



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 2008 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 53 districts offices (DPO's and DIETs) audited by other auditors and 17 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' 2008*
 - ii. *In the case of the Income and Expenditure Account, of the excess of Income over expenditure 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 2008)

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. *The transfer of funds from DPO / DIETs to sub-districts units is being done through the Bank advice / other banking systems. There is need to improve the system to avoid blocking of funds in the pipeline which shall ultimately result in reduction in the fund transit period and will strengthen the fund management and control mechanism. Channel of communication with regard to transfer of funds between DPO / DIET's and sub district level units need to be improved.*
4. *As per SSA Accounting manual, Amounts released to any Implementing Agency should be treated as Advances and be recorded in the Advance Register, which shall be adjusted based on the Expenditure Statements and Utilisation Certificates received from such agencies. Though during the year under audit, Project Management had issued the instructions to its DPO's / DIETs and other accounting units to account for various payments made to sub district level agencies as Advances which subsequently were to be adjusted as Expenditure after obtaining Utilisation Certificates from the respective units. However, though utilization certificates are being obtained but prima facie, proper accounting of the same as per the Procurement and Financial Manual issued by the GOI is yet to be implemented at district units.*
5. *Miscellaneous income shown in the Income & Expenditure Account includes some 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 besides Tender Fees and security deposits etc.*
6. *Funds in Transit amounting to (Net) Cr. Rs. 4,29,81,473.74 indicating funds have been received more than the amounts sent. Such differences have occurred primarily due to Funds of the KGBV Project lying with the bank accounts of the DPO's and DIET's and wrong entries made by the*

DPO's & DIETs for transactions between them. The same needs to be reconciled and rectified accordingly. Further a system of regular reconciliation of Inter Unit transactions needs to be enforced to avoid its recurrence.

- 7. Advances to Institutions and Balances with few bank accounts of DPO's and DIET's are subject to confirmations / reconciliations and subsequent adjustments if any.*
- 8. 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.*
- 9. 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.*
- 10. Though Double Entry Accounting System on Cash Basis is implemented, still more focus and attention of the Project Management is required on the basic accounting issues like Advance Registers, Proper Accounting of Utilisation Certificates, Bank Reconciliation Statements, Reconciliation of Remittances in Transit, Inter Unit transactions etc. as the present internal audit system does not cover the above mentioned areas.*

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 2008)

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, 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 some 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 besides Tender Fees and security deposits etc.

g. Expenditure incurred by the Implementing Agencies:

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

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 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.*

- c. *Funds in Transit, Advances to Institutions and Balances with few bank accounts are subject to confirmations / reconciliations and subsequent adjustments if any.*
- d. *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'2008**

Name of the State : Uttar Pradesh

Sl. No.	Sanction Letter No. & Date	Amount (Rs.)
Government of India		
1.	F9.7/2007-E.E.14 dated 09.05.07	4,450,000,000.00
2.	F9.7/2007-E.E.14 dated 10.08.07	1,580,000,000.00
3.	F9.7/2007-E.E.14 dated 10.10.07	2,416,000,000.00
4.	F9.7/2007-E.E.14 dated 24.12.07	7,300,000,000.00
5.	F9.7/2007-E.E.14 dated 28.02.08	4,275,700,000.00
	Total	20,021,700,000.00
Government of Uttar Pradesh		
1.	1912/79-5-2006/43/2000 dated 08.08.2007	1,290,500,000.00
2.	67/79-5-2006/43/2000 dated 21.06.2007	950,904,000.00
3.	1958/79-5-2006/43/2000 dated 21.06.2007	1,274,096,000.00
4.	3343/79-5-2006/43/2000 dated 20.09.2007	500,000,000.00
5.	2891/79-5-2006/43/2000 dated 20.09.2007	1,121,400,000.00
6.	342/26/B.P./2007/243/2004 dated 22.09.2007	266,064,500.00
7.	342/26/B.P./2007/243/2004 dated 22.09.2007	402,371,000.00
8.	4342/79-5-2007/43/2000 dated 22.01.2008	3,426,198,000.00
9.	4342/79-5-2007/43/2000 dated 22.01.2008	963,013,000.00
10.	131/26/B.P./2008/243/2004 dated 28.02.2008	500,000,000.00
11.	131/26/B.P./2008/243/2004 dated 28.02.2008	719,445,500.00
	Total	11,413,992,000.00
	Less Transferred to KGBV	331,139,000.00
	Total	11,082,853,000.00
	Grand Total	31,104,553,000.00

1. *Certified that out of Rs. 31,104,553,000.00 (Rupees Three Thousand One Hundred Ten Crores Forty Five Lacs fifty Three Thousand Only) of Grant-in-Aid sanctioned during the year 2007-2008 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. 13,68,62,739.87 (Rupees Thirteen Crores Sixty Eight Lac Sixty Two Thousand Seven Hundred Thirty Nine & Eighty Seven Paise Only) on account of interest and miscellaneous income earned during the period 1.4.2007 to 31.3.2008 and a sum of Rs. 1,96,24,36,243.51 (Rupees One Hundred Ninety Six Crore Twenty Four Lacs Thirty Six Thousand Two Hundred Forty Three & Fifty One Paise only) on account of unspent balance of the previous year, a sum of Rs. 29,53,62,48,036.76 (Rupees Two Thousand Nine Hundred Fifty Three Crores Sixty Two Lacs Forty Eight Thousand Thirty Six & Seventy Six Paise Only) has been utilised for the purpose for which it was sanctioned and that the balance of Rs.3,66,76,03,946.62 (Rupees Three Hundred Sixty Six Crore Seventy Six Lacs Three Thousand Nine Hundred Forty Six & Sixty Two Paise only) remained unutilized at the end of the year and will be adjusted towards the Grants-In-Aid payable during the year 2008-2009.*

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



*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'2008, 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 53 districts offices (DPO's and DIETs) audited by other auditors and 17 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 :



*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,

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 2007-2008 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: