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முகாமைத்துவக் கணக்காய்வுத் திணைக்களம்  
DEPARTMENT OF MANAGEMENT AUDIT

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මහලේකම් කාර්යාලය, කොළඹ-01

நிதி அமைச்சு,  
செயலகம், கொழும்பு 01

Ministry of Finance  
The Secretariat, Colombo 01

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திகதி } 15/02/2017  
Date }

Management Audit Circular 1/2017

All Secretaries to the Ministries, Chief Secretaries of Provincial Councils  
Heads of the Departments, Chairmen of Public Corporations, Statutory Boards and  
Government Companies.

Obtaining Internal Auditing Assistance for the Development Projects Funded by Foreign  
Financing

With reference to the Management Audit Circular No. 2/2016.

Accordingly, when an Accountant in the government service/ provincial government service  
or public enterprise is appointed to a project as an Internal Auditor, the officer should certify  
that he engages full time or part time service only in one such project as an Internal Auditor  
in addition to the duties of his permanent post.

It is required to follow the guidelines mentioned here in order to assure the accountability,  
efficiency, and also evaluation and following up capacity of the internal auditing process by  
any Internal Auditor, appointed to a project.

**General factors**

- Internal Auditor of a project should prepare the Annual Internal Audit Plan before each financial year, as per the specimen in the Annex 1 herewith and the approval of the Secretary to the relevant Ministry should be obtained for the same.
- A copy of the Internal Audit Plan for the project should be submitted to the Department of Management Audit before each financial year.
- The Internal Auditor should implement auditing as per the Audit programme prepared for each month based on the Annual Audit Plan and the relevant reports should be submitted to the Secretary to the line Ministry with a copy to the Project Director.

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- The Internal Auditor should prepare the Annual Audit Plan and the Monthly Audit Programme covering all the sectors under the project and drawing special attention to the Circular No. 5 issued by the Department of Management Audit.
- A report should be prepared for each 3 months in relevant to the matters that are not solved and to be attended as referred to in the monthly audit reports and it should be submitted at the Ministerial Audit and Management Committee Meetings, chaired by the Secretary.
- The observations in auditing that are submitted to these Audit and Management Committee meetings should be forwarded to the Department of Management Audit with the recommendations of such committee meetings as per the specimen form in the Annex 2 herewith.

**Functions, role and responsibility of the Internal Auditor in relevant to auditing the projects**

The Internal Auditor of the project;

- Should examine the compliances of Circulars and Regulations issued by the various public institutions at time to time in relevant to project management.
- Should provide the necessary guidance to assure the financial control and the financial discipline of the project.
- Should provide the necessary guidance to avoid delays in the projects by evaluation of the performance indicators and the progress of the project.
- Should endeavor to identify the issues which should hinder the progress of the project in cooperating with all the stakeholders of the project.
- Should provide the necessary guidance to maintain the accounting process, books and registers of the project in accepted standards.
- Should provide the necessary guidance to activate internal control required for the prevention of misuse of resources of the project.
- Should not limited to the role of reporter and should deliver his consultative service as an active member of the project management taking part in all the activities of the project.
- Should perform special investigations and audits in relevant to the project on request of the Secretary to the Ministry and the Project Director apart from the activities in the Annual Audit Plan.

- Should provide the necessary guidance to assure that the outcomes of the project are reasonable in line with the cost focusing special attention on productivity, cost-effectiveness, efficiency and standards.
- Should submit the Final Audit Report to the Secretary in relevant to proper handing over of the liabilities and documents of the project and closing of accounts, at the conclusion of the project



S A. Chandrika Kulathilake  
Director General  
Department of Management Audit

Copies - Secretary to the President  
Secretary to the Prime Minister  
Secretary, Public Service Commission  
Auditor General  
Director General, Department of Management Services

**Internal Audit Plan for the year .....**

**Ministry :**

**Name of the Project :** .....

No	The Internal Audit Activity	Sub activities of the audit	Set targets of the audit	Internal Audit Time Frame													
				January	February	March	April	May	June	July	August	September	October	November	December		
1																	
2																	
3																	
4																	

Annex 2

Ministry - .....  
Audit and Management Committee Meeting - ..... Quarter  
Project -.....

Matters that are discussed at the Committee Meeting with relevant to the observations in auditing.

Serial No.	Observations in auditing	Recommendation of the Committee