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முகாமைத்துவக் கணக்காய்வுத் திணைக்களம்  
DEPARTMENT OF MANAGEMENT AUDIT

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Ministry of Finance, Economy and Policy  
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திகதி } 2020.08.13  
Date }

**Management Audit Guideline No: DMA/01/2020**

To all District Secretaries,

**Checklist for Improving Performance of Development Projects Implemented by District Secretariats**

Development projects are implemented by District Secretariats annually, with use of its own budget, Ministries, Departments allocation and decentralized budget. According to the audit queries raised by the Auditor General the efficiency and effectiveness of some of these development projects are not at a satisfactory level. The weaknesses of these projects are also discussed regularly at the Audit and Management Committee meetings accordingly.

02. Meanwhile, according to the section 154 (6) of the constitution, Auditor General reports these project shortcomings to the Committee on Public Accounts for hearing frequently.

03. In general, it was observed that following weaknesses are exists in development projects.

- i. Under – utilized projects
- ii. Unsuccessful projects
- iii. Projects aimed to limited beneficiaries
- iv. Projects that have not identified the requirement properly
- v. Payment has been made on non-defined special rates
- vi. Projects that have not taken risk insurance certificates
- vii. Payments made for physically incomplete projects
- viii. Payments made for not started works
- ix. Use of non-approved raw materials
- x. Projects that were not carried out as per estimate
- xi. Constructions projects not meet the approved standards
- xii. Projects that have failed due to lack of maintenance after completing the project

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- xiii. Projects that have been paid without charging liquidated damages as per the agreement
- xiv. Payments made without completing the project file.

04. To enhance the efficiency and effectiveness of development projects implemented through district secretariats, you are kindly requested to draw your attention to mitigate the above mentioned general weaknesses by giving instructions to the officers who are directly involve in development projects. Furthermore, you are requested to give necessary directives to relevant officers to follow the parameters given in the attached checklist and to your Chief Internal Auditor to conduct the audit by considering the facts mentioned in the checklist. .



S.A. Chandrika Kulathilaka  
Director General

Copy - Chief Internal Auditor (to act on this guideline and checklist)

## Checklist of Performance Testing of Development Projects

**Name of the Institute:** ... .. **Year of Audit:** .....

**Date of inspection:** ..... **Audit Month:** .....

**Project Name:** ..... .. **File Number:** .....

**Name of the Auditor:** .....

S/N	Description	√ / ×	Other matters
1	Project Approval Letter		
2	Letters confirming that the necessary allocations will be received for the phases to be implemented in the coming years if the project is to be implemented in stages basis.		
3	If the project is related to an asset belonging to other institutions, permission letters from those institutions should be obtained.		
4	Records of possession of land (Approved by the National Building Research Organization when necessary).		
5	Field officers' report including information on necessity of project, number of beneficiaries etc. (Approved by the Divisional Secretary)		
6	Estimate of the project approved by the District Engineer or Technical Officer based on total cost estimate of the project.		
7	Quantity sheet relevant to that estimate		
8	Plans, Drawings, etc. as per approved estimate		
9	Documents relevant to the selection of the contractor.		
	- Copy of the procurement decision if the procurement procedure has been followed.		
	If the project implemented through community based organizations, the report approved by the Divisional Secretary that the organization is eligible to do the contract as per procurement guideline and public finance circulars		
10	Copy of the award the contract to the selected contractor and to invitation to enter into an agreement.		
11	Performance Security (if applicable only)		

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12	Copy of Contract Agreement (Check whether a copy has been sent to the Auditor General)		
13	A letter of acknowledgment that all the documents relating to the contract including the Contract Agreement, Estimate, BOQ, Drawings and Plans, log book etc. have handed over to the contractor and duly receipt by the contractor.		
14	Copy of the letter instructed to the Technical Officer / Engineer to supervise the contract work (If the technical officers do not have sufficient time to supervise all the projects, the supervision can be handed over to the other field officers in charge of the domain.)		
15	If the contractor has to submit other documents such as performance security and risk insurance, check their validity.		
16	If the contractor has requested mobilization advance to start work, check whether it has been properly approved in accordance with the contract administration guide.		
17	If the contractor has to submit advance payment guarantee before making an advance, check it out.		
18	If the advance has been paid, a copy of the advance payment voucher should be in the file.		
19	If the contractor has claimed the part payment, the copy of the voucher, the bill sheet, quantity sheet should be in the file and ensure that the part payment properly approved.		
20	Check deduction of retention money and recovery of advance money on part payments made.		
21	Checking the validity of the VAT certificate from the Inland Revenue Department regarding bills relating to Value Added Tax (VAT) and whether notes have been made in this regard.		
22	If there are contract variations (changes from the estimate), check whether they have been duly approved.		
23	If an extension of contract period is requested, check whether the technical officer / engineer has certified it that it is appropriate to grant time extension		
24	If time extension has been granted, check the copy of the time extension letter sent to the contractor.		
25	If performance security extension is required as soon as the contract period is extended. Check the extension of performance security.		
26	Check whether the following documents have been received with the request for final payment of the contract.		
	- Final Bill (part payments should be deducted)		
	- Full Quantity Sheet (Compare with quantity sheets of part payments)		

	- Project log book.		
	- Quality control reports (if required)		
	- Report of the Technical Officer / Engineer as per F.R. 237.		
	- VAT Registration Certificate (if applicable only)		
27	Physically inspect the project to verify that the contracts being executed.  Sampling for quality control reports and/or compression testing should be done under the supervision of the Assistant Director Planning or other staff officer of the office and check whether the relevant payments have been made through the relevant contract file.		
28	When the contract has not been completed within the agreed time period, check the applicable fees (Ex: Liquidated Damages) were charged as per the contract agreement.		
29	Check the project physically at the end of the defect liability period and if any deficiencies are exists notify the contractor in writing to rectify them. If defects not found, check the release of retention money.		
30	Copy of the letter handed over to the relevant institution for maintenance at the end of defects liability period.		
* If there are any special issues you have identified in addition to the items of this checklist, please notify our department			

.....  
Signature

.....  
Date



