

DHAWAN & MADAN

CHARTERED ACCOUNTANTS

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AUDITORS' REPORT

*The State Project Director,
Uttar Pradesh Education for All Project Board
State Project Office
Vidya Bhawan, Nishatganj,
Lucknow, Uttar Pradesh*

- 1. We have examined the Balance Sheet of SARVA SHIKSHA ABHIYAN, implemented by the Uttar Pradesh Education for All Project Board (hereinafter referred to as "The Project") as at 31st March 2007 and the Income & Expenditure Account and Receipt & Payment Account for the year then ended and annexed thereto. These financial statements are the responsibility of the project management. Our responsibility is to express an opinion on these financial statements based on our audit.*
- 2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts 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.*
- 3. These financial statements incorporate the accounts (Trial Balances) of 52 districts offices (DPO's and DIETs) audited by other auditors and 18 districts offices and the state project office audited by us.*

4. Subject to our observations in the annexure to this report:-

- a. *We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.*
- b. *The Balance Sheet and Income and Expenditure Account dealt with by this report are in agreement with the books of accounts produced before us.*
- c. *In our opinion, Proper books of account have been kept by the Project so far, as appears from our examination of the books of account.*
- d. *In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the note thereon, give a true and fair view:*
 - i. *In the case of Balance Sheet, of the state of affairs of the Project as at 31st March' 2007*
 - ii. *In the case of the Income and Expenditure Account, of the excess of expenditure over income of the Project for the year ended on that date.*
 - iii. *In the case of the Receipt and Payments Accounts, of Receipts & Payments of the Project for the year ended on that date.*

DHAWAN & MADAN
Chartered Accountants

Place: Lucknow
Dated:

(P.K. DHAWAN)
Partner
M.No.74258

SARVA SHIKSHA ABHIYAN,
implemented by the Uttar Pradesh Education for All Project Board

ANNEXURE

(referred to in para 4 of the Audit Report on the accounts of the SARVA SHIKSHA ABHIYAN for the year ended 31st March 2007)

- 1. The financial statements are subject to the approval of the Executive Committee of the Project.*
- 2. The Project has followed cash system of Accounting.*
- 3. Project has adopted the Electronic Funds Transfer Mechanism (EFT) for transfer of funds from SPO to DPO / DIETs and through bank transfer advices, from DPO to sub-districts units. This has resulted in reduction in the fund transit period and has strengthened the fund management and control mechanism.*
- 4. Advances to Block Resource Centres, Cluster Resource Centres and Village Education Committees are treated as expenditure at the time of giving advances (vide accounting policy no. g of schedule “ L”). The system of obtaining the utilization Certificates has now been effected, however, the amount of Advances treated, as Expenditure in respect whereof Utilisation Certificates are not available, can not be presently quantified.*
- 5. The Project Accounts reflect Miscellaneous Income amounting to Rs. 1,63,79,736.00 which includes various amounts credited in the Bank Accounts of the DPO's & DIET's At DPO & DIET levels being unspent balance returned back from BRC;s CRC's and VEC's levels. As per SSA Accounting Manual, the same should be credited back to the respective Budget head under which the said amount was sent to them. But due to no such details being submitted / collected by DPO and BRC's & VEC's, the respective expenditure head could not be reduced and hence to account for the same, it is credited in head of Miscellaneous Income.*
- 6. Advances to Institutions, Balances with few bank accounts and Funds in Transit are subject to confirmation / reconciliations and subsequent adjustments, if any.*
- 7. For Project Civil Works (i.e. Construction of Schools, Additional Classrooms, Toilet, Boundary Wall etc.), we have largely relied*

upon the Utilisation Certificates, submitted by the Village Education Committees, verified on the basis of the books of account and related documents produced before us.

8. *Internal controls relating to advances to sub-district agencies and the system of generation, authentication, collection and accounting of related utilization certificates has been introduced and implemented and needs to be strengthened.*

SARVA SHIKSHA ABHIYAN,
(implemented by the Uttar Pradesh Education for All Project Board)

*(Schedule “L” of Significant Accounting Policies and Notes on Accounts
forming part of the project Financial Statements for the year ended 31st
March 2007)*

1. Significant Accounting Policies

a. Basis of Accounting:

The project accounts are prepared on historical cost convention and cash basis of accounting. Income / grant are accounted for when they are actually received and expenses are recognized as and when they are actually paid.

b. Fixed Assets:

Fixed assets purchased for SPO and DPO's operations are stated at their cost of acquisition. However, As per past practice, Fixed Assets acquired / created at field levels for smooth operations of the project activities have been treated as Expenditure at the time of release of payments.

c. Project Civil Works:

Project Civil works i.e. Construction of Schools, Additional Classrooms, toilet, Boundary wall etc. are charged to the Income & Expenditure as expenditure.

d. Depreciation:

No depreciation is charged on fixed assets.

e. Interest earned on Bank Accounts:

Interest earned on balances in bank accounts is treated as Income & utilized for the purpose of the project.

f. Miscellaneous Income:

Miscellaneous income shown in the Income & Expenditure Account includes amounts refunded by district level implementing Agencies e.g. BRC's VEC's etc in respect of

unspent funds. As per SSA Accounting Manual, the same should be credited back to the respective Budget head under which the said amount was sent to them. But due to no such details being submitted / collected by DPO and BRC's & VEC's, the respective expenditure head could not be reduced and hence to account for the same, it is credited in head of Miscellaneous Income.

g. Expenditure incurred by the Implementing Agencies:

- i) Amounts reimbursed to Basic Shiksha Parishad, Allahabad, towards Teacher's Salaries have been claimed as Expenditure at the time of payments i.e. release of funds.*
- ii) Expenditure incurred by Mahila Samakhya is accounted for upon receipt of the Utilisation certificate.*
- iii) Expenditures incurred by Director, Basic Education, Director, Literacy and Alternative Education, SIET, Lucknow, SIEMAT, Allahabad, SCERT, Lucknow, SIE Allahabad and other institutions have been accounted for on the basis of Statement of Expenditures (SOE's) submitted by the respective departments.*
- iv) Expenditure incurred by Schools, Offices and Institutions under the agencies of the Viklang Kalyan Department and funded by the Sarva Shiksha Abhiyan are accounted on receipt of statement of expenditure.*
- v) Advances to Block Resource Centers, Cluster Resource Centers and Village Education Committees are treated as Expenditure at the time of giving advances.*

2. Notes on Accounts

- a. The SARVA SHIKSHA ABHIYAN is being implemented in the state of Uttar Pradesh by the U.P EDUCATION FOR ALL PROJECT BOARD, which is a Society, registered under the Societies Registration Act'1860.*

- b. *The method of Accounting prescribed by the Manual On Financial Management and Procurement is as follows:*

“Complete accounts in respect of the monetary transaction of the state Implementation Society in the Headquarters Office as well as in the Subordinate Offices shall be maintained in the same manner as required in a State Government Office. The “double entry method based on mercantile system” of accounting shall also be following under SSA.”

AT SPO and some Districts, project is following Double Entry Accounting System on cash basis; however, the other district units of the project are following the single entry cash basis of accounting as in the State Government Office.

Project has initiated the system of implementation of Double Entry Accounting Systems at the remaining districts also.

- c. *The Project has adopted the Manual on Financial Management and Procurement issued by the Department of elementary Education and Literacy, Ministry of Human Resource Development, Government of India.*
- d. *Funds in Transit, Advances to Institutions and Balances with few bank accounts are subject to confirmations / reconciliations and subsequent adjustments if any.*
- e. *The expenses incurred by state Project Office, SIEMAT, SCERT, State Institute of Education and Technology has been included under the State Component in the Income and Expenditure Account.*

(Senior Accounts Officer)

(Finance Controller)

(State Project Director)

**Utilisation Certificate under SARVA SHIKSHA ABHIYAN for the
year ended 31st March'2007**

Name of the State : Uttar Pradesh

Sl. No.	Sanction Letter No. & Date	Amount (Rs.)
Government of India		
1.	F9-8/2006-EE14 Date:30/05/06	11,99,72,00,000
2.	F9-8/2006-EE14 Date:02/11/2006	7,50,00,00,000
3.	F9-8/2006-EE14 Date:30/05/06	66,82,00,000
4.	F9-8/2006-EE14 Date :02/11/2006	50,00,00,000
	TOTAL	20,66,54,00,000
Government of Uttar Pradesh		
1.	1049/79-5-2006-43/2000 Dated:10/04/06	7,50,00,000
2.	1049/11/79-5-2006-43/2000 Dated:08/04/06	1,67,50,00,000
3.	287/26-50-2006 Dated:13/04/06	47,62,50,000
4.	U.O.287A/26-BP-2000 Dated:13/04/06	7,50,00,000
5.	92/73-5-2006-43/2000TC Dated:04/08/06	1,29,22,34,000
6.	92/111/79-5-2006-43/2000TC Dated:04/08/06	22,50,00,000
7.	U.O.744/26-BP-2006-243/2004 Dated:15/09/2006	17,83,16,000
8.	U.O.744 A/26-BP-2006- 243/2004 15/09/06	22,50,00,000
9.	2607/79-5-2006-43/2000TC Dated:14/11/06	1,25,45,66,000
10.	3065/79-5-2006-43/2000TC Dated:11/12/06	87,87,67,000
11.	U.O.1103/26BP-2006- 243/2004 Dated:29/12/06	53,30,63,000
12.	U.O.1103-A/26 BP-2006- 243/2004 Dated:29/12/06	2,70,000
	Total	6,88,84,66,000

1. Certified that out of Rs. 27,55,38,66,000.00 (Rupees Two
Thousand Seven Hundred Fifty Five Crores Thirty Eight Lacs

Sixty Six Thousand Only) of Grant-in-Aid sanctioned during the year 2006-2007 in favour of U.P. Education for All Project Board, vide Ministry of Human Resource Development, Department of Elementary Education and Literacy, letter nos. noted against each grant, State G.O. from Govt. of U.P. and Rs. 16,94,88,897.82 (Rupees Sixteen Crores Ninety Four Lac Eighty Eight Thousand Eight Hundred Ninety Seven & Eighty Two Paise Only) on account of interest and miscellaneous income earned during the period 1.4.2006 to 31.3.2007 and a sum of Rs. 2,53,03,38,102.96 (Rupees Two Hundred Fifty Three Crores Three Lacs Thirty Eight Thousand One Hundred Two & Ninety Six Paise only) on account of unspent balance of the previous year, a sum of Rs. 28,29,12,56,757.27 (Rupees Two Thousand Eight Hundred Twenty Nine Crores Twelve Lacs Fifty Six Thousand Seven Hundred Fifty Seven & Twenty Seven Paise Only) has been utilised for the purpose for which it was sanctioned and that the balance of Rs.1,96,24,36,243.51 (Rupees One Hundred Ninety Six Crore Twenty Four Lacs Thirty Six Thousand Two Hundred Fourty Three & Fifty One Paisa only) remained unutilized at the end of the year and will be adjusted towards the Grants-In-Aid payable during the year 2007-2008.

- 2. Certified that I have satisfied myself that the conditions on which the Grants-In-Aids was sanctioned have been fully fulfilled and that I have exercised the following checks to see that the money was actually utilized for the purpose for which it was sanctioned.*

Kinds of checks exercised :-

1. *Audited Statements of Accounts (copy enclosed)*
2. *Utilisation Certificate*
3. *Progress Report (copy enclosed)*

State Project Director
U.P. Sabhi Ke Liye Shiksha
Pariyojna Parishad

Dated :

AUDITOR's CERTIFICATE

We have verified the above statement with the books of and records produced before us for our verification and found the same has been drawn in accordance therewith.

DHAWAN & MADAN
Chartered Accountants

Place: Lucknow

Dated:

(P.K. DHAWAN)
Partner
M.No.74258

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*The State Project Director,
Uttar Pradesh Education for All Project Board
State Project Office
Vidya Bhawan, Nishatganj,
Lucknow, Uttar Pradesh*

Sub: Procurement under SARVA SHIKSHA ABHIYAN

Dear Sir,

We have conducted the audit of Balance Sheet as at 31st March'2007, Income & Expenditure Accounts and Receipts and Payments Accounts for the year then ended of SARVA SHIKSHA ABHIYAN, implemented by the Uttar Pradesh Education for All Project Board. These financial statements incorporate the accounts (Trial Balances) of 52 districts offices (DPO's and DIETs) audited by other auditors and 18 districts offices and the state project office audited by us.

Based on our audit and records made available to us and subject to our audit reports, we have verified on a test basis, whether goods, works and the services financed have been procured in accordance with relevant provisions of the procurement procedure prescribed for the purpose.

Thanking you

DHAWAN & MADAN
Chartered Accountants

(P.K. DHAWAN)

Partner

M.No.74258

Place : Lucknow

Dated :

DHAWAN & MADAN

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Vidya Bhawan, Nishatganj,
Lucknow, Uttar Pradesh*

Sub: Procurement under SARVA SHIKSHA ABHIYAN

Dear Sir,

This is to Certify that we have gone through the procurement procedure used for the State for SSA and based on the audits of the records for the year 2006-2007 for the SARVA SHIKSHA ABHIYAN, UP, Lucknow and inputs from the districts audit reports, we are satisfied that the procurement procedure prescribed in the Manual on Financial Management and Procurement under SSA has been followed / or the following deviations were observed :-

<i>Sl. NO.</i>	<i>Details</i>	<i>Deviations</i>	<i>Amounts involved (declared as mis-procurement)</i>
	<i>N</i>	<i>I</i>	<i>L</i>

Thanking you

DHAWAN & MADAN
Chartered Accountants

(P.K. DHAWAN)
Partner
M.No.74258

Place: Lucknow

Dated: