

GOVERNMENT OF ORISSA
WORKS DEPARTMENT

FINANCE MANUAL

FOR

INDIA:

ORISSA STATE ROADS PROJECT

Chief Engineer

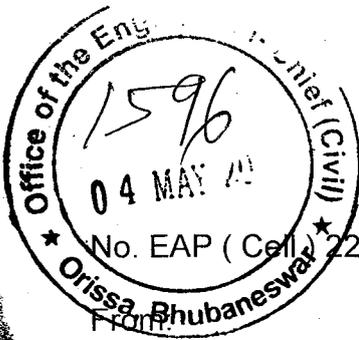
World Bank Projects, Orissa

Revision – May, 2010

(Refer: Works Department No. EAP (Cell) – 22/10 – 6962 Dt. 4.5.2010)

Government of Orissa
Works Department.

F.A/Sr.Offr
6/2
21/5/10



No. EAP (Cell) 22/10 6962. W., Dated, the 4.5.10

Sri P. K. Rout,
FA-cum-Additional Secretary to Government.

To
✓ The Chief Engineer, World Bank Projects,
Orissa, Bhubaneswar.

Sub: Approval of the revision of the Project Financial Management Manual for
Orissa State Roads Project.

Sir,

I am directed to refer to your letter No. 6765 dt. 16.02.2010 on the above subject and to say that after careful consideration, Government have been pleased to approve your proposal for the proposed revision to the Project Financial Manual for Orissa State Roads Project in continuation to this Department letter No. 20106 W dt. 11.12.2008 with the following stipulations as concurred in by the Finance Department in their UOR No. 02-EAP dt. 4.3.2010.

Engagement of Consultants should be resorted to only in situations requiring high quality services for which requisite in house expertise is not available. An open ended delegation in this regard is, therefore, not desirable. In the first instance, Works Department will clearly identify the areas where engagement of Consultants is unavoidable following the principle outlined above. Once this is done, the Project Director can be authorized to go ahead with the procurement of requisite services. Delegation of Powers for procurement of services (for the areas approved by the Works Department) will be as follows.

1. (i) Chief Engineer - Up to Rs.20.00 million
(ii) Works Department - Up to Rs.50.00 million
2. Prior concurrence of Finance Department would be required in cases exceeding the limit of Rs.50.00 million.
3. Procedure outlined in the Financial Manual for procurement of services should be followed in all such cases.
4. This delegation is approved only for the Works Department assisted, Orissa State Roads Project and is not applicable for other projects.

Besides above, other modification are as follows.

5. (a). The PIU to be designated as PMU.
(b). The Joint Account to be opened in the Bank in the name of PAP and the package Manager in lieu of PAP and the NGO.
(c). Chief Engineer, OWD to be designated as Chief Engineer, World Bank.

Yours faithfully,

Purcat
3.5.10

FA-cum-Addl. Secretary to Government.

Memo No. 6963 W., Dated, the 4.5.10

Copy forwarded to the Finance Department / Planning & Coordination Department for information.

Purcat
3.5.10

FA-cum-Addl. Secretary to Government.

Memo No. 6964 W., Dated, the 4.5.10

Copy forwarded to the Accountant General (A&E) Orissa, BBSR / DAG (Works, Accounts),Orissa, Puri/ DAG (WA&P) ,Orissa, Puri for information.

Purcat
3.5.10

FA-cum-Addl. Secretary to Government.

Memo No. 6965 W., Dated, the 4.5.10

Copy forwarded to Rajesh Rohtagi, Sr. Transport Specialist, Sustainable Development (South Asia Region),The World Bank, 50 M, Shanti Path, Chanakyapuri, New Delhi -110021, FAX- 91-11-41177849.

Purcat
3.5.10

FA-cum-Addl. Secretary to Government.

Memo No. 6966 W., Dated, the 4.5.10

Copy forwarded to the FA Section / Accounts- I Section / Budget Section / Plan Section / EAP (Cell) 10 copies for information and necessary action.

Purcat
3.5.10

FA-cum- Addl. Secretary to Government.

B

WBP

ABBREVIATIONS AND ACRONYMS

ADB	Asian Development Bank	MIS	Management Information System
A. G	Accountant General	<u>MORTH</u>	Ministry of Road Transportation and Highways.
A. A	Administrative Approval	<u>MTEF</u>	Medium-term Fiscal Reform
CAS	Country Assistance Strategy	<u>NCB</u>	National Competitive Bidding.
CPWA	Central Public Works Accounts.	<u>ODR</u>	Other District Roads
CVO	Chief Vigilance Officer	<u>OPWD</u>	Orissa Public Works Department
D.D.O	Drawing & Disbursing Officer	<u>OSRP</u>	Orissa State Road Project
E. A	Environment Assessment	<u>OWD</u>	Orissa Works Department
EMP	Environment Management Plan	<u>OAS</u>	Orissa Administrative Service
ERR	Economic Rate of Return	<u>PAP</u>	Project Affected Person
GAAP	Governance and Accountability Action Plan	<u>PD</u>	Project Director
GOI	Government of India	<u>PDO</u>	Project Development Objective
GOO	Government of Orissa	<u>PIO</u>	Public Information Officer
GPS	Global Positioning System	<u>P.I. U</u>	Project Implementation Unit
IBRD	International Bank for Reconstruction and Development	<u>PMU</u>	Project Management Unit
IDA	International Development Agency	<u>PPP</u>	Public Private Partnership
IFC	International Finance Corporation	<u>P & C</u>	Planning & Coordination
ISAP	Institutional Strengthening Action Plan	<u>R & R</u>	Resettlement and Rehabilitation
I.T	Information Technology	<u>RAP</u>	Resettlement Action Plan
ICT	Information Communication Technology	<u>RTI</u>	Right to Information Act
ICB	International Competitive Bidding	<u>R & B</u>	Roads and Building
L.C	Letter of Credit	<u>SA</u>	Social Assessment
L.A	Land Acquisition	<u>SBD</u>	Standard Bidding Document
M & E	Monitoring and Evaluation	<u>SFAA</u>	State Financial Accountability
MCA	Model Concession Agreement	<u>TAP</u>	Tribal Action Plan
MDR	Major District Road	<u>VGF</u>	Viability Gap Funding

CHAPTER-I

INTRODUCTION

1.1 General

The State of Orissa, located on the East Coast of India, has lagged behind the rest of the country on key economic and human development indicators despite of its huge potential to become the industrial and mining center of India. Orissa's mineral deposits are huge and are of the largest in India. It has 97 percent of India's Chromites, 95 percent of nickel ore, 77 percent of graphite, 50 percent of bauxite, 34 percent of iron ore, and 24 percent of coal. On outset of 21st Century, Orissa has been undertaking series of Fiscal and Governance reforms to improve its economic and social standing in India and catch up with the rest of the country. To institutionalize the Fiscal Reforms and the Medium-Term Fiscal Expenditure Frame Work (MTEF, 2003-08), Orissa has passed the Fiscal Responsibility and Budget Management Act of 2005 which requires G.O.O. to balance its revenue account by 2008-09, to set annual deficit reduction targets and to remain with an overall fiscal deficit of 3 percent of the GSDP. Orissa is the first State in India to articulate a comprehensive medium term Anti-Corruption Action Plan (which includes reforms to (a) institutional transparency and accountability particularity by developing better systems and procedures that prevent corruption (b) increase enforcement to deter corruption and (c) enhance public awareness to underpin both prevention and enforcement and make changes sustainable.) It also calls for management reforms, including systemic reforms in procurement and business, process re-engineering in areas where corruption is recognized to be a problem and where citizen Government interaction is the highest.

The Fiscal and governance reforms carried out by Govt. of Orissa in recent years have contributed to significant changes to economic growth and Private Sector investment to the State. Economic growth has averaged 8.4 percent per annum since 2004, which is at par with all India growth rate. Private Sector investment has been increased especially in the mining and steel industries and also in tourism and I.T. Sectors. The boom in industrial and mining investments in Orissa has also created opportunities for new partnerships with the private sector to develop the state's infrastructures.

Orissa's infrastructure is rated by the Business Community as a major deterrent to doing business in the state. Second to problems of Governance and Regulations, Transport is the next in importance to Power Supply in infrastructure bottleneck. 19 percent of business managers surveyed in 2004 referred to Transport as a major or severe obstacle to business operations or growth in the state.

Orissa must improve and expand infrastructure services to sustain rapid economic growth. Without adequate Road, Rail and Ports, the economy cannot exploit its potential and sustain the rapid economic growth of recent years. Orissa's 230967 km. road network is second only to Uttar Pradesh in terms of length. However in terms of quality, Orissa's road network ranks among lowest. Only 22% is paved, significantly below India's average of 58% or in other comparator states, most of which have above half of their road network paved. 86% of main road comprising National Highways (NH), State Highways (SH), Major District roads (MDR) and other District Roads (ODR) are single and intermediate lane roads. At least half of the road network is considered in poor conditions with rough riding quality and poor safety geometry.

Orissa Works Department (OWD) is the main agency involved in managing the State's main road network including (SH), (MDR), and (ODR). It also manages the non-NHDP part of the National Highways under agreement with the Ministry of Road Transport and Highways (MORTH). The major road construction & improvement works are carried out by the Private sector under short-term contract. Orissa Works Department carries out most maintenance works through its field offices via in house labor & equipment. There is no State Level organization responsible for strategic planning and for ensuring that GOO road sector polices are co-coordinated and

achieved the Government’s development objectives in the sector in an integrated and effective manner. There is no Private Sector Financial management of State Roads, although the State is actively considering such a scheme for high traffic roads.

1.2 Project Objective

In order to support the massive mining and manufacturing-based development programs, the Govt. of Orissa started the improvement of its road network and evolves a long term strategy to ensure adequate resources on the institutional side. The G.O.O is finalizing the Institutional Strengthening Action Plan (ISAP) and Governance and Accountability Action Plan (GAAP) to underpin its vision and strategy to improve the institutional, policy and Governance frame work in the road sector and modernize the OWD. The ISAP focuses reforms and improvements in asset management, resources mobilization, road safety, public-private partnership (PPP) transaction, capacity development in OWD core responsibilities such as procurement, control implementation, contract management, quality control and maintenance management. The World Bank with its vast engagement and experience in India’s road sector will assist G.O.O. in modern road management and financing, safety enhancement, integrating social and environmental impact management in road development.

The Project Development Objective (PDO) is to remove transport bottlenecks in targeted transport corridors for greater private sector investment and economic and social development activities in the State of Orissa. The PDO will be achieved by (a) improving the performance, safety, and carrying capacity of priority roads in the state in an environmentally and socially sustainable way, (b) increasing the role of the private sector in road infrastructure financing and management, (c) assisting GOO to establish conducive policy, institutional and governance framework to improve road sector management, financing and safety.

1.3 Project components

The proposed project comprises two components: (a) Road Corridor Improvement Component, (b) PPP Enabling, Sector Policy and Institutional Development, and Implementation Support Component. Table 1 provides the cost and financing arrangement for the project. The total project cost is US\$325.5 million, and the IBRD financing, at 80% of the total project cost, is US\$250 million.

Table 1 Summary of Project Components, Costs and Financing Arrangement (US\$ millions)

Component	Costs (including Contingencies)	% of Total	IBRD Loan	% IBRD	GOO Share	%GOO
A - Road Improvement Component 1	301.8	94.7%	235.1	94.1%	66.7	96%
<i>Civil Works</i>	270.5	84.9%	216.4	86.6%	54.1	78%
<i>Supervision Cost</i>	13.6	4.3%	10.8	4.3%	2.7	4%
<i>LA, R&R, Utility Shifting</i>	17.7	5.6%	7.9	3.1%	9.9	14%
B- PPP Enabling, Institutional Development and Implementation Support	16.8	5.3%	14.0	5.6%	2.8	4%
PPP Enabling Support (Phase 1 and 2)	3.7	1.2%	3.0	1.2%	0.7	1%
ISAP Implementation Support	3.3	1.0%	2.7	1.1%	0.7	1%
Future Pre-investment Study	3.2	1.0%	2.6	1.0%	0.6	1%
Incremental Operating Costs	3.5	1.1%	2.8	1.1%	0.7	1.0%
PPF Refund	3.0	0.9%	3.0	1.2%	0.0	0.0%
Total Project Cost	318.6	100.0%	249.1	99.8%	69.4	100.0%
Front-end Fee			0.625			
Total Financing Required	318.6	100%	250	100%	69.4	100%

Component A: Road Corridor Improvement Component (Estimated Cost: US\$301.8) million: IBRD Loan: US\$235.1)

This component will support the widening and strengthening of about 461 km of existing single and intermediate lane roads to double-lane standard. The project roads are part of three road corridors that connect industrial, mining and tourist areas to major National Highways and ports in Orissa and neighboring Andhra Pradesh, as well as provide connectivity and improve the availability of transport services for the poor and tribal communities living along the road corridors. In addition to the physical works, the project will finance costs associated with supervision consultants, implementation of Environment Management Plans, Resettlement and Rehabilitation (R&R), Indigenous People (Tribal) Development Plan (TDP), HIV/AIDS mitigation measures, and road safety awareness campaign, as well as cost to be borne solely by the government for land acquisition and utility shifting.

Component B: PPP Enabling Support, Sector Policy and Institutional Development, and Implementation Support Component (Estimated Cost: US\$16.8 million; IBRD loan: US\$14.0 million)

This component will assist GOO to (i) introduce private sector financing and management in the road sector, (ii) modernize OWD organization and capacity, (iii) improve the institutional and financing framework for the road sector; and (iv) assist project implementation and preparation.

PPP Enabling Support: The project will assist GOO to attract private sector financing to the road sector through leveraging the VGF grant available from GOI for qualified PPP infrastructure projects. The loan will finance costs for transaction adviser and independent engineer consultancy services to help the state upgrade and widen additional high traffic mining/industrial roads totaling about 229 km under PPP basis in the first phase. The project will also earmark some additional funds for possible financing of another transaction advisory service to develop additional, viable PPP roads in a second phase during project implementation.

OWD Modernization Support: The project will finance technical assistance and advisory services for OWD to (a) establish a Road Asset Management System to develop an objective maintenance planning and resource allocation system for road maintenance; (b) develop and start implementation of an information and communication technology (ICT) strategy for modernizing OWD financial management, records management, facilitating public information access and introducing e-procurement, (c) create OWD capacity in core business functions, including Environment and Social Management, Road Safety, Road Asset Management, and PPP Transactions; (d) revise and update the PWD Codes and Manual to improve contract management and procurement practices in OWD; (e) support the implementation of GAAP and compliance with RTI *suo moto* disclosures; and (f) provide extensive training and a core skills development program for OWD staff.

Institutional Development Support: The project will finance technical assistance and advisory services to assist GOO to improve its road sector policy, institutional and legal framework to align it with the rapidly changing environment and context. This will include support to (a) establish an effective O&M structure for managing the State's Core Road Network initially within a restructured OWD, and later through a separate Road Development Corporation; (b) establish sustainable road maintenance financing arrangements; (c) establish a GOO policy directive to clarify the roles and responsibilities of the various road agencies in the state on the one hand, and the public and private sectors on the other; (d) initiate an apex road authority to coordinate the various road agencies in the state; (e) develop a Road Master Plan, including revision/update of the road network classification system and assignment of responsibility among various road agencies;

(f) update/define the legal right of way for the state's road network; (g) develop a Road Safety Policy Action Plan; and (h) develop state-level axle load control policy and implementation strategy.

Incremental Operating Cost: The project will finance incremental operating costs to facilitate project implementation. This will include costs incurred by the Project Management Unit for the operation and maintenance facilities, vehicles and equipment used for Project implementation (including without limitation, vehicle rental, office rental, fuel costs and stationeries), expansion of office spaces, and salaries and allowances of incremental staff assigned to Project Management Unit for Project implementation, but excluding salaries of the Recipient's civil servants.

Pre-Investment Studies: In view of the expected additional investment required in Orissa's road sector, the project has earmarked funds for pre-investment studies for a possible follow up project. The project will also re-finance the Project Preparation Advance used to finance project preparation activities.

1.4 Implementation Arrangement

1.4.1 State level Unit

Orissa Works Department will be the implementing Agency for the project. The Govt. of Orissa has constituted following High Level Committees for effective implementation of the project –

- i) State Level Steering Committee:* The GOO has constituted an Empowered Committee as ultimate governance authority for the project headed by the Development commissioner/ and composed of inter alia the Engineer-in-Chief-Cum-Secretary to Govt., Works Department, Principal Secretary finance, Secretary Forest, Secretary Revenue, and Chief Engineer, World Bank Projects.
- ii) Steering Committee:* GOO has established a steering committee responsible for overseeing the implementation of ISAP headed by Engineer-in-Chief-Cum-Secretary to Govt., Works Department and composed of inter alia Engineer-in-Chief (Civil), All Chief Engineer's OWD and Deputy Secretary OWD.
- iii) PPP Cell:* OWD has constituted a cell for PPP activities comprises the Joint Secretary, Planning, the Addl. Financial Advisor of OWD, an Executive Engineer and some technical and support staff.

1.4.2 A Project Implementation Unit (PIU.) has been established in OWD since, 2005 to handle the preparation of the project which will continue to manage the implementation of the project during execution phase. The Project Implementation Unit (PIU) has been redesignated as the Project Management Unit (PMU.) The PMU has been fully staffed as follows:-

- i) Chief Engineer, World Bank Projects, Orissa as head of the PMU and Project Director.*
- ii) Financial Advisor: One Sr. O.F.S. Officer deputed from Finance Department to handle preparation of budget for the project, issue allotment and Letter of Credit, prepare reimbursement claim, obtain audit certificate, prepare financial reports required to be submitted to Govt. as well as bank and render financial advice to the project director.*
- iii) Six Executive Engineers to manage implementation of the project components and activities including civil works, Environment and asset management, PPP, ISAP and information disclosure.*
- iv) One Sr. Divisional Accounts Officer deputed from Accountant General's office to check all bill claims with respect to entitlement, supervise the maintenance of Accounts records as per Orissa Public Works Department Code (OPWD Code), Prepare and submit the monthly*

accounts to A.G, Orissa, prepare compliance to Audit Reports and render financial advice to the project director in the field of Public Works System of Accounting and contract management.

- v) One Asst. Commissioner deputed from the Revenue Department of Govt. of Orissa, to handle Land Acquisition, (R&R) and other social aspects.
- vi) One OAS officer deputed from Revenue Department of GOO.
- vii) 3 AEE, 12 Asst. Engineers and 3 Junior Engineers to assist the Executive Engineers in their activities.
- viii) Social and Environmental staff to work with the above Senior Engineers and Officers on various activities.
- ix) Several Senior/Junior Assistants and Data Entry Operators to assist the officers in various activities to maintain the cash book and other accounts records.
- x) Environment and Social Management Advisors to be recruited from market to assist the P.M.U in the implementation of the environment and social safe guard.

1.5 Execution of Works: Civil Works

OWD will engage qualified contractors through international and national competitive bidding process to undertake the works through them. OWD will recruit supervision consultants internationally to serve as the Engineer and supervise the work of the contractors. The OWD Engineers of concerned (R&B) Divisions for the roads under their jurisdictions will monitor the work of the contractor and supervision consultant as the clients representative in the field. The Executive Engineers, Asst. Engineers and Junior Engineers of the P.M.U will monitor the work of the contractor and supervision consultants. The P.M.U. will oversee the implementation. As part of the Governance & Accountability arrangement for the project, a system of third party monitoring will be instituted. This will entail engaging engineering students and professors from local technical universities and will be facilitated by Public Affairs Centre, Bangalore or a similar reputable agency.

The contractors and consultants shall prepare the bill. The supervision consultant as the Engineer will supervise the work executed by the contractor and verify the bill/ claim with reference to the contract. The OWD Engineers of the concerned (R&B) Divisions as the client's representative in the field will review the work with respect to quality and quantity, and submit to the P.M.U along with their comments. The P.M.U. will finalize the memorandum of payments and make payment to the contractor and maintain the register of works contractor's ledger and all other records as required under O.P.W.D Code.

1.6 Finance Manual

The manual reflects the duties and responsibilities of the Finance and Accounts wing of the P.M.U. with respect to the maintenance of books of accounts, internal control and financial discipline. The accounting polices, procedures, maintenance of books of accounts, preparation of financial reports, project monitoring, auditing etc are guided by Orissa Public Works Department Code (OPWD Code)/ Central Public Works Accounts code (CPWA Code) as well as instructions and circulars issued by Govt. of Orissa from time to time which are acceptable to world Bank. The financial management arrangements for the project are designed to work within the State's own systems and this finance manual will act as a guide for accounting polices, budgeting, reporting and disbursement procedure meeting the requirement of GOO and World Bank.

CHAPTER-II

Fund flow Arrangement.

2.1 Flow of funds from World Bank to Government of India (GoI) to Government of Orissa (GoO)

Funds for the project will be made available to the Govt. of Orissa from World Bank through the Govt. of India under back to back arrangement between GOI and the State. 20% of the project costs will be met by the Govt. of Orissa out of state plan allocation. The World Bank will arrange to deposit an advance into the project designated account maintained in U.S. dollars. The designated account will be operated by the C.A.A & A, GOI. Funds will be withdrawn from designated account on receipt of withdrawal applications along with quarterly interim unaudited financial reports and transferred to the Consolidated Fund of Govt. of Orissa following the standard Center-State mechanism of Additional Central Assistance. The Govt. of Orissa will monitor the fund for utilization for the project through Annual Budget. The Govt. of Orissa will make a budget allocation for this project at the beginning of the financial year to authorize Orissa, Works Department, PMU to incur expenditure on the project.

2.2 Annual Work Plans

The State Planning and Co-ordination Department shall finalize the Department wise program following the instruction of the Planning Commission and Govt. policy. The Annual Plan for a year shall be within the broad frame work of the Five-Year Plan as finalized. The process of preparation of Annual Plan starts after issue of guidelines of the Planning Commission. Immediately after the outlay of the Annual plan is finalized in the meeting of Deputy Chairman and the Chief Minister, the Planning and Co-ordination Department intimates the sector wise and scheme wise allocation within the agreed state plan size to different Administrative Departments with instructions to prepare estimates in the prescribed format.

After receipt of plan allocation for the financial year from P & C Department the PMU of the Orissa State Road Project will prepare the estimate for Annual Plan for different Units of the project based on defined activities that can be completed within the fiscal year and their cost estimate depending on actual quantities and approved rate. The OWD being the Implementing Agency of the project will review the estimate of the Annual plan in consultation with the P & C Department for incorporation in the Budget for approval of the State Legislature and authorization for incurring expenditure.

After approval of the budget in the State Legislature the OWD will authorize the Chief-Engineer, World Bank Project to release allotment for each component of the project to the Executive Engineer of the PMU who has been authorized as DDO for the project implementation with intimation to the Accountant General. The DDO will incur expenditure as per the authorization issued in terms of allotment.

2.3 Budgeting.

Budget is an instrument, which operationalizes the strategy for development and lays down the methodology for achievement of plan objectives. It is a device for allocation of resources to various activities and authorization of Legislative to the Executive. Budgeting process involves identifying specific tasks to achieve the objectives of the project within a time frame and allocating funds needed for accomplishing the same from the available or anticipated resources.

The Govt. of Orissa have made Specific budget provision for Orissa State Road Project as a separate line under Planned Demand No. 07 allowing for all project related items to be separately

identified and accounted for in a six tire system of classification of accounts as prescribed by the Controller General of Accounts, Govt. of India. The Budget provision for this project is made under Demand No. 07 with Major Head- 5054-Capital outlay on Roads & Bridges. The total budget provision for Orissa State Road Project under Demand No. 07-5054-Capital outlay on Roads & Bridges is broadly classified in to three (3) groups:

- i) 337- State Plan for general category.
- ii) 789- Special component plan for Schedule caste.
- iii) 796- Tribal Area Sub-Plan.

Each of above three groups is sub divided in to 6 parts of the project under different codes.

<u>Project Components</u>	<u>Code</u>
<u>1.</u> Orissa State Road Project- Road Improvement Component	1994
<u>2.</u> Orissa State Road Project- PPP Component	1995
<u>3.</u> Orissa State Road Project- ISAP and Operating Cost.	1996
<u>4.</u> Orissa State Road Project- Community Development	1997
<u>5.</u> Orissa State Road Project- Rehabilitation and Resettlement	1998
<u>6.</u> Orissa State Road Project- Land Acquisition, Utility Shifting and other	1999

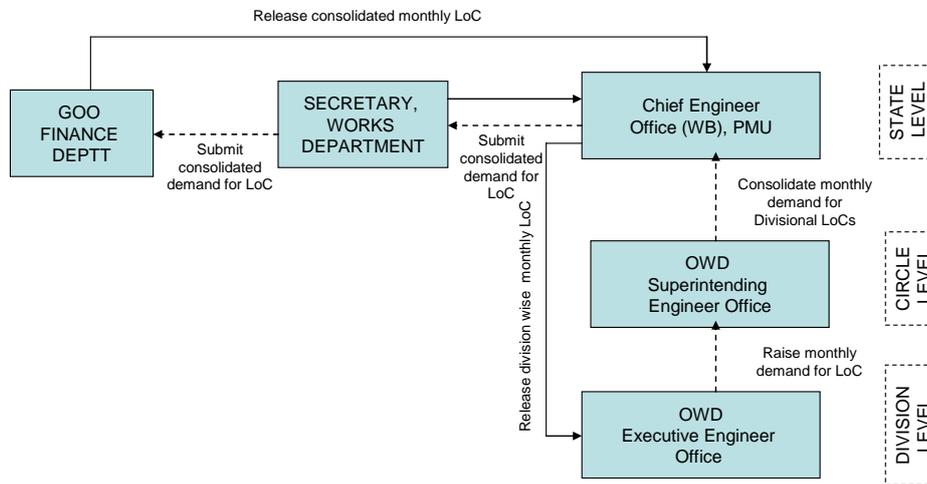
2.4 Non-reimbursable expenses

Each of the above six components have specific provision for work component under the code - 37114 and proportionate charges charged to work on percentage basis (16%) under the code 51002. Pro-rata charges charged on the expenditure on work component on % basis i.e. 16%, constitute Salary component, Tools and Pants component and Pensionary charges. The budget has specific provision against each component of Pro-rata charges under different codes. The expenditure on this project shall be made as per the budget provision and accounted for less than six tire system of classifications as per the provision of budget. These expenditures will however, not be reimbursable from the Credit/Loan.

2.5 Fund Flow from GoO to OWD

The Standard fund flow mechanism of the G.O.O. through letter of Credit (L.C.) mechanism shall be followed for the project. A L.C. is the Financial Department's authorization to the bankers to honor payments from each implementing unit up to the limit and within the validity period set in the L.C. Under the L.C. system, the DDO have been authorized for issuance of Govt. cheques by Accountant General in consultation with Administrative Department.

The Project Management Unit of Orissa State Road Project will submit requisition for L.C. in each month to the Finance Department through OWD basing on actual requirement of funds during the month. The Finance Department will issue L.C. in favor off the Chief Engineer, World Bank Project, OSRP on receipt of requisition through OWD. The Chief Engineer, World Bank Project of OSRP shall authorize the DDO of the PMU having cheque drawing authority to incur expenditure for the project as per the allotment through Govt. Cheques payable through approved banks up to the limit of LC with in its validity period.



2.6 Execution of Works in District level Units

The Roads and Building (R&B) Divisions of OWD, who have been authorized to execute petty works like fixing of boundary stone, process of land acquisition and shifting of utilities from the project Roads, will be issued allotment as per the Budget Provision. They will also be issued L.C. as per their requirement by the Chief Engineer, World Bank Project. The O.W.D Divisions at the district level provided with allotment and L.C. for execution of petty works will submit the monthly accounts to A.G. (A&E) Orissa with a copy to the Chief Engineer, World Bank Project along with the copy of related vouchers for consolidation of expenditure by the PMU and monthly verification with A.G. (A&E) Orissa.

2.7 Payments to contractors

One of the Executive Engineer of the PMU of Orissa State Road Project has been vested with the cheque Drawing Authority by A. G. (A&E) Orissa in accordance with provision of Orissa Treasury Code. He has been authorized as D.D.O. for the PMU by the Engineer-in-Chief (Civil). The D.D.O. shall make all payments for the project, after being checked by the Accounts Branch and approved by the Chief Engineer, World Bank Project, through Govt. Cheques within the limit of allotment and L.C. and render monthly accounts to Accountant General (Accounts and Entitlement), Orissa.

2.8 Payments for Resettlement Action Plan (RAP) and Tribal Action Plans (TAP)

These relate to payments of rental allowances, transitional allowances, training allowances, economic rehabilitation grants and shifting allowances to Project Affected Persons (PAP). An NGO may be engaged to assist in preparing basic documentation related to land compensation and R&R assistance. Detailed PAP-wise files will be maintained, including micro plans (calculating total R&R assistance due to a PAP under various heads), identity cards, etc. These documents will be submitted to the Resettlement & Rehabilitation Officer (RRO)/ Rehabilitation Package Manager who will forward them to the Social Development Officer (SDO) in the PMU. The SDO in turn will forward the documents to the finance section of the PMU for issuance of 'account payee' cheques. Upon receipt of requisition duly certified by the NGO and Package Manger for the PAPs through SDO as per the micro-plan, the cheques will be deposited in a bank account opened for this purpose **jointly** in the name of the **PAP and concerned Package Manager**. Utilization thereof shall be certified by the NGO and the Package Manager for release of subsequent installments according to the approved micro-plan. This will ensure that utilization of the fund is made for the purposes intended i.e. against productive goods/works/services, as specified in the micro-plans. Receipts for the assets and/or services and utilization certificates provided by the Project Affected Persons (PAP) will be maintained by OWD and will be subject to statutory audit and departmental inspections. Any assets purchased out of these funds should be in the name of PAP and his/her spouse.

Chapter – III

Works Accounts

3.1 The success of any project depends on its financial discipline to a great extent and its accountability for the funds provided. Therefore accounting plays a crucial role in directing and guiding the project to its goals for achieving the objectives. A sound accounting system reflects variations or any deviation from the approved or planned goals so that, corrective actions is taken and the system should be able to alarm the organization of any major changes or adverse situation. Execution of the project shall be taken up as per the provisions laid down in O. P.W.D. code, C.P.W.A. Code, Financial Rules of Govt. of Orissa amended from time to time and in accordance with World Bank's guidelines. The project Management Unit of Orissa State Road Project under Orissa, Works Department will execute the Project till its successful completion.

It is a fundamental rule that, no work shall be commenced or liability incurred in connection with the project unless:-

- i) Administrative Approval to the project component has been received.
- ii) Properly detailed design and estimate have been technically sanctioned.
- iii) Allotment of funds has been made.
- iv) Orders for commencement for the component of the project have been issued by a competent authority.

Provision in budget estimate for a work does not convey any authority for commencement of outlay on the work. Such provision is made on the implied understanding that, before any expenditure is incurred, the above conditions are fulfilled. Similarly, sanction of a design and estimate by the competent authority conveys no permission for the commencement of expenditure on the work unless such expenditure has been provided for in the budget estimate of the year or provision has been made for the outlay within the official year either by supplementary demand, re-appropriation or out of some lump sum grant allotted for the head of classification under which the service falls or other wise. Besides the above pre requisites, no work should be commenced on a land which has not been duly made over by a responsible civil officer.

The powers of public works Officers for accordance of Administrative Approval and Technical Sanctions shall be as per the provision laid down in O.P.W.D. code. The authority granted by an Administrative Approval to an estimate must on all occasions be looked upon as strictly limited by precise objects for which the estimate is intended to provide. No material alternation in sanctioned estimate should be made without approval of the authority that has sanctioned the estimate. If any alteration of importance involving additional expense is found necessary, a revised or supplementary estimate should be sanctioned by the competent authority.

3.1 Register of AA and Register of Sanctioned Estimate

The PMU shall maintain Register of AA and Register of sanctioned estimates for all components of the project.

3.2. Tendering/Bidding

3.2.1 Tenders/Bidding Documents should invariably be invited publicly for all components of the project in the manner prescribed in OPWD code Vol. – I & II. However, for the purpose of procurement for goods, works and services agreed procedures as per the World Bank's Guidelines for procurement under IBRD loans and I.DA credits (May'2004 modified October, 2006) and the Guidelines for Selection and Employment of Consultants by the World Bank Borrowers (May 2004, modified October, 2006) shall be applicable.

3.2.2 Procurement Methods

Methods for procurement of various items under different expenditure categories to be financed under the loan and applicable requirements of pre/ post-qualification and prior review by Bank are briefly stated below. However, please refer to the Loan and Project agreements and the agreed Procurement Plan for details.

(a) Civil Works

The procurement method for all civil works of, comprising widening and strengthening (7 packages), shall be ICB (Post qualification). Procurement will be subject to prior review by the Bank.

(b) Goods

Goods required for asset management and institutional strengthening components of this project includes equipment, computers, software for geographical Information system and e-procurement, hand held GPS Units, Automatic Traffic counting system etc. shall be procured following ICB / NCB as described in Procurement Plan.

The procurement of works and goods will be done using the Bank's SBD for all ICB and updated model NCB documents as agreed with GOI / Task force for use in India.

(c) Selection of Consultants

Services of Consultant Firms will be required for producing detailed project reports (DPR), Construction super vision and technical audit, Asset Management system, P.P.P Regulatory and Transaction capacity Development, Social and Environmental study, Revision of Codes and preparation of standard procurement manuals, development, implementation and training for e-procurement, conducting various surveys, carrying out studies assessment and for capacity building training for stake holders etc. The method of selection for above consultants shall be as agreed per the Procurement Plan.

Bank's Standard Request for Proposal (RFP) documents and pertinent form of contract shall be used. Prior review requirements are described in Procurement Plan.

3.2.3 The bidding documents shall be drafted following the Bank's Standard Bidding Document. The following conditions must be met in order for the bidding process under NCB to be acceptable to the Bank.

- i) Only the model bidding documents for NCB agreed with the GOI Task Force (and as amended from time to time), shall be used for bidding.
- ii) Invitations to bid shall be advertised in at least one widely circulated national daily newspaper, at least 30 days prior to the deadline for the submission of bids.

- iii) No special preference will be accorded to any bidder either for price or for other terms and conditions when competing with foreign bidders, state-owned, enterprises, small scale enterprises or enterprises from any given State;
- v) Except with the prior concurrence of the Bank, there shall be no negotiation of price with the bidders, even with the lowest evaluated bidder;
- vi) Extension of bid validity shall not be allowed without the prior concurrence of the Bank (a) For the first request for extension if it is longer than four weeks; and (b) for all subsequent requests for extension irrespective of the period (such concurrence will be considered by Bank only in cases of Force Majeure and circumstances beyond the control of the Purchaser / Employer):
- vii) Re-bidding shall not be carried out without the prior concurrence of the Bank. The system of rejecting bids outside a pre-determined margin or “ bracket” of prices shall not be used in the project;
- viii) Rate contracts entered into the Directorate General of Supplies & Disposals will not be acceptable as a substitute for NCB procedures. Such contracts will be acceptable however for any procurement under Shopping procedures;
- ix) Two or three envelop system will not be used.

3.2.4 For all works, the employer is the Chief Engineer, World Bank Projects, Orissa. Implementation of Upgrading and Rehabilitation contracts will be carried out by the Project Management Unit (PMU) of the OSRP, using the services of consultants for providing Project Management Consultancy (Construction Supervision Consultant). Details of the PMU set up organized for this project are given in the following paragraphs.

3.2.5 Delegation of Procurement Setup in the Project Management Unit of OSRP:

All Procurement matters relating to Works and Goods are to be finalized in accordance with the powers delegated in the OWD Code.

Procurement Powers

1. Proposals costing up to Rs. 5 million approved by the Executive Engineer
2. Proposals costing up to Rs.50 million approved by the Chief Engineer
3. Proposals beyond Rs.50 million to be approved by the Government in Works Department after obtaining recommendations of the Tender Committee constituted in Works Department with the following members:

a.	Secretary, Works Department	...	Chairman
b.	Financial Advisor, Works Department	...	Member
c.	Representative of LAW Department	...	Member
d.	Representative of Finance Department	...	Member
e.	Chief Engineer of Concerned Proposal	...	Member
4. For procurement of Services required for the Project, the Chief Engineer, World Bank Projects, Orissa shall decide proposals upto Rs. 20 Millions, OWD will decide upto Rs. 50 Millions. For proposals beyond Rs. 50 Millions prior concurrence of Finance Department shall be taken.

3.2.6 Procurement Set up in the PMU: Following officers in the Engineering Cadre are engaged in the Procurement activities relating to the Project. These Officers are dealing with the Procurements in PMU in addition to discharge of their normal responsibilities. The OWD staff carries this function as part of their overall job responsibility, but in the process, has acquired skills to understand procurement process.

1.	Chief Engineer (Approving authority)	1
2.	Executive Engineer	1
3.	Sr. Divisional Accounts Officer [Legal & Financial aspects]	1
4.	Assistant Engineer	1
5.	Junior Engineers	2

3.2.7 Evaluation Committee for Works & Goods: The OWD have contributed an Evaluation Committee comprising following members for evaluation of Technical and Financial proposals of bids being procured for Orissa State Road Project. The Evaluation Committee with their report will submit the bids to the Govt. for placement before the Tender Committee.

1.	Chief Engineer (World Bank Project)	Member
2.	Financial Advisor, PMU	Member
3.	Two Executive Engineer of PMU	Member
4.	Accounts Officer-I (O/o the E-I-C. (Civil)	Convener

3.2.8 Evaluation Committee for selection of consultants: The OWD have constituted a committee comprising of the following members for evaluation of technical and financial proposals of consultants being procured for Orissa State Road Project.

1.	Engineer-in-Chief (Civil)	Chairman
2.	Chief Engineer, World Bank Projects, Orissa	Member Convener
3.	Chief Engineer, R.D & Q.P. Orissa	Member
4.	Accounts Officer, O/o E.I.C. Civil, Orissa	Member

3.2.9 No Objection by the Bank: After approval of the tenders by the Competent Authority of OWD, the details of tender evaluation reports along with approval order shall be sent to the Bank for their review and communication of their 'no objection' there to. On receipt of 'no objection' of the Bank, the tender shall be accepted and letter of acceptance shall be issued to the Bidder Contract in the prescribed Contract form shall be concluded only after prior review of the same by the Bank. All prior review requirement of the Bank in respect to works and consulting services shall be followed as per Procurement Plan.

3.2.10 Tender sale Register: To avoid the possibility of bogus and faked tenders being submitted it is necessary that the tender documents are sold at a charge as per Rule 15 of O.P.W.D code Vol. II amended from time to time and a register of tender sale shall be maintained by PMU. The tenderers who submit tenders down loaded from internet shall be required to submit cost of the tender documents along with their tenders. The sale proceeds of the tender documents either sold directly to the bidders or downloaded from internet shall be credited to the Revenue. Tender documents shall be made available for up to one day prior to date of tender submission.

3.2.11 Tender Opening Register: The tenders shall be opened on the scheduled date by the Officers authorized for the same in accordance with the provisions of O.P.W.D code and World

Bank guidelines in presence of the tenderers or their authorized agents. A register of opening of the tenders shall be maintained by the PMU in the prescribed proforma and minutes of the opening of tenders shall be communicated to all tenderers the OWD as well as to the Bank.

3.2.12 Register of Agreement: The PMU shall maintain Register of Agreement drawn for procurement or works, goods and consultancy services of the project in Chronological order in a financial year.

3.2.13 Review by the World Bank:

Prior Review: All prior review requirements of the Bank in respect to works and consulting services shall be followed as per Procurement Plan.

Post Review: Contracts not prior reviewed by the Bank shall be post reviewed by the Bank. The PMU shall retain all documentation with respect to each contract during project implementation and up to two years after the closing date of the loan agreement as per Bank's Procurement Guidelines, for examination by the Bank or its consultants.

Publication of Awards: All contract awards for goods and works shall be published in accordance with Para 2.60 of Procurement Guidelines and all contract awards for consulting services shall be published in accordance with Para 2.28 of the Consultant Guidelines.

3.3 Subsidiary Books of Accounts

3.3.1 Measurement Books: Payments for all works done otherwise than by daily labor and all goods or services received should be made on the basis of measurement recorded in Measurement Book (MB) in FORM – 23. The MB should be considered as very important accounts records and should be maintained carefully. All measurement Books required for this Project should be numbered serially and entered in a Register called Register of MB maintained in FORM-CPWA. 92. Completed measurement books shall be returned to the P.M Unit within a month of its completion and should be kept in safe custody to produce before Audit and as evidence in count of Law, if and when required. The recording of measurements for all works, goods and services received shall be as per the guide lines of Appendix – II of O.P. W.D code Vol. – II

3.3.2 Record of Measurement for Civil Works: The supervision consultant appointed for supervision of the Civil Works i.e. widening and strengthening of Roads no. 7 packages and reconstruction of damaged bridge is termed as the Engineer for those works. Since the supervision consultant are to supervise the works in terms of quality and quantity of those works they are to take measurement in respect of works executed by the contractor in the approved measurement books issued by PMU. The supervision consultant will certify the Work executed and billed by the contractor in respect of quality and quantity and submit the bills with the MB to the OWD Executive Engineer for verifications and check measurement. The OWD Engineer with his verification and check measurement Report will submit the bill with MB for pass and payment by PMU of Orissa State Roads Project.

3.3.3 Record of measurements for goods and service: On receipt of bills from different agencies/ Consultant firms for supply of goods and services rendered for the project the measurement of the goods supplied and service rendered shall be recorded in the measurement books by the concerned Junior Engineer of the PMU and check measured / verified by the concerned Asst. Engineer and Executive Engineer.

3.3.4 Bill Register: Payments for all the components of the project shall be made by the PMU on receipt of bills from concerned Executive Engineer's of PMU for goods and services and from the

OWD Engineers at site for Civil Works. A consolidated record of all bills received by PMU shall be maintained in one register known as Register of Bills in the form vide Appendix – 17 of CPWD code. The bills should be entered in the register strictly in order of receipt. The Accounts branch of PMU should ensure that the register is properly maintained and should be reviewed by the Senior Divisional Accounts Officer.

3.3.5 Works Abstract: An account of all the transaction relating to a work during a month shall be maintained by the PMU in works Abstract forms. When the Work in a large one divided into several sub-works, Works – Abstract shall be prepared separately for each sub work.

3.3.6 Register of Works The permanent and Collective Record of the expenditure incurred by the PMU for each component of the project is the Register or Works. The Register or works in FORM- 40 shall be maintained by the PMU of Orissa State Roads Project. The Register of Works is posted monthly from Works Abstract. A separate folio or set of folios of FORM – 40 shall be maintained for each estimate of the Project. For facility of reference the Register Works shall be supported with an index which should sub-divided under the prescribed heads of account classification. Before the date of submission of monthly accounts to the Accountant General the posting of Register of Works should be completed and the register should be reviewed by the DDO. The monthly accounts of each work on which there has been expenditure during the month should be initiated by the DDO of the PMU.

3.3.7 Contractor's ledger: The accounts relating contractors in connection with contracts or jobs under taken by them, whether relating to the execution of works or to the supply of materials should be kept in contractor's ledger in FORM 43. A personal account should be opened in the ledger for every contractor whether or not a formal contract has been entered with him. The ledger should be maintained in the PMU in accordance with the provision made in CPWA code. The contractor's ledger accounts should be closed and balanced monthly and the Sr. DAO of the PMU should ensure the correctness of the contractor's ledger.

3.3.8 Deposit Register: The deposit transactions of the PMU are of two kinds.

- I Deposits repayable which passes through the regular accounts of the PMU.
- II Interest bearing securities

The deposits of the 1st kind comprises following **clauses** which are passed through the Head Public works Deposits.

- i. Cash deposits of sub-ordinate as security
- ii. Security deposit deposited by the contractors in terms of cash or security deposit recovered from contractor's bills.
- iii. Deposits for works to be done.
- iv. Due to the contractors on closed accounts.
- v. Miscellaneous Deposits.

The interest bearing securities referred in class – II are deposited by contractors as earnest money or initial security to a tender or contracts which do not passes through the regular accounts of PMU.

The PMU shall maintain deposit Register which passes through regular accounts of PMU and should be closed in every month in respect of debits and credits and the extract should be accompanied with the monthly accounts submitted to AG Orissa. The PMU should also maintain the register of Interest bearing securities received from the contractors. Besides the maintenance of Register of Interest bearing Security the PMU will also maintain one Register for Bank Guarantees

received from the contractors. The Register of Bank Guarantees should be revised by the Sr. DAO and the DDO in each month and appropriate action should be taken before expiry of the validity of the Bank Guarantees.

3.4 Cash

3.4.1 The term cash as used in this section includes legal tender coins, notes, demand drafts payable on demand. A small supply of one rupee Revenue Stamp may be kept as part of cash balance. Government securities, Deposit Receipts of Bank, Debentures Bonds and Guarantees accepted as Security deposits as per terms and conditions of bidding documents are not to be treated in cash.

3.4.2 The Executive Engineer of PMU declared as D.D.O will make all realization and payments on project account and will be responsible for the money which passes through his hands and for prompt records of receipt and payment in prescribed account as well as for correctness of accounts in every respect. The private cash or accounts of members of the department should not be mixed with the public cash or accounts.

3.4.3 Cash is obtained by disbursing Officer in two ways i.e. directly by bills drawn in the treasury and by means of cheques. For payment of pay and allowances of Govt. servants working under PMU, the DDO will draw bills on treasurers in prescribed forms. The pay and allowances of Regular Project employees drawn from treasury shall either be credited to the bank account of the concerned employees or credited to the separate account of the DDO from where the amount will be disbursed to the concerned employee.

3.4.4 All payments to the contractors, consultants, suppliers etc for work done or goods received by the project shall be made by Accounts payee the cheque. In drawing cheques the D.D.O should be guided by Orissa Treasury Code.

3.4.5 As a rule no cheques should be drawn until it is intended to be paid away and cheques drawn in favor of contractors and others should be made over to them by the disbursing officer direct on receipt of acknowledgement. The D.D.O may be assisted in making disbursements by the Cashier appointed for the purpose.

3.4.6 When it is necessary to cancel a cheque, the cancellation should be recorded on the counterfoil and the cheque if in the drawer's possession, should be destroyed. If the cheque is not in the drawer's possession, the DDO should promptly request the Treasury / Bank to stop payment of the Cheque and on ascertaining that payment has been stopped, he should write back the entry in his cash book by exhibiting the amount of cheque as minus figure on the payment side in the Bank column. A counter reference should be given in the cash book against the original entry to the second entry of the cheque. A cheque remaining unpaid for any cause beyond its validity period should be cancelled and its amount written back in a similar manner.

3.4.7 Whom money is received by the D.D.O. on behalf of the Govt. it should at once be brought to account in the cash book and a receipt in FORM-3 should invariably be granted to the payer. If the amount be realized by recovery from a payment made on a bill or other voucher, the full particulars of the recovery be recorded in the receipt side of the Cash Book and if desired by the payer a receipt should be granted. The cheques received on behalf of Govt. should be maintained in Register of cheques received and adjusted in FORM-IA.

3.4.8 Money received by D.D.O. behalf of Govt. should as soon as be remitted to the Treasury. The remittances made to the treasury should be entered in a Register called Treasury Remittance Book in FORM-4.

3.4.9 The cheque Books and Receipt Books are available from Treasury on requisition where the transactions are made. The PMU will maintain the Register of Cheque Books and Register of Receipt Books in FORM-52.

3.4.10 The form of bills, their preparation, completion, stamping etc are laid down in O.P.W.D. code and Treasury code. As far as possible particular bill forms applicable to the case should be used. Bills not prepared on such forms should not be rejected if they set for the necessary details of the claims. In such cases, the additional particulars required should be added by disbursing officer. Every bill or other demand for payment should as far as possible, set for the unit rate at which payment is to be made.

3.4.11 As a general rule, every payment must be supported by a voucher setting for the full and clear particulars of the claim and all information necessary for its proper classification and identification in the accounts. The full name of the work as given in the estimate, the head of account, to which the charge admitted on a voucher are debited, to which the deductions or other credits shown in the voucher are creditable should be clearly indicated on the voucher in the space provided for the purpose. The bills after scrutinized by the Accounts Branch with reference to its entitlement shall be approved by the Chief Engineer, World Bank Project. Every voucher being approved by the Chief Engineer, World Bank Project, must bear a pay order signed by the DDO of the PMU. Each voucher should also bear an acknowledgement of the payment signed by the person by whom or in whose behalf the claim is put forward. The acknowledgement should be taken at the time of payment.

3.4.12 Cash Book: The account of all the cash transaction i.e. receipt and payment should be maintained in the Cash Book in FORM-I. The Cash Book is the most important accounts records and should be maintained as per the instructions of C.P.W.A. Code. All entries of the Cash Book should be initialized by the D.D.O. immediately after the entry. The Cash Book should be closed and balanced at the end of each month and should be verified by the Sr. DAO and certificate of verification be noted by him. The Cash balance of each month is submitted with the monthly accounts submitted to AG, Orissa. The Chief Engineer, World Bank Project should verify the Cash balance in the Cash Chest as a surprise check. An entry once made in the Cash Book should in no circumstances be erased. The mistake if any should be corrected with dated initial of the DDO.

3.4.13 Monthly Settlement with the Treasury: After expiry of the month a Monthly Settlement should be affected with the Treasury in respect of the Transaction made with the Treasury during the month. The payment in to the Treasury in terms of remittance should be prepared in **FORM-50**. Similarly the Cheque drawn duly completed for the month should be obtained from the Treasury with necessary certificate in **FORM-51** called schedule of Monthly Settlement with Treasury which should be submitted to the AG, Orissa along with monthly accounts.

3.5. Miscellaneous

Besides the above initial accounts recorded the PMU will maintain the following registers:

- 1) Allotment Register: The allotment released by the Chief Engineer, World Bank Project as per the budget provision shall be maintained in Allotment Register with proper bend of accounts and expenditure shall be regulated accordingly.
- 2) LOC Register: It is the daily balancing book showing the opening balance of LOC, receipt of LOC, validity period, LOC released, and closing balance.

- 3) Fixed Asset Register: The furniture and fixtures, office equipment purchased shall be recorded in the fixed Asset Register.
- 4) Monthly Reconciliation Register: The expenditure incurred by the PMU as per the Schedule of expenditure shall be reconciled with the expenditure admitted by AG, Orissa in their monthly appropriation Statement in each month and the discrepancies shall be recorded in the register of reconciliation. The report of monthly reconciliation with AG, Orissa shall be reported to the Govt. of Orissa, Works Department, as well as Finance Department.

CHAPTER – IV

MONTHLY ACCOUNTS OF P.M.UNIT.

4.1 The Cash and Stock accounts of the PMU for a month should be closed on the last working day of the calendar month. The transfer entry book for a month should also be closed after expiry of the month exhibiting all necessary transfers relating to levy of prescribed percentage for establishment, tools and plants, charges, audit charges, pensionary charges effected in a single order in FORM – 62.

4.2 The Sr. DAO is responsible that, every order or sanction affecting expenditure to be accounted for in the monthly accounts is noted at once in a suitable Register preferably one where in the expenditure incurred can be watched readily. The Sr. DAO. should check the Works expenditure with the estimate to ensure that, the charges incurred are in pursuance of the object for which the estimate was intended to provide. All claims included in the bills to be submitted to the AG, Orissa should be examined by the Sr. DAO. After check, each voucher should be endorsed with the work “Checked” over the dated initial of the Sr. DAO as well as of the clerk. Vouchers not submitted to audit in accordance with paragraph 22.4.17 of CPWA code should be cancelled by means of a perforating or endorsing stamp and kept carefully to be made available to Audit.

4.3 Before the actual compilation of various schedules and schedule dockets etc. is undertaken, the Abstract Book in FORM – 81 should be written up from the original cash book and Transfer Entry Book. This book will consolidate all the transaction of PMU and will thereby facilitate the location of errors and omissions made in the compilations of Monthly Accounts from the schedules and serve as an independent check over the accounts.

4.4 All Cash vouchers over Rs.1000/- and all transfer entry orders should be posted in schedule docket in FORM – 61 separately for each head of account and submitted to Accountant General along with the monthly accounts.

4.5 All cash and transfer entry transactions of the month should be posted into the concerned schedule or registers in accordance with the provision under CPWA code.

- (i) Register of Revenue realized.
- (ii) Register of Receipts and Recoveries.
- (iii) Schedule of Debit to Remittance in FORM – 77.
- (iv) Schedule of Credit to Remittance in FORM – 77
- (v) Schedule of Debit to Misc. Heads of Accounts in FORM – 76
- (vi) Schedule of Credit to Misc. Heads of Accounts in FORM – 76.
- (vii) Schedule of Revenue under different Heads of Revenue.
- (viii) Schedule Docket of percentage recovery in FORM – 62.
- (ix) Schedule of monthly reconciliation of cheques and Remittance with Treasury in FORM – 51.
- (x) Schedules of Deposits in FORM – 79.
- (xi) Classified Abstract of expenditures in FORM – 74 each major head and sub-head wise.
- (xii) Schedule of Works expenditure in form – 64.

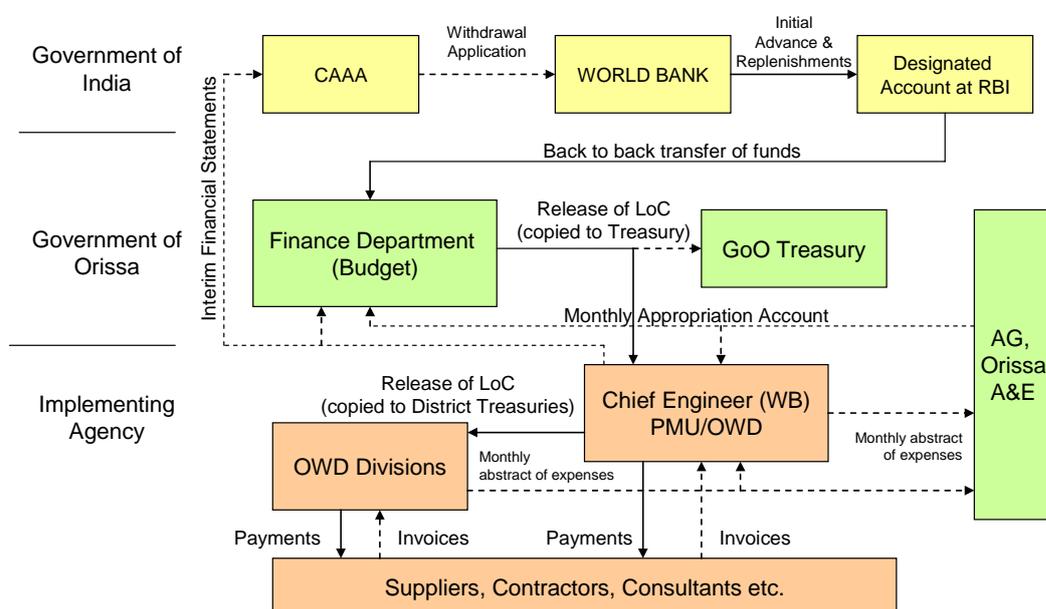
4.6 The Monthly Accounts should be prepared in FORM – 80 for submission to the Accountant General, the Engineer-in-Chief (Civil), Orissa and to the Govt. in Works Department. This account is an abstract of the entire receipts and disbursement of the month as worked out in the Abstract Book in form – 81 and as detailed in the various schedules and registers and shows also in the opening and closing Cash Balances. On the back of the FORM- 80 are printed (i) Memorandum of Miscellaneous cash receipts and paid into banks and (ii) a certificate in respect of closing cash balances of the month.

4.7 The Monthly Accounts along with all the schedules, abstracts, and schedule dockets with vouchers should be submitted to AG, (A&E), Orissa in **FORM-83** (Which exhibits the list of accounts and schedules) by 10th of the succeeding month except for the month of March for which the Monthly accounts should be submitted by 15th of April.

4.8 On receipt of appropriation accounts from AG, Orissa exhibiting the receipt and expenditure accounted for by the AG, Orissa in the State Accounts, the PMU will verify the same with the receipts and expenditure exhibited by the PMU in their registers and schedules and discrepancies if any should be reconciled with the AG, Orissa for each month. The record of verification and reconciliation of accounts with AG, Orissa should be reported to the OWD. as well as to the Finance Department.

4.9 In the above design of budgeting and accounting, the information on project related expenditures by project components obtained from the existing monthly financial reports prepared for the AG's Office would be used for purposes of preparation of monthly and quarterly interim unaudited financial reports. Activity level details of the expenditures will be captured at the project level in a manner that will allow the project management to monitor financial progress against the Annual Work Plans. For purposes of disbursement, the total expenditures reported will be discounted for ineligible expenditures, such as the pro-rata charges, land acquisition and utility shifting expenditures (as identified by a separate budget line). Projection of expenditures for the next two quarters will help determine the value of withdrawal application. The Interim Financial Reports will also include a list of payments against contracts that are subject to the Bank's prior approval. The form and contents of these reports were discussed and agreed between the GOO and the Bank – these are discussed in the chapter on disbursement. The overall funds and documentation flow is summarized in the chart below:

Funds and Documentation Flow Diagram



CHAPTER – V

AUDIT

5.1 The Comptroller and Auditor General (C&AG), India is the highest statutory Audit authority in respect of Accounts of the Union and that of states and Union Territories. The (C&AG.) of India sees on behalf of the legislature that the expenses voted by them are not exceeded and that the money expended has legally available for application to the purpose for which it has been applied. It not only concerned with aspects like correctness of accounts, conformity of expenditure to the provision of funds and regularity of transaction but extends to question of propriety, efficiency, performance and adequacy of system.

5.2 The C&AG of India, under section 18 of C&AG. (Duties, power and condition of service) Act 1971 under article 149 of the Constitution of India, through its branch in Orissa i.e. Accountant General, Orissa, will inspect the PMU once in a year or the time fixed by them to (i) test check, the account, books, papers or other documents relevant to the transactions to which his duties in respect of Audit of expenditure relates, (ii) put such questions or make such observations as he may consider necessary and to call for such information as he may require for preparation of the report.

5.3 The legal agreements of the Orissa State Roads Project entered into between the Government of India, Government of Orissa and IDA/IBRD requires that *‘The Project Implementing Entity shall have the financial statements audited by auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank. Each audit of these financial statements shall cover the period of one Fiscal Year. The audited financial statements for each period shall be furnished to the Borrower and the Bank not later than six (6) months after the end of the period’*. For the purpose of this project, the Auditor General, Orissa is considered as an ‘acceptable auditor’. The Terms of Reference (TOR) for the audit have been prepared in agreement with the Bank and sent to the AG’s Office for their approval – see Appendix 1 for the TOR.

5.4 In order to enable the Accountant General, Orissa to discharge his duties and functions entrusted to him under the constitution, the Chief Engineer, World Bank Project being the head of the PMU should extend full co-operation to Audit. The relevant accounts, required for Audit should be furnished complete in all respect and with reasonable expedition.

5.5 During the local Inspection and Audit by AG, Orissa, the Audit personnel will issue “Memos” calling upon the DDO/ Head of the PMU for information on various points. The D.D.O/ Head of the PMU are primarily responsible for compliance to the audit observations. At the end of the Audit, the Audit Officer will discuss each point of their observation that, were found during their inspection, before finalizing their Inspection Report. The DDO/Chief Engineer, World Bank Project should ensure that all relevant materials have been made available to the auditors in order to enable them to bring out the full facts of each case in the Inspection Report & simultaneously without waiting for receipt of Inspection Report, he should initiate action to rectify the irregularities, defects and omissions etc. which comes to light during the course of Audit.

5.6 As soon as the Inspection reports are received from A.G., Orissa the PMU will maintain a Register of Audit Observation in the following format.

Sl. No	Reference to the Para No. I.R. No.	Audit Comments	Notes of the Department	Remarks
1	2	3	4	5

5.6 This register should be reviewed periodically by the Chief Engineer, World Bank Project. Compliance to the Audit Observations should be submitted immediately for clearance of paras. At

the end of each year, the PMU will submit a report to the Finance Department containing information relating to:

- i) Number of the Inspection Reports pending at the beginning of the year indication number of paras in each Report.
- ii) Number of Inspection Reports received during the year containing number of paras in each Report.
- iii) Number of paras settled during the year out of pending Inspection Report.
- iv) Number of Inspection Reports pending at the end of the year showing number of paras against each.

5.7 In all cases of audit objection involving loss to Govt. on account of wrong actions of officers, the officer prima facie responsible for alleged irregularities should submit compliance to audit objection after obtaining approval from O.W.D.

5.8 Irregularities and Audit objectives discovered in the course of Audit, which are likely to find a place in C & A.G, Report, are termed as Draft Audit Notes. The Draft Audit Notes are required to be replied by O.W.D. with factual position within 6 weeks. If the replies are not satisfied the Draft Audit Notes are converted to Draft Audit Paras which will be sent to OWD & to Finance Department which are required to be compiled with in 6 weeks. If the final reply is found inadequate, the Draft Para will be incorporated in the Report of C & A.G. of India. The PMU should submit compliance to the Draft Audit Notes or Draft Audit Paras to the Secretary O.W.D. well in advance so as to enable the latter to submit the reply to Audit within the prescribed limit of 6 weeks. Hence, the O.W.D. will maintain a control Register to watch the receipt and disposal of Draft Notes/Paras.

5.9 In accordance with the provision of Article 151(2) of the constitution of India read with C & AG's (DPC) Act. 1971, the reports of C & A.G. of India for each year will be laid before the Orissa Legislative Assembly with prior approval of the Governor. These reports are thereafter referred to the committee on Public Accounts in accordance with Rule 134 (1) of the Business in Orissa Legislative Assembly (OLA). After the reports of C&AG are laid in the OLA, the Finance Department will send a copy to concerned Administrative Departments for compliance. Any Audit Paras on Orissa State Road Project if reflected in Reports of C&AG, the PMU will immediately submit compliance to OWD for onward submission to the OLA to be detail examined by PAC.

5.10 In order to ensure fiscal accountability at all levels, the G.O.O have adopted the rate of response to Audit Paras/Audit Notes as one of the Key Action points and targets Under Medium Term Fiscal Plan.

CHAPTER – VI

DISBURSEMENT

6.1 Disbursement from the World Bank

The table below shows disbursement categories and loan financing percentage.

Expenditure Category	Amount	Financing Percentage
Works, Goods, Services	243.30	80
Incremental Cost	2.80	80
PPF Refund	3.00	As per the PPF Agreement
Subtotal	249.10	
Front-end Fee	0.62	As per the Loan Agreement
Total	250.00	

6.2 Method of Disbursement

Project funds will be deposited in advance into the designated account maintained in US dollars. The designated account will be operated by the Controller of Aid, Accounts and Audit, GOI. Funds will be withdrawn from the designated account on the receipt of quarterly withdrawal applications from GOO and transferred to GOO following the standard Centre-State mechanism of Additional Central Assistance. Replenishments into the designated account will be based on interim unaudited financial reports and will be processed by CAAA on a quarterly basis. The interim unaudited financial reports will provide information on expenditure made in the previous quarter and forecast for two subsequent quarters. Quarterly disbursements would be made based on these financial reports, providing funds for two subsequent quarters after adjustment for past disbursements.

6.3 Ineligible Items for Financing by Bank

The list of ineligible items for financing from bank has been identified as (a) Land Acquisition, (b) Utility Shifting, (c) pro-rata Charges, (d) Staff cost and (e) Forest and environmental clearances, etc.

6.4 Special Account

The DCA of the project normally specifies the opening of a Special Account by the borrower (Govt. of India) with the Reserve Bank of India in US Dollars on the terms and conditions satisfactory to the Bank. Normally, Special Account limit is also specified in the DCA. As per the agreed terms (Authorized Allocation) Bank will deposit such sums into the Special Account.

6.5 Operation of Special Account

The power of operate the Special Account vests with the Controller of Aid, Accounts and Audit Division, Ministry of Finance, (Department of Economic Affairs) Govt. of India. Based on the request for replenishment received from the project office, CAA & A withdraws the money from the Special Account. Periodically, the World Bank replenishes the Special Account of the project.

6.6 The PMU is required to submit the following reports quarterly in the approved proforma appended herewith for re-imbursement of expenditure (see Appendix 2 for format of Interim Unaudited Financial Reports).

- I)** Project Expenditure as per Monthly Appropriation Accounts of AG, Orissa- Report I A.
- II)** Project Expenditure by components and activities - Report I B.
- III)** Cash Forecast for the Project Expenditure - Report I C.
- IV)** Quarterly Financial Monitoring Report: World Bank Funds Requirement) Report I D.
- V)** Commitment Tracking Report: Report 2 A.(For Prior Reviewing Contracts)
- VI)** Commitment Tracking Report: Report 2 B

CHAPTER – VII

FINANCIAL MANAGEMENT SYSTEM/INTERNAL CONTROLS

7.1 Responsibilities of PMU.

In addition to the above the duties and responsibilities of the Finance and Monitoring wings of the PMU are as follows:-

- Preparation of Master Plan and annual plan and budget estimates for the project as whole.
- Compiling project management reports with respect to accounts and its submission to AG, Orissa, after proper verification as regard to arithmetical accuracy and classification.
- Ensuring proper maintenance of records and book keeping of finance and Accounts of the project with respect to allotment and expenditure.
- To seek financial allocation from State Govt. with necessary documentation.
- Verification of requisitions and arrangement for timely and speedy transfer of funds to various district units.
- Preparation and scrutiny of bills.
- Maintenance of proper books of accounts, registers, records files and related documents in respect of expenses incurred by it.
- Classify and group the expenditure accounting to the approved chart of accounts covering, State Budget Heads, Capital expenditure, Disbursement category of World Bank, Procurement method and category, prior and post review contact.
- Reconcile the project expenditure with eligible expenditure for Finance from World Bank.
- Set financial targets say quarterly for the implementing officers and monitor the progress and to report on any adverse variation.
- Preparation and submission of claim application with necessary documentation to the Controller of Aid Accounts and Audit, New Delhi.
- Follow-up and obtain the Reimbursement form the World Bank and Govt. of India.
- Reconcile the claims submitted with admittance and disbursement.
- Arrange for statutory audit by AG and submission of audit report to the World Bank.
- Consolidate and submit periodical financial returns (FMRS) to various departments finance department, GOO, GOI and World Bank.
- Facilitate the PMU with necessary financial progress statements for monitoring the progress and to take necessary corrective action.
- Such other duties and responsibilities as may be assigned by the Project Director.
- Prepare Monthly Financial Statements.
- Preparation of Bank Reconciliation Statement.
- Reconcile the Payments with Project Expenditure.
- Observe all statutory rules and regulations such as filing of returns, deduction and payment of taxes, etc.

- Maintenance of fixed assets registers.
- Renewal of Insurance.
- Safe Keeping of Bank Guarantees, other important documents and its timely renewal.
- Monitor the progress of the contracts and impose penalty or liquidated damages etc, as per the terms.
- Arrange for audit of accounts and obtain audit certificates, submit Audit Certificate to comply with the Audit observations.

7.2 Internal Control

Internal controls need to be exercised at various levels to ensure accuracy and reliability of the financial transactions. The internal control system proposed detects any arithmetical mistakes, errors, wrong classification and alarms or cautions any abnormal transactions and variations in the budget etc. with checks and balances at various levels. The success, efficiency and the effectiveness of the financial management depend to a great extent on the “Quality” of the Internal Controls and the “Financial Discipline” adopted by the organization. As the FM system is expected to be computerized it may be possible to exercise greater internal controls.

The internal controls will be incorporated in the accounting system (built-in) and adhered to on a routine basis - as a financial discipline to derive the optimum benefits of the FM system. The following are the select features, which will be followed as a financial discipline to achieve the objectives of the FMS:

1. Preparation of Bank reconciliation statements on a monthly basis to ensure that transaction are made timely.
2. Preparation of Monthly Receipts and Payments statements to ensure accuracy and correctness of the books of accounts and fund utilization analysis.
3. Submission of “Requisition Form” for seeking grant so as to check the requisition for funds after considering the balance available and the projected expenditure.
4. Monthly Reconciliation of Payments with Expenditures so as to ensure that proper accounting as all payments are not expenditures.
5. Monthly Review of financial progress against Annual Budget (Quarterly target) identifying the variance for initiating corrective measures.
6. Monthly monitoring of major works/ contracts with respect to time and cost over-runs.
7. Monthly analysis of advances – Schedule with aging analysis, to ensure financial discipline and to avoid any blockage of project funds for a longer duration.
8. Monthly analysis of statutory payments – deductions and remittances such as sales tax and income tax etc.
9. Monthly monitoring of the Bank guarantees and obtaining bank confirmations, its renewals etc.
10. Monthly review of the various insurance policies etc, such as vehicle insurance, cash insurance etc, and its periodic renewal.
11. Monthly review of the payments/ purchase of asset, its procurement procedure, sanction order etc.
12. Monthly Monitoring of the arrears of water charges, membership fee, lease rent from fishing etc.

- 13.** Quarterly review and reconciliation of the status of disbursement in terms of SDR and US\$.
- 14.** Quarterly / Periodic monitoring of all contracts as to its financial progress and time.
- 15.** Obtaining monthly confirmation of cash and bank balance/ statement of accounts from all the implementing officers.
- 16.** Monthly monitoring of the procurement limits especially the local shopping, etc.
- 17.** Steps to avoid or minimize cash transactions by issuing cheques wherever possible.
- 18.** Movement of Cash and Cash holdings to be adequately insured.
- 19.** Monthly Reconciliation of Expenditure figures with that of A.G, Orissa.
- 20.** Monthly Review of Audit Objections.

TERMS OF REFERENCE FOR THE AUDIT OF PROJECT FINANCIAL STATEMENTS OF ORISSA STATE ROADS PROJECT

Background

1. The development objective of the proposed project is to remove transport bottlenecks in targeted transport corridors for greater private sector investment and economic and social development activities.
2. The objective will be achieved by (a) improving the performance, safety and carrying capacity of priority roads in the state in an environmentally and socially sustainable way, (b) modernizing and strengthening OWD management structure and procedures, (c) increasing the role of the private sector in road infrastructure financing and management, (d) assisting GOO to establish conducive policy, institutional and governance frameworks to improve road sector management, financing and safety.
3. The proposed project comprises two components: (a) Road Corridor Improvement Component, (b) Sector Policy and Institutional Development Component.

Component A: Road Corridor Improvement Component (Estimated Cost: US\$394 million; Bank Financing: US\$297 million)

4. This component will support the widening and upgrading of about 906 km of existing single and intermediate lane roads to double lane standard, comprising 11 State Highways and 3 Major Districts Roads. Once improved, the separate road links will form five logical transport corridors, serving 16 (out of 30) districts in the state and cover over 50 percent of the state's area and population. The corridors will connect industrial, mining and tourist areas to major National Highways and ports in Orissa and neighboring Andhra Pradesh, as well as enhance the availability of transport services for the poor and tribal communities living along road corridors.

Component B: PPP Enabling, and Sector Policy and Institutional Development Component (Estimated Cost: US\$23 million)

5. This component will assist GOO to introduce private sector financing and management in the road sector, and improve OWD institutional capacity to delivery effective and sustainable road infrastructure in the state.
6. *PPP Enabling Support.* The project will facilitate private sector financing for roads by financing transaction advisers to help the state develop high-traffic roads under PPP scheme. The transaction adviser will undertake techno-economic feasibility, prepare the concession agreement for each road, managing the procurement process and, if required, assist the state in processing the application for VGF from GOI. Should any of the roads require more than 20 percent grant, the proposed project has earmarked some funds to finance the state's contribution, also up to a maximum of 20 percent of the project cost. A high-level feasibility study carried out during project preparation has shown that at least three out of the four roads are not likely to require VGF from GOI or the state. Finally, the project will support technical assistance and advisory services to further develop government capacity to conceive, implement and regulate PPP transactions in the road sector, as well as improve the management of toll roads in the state.
7. *OWD Modernization Support.* The project will finance technical assistance and advisory services to OWD (a) establish Road Asset Management System in OWD, including the creation of

a Road Information System, development of software applications for maintenance planning and optimal resource allocation; (b) establish and/or build capacity in core business units/cells in OWD, including Environment and Social Management, Road Safety, Road Asset Management, and PPP Transactions; (c) revise and update the PWD Codes and Manuals to improve contract management and procurement practices in OWD; (d) implement IT/ICT/MIS to modernize financial management system, computerize record keeping, and introduce e-procurement; (e) support the implementation of GAAP and compliance with RTI *suo moto* disclosures; and (f) extensive training and core skills development program for OWD staff.

8. *Policy and Institutional Development.* The project will finance technical assistance and advisory services to assist GOO improve its road sector policy, institutional and legal framework to align it with the rapidly changing environment and context. This will included support to (a) establish O&M structure for managing the State's Core Road Network initially within a restructured OWD, and later through a separate Road Development Corporation; (b) establish sustainable road maintenance financing options; (c) policy directive to clarify the roles and responsibilities of the various road agencies in the state on the one hand, and the public and private sectors on the other; (d) creation of an apex road authority to coordinate the various road agencies in the state; (e) preparation of a Road Master Plan, including revision/update of the road network classification system and assignment of responsibility among various road agencies, (f) update/define the legal right of way for the state's road network; (g) developing Road Safety Policy Action Plan; (h) develop axel load control policy and strategy.

Institutional and implementation arrangements

8. The Orissa Works Department (OWD) will be the implementing agency for the project. A Project Management Unit (PMU) was established within OWD in 2005 to handle project preparation, and the same PMU will continue to coordinate and manage project implementation during the execution phase.

9. *Civil works.* OWD will engage qualified contractors through international and national competitive bidding process to undertake the works. OWD will recruit supervision consultants internationally to serve as the Engineer and supervise the work of the contractor. The OWD engineers will also monitor the work of the contractor and supervision consultant as the client's representatives in the field.

10. *PPP Activities.* A Transaction Advisor has been recently engaged by OWD and will undertake the techno-economic feasibility study and preliminary engineering design for selected roads, as well as assist GOO to process "in principle" approval for VGF subsidy from GOI. A PPP Cell has also been established in OWD to work side-side with the transaction advisor, who will assist OWD to manage the procurement process for the concessioning of the qualifying roads, including processing the final VGF approval. This will include bid process design and administration, pre-qualification of bidders, requests for proposals, evaluation of bids and value for money reporting, approvals and agreement signature, amongst others. The PPP cell will also be in charge of processing all other PPP initiatives in the roads sector in Orissa and will be responsible for liaising with the central PPP cell in the Orissa Department of Finance.

11. *ISAP Activities.* A Task Force, composed of senior OWD and GOO officials and headed by the Engineer-in-Chief of OWD, was established early during project preparation to draft the ISAP and discuss it widely with all stakeholders, including private sector representatives and relevant government departments. The same Task Force will continue throughout project implementation period and oversee and coordinate the implementation of the ISAP related activities, including the OWD modernization and the preparation and implementation of several policy and institutional reforms. A range of technical assistance and advisory services have been identified to support GOO and OWD to implement the ISAP. The services include Road Asset Management, IT/ICT/MIS, and

Road Sector Policy Support. Within the PMU, an ISAP and Road Asset Management cells have been created to work with the respective technical assistance consultancies.

12. *Accountability and Transparency.* As part of the Governance and Accountability Action Plan (GAAP) implementation to be supported under the project, a *disclosure policy* of the project is currently being formulated by OWD with the intention of allowing greater access to information, including disclosure of mid-term review reports, safeguards information, audit reports and selected information on the entire procurement process. In addition, *systems and procedures* are being developed to implement the disclosure policy including document management system and information management system, as well *organizational arrangements* and *capacity building plan*, and *reporting and monitoring* arrangements to monitor implementation of the disclosure policy. As per the RTI requirements, a full time Chief Vigilance Officer (CVO) has been appointed in OWD.

Summary of Financial Management Arrangements

13. The design of the Financial Management (FM) arrangements for the proposed project takes into accounts the recommendations and lessons of the *State Financial Accountability Assessment* (SFAA, 2004). The key design features include the use OWD financial management system, which is considered satisfactory and Bank's simplified disbursement policies to mainstream the project FM to the extent possible, within the State's own FM framework.

14. The project will be budgeted as a separate line under Planned Demand for Grants (No 07) and will be designed to allow all project-related expenditures to be separately identified, accounted and reported in the consolidated Monthly Appropriation Report prepared by the Accountant General (AG) of Orissa. Details of expenditures by project components and sub components will be tracked at the activity level, and the updated information will be available at the AG and OWD levels. Accounting for project expenditures will be maintained on cash basis as per GOI systems as laid down in the PWD accounts and codes. This requires the OWD to compile their accounts monthly, for submission to the AG. The field units close their books every month and submit the details to the AG by the 10th of the next month

15. Following the above budgeting and accounting arrangement, project-related expenditure reports will be prepared for the AG's Office and the same report will be used for purposes of preparation of monthly/quarterly interim unaudited financial reports for the project. Activity level details of the expenditures will be captured at the project level in a manner that will allow Project Management to monitor financial progress against the Annual Work Plans. For purposes of disbursement, the total expenditures reported will be discounted for ineligible expenditures, such as the pro-rata charges, land acquisition and utility shifting expenditures (as identified by a separate budget line). Projection of expenditures for the next two quarters will help determine the value of withdrawal application. The Interim Financial Reports will also include a list of payments against contracts that are subject to the Bank's prior approval. The form and contents of these reports will be agreed during appraisal.

16. Project funds will be deposited in advance into the designated account maintained in US dollars. The designated account will be operated by the Government of India (GOI). Funds will be withdrawn from the designated account on the receipt of quarterly withdrawal applications from Government of Orissa (GOO) and transferred to Government of Orissa following the standard Centre-State mechanism of Additional Central Assistance. Replenishments into the designated account will be based on interim unaudited financial reports and will be processed by GOI on a quarterly basis. The interim unaudited financial reports will provide information on expenditure made in the previous quarter and forecast for two subsequent quarters. Quarterly disbursements would be made based on these financial reports, providing funds for two subsequent quarters after adjustment for past disbursements.

17. The Comptroller & Auditor General of India (C&AG) through its offices in Orissa will be the statutory auditor for the project. The C&AG office will conduct an annual audit of the operations of the Project. The audit report will be submitted to the Bank within six months of the close of each financial year. The Terms of Reference for the audit have been prepared in agreement with the Bank and have been sent to the C&AG of India for their approval. The form of annual financial statements will be prepared by the OWD and will be agreed with the C&AG of India.

Objective of the Assignment

18. The essence of the World Bank¹ Audit Policy is that as one of the mechanisms established to ensure that loan proceeds are used for the purposes intended² qualified and independent professionals should examine the reliability of the annual financial statements of borrowers and/or project implementing entities, and review whether requirements governing the use of loan proceeds were followed.

19. The objective of the audit of the Project Financial Statement (PFS) is to enable the auditor to express a professional opinion on the financial position of Orissa State Roads Project at the end of each fiscal year and of the funds received and expenditures for the accounting period ended Month Date 20[XX], as reported by the PFS, as well as an opinion on the eligibility of the interim financial reports submitted under the project.

20. The State Accounts (Monthly Appropriation Accounts prepared by the AG, Orissa) provide the basis for preparation of the PFS and are established to reflect the financial transactions in respect of the project, as maintained by the State for the project implementation agency—Orissa Public Works Department and its participating divisions.

Standards

21. The audit will be carried out in accordance with *Auditing Standards* issued by the Comptroller and Auditor General of India, and will include such tests and controls as the auditor considers necessary under the circumstances. The auditor should 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 purposes other than as defined in the legal agreement remains with the borrower, the audit should be planned so as to have a reasonable expectation of detecting material misstatements in the entity/project financial statements. Reasonable physical verification of the assets under construction (or already constructed), as may be deemed necessary under the assurance standards, should be conducted by the auditor.

Scope

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

- All external funds have been used in accordance with the conditions of the relevant financing agreements and only for the purposes for which the financing was provided.

¹ “Bank” includes IDA and “loans” includes credits and grants to which the TOR would apply; and “borrower” includes recipients of such loans;

² The Bank’s charter [Article III Section V (b) of IBRD Articles of Agreement and Article V Section 1(g) of IDA 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”.

Relevant financing agreements are Loan Agreement, Project Agreement, Project Appraisal Document, and Borrowers Project Implementation Plan under [Loan No. ____];

- Counterpart funds have been provided and used in accordance with the relevant financing agreements and only for the purposes for which they were provided;
- All necessary supporting documents, records, and accounts have been kept in respect of all project ventures, including expenditures reported via interim financial reports. Clear linkages should exist between the books of account and reports presented to the Bank.
- The project accounts have been prepared in accordance with consistently applied Government Financial Rules & Regulations and give a true and fair view of 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

23. The Project Financial Statements should include-

- A. Statement of project expenditures classified by budget codes, as per AG Appropriation Accounts
- B. Statement of project expenditures by detailed components/activities
- C. Management Assertion: The financial statements should be signed by the head of the Reporting Entity. A management assertion that Bank funds have been expended in accordance with the intended purposes as reflected in the financial statements should also be included as part of the financial statements.

Interim Financial Reports

24. In addition to the audit of the PFS, the auditor is required to audit all Interim Financial Reports (IFRs) used as the basis for the submission of withdrawal applications. The auditor should apply such tests and controls as the auditor considers necessary under the circumstances. These expenditures should be carefully compared for project eligibility with the relevant financing agreements, and with reference to the Staff Appraisal Report / Project Appraisal Document (PAD) for guidance when considered necessary. Where ineligible expenditures are identified as having been included in withdrawal applications and reimbursed against, these should be separately noted by the auditor.

Audit Opinion

25. Besides a primary opinion³ on the Project Financial Statements, the annual audit report of the Project Accounts should include a separate paragraph commenting on the accuracy and propriety of expenditures withdrawn under report based procedures and the extent to which the Bank can rely on reports as a basis for loan disbursement. The financial statements, including the audit report, should be received by the Bank within six months of the close of each financial year. The auditor should submit the two copies of the audited accounts and audit reports to the Implementing Agency.

General

26. 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, a copy of these Guidelines, and a copy of the

³ For the format of the primary audit report and opinion (see Annexure I for expected audit report format) on Project Financial Statements (PFS) in line with ISA 900 (or equivalent standard under the auditing framework applied) see Annexure II).

Bank's Financial Management Assessment of the project entity. It is highly desirable that the auditor become familiar with other Bank policy documents, such as OP/BP 10.02, Bank's Guidelines on Financial Reporting and Auditing of Projects Financed by the World Bank, which summarizes the Bank's financial reporting and auditing requirements. The auditor should also be familiar with the Bank's Disbursement Manual. Both documents will be provided by the Project staff to the auditor.

**SAMPLE FORMAT OF AUDIT REPORT/ OPINION
FOR ORISSA STATE ROADS PROJECT
(for Project Financial Statements)**

Addressee

Introduction

We have audited the accompanying financial statement of the Project financed under World Bank Loan No.as on March 31, 20xx (indicate any other years necessary). Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with regulation and standards of audit of 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts, internal checks and controls, and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the financial statements read with the observations annexed (if any) give a true and fair view of the Sources and Application of Funds and the financial position of Orissa State Roads Project for the year ended March 31, 20xx in accordance with consistently applied Government Accounting Standards.

In addition, (a) with respect to interim financial statements, adequate supporting documentation has been maintained to support claims to the World Bank for reimbursement of expenditures incurred; and (b) which expenditures are eligible for financing under the Loan No. During the course of the audit referred to above, Interim Financial Statements and the connected documents were examined and these can be relied upon to support reimbursement under the Loan agreement.

This certificate is issued without prejudice to C&AG right to incorporate any further detailed audit observations if and when made in the Report of the C&AG of India for being laid before Parliament/ State Legislature.

Signed – name and designation

Date – completion date of audit

Appendix II – Interim Unaudited Financial Reports

Quarterly Report
Report 1A

Government of Orissa
Orissa State Road Project
(IDA/IBRD.....-IN)

Project Expenditures as per AG Monthly Appropriation Accounts
Period: _____ to _____

Demand No	07	Works Department
Major Head	5054	Capital Outlay on Roads and Bridges
Plan Sector	03	State Highway

Amount in Rs

Sub Head	Project Components/Sub Components	Expenditure Reported															
		Fiscal Year Budget				Current Quarter				Year to Date				Cumulative for the Project			
		General (337)	TSP (796)	SCSCP (789)	Total	General (337)	TSP (796)	SCSCP (789)	Total	General (337)	TSP (796)	SCSCP (789)	Total	General (337)	TSP (796)	SCSCP (789)	Total
	Road Improvement Component	28,913,600	7,502,300	7,744,600	44,160,500												
	Less: Prorata charges	3,988,000	1,034,800	1,068,200	6,091,000												
		24,925,600	6,467,500	6,676,400	38,069,500												
	PPP Component	1,139,500	295,400	305,100	1,740,000												
	Less: Prorata charges	157,200	40,700	42,100	240,000												
		982,300	254,700	263,000	1,500,000												
	ISAP and Operating Costs	5,915,200	1,533,600	1,584,100	9,032,900												
	Less: Prorata charges	815,900	211,500	218,500	1,245,900												
		5,099,300	1,322,100	1,365,600	7,787,000												
	Community development	1,519,200	393,900	406,900	2,320,000												
	Less: Prorata charges	209,500	54,300	56,100	319,900												
		1,309,700	339,600	350,800	2,000,100												
	Rehabilitation & Resettlement	5,317,400	1,378,600	1,424,000	8,120,000												
	Less: Prorata charges	733,400	190,200	196,400	1,120,000												
		4,584,000	1,188,400	1,227,600	7,000,000												
	Land Acquisition, utility shifting and other non eligible exp	17,567,500	4,554,500	4,704,600	26,826,600												
	Less: Prorata charges	2,423,100	628,200	648,900	3,700,200												
		15,144,400	3,926,300	4,055,700	23,126,400												
	Total	52,045,300	13,498,600	13,939,100	79,483,000												

Certified that the expenditures reported above are based on the AG Monthly Appropriation Accounts and that the funds have been used for intended purposes

Prepared by: _____

Approved by: _____

Date: _____

Date: _____

Government of Orissa
Orissa State Road Project
(IDA/IBRD.....-IN)

Project Expenditures by Components and Activities
Period: _____ to _____

Amount in Rs

Project Components/Sub Components	Expenditure Reported																		
	Current Quarter						Year to Date						Cumulative to Date						
	Total expend reported	Eligible Expend			Ineligible Expend			Eligible Expend			Ineligible Expend			Eligible Expend			Ineligible Expend		
		Bank Share	GoO Share	Total	Pro rata Charges	Others	Total	Bank Share	GoO Share	Total	Pro rata Charges	Others	Total	Bank Share	GoO Share	Total	Pro rata Charges	Others	Total
Road Improvement Component	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Civil Works																			
- Year 1 - Package 1 - Bhawanipatna-Khariar			0			0			0			0			0			0	
- Year 1 - Package 2 - Chandanbali-Anandpur			0			0			0			0			0			0	
- Year 1 - Package 3 - Berhampur-Taptapani			0			0			0			0			0			0	
- Year 2 - Package 1 - Aska - Bhanjanagar			0			0			0			0			0			0	
- Year 2 - Package 2 - Taptapani - Raipanka			0			0			0			0			0			0	
- Year 2 - Package 3 - Raipanka - JK Pur			0			0			0			0			0			0	
- Year 2 - Package 4 - Kereda - Muniguda			0			0			0			0			0			0	
- Year 2 - Package 5 - Muniguda - Bhawanipatna			0			0			0			0			0			0	
- Year 2 - Package 6 - Jagatpur - Chandball			0			0			0			0			0			0	
- Year 2 - Package 7 - Banarpal - Daspalla			0			0			0			0			0			0	
- Year 2 - Package 8 - Anandpur - Karanja			0			0			0			0			0			0	
- Year 2 - Package 9 - Bhanjanagar - Daspalla			0			0			0			0			0			0	
Construction Supervision																			
-Construction Supervision Year 1 (ORSP-CS)			0			0			0			0			0			0	
-Construction Supervision Year 2 Package A (ORSP-CS-P1)			0			0			0			0			0			0	
P2A)			0			0			0			0			0			0	
P2B)			0			0			0			0			0			0	
Consultants Others																			
- Environment Advisor (ENV-ADV)			0			0			0			0			0			0	
- Social Advisor (SOC-ADV)			0			0			0			0			0			0	
PPP Component	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
- PPP Transaction Advisor (ORSP-PTA)			0			0			0			0			0			0	
- Independent Engineer for PPP (PPP-ENGG)			0			0			0			0			0			0	
- PPP Regulatory and Transaction Capacity Development (PPP-RTCD)			0			0			0			0			0			0	
ISAP and Operating Costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
ISAP																			
- Establishment of asset management system (ORSP-AMS)			0			0			0			0			0			0	
- Road Sector Institutional Development, Planning, Safety and Financing Study (RS-IDP-S&FC)			0			0			0			0			0			0	
- IT/ICT, MIS and M&E development (IT-ICT)			0			0			0			0			0			0	
- Revision of PWD Codes & Manuals, including procurement manuals (PROC REF)			0			0			0			0			0			0	
- Road User Satisfaction Surveys (R-USER)			0			0			0			0			0			0	
- Hardware & Software for asset management			0			0			0			0			0			0	
- Training of OWD staff			0			0			0			0			0			0	
Operating Costs																			
- Books and manuals			0			0			0			0			0			0	
- Travelling expenses			0			0			0			0			0			0	
- Salary of PIU staff			0			0			0			0			0			0	
- Hiring of vehicles			0			0			0			0			0			0	
- Daily allowances for staff			0			0			0			0			0			0	
- Advertisement & Publications			0			0			0			0			0			0	
- Office Maintenance & Contingency			0			0			0			0			0			0	
- Office furnishing			0			0			0			0			0			0	
- Furnishing Office space of PI Unit			0			0			0			0			0			0	
- Procurement of IT equipment, upgrading etc.			0			0			0			0			0			0	
Rehabilitation & Resettlement	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Engagement of NGO (NGO)			0			0			0			0			0			0	
Payments to PAP			0			0			0			0			0			0	
Land Acquisition, utility shifting and other non eligible exp	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Land acquisition			0			0			0			0			0			0	
Environmental measures			0			0			0			0			0			0	
Utility Shifting			0			0			0			0			0			0	
Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Approved by: _____

Government of Orissa
Orissa State Road Project
(IDA/IBRD.....-IN)

Cash Forecast for Project Expenditures
Period: _____ to _____

Amount in Rs

Project Components/Sub Components	Expenditure Reported																				
	Quarter starting _____ ending _____									Quarter starting _____ ending _____									Total		
	Total expend projected	Eligible Expend			Ineligible Expend			Eligible Expend			Ineligible Expend			Eligible Expend			Ineligible Expend				
		Bank Share	GoO Share	Total	Pro rata Charges	Others	Total	Bank Share	GoO Share	Total	Pro rata Charges	Others	Total	Bank Share	GoO Share	Total	Pro rata Charges	Others	Total		
Road Improvement Component	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Civil Works																					
- Year 1 - Package 1 - Bhawanipatna-Khariar			0			0			0			0			0			0			
- Year 1 - Package 2 - Chandanbali-Anandpur			0			0			0			0			0			0			
- Year 1 - Package 3 - Berhampur-Taptapani			0			0			0			0			0			0			
- Year 2 - Package 1 - Aska - Bhanjanagar			0			0			0			0			0			0			
- Year 2 - Package 2 - Taptapani - Raipanka			0			0			0			0			0			0			
- Year 2 - Package 3 - Raipanka - JK Pur			0			0			0			0			0			0			
- Year 2 - Package 4 - Kereda - Muniguda			0			0			0			0			0			0			
- Year 2 - Package 5 - Muniguda - Bhawanipatna			0			0			0			0			0			0			
- Year 2 - Package 6 - Jagatpur - Chandballi			0			0			0			0			0			0			
- Year 2 - Package 7 - Banarpal - Daspalla			0			0			0			0			0			0			
- Year 2 - Package 8 - Anandpur - Karanja			0			0			0			0			0			0			
- Year 2 - Package 9 -Bhanjanagar - Daspalla			0			0			0			0			0			0			
Construction Supervision																					
-Construction Supervision Year 1 (ORSP-CS)			0			0			0			0			0			0			
-Construction Supervision Year 2 Package A (ORSP-CS-P1)			0			0			0			0			0			0			
-Construction Supervision Year 2 package B (ORSP-CS-P2A)			0			0			0			0			0			0			
-Construction Supervision Year 2 package B (ORSP-CS-P2B)			0			0			0			0			0			0			
Consultants Others																					
- Environment Advisor (ENV-ADV)			0			0			0			0			0			0			
- Social Advisor (SOC-ADV)			0			0			0			0			0			0			
PPP Component	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
- PPP Transaction Advisor (ORSP-PTA)			0			0			0			0			0			0			
- Independent Engineer for PPP (PPP-ENGG)			0			0			0			0			0			0			
- PPP Regulatory and Transaction Capacity Development (PPP-RTCD)			0			0			0			0			0			0			
ISAP and Operating Costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
ISAP																					
- Establishment of asset management system (ORSP-AMS)			0			0			0			0			0			0			
- Road Sector Institutional Development, Planning, Safety and Financing Study (RS-IDP-S&FC)			0			0			0			0			0			0			
- IT/ICT, MIS and M&E development (IT-ICT)			0			0			0			0			0			0			
- Revision of PWD Codes & Manuals, including procurement manuals (PROC REF)			0			0			0			0			0			0			
- Road User Satisfaction Surveys (R-USER)			0			0			0			0			0			0			
- Hardware & Software for asset management			0			0			0			0			0			0			
- Training of OWD staff			0			0			0			0			0			0			
Operating Costs																					
- Books and manuals			0			0			0			0			0			0			
- Travelling expenses			0			0			0			0			0			0			
- Salary of PIU staff			0			0			0			0			0			0			
- Hiring of vehicles			0			0			0			0			0			0			
- Daily allowances for staff			0			0			0			0			0			0			
- Advertisement & Publications			0			0			0			0			0			0			
- Office Maintenance & Contingency			0			0			0			0			0			0			
- Office furnishing			0			0			0			0			0			0			
- Furnishing Office space of PI Unit			0			0			0			0			0			0			
- Procurement of IT equipment, upgrading etc.			0			0			0			0			0			0			
Rehabilitation & Resettlement	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Engagement of NGO (NGO)			0			0			0			0			0			0			
Payments to PAP			0			0			0			0			0			0			
Land Acquisition, utility shifting and other non eligible exp	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Land acquisition			0			0			0			0			0			0			
Environmental measures			0			0			0			0			0			0			
Utility Shifting			0			0			0			0			0			0			
Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		

Approved by: _____

**Government of Orissa
Orissa State Road Project
(IDA/IBRD.....-IN)**

Quarterly Financial Monitoring Report - (World Bank Funds requirement)

Report for the quarter ended on _____

(Amount in Rs)

World Bank Funds received by GoO till date	I	100
Total Project Uses till date	II	40
Less: Ineligible expenditures	III	5
Expenditures net of ineligible expenditures (II - III)	IV	35
World Bank Share @ XX% of the above	V	28
Funds Unutilized (I - V)	VI	72
Forecast for Project payments for the next 2 quarters (eligible expenditures)	VII	120
World Bank Share @ XX% of the above	VIII	96
Less: Funds Unutilized (same as VI above)	IX	72
Net Funds required (VIII - IX)	X	24

Notes:

- (a) World Bank funds received by GoO as in (I) above will be obtained from the State Accounts
- (b) Total Project Uses till date ' II ', will be the same as in Project Report Format IA, Column R Row 37 and Project Report Format 1B, Column L Row 75
- (c) Total Ineligible expenditures Project Uses till date ' III ', will be the same as in Project Report Format IB, Column T Row 75
- (d) Total expenditures net of ineligible expenditures ' IV ', will be the same as in Project Report Format IB, Column Q Row 75
- (e) World Bank share ' V ', will be the same as in project Report Format iB, Column O Row 75
- (f) Forecast for expenditures for the next 2 quarters ' VII ' will be the same as in Project Report Format IC, Column Q Row 75
- (g) World Bank Share of forecasted expenditures for the next 2 quarters ' VIII ' will be the same as in Project Report Format IC, Column O Row 75

**Government of Orissa
Orissa State Road Project
(IDA/IBRD.....-IN)
Commitment Tracking Report
(for prior review contracts)**

as at: _____

Amount in Rs

Project Component	Category (Works, Goods or Services)	WBR Nos (if applicable) & Date of No Objection from Bank	Name of Supplier/ Contractor/ Consultant	Contract Award Date	Procurement Method followed for contract award	Contract				Advances (net of adjustments)	Value of Work done/Supplies received/Services delivered			Financial Progress			Percentage of progress (%)	
						Amount - Original	Amount - Revised	Start Date	Close Date		Upto start of quarter	This quarter	Cumulative Value	Paid upto start of quarter	Paid this quarter	Total cumulative paid		
1 Road Improvement Component																		
Civil Works																		
- Year 1 - Package 1 - Bhawanipatna-Kharair																		
- Year 1 - Package 2 - Chandrabali-Anandpur																		
- Year 1 - Package 3 - Berhampur-Taptapani																		
- Year 2 - Package 1 - Aska - Bhanjanagar																		
- Year 2 - Package 2 - Taptapani - Raipanka																		
- Year 2 - Package 3 - Raipanka - JK Pur																		
- Year 2 - Package 4 - Kereda - Muniguda																		
- Year 2 - Package 5 - Muniguda - Bhawanipatna																		
- Year 2 - Package 6 - Jagatpur - Chandbali																		
- Year 2 - Package 7 - Bagraipal - Daspalla																		
- Year 2 - Package 8 - Anandpur - Karanja																		
- Year 2 - Package 9 - Bhanjanagar - Daspalla																		
Construction Supervision																		
- Construction Supervision Year 1 (ORSP-CS)																		
- Construction Supervision Year 2 Package A (ORSP-CS-P1)																		
- Construction Supervision Year 2 package B (ORSP-CS-P2A)																		
- Construction Supervision Year 2 package B (ORSP-CS-P2B)																		
Consultants Others																		
- Environment Advisor (ENV-ADV)																		
- Social Advisor (SOC-ADV)																		
2 PPP Component																		
- PPP Transaction Advisor (ORSP-PTA)																		
- Independent Engineer for PPP (PPP-ENG)																		
- PPP Regulatory and Transaction Capacity Development (PPP-RTCD)																		
3 ISAP and Operating Costs																		
ISAP																		
- Establishment of asset management system (ORSP-AMS)																		
- Road Sector Institutional Development, Planning, Safety and Financing Study (RS-IDP-S&FC)																		
- IT/ICT, MIS and M&E development (IT-ICT)																		
- Revision of PWD Codes & Manuals, including procurement manuals (PROC REF)																		
- Road User Satisfaction Surveys (R-USER)																		
- Hardware & Software for asset management																		
- Training of OWD staff																		
Operating Costs																		
- Books and manuals																		
- Travelling expenses																		
- Salary of PIU staff																		
- Hiring of vehicles																		
- Daily allowances for staff																		
- Advertisement & Publications																		
- Office Maintenance & Contingency																		
- Office furnishing																		
- Furnishing Office space of PI Unit																		
- Procurement of IT equipment, upgrading etc.																		
4 Rehabilitation & Resettlement																		
- Engagement of NGO (NGO)																		
- Payments to PAP																		
5 Land Acquisition, utility shifting and other non eligible exp																		
- Land acquisition																		
- Environmental measures																		
- Utility Shifting																		
TOTAL																		

Prepared by: _____

Approved by: _____

**Government of Orissa
Orissa State Road Project
(IDA/IBRD.....-IN)
Commitment Tracking Report
(for post review contracts)**

as at: _____

Amount in Rs

Project Component	Category (Works, Goods or Services)	WBR Nos (if applicable) & Date of No Objection from Bank	Name of Supplier/ Contractor/ Consultant	Contract Award Date	Procurement Method followed for contract award	Contract				Advance (net of adjustments)	Value of Work done/Supplies received/Services delivered			Percentage of progress (%)	Financial Progress			Percentage of progress (%)	
						Amount - Original	Amount - Revised	Start Date	Close Date		Upto start of quarter	This quarter	Cumulative Value		Paid upto start of quarter	Paid this quarter	Total cumulative paid		
1	Road Improvement Component																		
	Civil Works																		
	- Year 1 - Package 1 - Bhawanipatna-Kharlar																		
	- Year 1 - Package 2 - Chandanbali-Anandpur																		
	- Year 1 - Package 3 - Berhampur-Taptapani																		
	- Year 2 - Package 1 - Aska - Bhanjanagar																		
	- Year 2 - Package 2 - Taptapani - Raipanka																		
	- Year 2 - Package 3 - Raipanka - JK Pur																		
	- Year 2 - Package 4 - Kereda - Muniguda																		
	- Year 2 - Package 5 - Muniguda - Bhawanipatna																		
	- Year 2 - Package 6 - Jagatpur - Chandbali																		
	- Year 2 - Package 7 - Banarpal - Daspalla																		
	- Year 2 - Package 8 - Anandpur - Karanjia																		
	- Year 2 - Package 9 - Bhanjanagar - Daspalla																		
	Construction Supervision																		
	-Construction Supervision Year 1 (ORSP-CS)																		
	-Construction Supervision Year 2 Package A (ORSP-CS-P1)																		
	-Construction Supervision Year 2 package B (ORSP-CS-P2A)																		
	-Construction Supervision Year 2 package B (ORSP-CS-P2B)																		
	Consultants Others																		
	- Environment Advisor (ENV-ADV)																		
	- Social Advisor (SOC-ADV)																		
2	PPP Component																		
	- PPP Transaction Advisor (ORSP-PTA)																		
	- Independent Engineer for PPP (PPP-ENGG)																		
	- PPP Regulatory and Transaction Capacity Development (PPP-RTCD)																		
3	ISAP and Operating Costs																		
	ISAP																		
	- Establishment of asset management system (ORSP-AMS)																		
	- Road Sector Institutional Development, Planning, Safety and Financing Study (RS-IDP-S&FC)																		
	- IT/ICT, MIS and M&E development (IT-ICT)																		
	- Revision of PWD Codes & Manuals, including procurement manuals (PROC REF)																		
	- Road User Satisfaction Surveys (R-USER)																		
	- Hardware & Software for asset management																		
	- Training of OWD staff																		
	Operating Costs																		
	- Books and manuals																		
	- Travelling expenses																		
	- Salary of PIU staff																		
	- Hiring of vehicles																		
	- Daily allowances for staff																		
	- Advertisement & Publications																		
	- Office Maintenance & Contingency																		
	- Office furnishing																		
	- Furnishing Office space of PI Unit																		
	- Procurement of IT equipment, upgrading etc.																		
4	Rehabilitation & Resettlement																		
	Engagement of NGO (NGO)																		
	Payments to PAP																		
5	Land Acquisition, utility shifting and other non eligible exp																		
	Land acquisition																		
	Environmental measures																		
	Utility Shifting																		
	TOTAL																		

Prepared by: _____

Approved by: _____