements taken as a whole due to disagreement which is so fundamental that it undermines the position presented to the extent that an opinion which is qualified in certain respects would not be adequate, an adverse opinion is given. The wording of such an opinion make clear that the financial statements are not fairly stated, specifying clearly and concisely all the matters of disagreement. Again it is helpful if the financial effect on the financial statements is quantified where relevant and practicable.

- 11.6 **Disclaimer of opinion:** Where the auditor is unable to arrive at an opinion regarding the financial statements taken as a whole due to an uncertainty or scope restriction that is so fundamental that an opinion, which is qualified in certain respects, would not be adequate, a disclaimer is given. The wording of such a disclaimer makes clear that an opinion cannot be given. Specifying clearly and concisely all matters of uncertainty.
- 11.7 It is customary to provide a detailed report amplifying the opinion in circumstances in which it has been unable to give an unqualified opinion.

**SELECTION PROCEDURE FOR MANAGEMENT AUDITORS**

- 1- Hiring of auditors shall be as per a transparent criteria and using a competitive selection process. The selection process shall be handled by a committee.
- 2- Auditors shall be initially hired for 1 year extendable for another 2 years based on their satisfactory performance. After completion of 3 years fresh procurement process will be initiated.
- 3- Auditors shall be selected by 1<sup>st</sup> April of the financial year i.e. before start of the financial year for which auditor shall conduct the audit.
- 4- The process of selection of auditors shall be subject to prior review of the Bank. (a) The firm must be empanelled with C & AG, without which the application of the firm would not be considered. (b) The EOI shall be evaluated as per pre-agreed criteria that may include size of the firm, independence and relevant experience (c) proposals to be evaluated as per pre-agreed criteria that may include team composition, work experience, evaluation of proposal.

**Annexure - 5**

**Uttar Pradesh Water Sector Restructuring Project (Phase II)  
Interim Financial Reports (quarterly)**

Format 1

Report for the quarter ended on \_\_\_\_\_

(Amount in Rs Lakhs)

Particulars	For the Quarter	Cumulative		Forecast for next 6 months
		Year till date	Project till date	
<b>Opening Balance (A)</b>				
<b>Receipts (budgetary allocation)</b>				
Govt. of Uttar Pradesh				
Other Receipts/ Income				
<b>Total Receipts (B)</b>				
<b>Total Sources (C = A + B)</b>				
<b>Expenditures by Component</b>				
A. Strengthening State Level Institutions and Co -ordination				
B. Modernization & Rehabilitation on Irrigation & Drainage				
C. Irrigation Institutional Reforms				
D. Enhancing agricultural productivity and on -farm water management				
E. Feasibility studies and preparation for next phase				
F. Project co -ordination and monitoring				
<b>Total Expenditures (D)</b>				
<b>Advances to Suppliers/ Others</b>				
<b>Total Advances (E)</b>				
Less: Recovery/ Adjustment of Advances (F)				
<b>Net Advances (G = E - F)</b>				
<b>Total Uses (H = D + G)</b>				
<b>Closing Balance (denotes available budget allocation) ( I = C - H)</b>				

Note: Closing Balance will be as per Project Books of Account, as on date of the report

Signed:

Date:

**Uttar Pradesh Water Sector Restructuring Project (Phase II)  
Interim Financial Reports (quarterly) Format - 2**

Report for the quarter ended on \_\_\_\_\_

(Amount in Rs Lakhs)

Expenditure by Departments	For the Quarter	Cumulative	
		Year date till	Project till date
Irrigation Department			
PACT			
Agriculture Department			
Groundwater Department			
WAMAREC			
DDU SIRD			
RSAC			
WALMI			
<b>Total Expenditures</b>			

Signed:  
Dated:

**Uttar Pradesh Water Sector Restructuring Project (Phase II)**  
**Interim Financial Reports (quarterly) Format - 3**  
World Bank Funds requirement

Report for the quarter ended on \_\_\_\_\_

**(Amount in Rs Lakhs)**

Bank Funds received till date	I	
Total Project Uses till date	II	
World Bank Share @ 70% of II above	III	
Total Project Uses - during the quarter		
World Bank Share @ 70% of above		

Notes:

Total Project Uses till date ' II ', will be the same as Total Uses ' H ' as per Project Report Format I, Column 4

Signed:

Dated:

**Uttar Pradesh Water Sector Restructuring Project (Phase II)**

**Interim Financial Reports (quarterly) Format - 4**

**Payments made against Contracts Subject to Prior Review**

(Amount in Rs  
Lakhs)

<b>Contract Title</b>	<b>WBR Number assigned by the Bank</b>	<b>Date of Bank's Letter assigning WBR No.</b>	<b>Name of Supplier/ Service Provider/ Consultant</b>	<b>Contract Signing Date</b>	<b>Contract amount as cleared by the Bank</b>	<b>Contract Amount (actual)</b>	<b>Reason for difference in contract amount, if any</b>	<b>Cumulative payment made till last period</b>	<b>Amount paid during current period</b>	<b>Contract completion date (if completed)</b>

Signed:  
Dated: