

FINANCING MANAGEMENT ASSESSMENT

A. Introduction Financial Management Assessment

1. The purpose of the Financial Management Assessment (FMA) is to present an assessment of financial management capacity of the executing agency, implementing agencies, and project operating agencies (POA) envisaged being responsible for the proposed project. According to the implementation arrangement, the Xinjiang Uygur Autonomous Region Government (XUARG) is the project executing agency and its project management office (XPMO) is set in Xinjiang Housing and Urban-Rural Construction Department (XHURCD) with the responsibility of policy guidance and supervision. Akesu Municipal Government (AMG) is the project implementing agency and its project management office (APMO) is set in Akesu Development and Reform Bureau responsible for project implementation including procurement and financial management, coordination, reporting to ADB. There are three POAs including Akesu Housing and Urban-Rural Construction Bureau for Urban Roads and Associated Infrastructure, Public and Street Park, Water Supply Network Improvement, Sewerage Network Improvement, and Central Heating Network Improvement subprojects, Akesu Urban Administrative Enforcement Bureau for Solid Waste Management subproject, and Akesu Forest Bureau for Wetland Restoration and Rehabilitation. The POAs will be responsible for project operation.

2. The instrument used for the assessment is Asian Development Bank's (ADB) standard financial management assessment questionnaire (FMAQ). FMAQs were completed by executing agency, implementing agencies, and POAs based on guidance from the project preparatory technical assistance (PPTA) consultants, based on which their financial management assessments are analyzed as follow.

B. Fund Flow Mechanism

3. ADB provides a loan to help finance Xinjiang Akesu Integrated Urban Development and Environment Improvement Project. The People's Republic of China (PRC) is the borrower of the ADB loan, and on behalf of the borrower, the Ministry of Finance (MOF) will relend the loan to the XUARG Finance Department, which will onlend the loan to AMG through Akesu Prefecture Financial Bureau. AMG will repay the loans back via the same bureau, department and ministry with a repayment period of 20 years, including a grace period of 5 years and will assume the foreign exchange and interest rate variation risks. The XUARG Finance Department will open an imprest account, and Akesu Municipal Finance Bureau and APMO will open their own dedicated account and subproject account in the commercial bank respectively to manage it in line with the requirements in the Loan Agreement (see Appendix 15-1: Flow of Funds and Appendix 15-2: Institutional Arrangement).

C. Financial Management Assessment of Executing Agency

4. The Xinjiang Uygur Autonomous Region Government (XUARG) is the executing agency, and XPMO is set in XHURCD. On behalf of XUARG, XHURCD's financial management capacity is assessed as follows.

1. Staffing

5. The financial and accounting staff of the department are government civil servants with lifetime employment and adequately qualified. They have prior experience in financial management and are familiar with ADB loan management policies and procedures which are useful to ensure effective project implementation.

2. Accounting Policies and Procedures

6. The department has a standardized cash-based accounting system following PRC national accounting standards. There are clear policies and procedures, lines of responsibility and segregation of duties. All transactions are approved by authorized officials and recorded by an office accountant. Records are archived permanently. Safeguards are in place to protect assets from fraud, waste and abuse and periodic inventories are carried out.

3. Audit

7. The department does not have internal audit unit, but it is audited by Xinjiang Audit department on an annual basis in accordance with the PRC Basic Government Auditing Standard.

4. Reporting, Monitoring, and Information Systems

8. It prepares financial statements on budget accounting system. Reports are prepared on computers using spreadsheets.

D. Financial Management Assessment of Implementing Agency

9. AMG is the project implementing agency and project management office has been established at Akesu Municipal Development and Reform Bureau with relevant bureaus, which are responsible for project implementation including procurement and financial management, coordination, reporting to ADB. On behalf of the municipal government, Akesu Municipal Development and Reform Bureau's financial management capacity is assessed as follow.

1. Staffing

10. The financial and accounting staffs of the bureau are government civil servants with lifetime employment and adequately qualified. Although they have prior experience in financial management, all of them are not familiar with ADB loan management policies and procedures. The Project will need to provide specific capacity building to them to ensure effective project implementation.

2. Accounting Policies and Procedures

11. The bureau has a standardized cash-based accounting system following PRC national accounting standards. There are clear policies and procedures, lines of responsibility and segregation of duties. All transactions are approved by authorized officials and recorded by an office accountant. Records are archived permanently. Safeguards are in place to protect assets from fraud, waste and abuse and periodic inventories are carried out.

3. Audit

12. The bureau does not have internal audit unit, but it is audited by Akesu Municipal Audit Bureau on an annual basis in accordance with the PRC Basic Government Auditing Standard.

4. Reporting, Monitoring, and Information Systems

13. It prepares financial statements on budget accounting system. Reports are prepared on computers using spreadsheets.

E. Financial Management Assessment of Project Operating Agencies

14. POAs include Akesu Housing and Urban-Rural Construction Bureau for urban roads and associated infrastructure, public and street parks, water supply network improvement, sewerage network improvement, and central heating network improvement, Akesu Urban Administrative Enforcement Bureau for Solid Waste Management, and Akesu Forest Bureau for Wetland Restoration and Rehabilitation. Their financial managements are assessed based on completed FMAQ as the follow.

1. Staffing

15. Financial and accounting staffs are professional with lifetime employment and adequately qualified and they are not familiar with ADB loan management policies and procedures. The project will need to provide specific capacity building to them to ensure effective project implementation.

2. Accounting Policies and Procedures

16. The bureaus have a standardized cash-based accounting system (in one bureau) and accrual-based accounting system (in two bureaus) following PRC national accounting standards. There are clear policies and procedures, lines of responsibility and segregation of duties. All transactions are approved by authorized officials and recorded by an office accountant. Records are archived permanently. Safeguards are in place to protect assets from fraud, waste and abuse and periodic inventories are carried out.

3. Audit

17. There are internal audit units in two bureaus and not in one bureau, and all of them are audited by Akesu Municipal Audit Bureau on an annual basis in accordance with the PRC Basic Government Auditing Standard.

4. Reporting, Monitoring, and Information Systems

18. They prepare financial statements on budget accounting system. Reports are prepared on computers using spreadsheets.

F. Conclusion

19. The executing agency, implementing agencies, and POAs have satisfactory financial management capability to (i) record required financial transactions and balances, (ii) provide

regular and reliable financial statements and monitoring reports, and (iii) safeguard financial assets. However, none of them except executing agency have participated in ADB projects, and financial, accounting and management staffs are not familiar with ADB loan management policies, so procedures and additional and refresher training on ADB loan management policies and procedures including procurement, disbursement and repayment policy need to be provided to enhance the professional capacity of relevant staff before implementing the project.

Table 1: Summary of Completed Financial Management Assessment Questionnaires

Question	Response		
	XHURCD	ADRC	Akesu Sectoral Agencies
Implementing Agency			
1.1 What are the entity's legal status/ registration?	Independent legal status	Independent legal status	Three government sectors with independent legal status.
1.2 Has the entity implemented an externally financed project in the past (if so, please provide details)?	Yes. Xinjiang Integrated Urban Development and Environment Improvement Project (ADB 2009), Xinjiang Urban Transportation and Environment Improvement Project (ADB 2010), Xinjiang Altay Urban Infrastructure and Environment Improvement Project (ADB 2011), Xinjiang Integrated Urban Development and Water Resource Management Project (ADB 2014) etc.	No.	Housing and Urban-rural Construction Bureau has previous experience in managing and implementing foreign loan projects (urban road construction project from loan of Kingdom of Saudi Arabia).
1.3 What are the statutory reporting requirements for the entity?	Final accounting reports of revenue and expenditure at end of a year.	Final accounting reports of revenue and expenditure at end of a year.	Final accounting reports of revenue and expenditure at end of a year.
1.4 Is the governing body for the project independent?	Yes	Yes	Yes
1.5 Is the organizational structure appropriate for the needs of the project?	Yes, the structure is appropriate for the needs of the project (see Appendix 15-2: Implementation Arrangement)	Yes, the structure is appropriate for the needs of the project (Appendix 15-2: Implementation Arrangement)	Yes, the structure is appropriate for the needs of the project (Appendix 15-2: Implementation Arrangement)
Funds Flow Arrangements			
2.1 Describe (proposed) project funds flow arrangements, including a chart and explanation of the flow of funds from ADB, government and other financiers.	See Appendix 15-1: Flow of Funds	See Appendix 15-1: Flow of Funds	See Appendix 15-1: Flow of Funds
2.2 Are the (proposed) arrangements to transfer the proceeds of the loan (from the government / finance ministry) to the entity satisfactory?	Yes	Yes	Yes

Question	Response		
	XHURCD	ADRC	Akesu Sectoral Agencies
2.3 What have been the major problems in the past in receipt of funds by the entity?	There have been no problems in the past.	There have been no problems in the past.	There have been no problems in the past.
2.4 In which bank will the Impress Account be opened?	No impress fund is proposed.	No impress fund is proposed.	No impress fund is proposed.
2.5 Does the (proposed) project implementing unit (PIU) have experience in the management of disbursements from ADB?	Yes	No.	No.
2.7 Does the entity have/need a capacity to manage foreign exchange risks?	Yes	No	Housing and Urban-rural Construction Bureau has previous experience in managing and implementing foreign loan projects.
2.8 How is the counterpart funds accessed?	It does not provide counterpart fund.	To be determined in conjunction with counterparts (see Appendix 15-1: Flow of Funds).	To be determined in conjunction with counterparts (see Appendix 15-1: Flow of Funds).
2.9 How are payments made from the counterpart funds?	It does not provide counterpart fund	To be determined in conjunction with counterparts (see Appendix 15-1: Flow of Funds)	To be determined in conjunction with counterparts (see Appendix 15-1: Flow of Funds)
2.10 If part of the project is implemented by communities or NGOs, does the PIU have the necessary reporting and monitoring features built into its systems to track the use of project proceeds by such agencies?	Yes, it will set up a reporting system to track the use of the project proceeds of the loan implemented by other entities.	Yes, it will set up a reporting system to track the use of the project proceeds of the loan implemented by other entities.	Yes, they will set up a reporting system to track the use of the project proceeds of the loan implemented by other entities.
2.11 Are the beneficiaries required to contribute to project costs? If beneficiaries have an option to contribute in kind (in the form of labor), are proper guidelines formulated to record and value the labor contribution?	No	Yes. The contribution will be mostly in the form of labor.	Yes. The contribution will be mostly in the form of labor.
Staffing			
3.1 What is the (proposed) organizational structure of the accounting department? Attach an organization chart.	Three persons: director, accountant, and cashier.	Three persons: director, accountant, and cashier.	Three persons: director, accountant, and cashier in each bureau.

Question	Response		
	XHURCD	ADRC	Akesu Sectoral Agencies
3.2 Identify the (proposed) accounts staff, including job title, responsibilities, educational background, and professional experience. Attach job descriptions and CVs of key accounting staff.	All accounting staff has accounting educational background and long-term professional experience.	All accounting staff has accounting educational background and long-term professional experience.	All accounting staff has accounting educational background and long-term professional experience.
3.3 Is the project finance and accounting function staffed adequately?	Yes	Yes	Yes
3.4 Is the finance and accounts staff adequately qualified and experienced?	Yes	Yes	Yes
3.5 Is the project accounts and finance staff trained in ADB procedures?	Yes	No, but they will need to be trained.	No, but they will need to be trained.
3.6 What is the duration of the contract with the finance and accounts staff?	All the staff are government affiliates officials with longtime.	All the staff are government affiliates officials with longtime.	All the staff are government affiliates officials with longtime.
3.7 Indicate key positions not contracted yet, and the estimated date of appointment.	Currently the key positions are staffed adequately.	Currently the key positions are staffed adequately.	Currently the key positions are staffed adequately.
3.10 Does the project have written position descriptions that clearly define duties, responsibilities, lines of supervision, and limits of authority for all of the officers, managers, and staff?	There is an internal responsibility and supervision system.	There is an internal responsibility and supervision system.	There is an internal responsibility and supervision system.
3.11 At what frequency are personnel transferred?	No transferring system.	No transferring system.	No transferring system.
3.12 What is the training policy for the finance and accounting staff?	Training on accounting policies and professional knowledge every year.	Training on accounting policies and professional knowledge every year.	Training on accounting policies and professional knowledge every year.
Accounting Policies and Procedures			

Question	Response		
	XHURCD	ADRC	Akesu Sectoral Agencies
4.1 Does the entity have an accounting system that allows for the proper recording of project financial transactions, including the allocation of expenditures in accordance with the respective components, disbursement categories, and sources of funds? Will the project use the entity accounting system?	Yes, it has an accounting system established by the MOF.	Yes, it has an accounting system established by the MOF.	Yes, they have an accounting system established by the MOF.
4.2 Are controls in place concerning the preparation and approval of transactions, ensuring that all transactions are correctly made and adequately explained?	Yes, the controls are in place concerning the project preparation and transactions.	Yes, the controls are in place concerning the project preparation and transactions.	Yes, the controls are in place concerning the project preparation and transactions.
4.3 Is the chart of accounts adequate to properly account for and report on project activities and disbursement categories?	Yes, the chart of accounts is currently adequate to properly account for and report on project activities and disbursement categories.	Yes, the chart of accounts is currently adequate to properly account for and report on project activities and disbursement categories.	Yes, the chart of accounts is currently adequate to properly account for and report on project activities and disbursement categories.
4.4 Are cost allocations to the various funding sources made accurately and in accordance with established agreements?	Yes, all cost allocations to the various funding sources are made accurately and in accordance with established agreements.	Yes, all cost allocations to the various funding sources are made accurately and in accordance with established agreements.	Yes, all cost allocations to the various funding sources are made accurately and in accordance with established agreements.
4.5 Are the General Ledger and subsidiary ledgers reconciled and in balance?	Yes	Yes	Yes
4.6 Are all accounting and supporting documents retained on a permanent basis in a defined system that allows authorized users easy access?	Yes, all accounting and supporting documents are retained for permanently according to regulations.	Yes, all accounting and supporting documents are retained for permanently according to regulations.	Yes, all accounting and supporting documents are retained for permanently according to regulations.
Segregation of Duties			

Question	Response		
	XHURCD	ADRC	Akesu Sectoral Agencies
4.7 Are the following functional responsibilities performed by different units or persons: (i) authorization to execute a transaction; (ii) recording of the transaction; and (iii) custody of assets involved in the	Yes, the responsibilities are performed by different divisions or persons.	Yes, the responsibilities are performed by different divisions or persons.	Yes, the responsibilities are performed by different divisions or persons.
4.8 Are the functions of ordering, receiving, accounting for, and paying for goods and services appropriately segregated?	Yes, the functions are performed by different persons.	Yes, the functions are performed by different persons.	Yes, the functions are performed by different persons.
4.9 Are bank reconciliations prepared by someone other than those who make or approve payments?	Yes, the bank reconciliations are prepared by the accountant and approved by the director.	Yes, the bank reconciliations are prepared by the accountant and approved by the director.	Yes, the bank reconciliations are prepared by the accountant and approved by the director.
Budgeting System			
4.10 Do budgets include physical and financial targets?	Yes	Yes	Yes
4.11 Are budgets prepared for all significant activities in sufficient detail to provide a meaningful tool with which to monitor subsequent performance?	Yes	Yes for every significant activity, the professional divisions prepare a budget in detail and for financial division review, and monitor the subsequent performance.	Yes for every significant activity, the professional divisions prepare a budget in detail and for financial division review, and monitor the subsequent performance.
4.12 Are actual expenditures compared with the budget with reasonable frequency, and explanations required for significant variations from the budget?	Yes	Yes, the actual expenditures are compared with the budget once a month.	Yes, the actual expenditures are compared with the budget once a month.
4.13 Are approvals for variations from the budget required in advance or after the fact?	Before the fact	Before the fact	Before the fact
4.14 Who is responsible for preparation and approval of budgets?	The professional departments prepare the budgets, the director approves the budgets and the financial division controls the progress.	The professional departments prepare the budgets, the director approves the budgets and the financial division controls the progress.	The professional departments prepare the budgets, the director approves the budgets and the financial division controls the progress.

Question	Response		
	XHURCD	ADRC	Akesu Sectoral Agencies
4.15 Are procedures in place to plan project activities, collect information from the units in charge of the different components, and prepare the budgets?	Yes	Yes, there is a complete set of the procedures.	Yes, there is a complete set of the procedures.
4.16 Are the project plans and budgets of project activities realistic, based on valid assumptions, and developed by knowledgeable individuals?	Yes	Yes	Yes
Payments			
4.17 Do invoice-processing procedures provide for: (i) Copies of purchase orders and receiving reports to be obtained directly from issuing departments? (ii) Comparison of invoice quantities, prices and terms, with those indicated on the purchase order and with records of goods actually received? (iii) Comparison of invoice quantities with those indicated on the receiving reports? (iv) Checking the accuracy of calculations?	(i) Yes (ii) Yes (iii) Yes (iv) Yes	(i) Yes (ii) Yes (iii) Yes (iv) Yes	(i) Yes (ii) Yes (iii) Yes (iv) Yes
4.18 Are all invoices stamped PAID, dated, reviewed and approved, and clearly marked for account code assignment?	Yes, it is a normal accounting procedure.	Yes, it is a normal accounting procedure.	Yes, it is a normal accounting procedure.
Policies and Procedures			
4.19 Do controls exist for the preparation of the payroll and are changes to the payroll properly authorized?	Yes, the personnel Division is responsible for preparing the payroll and changing the payroll.	Yes, the personnel Division is responsible for preparing the payroll and changing the payroll.	Yes, the personnel Division is responsible for preparing the payroll and changing the payroll.
4.20 What is the basis of accounting (e.g., cash, accrual)?	Cash-based accounting system.	Cash-based accounting system.	Cash in one bureau and accrual in two bureaus.
4.21 What accounting standards are followed?	Budgeting accounting system.	Budgeting accounting system.	Budgeting accounting system.

Question	Response		
	XHURCD	ADRC	Akesu Sectoral Agencies
4.22 Does the project have an adequate policies and procedures manual to guide activities and ensure staff accountability?	No, but it will have.	No, but it will have.	No, but it will have.
4.23 Is the accounting policy and procedure manual updated for the project activities?	No	No, but new accounting policy promulgated by the MOF is always supplemented to the manual as early as possible.	No, but new accounting policy promulgated by the MOF is always supplemented to the manual as early as possible.
4.24 Do procedures exist to ensure that only authorized persons can alter or establish a new accounting principle, policy or procedure to be used by the entity?	Yes	Yes, the Accounting Law has clearly defined it.	Yes, the Accounting Law has clearly defined it.
4.25 Are there written policies and procedures covering all routine financial management and related administrative activities?	Yes	Yes	Yes
4.26 Do policies and procedures clearly define conflict of interest and related party transactions (real and apparent) and provide safeguards to protect the organization from them?	Yes	The conflict of interest and related party transactions (real and apparent) are not applicable for a government organization.	The conflict of interest and related party transactions (real and apparent) are not applicable for a government organization.
4.27 Are manuals distributed to appropriate personnel?	Yes	Yes	Yes
Cash and Bank			
4.28 Indicate names and positions of authorized signatories in the bank accounts.	Director	Director of bureaus.	Director of bureaus.
4.29 Does the organization maintain an adequate, up to date cashbook, recording receipts and payments?	Yes	Yes, of course.	Yes, of course.
4.30 Do controls exist for the collection, timely deposit, and recording of receipts at each collection location?	Yes	Yes, they follow the financial regulation on cash management.	Yes, they follow the financial regulation on cash management.
4.31 Are bank and cash reconciled on a monthly basis?	Yes	Yes	Yes

Question	Response		
	XHURCD	ADRC	Akesu Sectoral Agencies
4.32 Are all unusual items on the bank reconciliation reviewed and approved by a responsible official?	Yes	Yes	Yes
4.33 Are all receipts deposited on a timely basis?	Yes	Yes, they follow the financial regulation on cash management.	Yes, they follow the financial regulation on cash management.
Safeguard Over Assets			
4.34 Is there a system of adequate safeguards to protect assets from fraud, waste, and abuse?	Yes	Financial and internal control system.	Financial and internal control system.
4.35 Are subsidiary records of fixed assets and stocks kept up to date and reconciled with control accounts?	Yes	Yes, the new-added assets are recorded in a timely manner.	Yes, the new-added assets are recorded in a timely manner.
4.36 Are there periodic physical inventories of fixed assets and stocks?	Yes	Yes, once a year.	Yes, once a year.
4.37 Are assets sufficiently covered by insurance policies?	Some assets, such as vehicles.	Some assets, such as vehicles.	Some assets, such as vehicles.
Other Offices and IEs			
4.38 Are there any other regional offices or executing entities participating in implementation?	Yes	Yes,	Yes,
4.39 Has the project established controls and procedures for flow of funds, financial information, accountability, and audits in relation to the other offices or entities?	No	No, the proposed project has not done it yet, but it will do this.	No, the proposed project has not done it yet, but it will do this.
4.40 Does information among the different offices/implementing agencies flow in an accurate and timely fashion?	Yes	Yes	Yes
4.41 Are periodic reconciliations performed among the different offices/implementing agencies?	Yes	Reconciliation is conducted when deviation was found.	Reconciliation is conducted when deviation was found.
Other			

Question	Response		
	XHURCD	ADRC	Akesu Sectoral Agencies
4.42 Has the project advised employees, beneficiaries, and other recipients to whom to report if they suspect fraud, waste, or misuse of project resources or property?	Yes	Yes	Yes
Internal Audit			
5.1 Is there an internal audit department in the entity?	No	No	Yes in love bureaus, no in one bureau
5.2 What are the qualifications and experience of audit department staff?	No	No	Audit department staff have qualification and experience in two bureaus
5.3 To whom does the internal auditor report?		Director	Director
5.4 Will the internal audit department include the project in its work program?	No	No	Yes
5.5 Are actions taken on the internal audit findings?	No	No	Yes
External Audit			
6.1 Is the entity financial statement audited regularly by an independent auditor? Who is the auditor?	Yes, Xinjiang Audit Department.	Yes, Akesu Municipal Audit Bureau.	Yes, Akesu Municipal Audit Bureau.
6.2 Are there any delays in audit of the entity? When are the audit reports issued?	No	No, in every year.	No, in every year.
6.3 Is the audit of the entity conducted according to the International Standards on Auditing?	No	No, the national standards.	No, the national standards.
6.4 Were there any major accountability issues brought out in the audit report of the past three years?	No	No, there have been no major accountability issues brought out in the audit reports.	No, there have been no major accountability issues brought out in the audit reports.
6.5 Will the entity auditor audit the project accounts or will another auditor be appointed to audit the project financial statements?	Authorized auditors.	Authorized auditors.	Authorized auditors.

Question	Response		
	XHURCD	ADRC	Akesu Sectoral Agencies
6.6 Are there any recommendations made by the auditors in prior audit reports or management letters that have not yet been implemented?	No	No	No
6.7 Is the project subject to any kind of audit from an independent governmental entity (e.g., the supreme audit institution) in addition to the external audit?	Yes	Yes	Yes
6.8 Has the project prepared acceptable terms of reference for an annual project audit?	No	No	No
Reporting and Monitoring			
7.1 Are financial statements prepared for the entity? In accordance with which accounting standards?	Yes	Yes, the financial statements are prepared in accordance with budgeting accounting standards.	Yes, the financial statements are prepared in accordance with budgeting accounting standards.
7.2 Are financial statements prepared for the implementing unit?	Yes	Yes	Yes
7.3 What is the frequency of preparation of financial statements? Are the reports prepared in a timely fashion so as to be useful to management for decision making?	Yes	Once a month Yes	Once a month Yes
7.4 Does the reporting system need to be adapted to report on the project components?	Yes	Yes	Yes
7.5 Does the reporting system have the capacity to link the financial information with the project's physical progress? If separate systems are used to gather and compile physical data, what controls are in place to reduce the risk that the physical data may not synchronize with the financial data?	Yes	Yes, the reporting system has the capacity to link the financial information with the project's physical progress, but the financial progress is a little bit later than physical progress.	Yes, the reporting system has the capacity to link the financial information with the project's physical progress, but the financial progress is a little bit later than physical progress.

Question	Response		
	XHURCD	ADRC	Akesu Sectoral Agencies
7.6 Does the project have established financial management reporting responsibilities that specify what reports are to be prepared, what they are to contain, and how they are to be used?	Yes	No, but the project will.	No, but the project will.
7.7 Are financial management reports used by management?	Yes	Yes, of course.	Yes, of course.
7.8 Do the financial reports compare actual expenditures with budgeted and programmed allocations?	Yes	Yes, once a month.	Yes, once a month.
7.9 Are financial reports prepared directly by the automated accounting system or are they prepared by spreadsheets or some other means?	Yes	The financial reports are prepared directly by the automated accounting system.	The financial reports are prepared directly by the automated accounting system.
Information Systems			
8.1 Is the financial management system computerized?	Yes	Yes	Yes
8.2 Can the system produce the necessary project financial reports?	Yes	Yes	Yes
8.3 Is the staff adequately trained to maintain the system?	Yes	Yes, the staff is adequately trained to use the system and the system is maintained by software company.	Yes, the staff is adequately trained to use the system and the system is maintained by software company.
8.4 Does the management organization and processing system safeguard the confidentiality, integrity, and availability of the data?	Yes	Yes, the current staff has been trained on confidentiality, and the processing system has capacity to safeguard the confidentiality, integrity and availability of the data.	Yes, the current staff has been trained on confidentiality, and the processing system has capacity to safeguard the confidentiality, integrity and availability of the data.

ADRC = Akesu Development and Reform Commission, MOF = Ministry of Finance, XHURCD = Xinjiang Housing and Urban-Rural Construction Department.

Figure 1: Preval in Appendix Implementation Arrangement

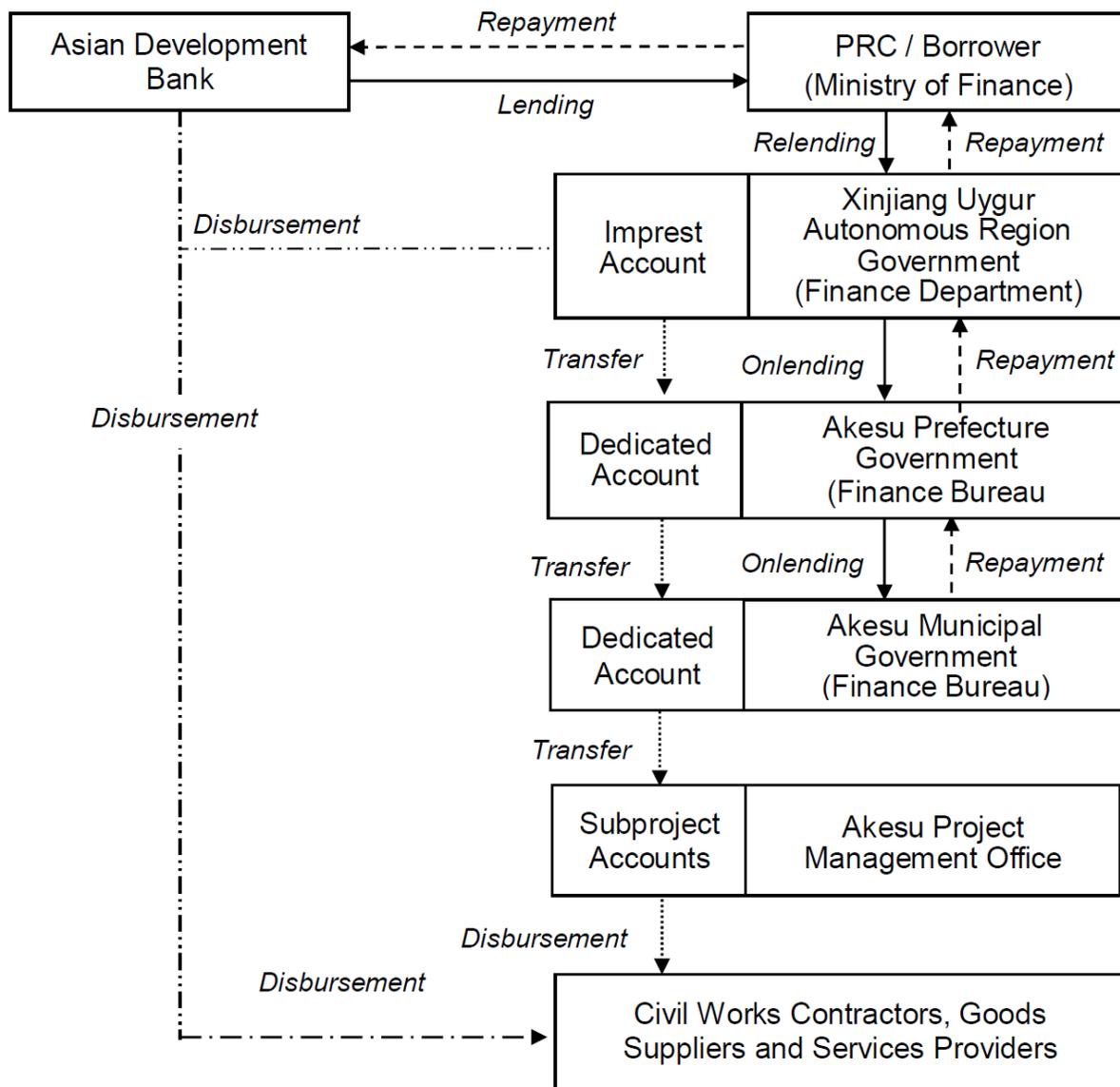


Figure 2: Prevail in Appendix Flow of Fund

