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**MAHAWELI ECONOMIC AGENCY
OF THE
MAHAWELI AUTHORITY OF SRI LANKA**

FINANCIAL MANAGEMENT SYSTEMS REVIEW

IQC - D/O # 383-0499-C-01-3452-00

WRHF/DTR/DdeZ

November 5, 1993

Mr. Mark Anderson
Executive Officer
USAID - Mission to Sri Lanka
P.O. Box 106
Colombo

Dear Sir

IQC - D/O No. 383-0499-C-01-3452-00

As requested by you vide the above Delivery Order, we have now completed the financial management systems review of the Mahaweli Economic Agency (MEA) of the Mahaweli Authority of Sri Lanka and have pleasure in forwarding our report in this regard.

We trust that the information contained in this report is adequate for your purposes. If however, you require any further information or clarification in this connection, please do not hesitate to contact us.

We also wish to place on record our appreciation of the co-operation and assistance provided to us by the management and staff of the MEA and the Controllers Office and project personnel at the USAID Mission.

Yours faithfully

(Sgd.) Ernst & Young

MALAWALI ECONOMIC AGENCY (MEA)
OF THE
MALAWALI AUTHORITY OF SRI LANKA

FINANCIAL MANAGEMENT SYSTEMS REVIEW
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EXECUTIVE SUMMARY

BACKGROUND

Ernst & Young was requested by the USAID Mission to Sri Lanka to carry out an assessment on the adequacy of the financial management systems of the Mahaweli Economic Agency (MEA) division of the Mahaweli Authority of Sri Lanka.

The primary responsibility of the MEA with regard to the Mahaweli Agriculture and Rural Development (MARD) Project is to plan and implement the project. The total cost of this project is estimated at US\$ 34 Mn, of which the planned contribution from USAID amounts to US\$ 23 Mn.

OUR APPROACH

We obtained the existing accounting and internal control systems of the organisation through inquiry and observation and documented same using flow charts. We also walked through a few transactions to confirm our understanding of the documented system.

In addition, we visited the project site to familiarise ourselves with the project and review the transactions and systems at the site.

We also discussed the weaknesses observed in the accounting and internal control systems and the recommendations made thereon, with the management of MEA.

RESULTS

The main observations made during the course of our review of the financial management system of MEA, are as follows:

- Persons in key managerial positions such as the Manager-Finance, and the Chief Supplies Officer have been acting in these positions for approximately one year and two years respectively.

- The system of accounting for cash is such that it is extremely difficult to identify the GOSL contribution with regard to a particular project at any given time.
- The Agency does not maintain a proper fixed assets register.

The above matters along with the other observations and findings are discussed in detail in section 5.0. A summary of our recommendations in order to improve the financial management systems of MEA are as follows:

- Key Managerial vacancies such as the Manager-Finance and Chief Supplies Officer should be filled by either formalising the existing personnel or recruiting suitable persons. (Page 6)
- A fixed assets register should be introduced in order to safeguard the assets of the organisation. (Page 12)
- Instead of sending the Bin cards to the Accounts Department on an ad-hoc basis, we recommend that stock summaries be sent and reconciled with the stock control ledger on a regular basis.

1.0 BACKGROUND OF THE PROJECT

1.1 Objectives.

The goal of the Mahaweli Agriculture and Rural Development (MARD) project is to obtain the maximum benefits from the land and water resources available to settler families on the left bank of the Mahaweli system "B". The purpose is to substantially increase farmer settlement income through improved farm management and irrigation systems.

1.2 Components of the MARD Project. .

The MARD project consists of three basic components :

- Agricultural Technology generation and dissemination
This activity will cover direct research into immediate problems of system "B" and farmer research and extensions. The research will be carried out by a research task force (RTF) based at Aralaganwila in system "B".
- Water Management and Farmer Organisations
This activity will comprise:
 - Main system operation, maintenance and management
 - Turnout water management
 - Assistance in creating and organising farmer organisations
- Agricultural Support Service
 - Acquisition of information used to define market opportunities and credit requirements.
 - Provision of an initial capitalization to farmer settlers which is linked to a savings program.

1.3 Project Funding

The original project financial plan which amounted to US\$ 24.2 million was later revised to US\$ 34 million. The AID component of this funding is US\$ 23 million which amounts to 68% of the total project cost. Of this amount US\$ 19.2 million is a grant whilst the balance US\$ 3.8 million is a loan. The contribution by the Government of Sri Lanka amounts to US\$ 11 million, which is 32% of the total project cost.

The relative contributions from the above funding sources as at the given dates according to the records available at MASL (see Annex III) are as follows:

	<u>US\$ ('000)</u>	<u>As at</u>
GOSL	7,815	December 31, 1992
USAID - Grant	9,796	September 30, 1993
- Loan	2,701	September 30, 1993

Due to the prevailing system of accounting, the Grantee was unable to furnish the GOSL contribution as at September 30, 1993.

However, the AID contribution as per the Mission is as follows:

	<u>US\$ ('000)</u>	<u>As at</u>
GOSL	7,662	December 31, 1992
USAID - Grant	10,863	September 30, 1993
- Loan	2,676	September 30, 1993

Due to restrictions in the scope of our assignment, the above discrepancy was not investigated further.

1.4 Project Implementation.

The project which is the responsibility of the Mahaweli Authority of Sri Lanka (MASL) is implemented by the Mahaweli Economic Agency (MEA).

2.0 SCOPE OF THE ASSIGNMENT

2.1 Objective.

The objective of the assignment is to make an assessment of the adequacy of the financial management system of the Mahaweli Economic Agency (MEA) of the Mahaweli Authority of Sri Lanka (MASL).

2.2 Tasks.

We were required to carry out the following tasks in achieving the above objective as given in the relevant Delivery Order.

- I. Review and comment on the legal status, goals, organisation structure, structure of the finance division and sources of funding of the organisation being assessed. *(Section 3.0)*
- II. Review and comment on the administrative and management capability of the organisation, the finance division, and in particular the management of the USAID sponsored project. *(Section 4.0)*
- III. Review, document and comment on the accounting system in place, accounting records maintained, and internal controls etc.

In connection with the above, we were also required to assess the adequacy of the organisation's invoice examination capability, payment procedures and internal controls in connection with approval and payment of invoices. *(Section 5.0)*

- IV. Review and comment on the internal control system to determine:
- (a) The adequacy of segregation of duties and responsibilities in the following functional areas:
- * Accounting
 - * Procurement (Contracting)
 - * Collection
 - * Voucher Payments
 - * Reporting
- (b) The effectiveness of the current internal control system with regard to the management of funds. *(Section 5.0)*
- V. Review and comment on the contract management capabilities and procedures to advertise, solicit, negotiate, award and administer contracts both for commodities and services. *(Section 6.0)*.
- VI. Review and document the inventory control procedure of the organisation, including the adequacy of maintenance of asset registers. *(Section 7.0)*.
- VII. Ensure the compliance with laws and regulations by the agency. *(Section 8.0)*.
- VIII. Review the adequacy of the recording and reporting procedures of the counterpart contribution under the AID grant. *(Section 9.0)*.

2.3 Our Approach

The following procedures were adopted by us in carrying out the above tasks:

- Reviewed the agreement between the MASL and USAID to obtain an understanding of the terms and conditions of the contract, the background of the project and the implementing agency etc.
- Reviewed the Mahaweli Act to ensure that the Agency is complying with the relevant regulations.
- Obtained the existing accounting system through inquiry of client personnel, and available documentation such as systems manuals etc.
- Documented the existing system through the use of flow charts.
- Performed walk-through tests and observed the client procedures to ensure the proper implementation of the documented system.
- Visited the project site (at Welikanda) in order to familiarise ourselves with the MARD Project and to review the transactions and systems at the site.
- Discussed the main areas of concern/weaknesses relating to the accounting and internal control systems and recommendations made there-on, with the management of the implementing agency.

3.0 OPERATING ENVIRONMENT

3.1 Legal Status

MEA is an agency of the Mahaweli Authority of Sri Lanka (MASL) which was incorporated under the Mahaweli Authority Act No. 23 of 1979.

3.2 Responsibilities of the MEA

The MARD project is the responsibility of the MASL. The MEA will be responsible for the planning and implementation of the project.

3.3 Organisation Structure

The organisation structure of the Senior Management of MEA is given in Exhibit 3.1 whilst the organisation structure of the Finance Division is given in Exhibit 3.2.

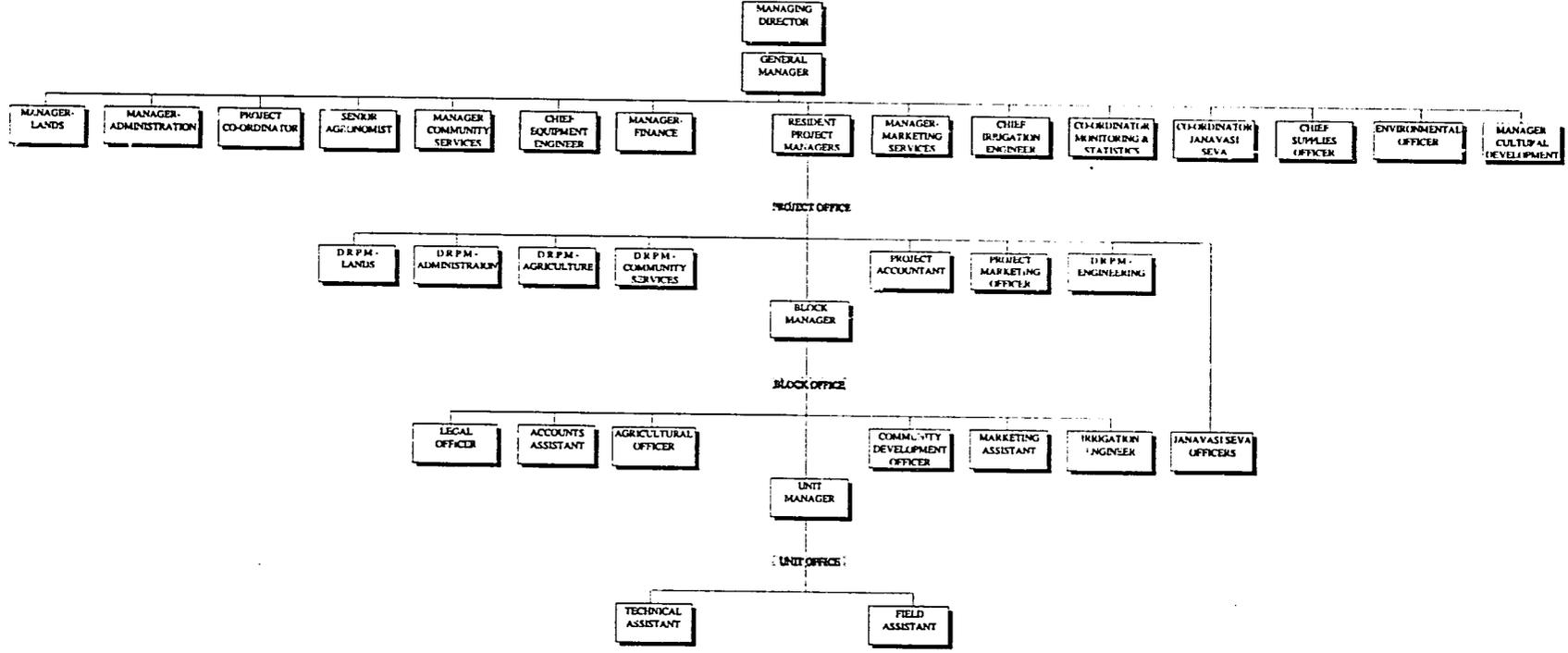
The MEA is a relatively large organisation and employed 4,866 permanent employees at the head office and its project offices as detailed below:

	<u>No. of Employees</u> <u>(August 1993)</u>
MEA - Head Office	417
System - C	893
System - B	1,194
System - H	1,219
Uda Walawe	652
Upper Mahaweli	319
System - L	172
	4,866

We noted that several key positions in the finance division including that of the Manager Finance is vacant. We recommend that those acting in these positions be promoted and the appointment formalised if appropriate, or suitable persons be recruited to ensure the smooth functioning of the organisation.

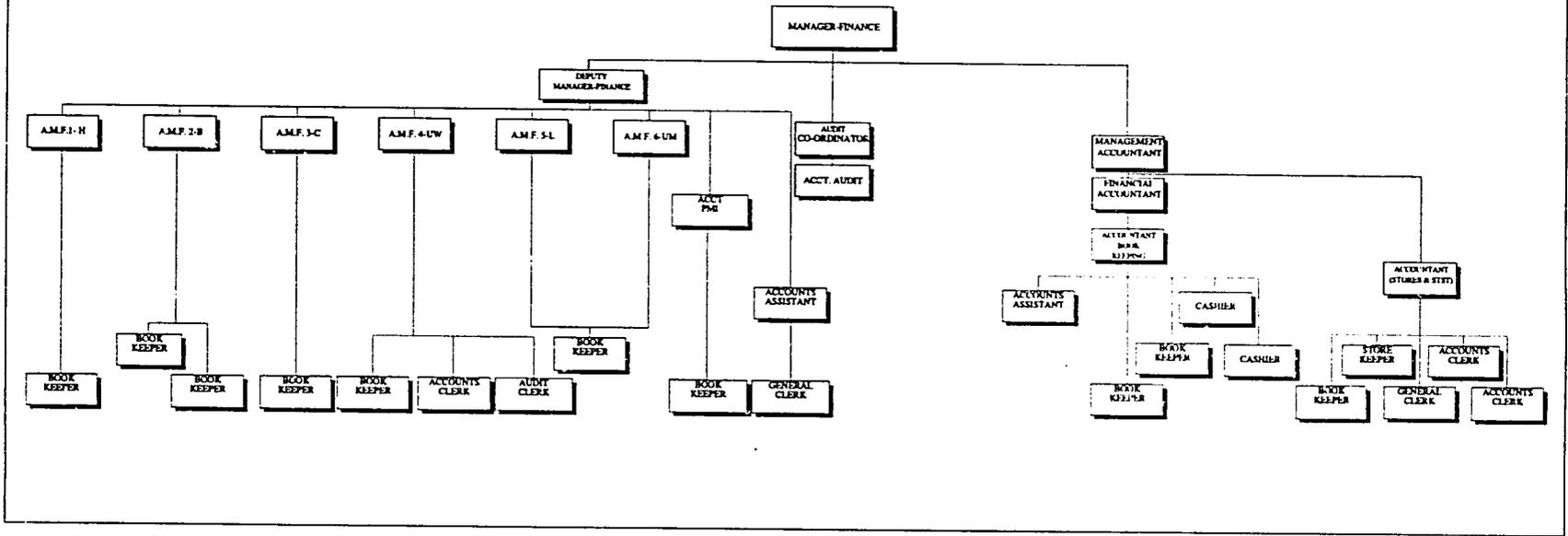
MAHAWELI ECONOMIC AGENCY

ORGANISATION CHART



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MAHAWELI ECONOMIC AGENCY-FINANCE DIVISION ORGANISATION CHART



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3.4 The Finance Division

The accounts department at the project site at Welikanda comprises the Project Accountant, three Accountants, four book keepers and 14 clerks.

The Project Accountant appears to be adequately qualified and competent in carrying out his tasks. The other accountants are also adequately qualified. However, due to the prevailing disturbances in the area, the labour turnover has been quite high, resulting in staff shortages. This is evident from the fact that six persons carrying out the duties of accounts clerks were originally messengers, peons or security personnel.

A major administrative short-coming observed by us and ratified by the management was that the location of the accounts department is such that it cannot be locked and secured. Therefore, unauthorised personnel may have access to the accounting records.

All books of account are maintained manually at the project office. A PC based computer system is used to generate MIS reports such as general expenditure statements, stock summaries etc., which are submitted to the MEA head office for review by the Manager-Finance and other relevant officers.

4.0 ADMINISTRATIVE AND MANAGEMENT CAPABILITIES

The experience and qualifications of the senior management of the organisation is given below :-

DESIGNATION	NAME	QUALIFICATIONS	EXPERIENCE
Managing Director	N. G. R. de Silva	Civil Engineer - MICE (London) - Dip H - FIC (SL)	1982 - 1984 Deputy General Manager MECA 1984 - 1988 Chairman MECA 1988 - 1990 State Secretary to the State Minister of Irrigation 1990 - 1992 Team Leader IMPSA 1992 - Managing Director
General Manager	M. J. S. Amarasinghe	B.Sc. (Physical Science) MBA (1972)	1961 - 1966 Tile Factory Manager National Small Industries Corp. 1967 - 1975 Works Manager Agro Chemical Manufacturing Project Chemical Industries (Colombo) Ltd. 1975 - 1981 Management Consultant Co-operative Management Service Centre 1981 - 1988 General Manager of Ceylon Oil & Fats Co-operation. 1988 (11 months) General Manager East - West (Clearing and Forwarding) Ltd. 1989 December General Manager MEA

DESIGNATION	NAME	QUALIFICATIONS	EXPERIENCE
Project Co-ordinator - MARD	Mr. H.D.L.U. Nirodawardena	B.Sc. - Civil Engineering Institution of Chartered Engineers	1974 - MECA Civil Engineer - Grade III 1979 - MECA Civil Engineer - Gr. II 1980 - MECA Civil Engineer - Gr. I 1982 - MECA Chief Engineer 1985 - MECA R.P.M. - Grade II 1991 - MEA Project Director (U.W.) 1992 - MEA Pro. Co-ordinator
Manager Finance (acting)	Mrs. N.J.S. Lenora	ACMA (1984)	1975 - 1977 Cost Trainee - Eng. Corporation 1978 - 1982 Accountant - Eastern Brokers Ltd. 1982 - 1984 Accountant - Steel Corporation 1985 - 1991 Accountant - M.E.A. 1991 to date D.M. (F) - M.E.A.
Chief Supplies Officer (acting)	Mr. M. Abayarathne	Economics Special (Colombo) Diploma from the Institute of Supplies and Materials Management	Joined MASL in 1978 1978 - 1980 Development Assistant 1980 - 1981 Supplies Officer 1991 to date Act. Chief Supplies Officer

DESIGNATION	NAME	QUALIFICATIONS	EXPERIENCE
R. P. M. (Welikanda)	J. B. Rajakaruna	B.Sc. (Engineering)	1978 - 1986 Civil Engineer (MECA) 1986 - 1992 Chief Engineer MECA 1992 - (9 months) DRPM (W.M.) 1992 RPM (B) M.E.A.
Project Accountant (Welikanda)	Mr. M. J. Fernando	B.Sc. Business Administration (Jayawardenapura) Licenciate Part II ICASL DIP Accounting DIP Business Studies	1974 - 1979 Audit Officer CTB 1979 - 1980 Gr.III Accountant Dept. of Local Government Service 1980 - 1984 Accountant - Book- Keeping State Mining and Mineral Corporation 1984 - 1990 Accountant MEA 1990 - todate Project Accountant MEA

5.0 ACCOUNTING AND INTERNAL CONTROL SYSTEMS

5.1 Existing Systems

The existing accounting and internal control systems of the MEA are given by the flow charts annexed to this report. Our observations and recommendations with regard to these systems are discussed in Section 5.3

Audit

The annual statutory audit is carried out by the Auditor General of Sri Lanka. The most recent audit report available is for the year ended December 31, 1990.

In addition to the statutory year end audit, MEA is also subject to reviews by the Internal Audit Division of MASL. However, it is noted that the internal audits of the MEA and the Welikanda Project Office have not been carried out for over a year.

5.2 Accounting Records

As mentioned previously, all accounting records of the MEA are maintained manually. These records include the usual books of account such as the general ledger, cash book, petty cash book, and subsidiary records such as the stock control register, advances register etc.

There were two major inadequacies noted with regard to these records.

- The Agency does not maintain a fixed assets register (Refer 5.3.1).
- Although the cash book shows clearly the segregation of funds received from donor agencies and GOSL, and the uses of funds according to the various zones, it is difficult to determine the GOSL contribution towards a particular project at any given date.

5.3 Review of Internal Controls

From our review of the internal control systems of the organisation, the following weaknesses and instances of non-compliance with the existing system were observed.

5.3.1 Observation:

It was noted that the Agency does not maintain a fixed assets register, even though a list of assets is prepared subsequent to an annual physical verification.

Implication:

It will not be possible to keep a proper track of the fixed assets, especially in identifying the existence and location of assets at any given time. Also, it would not be possible to identify fully depreciated assets for the purpose of computing the annual depreciation and in determining the gain or loss on disposals.

Recommendation:

It is imperative that a proper fixed assets register is maintained in order to safeguard the assets of the organisation.

Management's Comments:

Agreed, the senior management is also aware of this inadequacy.

5.3.2 Observation:

Through a review of the internal audit reports, we observed several instances of non compliance with the stipulated purchasing procedure.

Eg. : Head Office

Date	Voucher	Supplier	Amount (Rs.)
July 90	885/1821	Frostair Ltd (Aircon) (2 x 29,500)	59,000
2/3/91	SV 210/1	A.A. Associates	22,887

Welikanda

18/7/91	1717	Central Hardware	18,370
24/2/91	1792	Willys Trading Co.	150,155

However, we did not carry out extensive testing to identify such instances of non-compliance in the recent past.

Implication:

Non compliance with stipulated MASL procedures may result in purchases not being in the best interest of the Agency.

Recommendation

The above observation indicates a lack of review of major payments by a responsible officer of the Agency. Therefore, we recommend that monthly expenditure summaries be reviewed by the Manager-Finance, who should ensure that the MASL procedures have been properly adhered to, with regard to all major purchases.

Management's Comments

There is adequate review of all expenses incurred by MEA and its project offices. Monthly expenditure summaries are discussed at Accountants' Conferences, and periodically reviewed by the General Manager and the Manager Finance.

The internal auditors ensure adherence to set policies.

5.3.3 Observation :

We noted that the supplier invoice is sent directly to the Store Keeper, who then forwards it to the Finance Division for payment.

Implication :

It would be possible for the store keeper to alter the invoice details in connivance with the supplier, since all documents pertaining to a purchase are checked by him initially.

Recommendation :

The suppliers should be requested to present the invoice directly to the Finance Division, thereby maintaining the independence of this third party document. This invoice should then be checked against the Goods Received Note, Purchase Order and other supporting documents by the relevant accounts clerk before submission for approval of payment.

Management's Comments :

The Manager-Finance, does not agree with the above recommendation, as they require GRN's to record the values as well.

E&Y Comments

Recording values in the GRN is not the acceptable practice. Inventory valuations are done at the Accounts Department, and therefore it is not necessary for the store keeper to be aware of such values.

5.3.4 Observation :

The Bin Cards (Register) are sent to the Accounts Department for checking against the GRN with regard to purchases.

Implication :

The maintenance of Bin Cards is the responsibility of the Store Keeper. Therefore, it should not be sent to other persons, since he could disclaim responsibility for any alterations on the Bin Card.

Recommendation

We recommend that the Store Keepers prepare monthly summaries (extracted from the Bin Cards) of all stock balances and send same to the accounts department for checking against the stock control ledger.

Management's Comments

The above recommendation is accepted and will be implemented immediately.

6.0 CONTRACT MANAGEMENT CAPABILITY

6.1 Contracting Procedure

The MEA being an agency of the MASL is required to adhere to the procedures stipulated by MASL in contracting for projects and in procuring goods or services. These procedures are detailed below.

Segregation of Duties

The contracting procedure of the MEA has been segregated under the following functions:

- Authorisation
- Approval
- Certification
- Payment

The delegation procedure and authority limits relating to procurement are given in Annex II to this report.

An officer requesting a purchase or construction contract must specify whether it is to be funded by a donor agency or the Government of Sri Lanka. If the funding is through a donor agency, the procedures laid down by the respective donor agency should be adhered.

It is the duty of the Chief Supplies Officer/Chief Engineer to advertise in at least two major newspapers calling for tenders, or where there is an adequate number of registered suppliers/contractors to write directly to them in consultation with the Chairman, calling for tenders.

At least two members of the tender board must be present at the time of opening the tenders. Such tenders shall be sealed and stamped in the presence of the tenderers.

The Chief Supplies Officer/Engineer will place an order or award the contract to the successful tenderer, after the approval of the officer empowered to approve the order.

Procurement Procedure

The Supplies Officer files a copy of the purchase order in the unexecuted orders file according to the expected date of delivery.

This file is scrutinised weekly and all items due for delivery during the forthcoming week are tagged.

When goods are received, a goods received note is raised and matched with the relevant purchase order. These documents are then filed in the executed orders file. If the GRN does not match with the purchase order, the Supplies Officer will inform the supplier and take necessary action.

DRPM administration is informed regarding overdue orders through an overdue orders schedule, prepared weekly.

Contracts for Construction

A standard contract agreement which includes the following, is used for all construction contracts.

- Conditions of Contract
- Technical Specifications
- Tender Agreement
- Drawings and Plans

The DRPM Engineering administers the progress of the contract and ensures, that they are within the budget and the contract is completed on time. 5% of the contract value is retained pending the completion of the contract.

If time and cost budgets are exceeded by the contractor an explanation is called for and if reasonable may be recommended by the Chief Engineer/DRPM Engineering for approval by the Managing Director. If reasons for delay or extra claims are unacceptable, the contractor will be penalised according to the penalty clause in the contract

6.2 Management Capabilities and Personnel Involved

Composition of the Tender Boards

Tender Board - Ministry

- Secretary to the Ministry
- Chief Accountant
- Managing Director, MEA
- Director General, MASL

Tender Board - MASL

- Director General/Secretary General - Chairman
- Financial Co-ordinator/Management Accountant/Director Electricals and Maintenance
- Director Engineering
- Ministry Representative

Tender Board - MEA

- Managing Director - Chairman
- Chief Supplies Officer - Secretary
- General Manager
- Manager - Finance
- Chief Equipment/Irrigation Engineer
- Project Co-ordinator

The above tender boards consist of competent personnel with adequate capabilities, qualifications and experience.

7.0 INVENTORY CONTROL PROCEDURE

The main items of inventory comprise building materials, fuel, mechanical parts, medical supplies and stationery items. Accordingly, the stores at the project site have been structured as follows:

- Main Stores
- Building Materials Store
 - UNICEF Stores (Medical Supplies) Stationery Tyres etc.)
 - Old Goods Stores
- Fuel Store
- Fuel Supplies

A separate store keeper is responsible for each store. These four storekeepers report to the Stores Accountant.

An independent physical verification of inventory is carried out annually, and appropriate action is taken regarding any discrepancies.

The inventory control system of the organisation is depicted by the flow charts in Annex I. No major weaknesses were observed in this system except as stated in Section 5.3.4.

During the course of our review, we also followed up on the recommendations made by Coopers Lybrand in their report on the *Commodity Tracking System*. In this regard, whilst corrective measures have been taken to rectify the weaknesses observed in the purchasing procedure (P.O. Register) and transfer of assets between project offices, no action has yet been initiated to separately identify commodities purchased under the MARD project, and the transfer of assets between block offices.

8.0 COMPLIANCE WITH LAWS AND REGULATIONS

MEA being an agency of the MASL, is governed by the Mahaweli Authority of Sri Lanka Act No. 23 of 1979.

From our limited review, we did not encounter any instance of non compliance with the above Act nor the general laws applicable to such an agency.

Our review was also extended to ensure the compliance of the terms and conditions stipulated in the project grant agreement between USAID and GOSL.

9.0 REPORTING PROCEDURES

9.1 Financial Reporting

Project Office to MEA

An expenditure statement comprising the *Fund Reconciliation Statement* and the *Capital and Recurrent Expenditure Statement*, is prepared by the project office and sent to the MEA monthly.

The Fund Reconciliation Statement is basically the outflow of funds matched against the inflow of funds.

The Capital and Recurrent Expenditure Statement consists of capital and recurrent expenditure of the individual zones in system "B" as well as a cumulative statement for system "B".

The information included in this statement is as follows:

- The budgeted expenditure
- Actual and budgeted expenditure at the beginning of the month
- Actual and budgeted expenditure for the month, and the variance.
- Percentage of the total budget spent to date.

MEA to MASL

MEA submits a monthly Consolidated Expenditure Statement to the Financial Co-ordinator of MASL. This report is discussed with all the relevant Accountants at a monthly meeting conducted by the Financial Co-ordinator.

MEA also submits a Reimbursable Foreign Aid (RFA) Statement to MASL giving details of the uses of foreign aid given for the various projects implemented by the Agency.

9.2 Other Reports

The two main non financial reports prepared by the project office to monitor the progress of the project are described below:

The Cultivation Progress Report

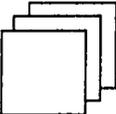
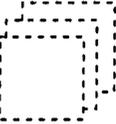
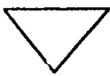
This report shows the target and the actual progress of the land cultivated block-wise for each crop.

The Monthly Settlement Report

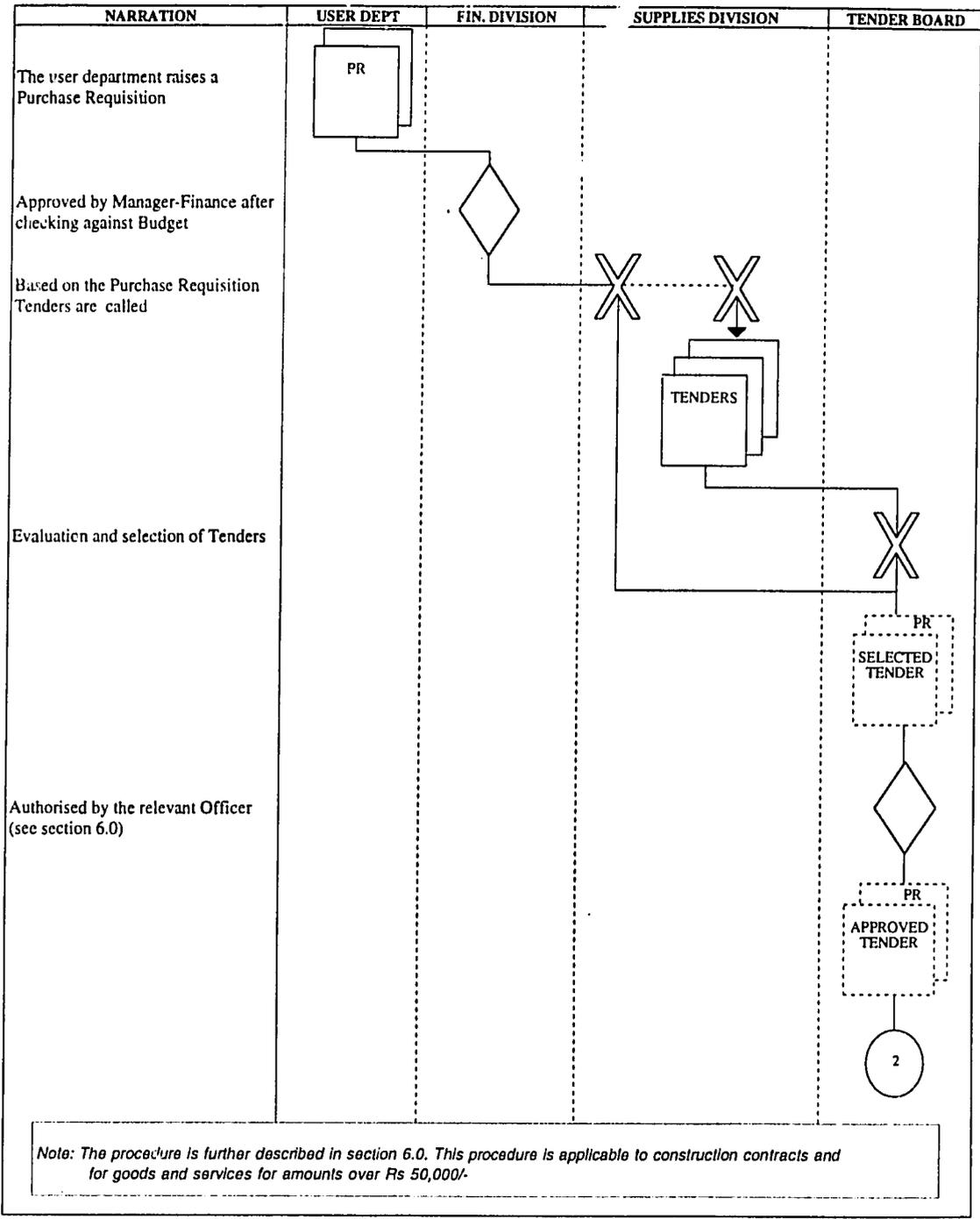
This report is prepared at the project office and sent to the Progress and Monitoring Unit at the head office. It indicates block wise, the farmer settlements for the period.

ANNEXURE - I
Systems Flow Charts

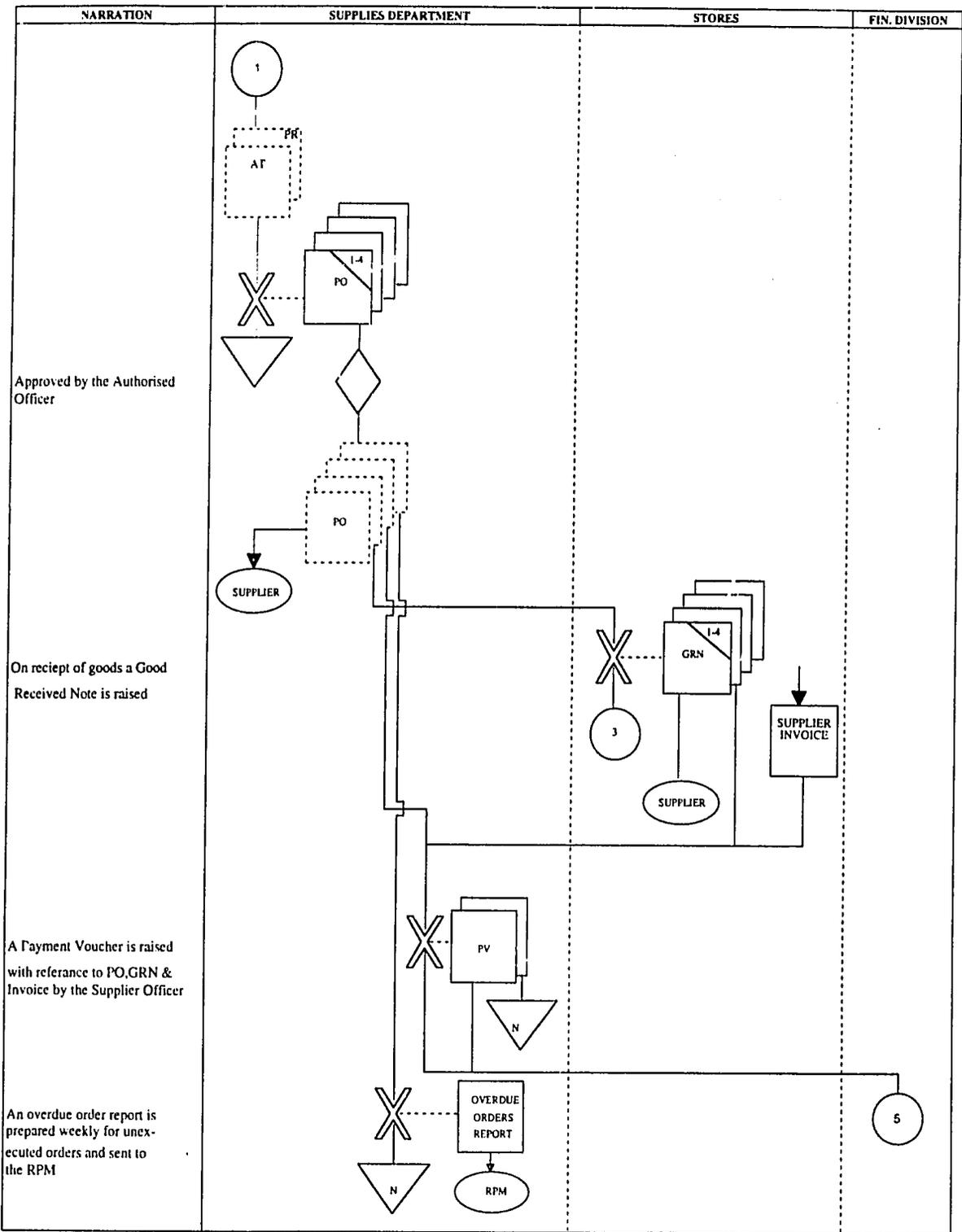
FLOW CHART SYMBOLS

	DOCUMENT		COMPUTER OPERATION
	ACCOUNT BOOK		CONNECTOR
	3 PARTS/COPIES		OPERATION
	'GHOSTING' OF DOCUMENTS		ALTERNATIVE ROUTINE
	PRENUMBERED SET		DOCUMENT FLOW
	CHECK/INSPECTION		INFORMATION FLOW
	FILE		TIME FLOW OF DOCUMENT
			DOCUMENT CROSSING

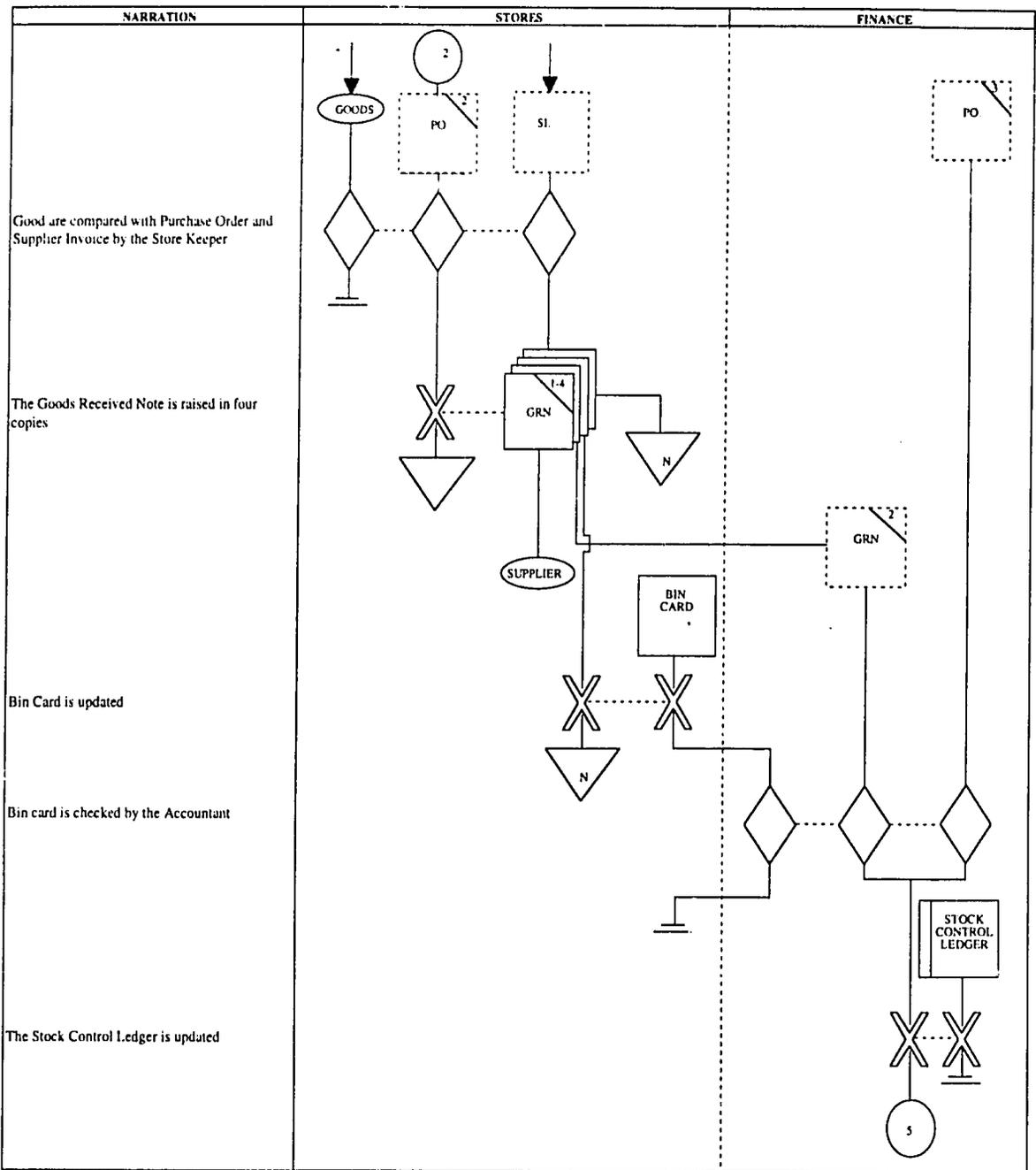
TENDER PROCEDURE



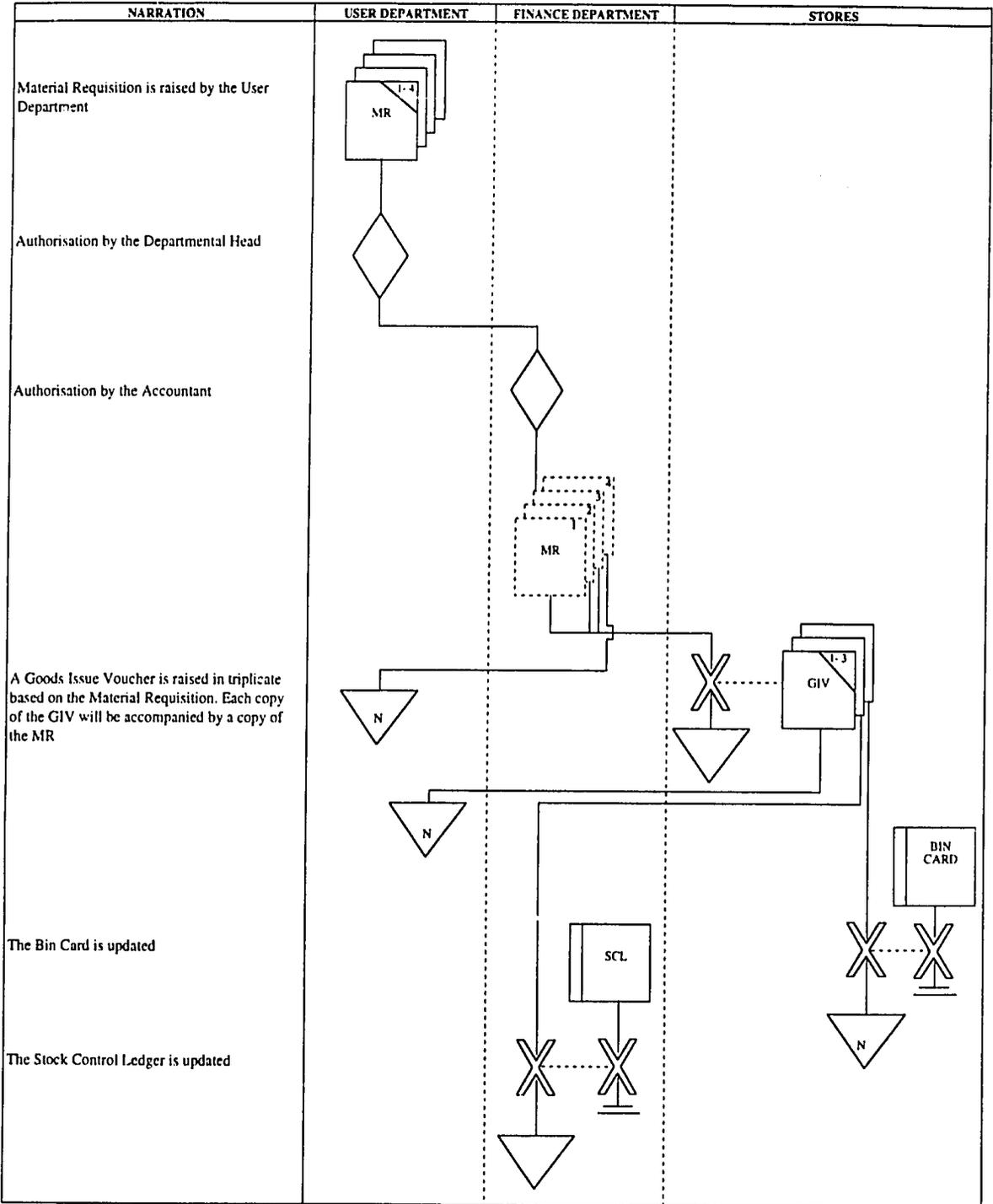
PURCHASES SYSTEM

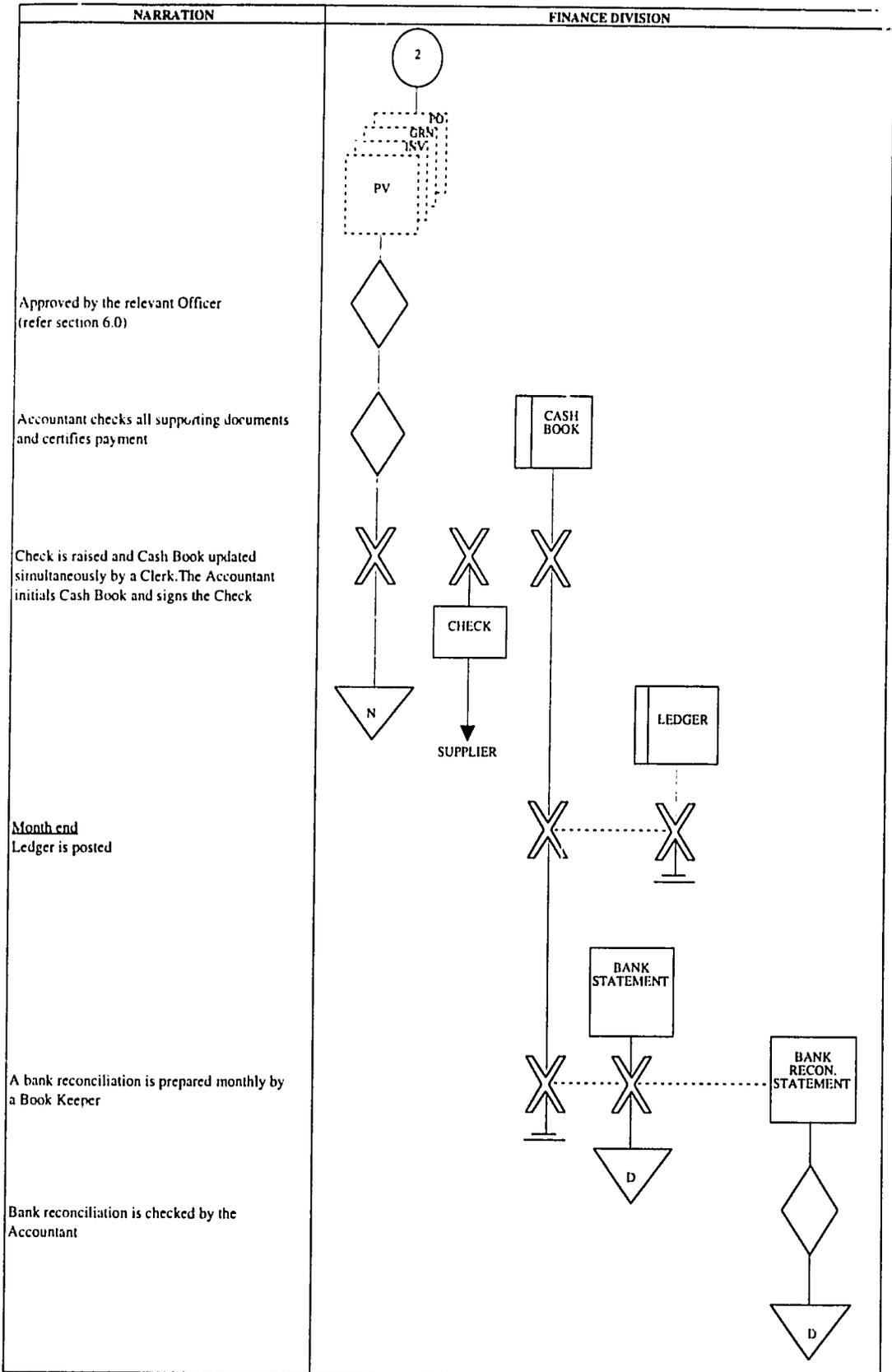


INVENTORY SYSTEM-RECEIPT OF GOODS

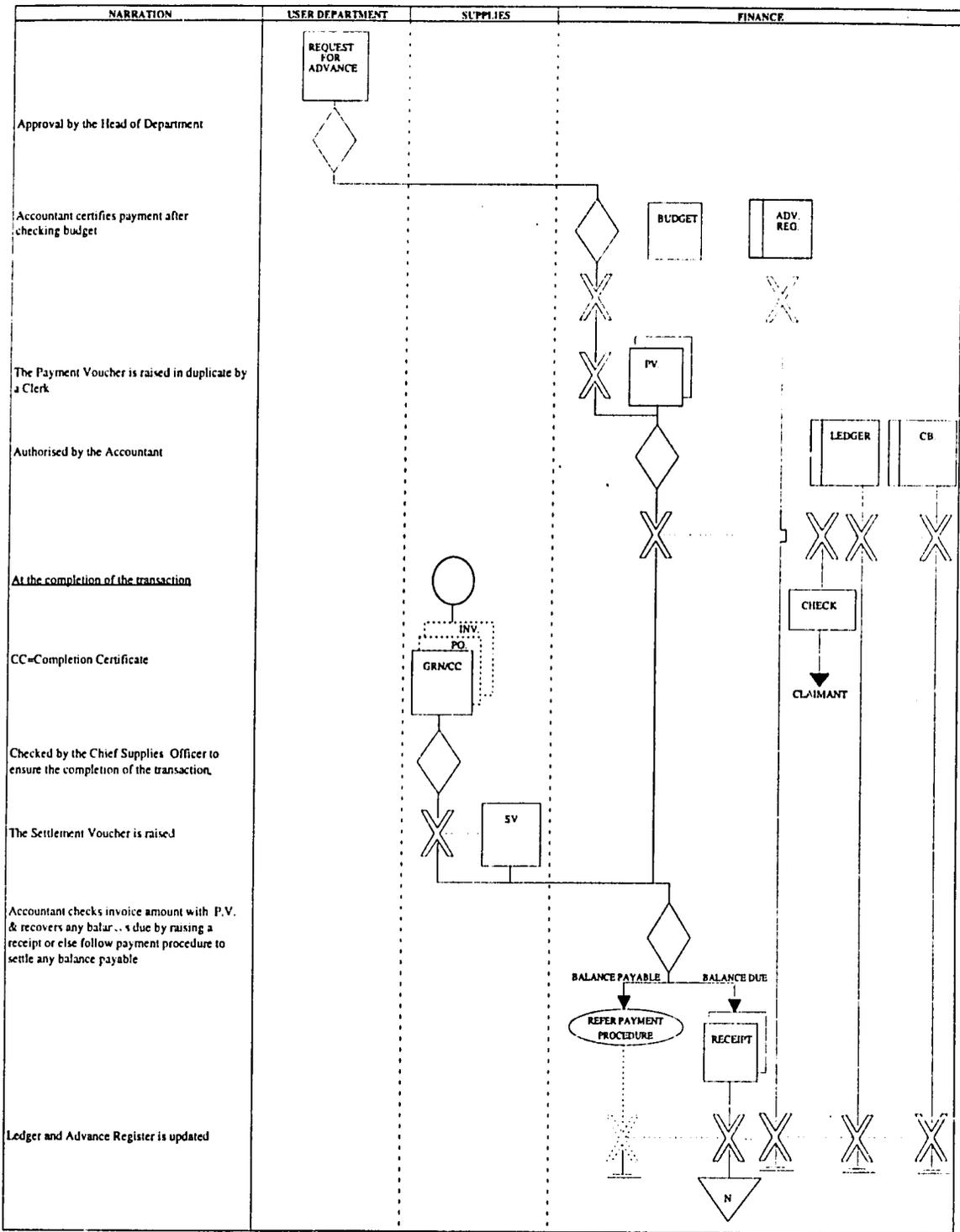


INVENTORY CONTROL SYSTEM (ISSUES)

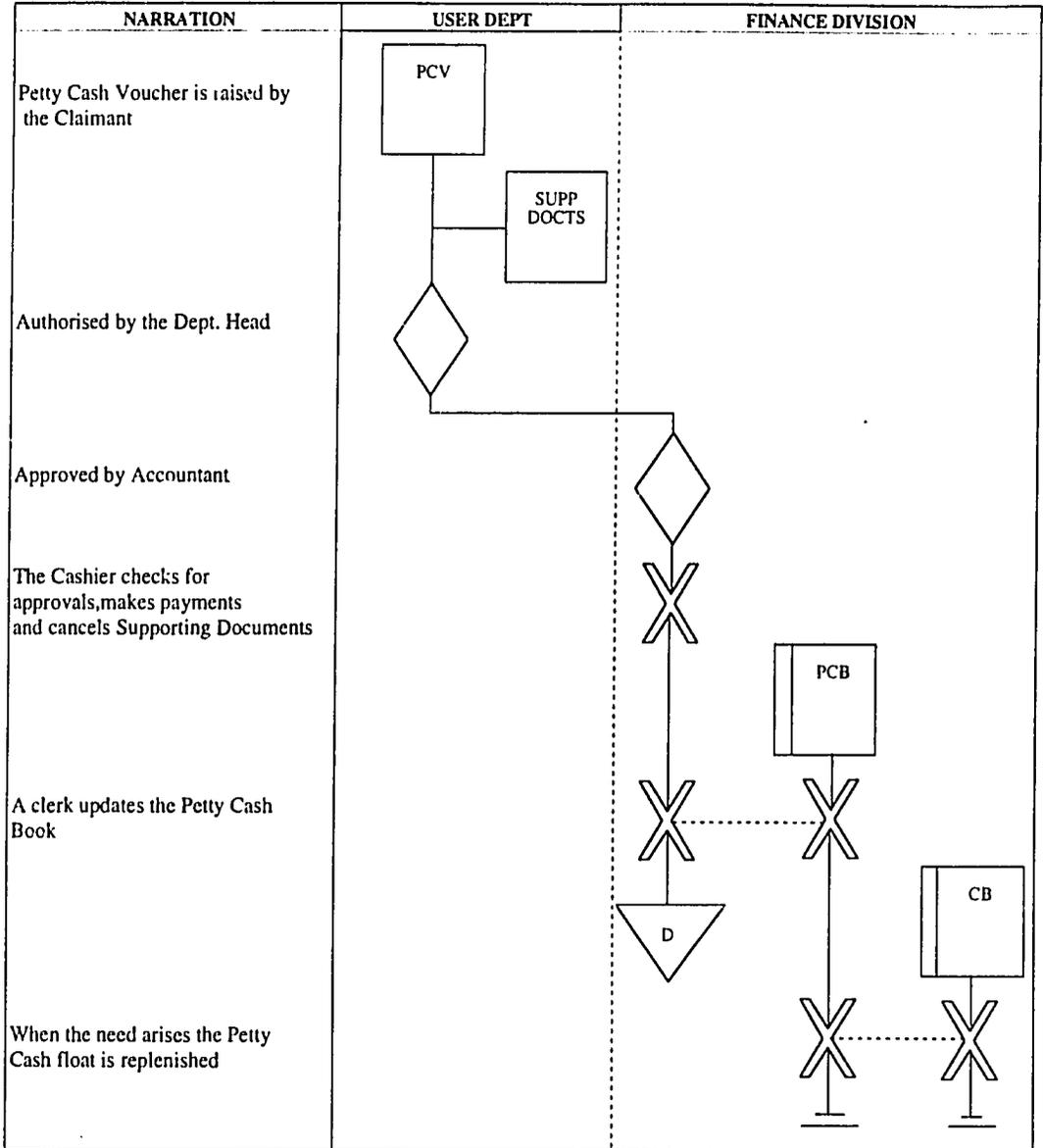




ADVANCE PAYMENTS SYSTEM



PETTY CASH SYSTEM



ANNEXURE - II
Tender Procedure

MASL DELEGATION OF AUTHORITY FOR PROCUREMENTS

CAPITAL ITEMS - (TO BE PURCHASED BY HEAD OFFICE ONLY)

Value Limits	Authorisation	Procedure before authorisation	Approval	Certification	Payment
1. Over Rs.2,000,000/-	D.G	Ministry Tender Board	M.D	GM/MF	Accountant
2. Rs. 500,001/- to Rs. 2,000,000/-	DG/SG	MASL Tender Board	M.D	GM/MF	Accountant
3. Rs. 50,001 to Rs. 500,000/-	DG/SG	MEA Tender Board	MD	GM/FM/DMF	Accountant
4. Rs. 25,001 to Rs. 50,000/-	SG	Sealed Quotations	GM	GM/FM/DMF	Accountant
5. Up to Rs. 25,000/-	SG	Sealed Quotations	CSO	FM/DFM	Accountant

MASL DELEGATION OF AUTHORITY FOR PROCUREMENTS

2. PROCUREMENT BY HEAD OFFICE

Value Limits	Authorisation	Procedure before authorisation	Approval	Certification	Payment
1. Over 5,000,000/-	D.G	Cabinet Tender Board	M.D	GM/MF	Accountant
2. Rs.2,000,000/- to Rs.5,000,000/-	D.G	Ministry Tender Board	M.D	GM/MF	Accountant
3. Rs. 500,001/- to Rs. 2,000,000/-	DG/SG	MASL Tender Board	M.D	GM/MF	Accountant
4. Rs. 50,001 to Rs. 500,000/-	DG/SG	MEA Tender Board	MD	GM/FM/DMF	Accountant
5. Rs. 25,001 to Rs. 50,000/-	MD	Scaled Quotations	GM	GM/FM/DMF	Accountant
6. Up to Rs. 25,000/-	MD	Scaled Quotations	GM	FM/DFM/CSO	Accountant

MASL DELEGATION OF AUTHORITY FOR PROCUREMENTS

LOCAL PURCHASES - (TO BE PURCHASED AT PROJECT LEVEL)

Nature of Supplies and value limits	Authorisation	Procedure before authorisation	Approval	Certification	Payment
1. Rs. 50,001/- to 500,000/-	MD/GM	Project Tender Board	RPM	Accountant	Accountant
2. Rs. 25,001/- to Rs. 50,000/-	RPM	Project Tender Board	D/RPM	Accountant	Accountant
3. Up to Rs. 25,000/-	RPM	Sealed Quotations	D/RPM	Accountant	Accountant

Items Purchased - Locally Include :

1. Sand
2. Metal
3. Bricks
4. Timber
5. Spares for minor repairs
6. Casual and urgently needed supplies of
- Stationery items
- Sundry items

ANNEXURE - III
MASL Record on USAID Contribution

USAID CONTRIBUTION AS AT 31ST DECEMBER 1993 PER MASL.

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MAHAWELI AGRICULTURAL RURAL DEVELOPMENT PROJECT
GRANT

LINE CATEGORY ITEM DESCRIPTION	ORIGINAL ALLOCATION	REVISED ALLOCATION	TOTAL DISBURSEMENT 31.12.93	DISBURSEMENT 01.01.93- 30.09.93
1 Technical Assistance	6155000.00	9263117.00	7015542.00	1184594.15
2 Training	363000.00	824000.00	475304.00	20431.75
17 Farmer Involvement	0.00	700000.00	245291.00	112254.14
19 Support Activities	1996000.00	0.00	0.00	62667.53
20 Special Studies	0.00	130000.00	22952.00	25252.04
13 Consultant	646000.00	1702000.00	290000.00	324542.63
5 Special Activities	1996000.00	0.00	0.00	0.00
7 Evaluation	220000.00	0.00	0.00	0.00
8 Contingency	873000.00	0.00	0.00	0.00
9 Inflation	593000.00	0.00	0.00	0.00
*** Total ***	12842000.00	12619117.00	8064985.00	1732042.30

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MAHAWELI AGRICULTURAL AND RURAL DEVELOPMENT PROJECT
LOAN
IN DONOR CURRENCY

LINE CATEGORY ITEM DESCRIPTION	ORIGINAL ALLOCATION	REVISED ALLOCATION	TOTAL DISBURSEMENT UPTO 31.12.92	DISBURSEMENT 01.01.93- 30.09.93
1 Technical Assistance	0.00	301000.00	300274.00	726.00
19 Support Activities	0.00	1400000.00	1021749.00	266499.79
19 Construction	646000.00	709000.00	452932.00	67423.75
4 Construction	755000.00	1390000.00	543230.00	47944.08
4 Construction	321000.00	0.00	0.00	0.00
3 Operation	320000.00	0.00	0.00	0.00
5 Special Activities	1490000.00	0.00	0.00	0.00
7 Inflation	268000.00	0.00	0.00	0.00
*** Total ***	3800000.00	3200000.00	2515185.00	322553.62

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