



# OFFICE OF INSPECTOR GENERAL

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## AUDIT OF USAID/SRI LANKA'S SUPPORTING REGIONAL GOVERNANCE PROGRAM

AUDIT REPORT NO. 5-383-12-006-P  
JULY 16, 2012

MANILA, PHILIPPINES



*Office of Inspector General*

July 16, 2012

**MEMORANDUM**

**TO:** USAID/Sri Lanka Director, James Bednar

**FROM:** Regional Inspector General/Manila, William S. Murphy /s/

**SUBJECT:** Audit of USAID/Sri Lanka's Supporting Regional Governance Program  
(Report No. 5-383-12-006-P)

This memorandum transmits our final report on the subject audit. In finalizing the audit report, we considered your comments on the draft and have included those comments in Appendix II.

This report contains two recommendations to assist the mission in improving the overall efficiency and effectiveness of the Supporting Regional Governance Program. On the basis of information provided by the mission in its response to the draft report, we determined that management decisions have been reached on Recommendations 1 and 2. Please provide the Audit Performance and Compliance Division of USAID's Office of the Chief Financial Officer with evidence of final action to close both recommendations.

I want to thank you and your staff for the cooperation and courtesies extended to us during the course of this audit.

# CONTENTS

- Summary of Results** ..... 1
- Audit Findings**..... 5
  - Monitoring and Evaluation System Remains Unfinished ..... 5
  - Some Local Authorities Still Maintain Accounts Manually Despite Receiving Software ..... 6
- Evaluation of Management Comments** ..... 8
- Appendix I—Scope and Methodology** ..... 9
- Appendix II—Management Comments** ..... 11

**Abbreviations**

The following abbreviations appear in this report:

- CSO      civil society organization
- IT        information technology
- LA        local authority
- M&E     monitoring and evaluation
- OIG      Office of Inspector General

# SUMMARY OF RESULTS

The defeat of the Liberation Tigers of Tamil Eelam by Sri Lankan armed forces in May 2009 ended Sri Lanka's nearly three-decade-long civil war. Although it is still unclear exactly how many died during this conflict, the death toll from the final offensive against the Tamil Tigers in the closing months of the war reportedly was in the thousands. Additionally, more than 300,000 people in the north were displaced, many ending up in camps or detained. With the fighting finally over, Sri Lanka now faces the task of rebuilding. Years of conflict, however, have weakened government institutions. The country has also seen continuing concentration of power at the center and other developments that have undermined the rule of law and limited citizens' ability to criticize the state.

In March 2008, USAID signed a 5-year, \$13.9 million contract with Tetra Tech ARD to implement the Supporting Regional Governance Program, primarily in the country's Eastern and Northern Provinces. This program, managed by USAID/Sri Lanka's Office of Democracy and Governance, is to continue through February 28, 2013. The program, which began before the end of the war, was to respond to the development needs resulting from the ongoing conflict. Following the war, the intent of the program shifted to strengthening civic and social entities and processes in the conflict-affected areas to promote human rights, conflict resolution and reconciliation, good governance, and public discourse.

The Office of Inspector General (OIG) conducted this audit to determine whether the program was achieving its overall objective. As of December 31, 2011, cumulative obligations under the program totaled approximately \$9.7 million and disbursements \$8.3 million.

The audit found that the program was generally achieving its objective despite having to operate in a restrictive environment. Program activities, for example, were often subject to government scrutiny, delaying the start-up of some activities while also forcing Tetra Tech ARD and its partners to exercise caution in implementing their projects. Despite these challenges, the program's staff has managed to implement a range of activities, and the auditors found those it visited—while relatively small in scope—were achieving positive results at the community level.

Examples of notable achievements under the program's four main components follow.

**Promoting Human Rights and Assisting Vulnerable Groups.** The program supported the legal community and assisted vulnerable citizens including war widows.

- *Supporting the Legal Community.* The program:
  - Trained 64 lawyers and 26 judges in legal matters for a post-conflict environment.
  - Supported the research and publishing of a study on the writ of habeas corpus.
- *Assisting Vulnerable Citizens.* Working through local partners, the program supported victims of abuses by providing psychosocial counseling and legal assistance. The program also provided livelihood support—consisting of equipment, livestock, and other inputs—to female heads of household (mostly war widows). The program:
  - Gave 626 women psychosocial counseling.
  - Provided 2,062 people legal assistance.
  - Assisted 108 war widows in establishing income-generating activities.

The auditors met with several war widows. One woman, after being moved to a camp in 2006, returned to her village in 2008 with her mother and four children. Having no husband and limited use of her legs because of the polio she contracted at age 4, the woman relied heavily on her elderly mother for support. To feed the family, the mother scavenged in various places, including nearby fields after a harvest to collect any rice left by the farmers. In April 2011, the daughter received equipment through the program to start a business milling rice into flour for local villagers. With the income generated from this activity, she can now help support her family. She described her sadness when she lost her husband and the emotional toll of not knowing how she was going to support her children. Thanks to the project, however, she now feels she has “won back” her life.



**Widow in Trincomalee District, Eastern Province, mills rice using a grinder furnished by the program. Her old mortar and pestle are shown at right. (Photos by OIG, March 2012)**

**Mitigating Conflict and Promoting Peace.** The program engaged religious leaders and members of various ethnic groups in overcoming differences and building relationships.

- *Engaging Religious Leaders in Promoting Peaceful Coexistence.* The program funded several projects designed to engage religious leaders from the four leading faiths—Buddhist, Hindu, Islam, and Christian—in promoting peaceful coexistence in their communities. For example:
  - 300 Buddhist monks and nuns participated in a series of 18 forums on topics like the Buddhist perspective on building peace.
  - 80 religious leaders participated in intra- and interfaith workshops intended to support them in reconciliation and peace-building efforts.



**Leaders of different faiths engage in a group activity during a workshop to promote peaceful coexistence among their followers. (Photo furnished courtesy of the program)**

- *Promoting Improved Interethnic Relations.* The program, working through its partners, also supported activities designed to promote peaceful coexistence between neighboring ethnic communities, focusing on 44 target villages in four conflict-affected areas. During visits to six of these villages, the auditors interviewed residents and found that relations with neighboring communities had improved considerably. Residents said that, thanks to the program's initiatives, tensions had diminished, attitudes had changed, and trade and personal interaction between the villages had increased. In one village, Muslims said they previously did not interact with a nearby Tamil community, never venturing there for fear of being attacked. However, after engaging in activities sponsored by the program, such as volunteer projects, Muslim villagers now visit the Tamil village regularly to attend festivals, work as laborers, and buy and sell vegetables.

**Strengthening Local Governance.** The program, working with local governments in the conflict-affected areas, has provided training to 43 local authorities (LAs) in Eastern Province to develop their capacity and improve overall performance. Examples of some of the training and technical assistance provided follow.

- *Training.* To improve governance and administration skills, the program:
  - Trained 543 elected and government officials and their staff members in office management, accounting, and finance.
  - Trained LAs and gave them software to help them maintain their financial accounts more effectively. According to staff members at all six of the LAs visited, use of the new software has substantially reduced the amount of time required to complete their daily ledger entries—2.5 hours to half an hour. Staff members can also finalize their accounts at the end of the year and generate reports much faster.
- *Providing technical assistance.* The program gave partner LAs technical support hosting public forums intended to allow local citizens to provide input on matters such as local development plans and help make the decision-making process more transparent.

**Promoting Public Discourse.** The program promotes public discourse on local issues partly through support to civil society organizations (CSOs). Using grants to these organizations, the program has directly supported 44 CSOs, providing direct financial support to help sustain them, as well as capacity building and technical support to improve their ability to implement projects. Through these CSOs, the program has indirectly benefited 328 community-based organizations (like the one shown below), many of which received training under the program to help empower their members to address a variety of community issues.



**In the village of Brainturaichenai in Batticaloa District, members gather for a meeting of a women’s rural development society, one of the many community-based organizations receiving training and other support through the program. (Photo by OIG, March 2012)**

Despite these accomplishments, the audit disclosed the following problem areas:

- The monitoring and evaluation system remains unfinished (page 5).
- Some LAs still maintain accounts manually despite receiving software (page 6).

The report recommends that USAID/Sri Lanka:

1. Implement a strategy to complete the development of an electronic monitoring and evaluation system to support a large civil society organization (page 6).
2. Meet with appropriate Sri Lankan Government officials and coordinate the necessary actions to ensure that LAs provided with the program’s financial management software are permitted to use the software to maintain their financial accounts without also having to maintain these accounts manually (page 7).

A detailed discussion of the audit findings appears in the following section. The scope and methodology are described in Appendix I. USAID/Sri Lanka’s written comments on the draft report are included in Appendix II. Our evaluation of these comments appears on page 8.

# AUDIT FINDINGS

## **Monitoring and Evaluation System Remains Unfinished**

As part of its efforts to support civil society, the program has been working with a local CSO, Sarvodaya, one of the largest in Sri Lanka. Reaching more than 15,000 villages nationwide, the organization is also the largest provider of relief and rehabilitation in the conflict-affected areas in northern and eastern Sri Lanka. In October 2010, the program awarded a 1-year grant, valued at approximately \$84,200, to a local information technology (IT) firm to work with Sarvodaya to create an automated monitoring and evaluation (M&E) system. The system would enable the CSO to monitor its activities, particularly those under donor-funded projects, more effectively and report on these activities on time and with greater accuracy.

After working with Sarvodaya to develop the concept for the M&E system, which included an electronic database, the IT firm drafted software specifications to meet the requirements communicated by the CSO. Problems arose, however, during the vetting of these specifications. Sarvodaya, for example, solicited input from its stakeholders throughout the vetting process instead of at the outset, increasing the number of changes to be made. Although the IT firm tried to incorporate some changes, its staff concluded after the third round of review that the extent of changes requested was well beyond the parameters of the grant.

After reviewing the matter, the mission decided in late April 2011 to terminate this activity for the time being in light of the problems encountered and the lack of funding available under the program to complete the task. As a result, Sarvodaya has no electronic M&E system for collecting, storing, and reporting results data.

Sarvodaya's staff members expressed an urgent need for this new automated M&E system. Presently, results data are compiled manually by Sarvodaya's field office staff before being sent to headquarters in Colombo to be summarized for reporting. With more than 60 projects to manage (at least 30 funded by donor agencies), staff members are under considerable strain compiling and summarizing results data to meet the reporting requirements of the donor agencies at the end of each reporting cycle. Since Sarvodaya has few staff members to carry out this labor-intensive process, they focus on satisfying the reporting requirements, with little or no tracking or analyses taking place. Despite these efforts, Sarvodaya is still experiencing delays in its reporting to donors, prompting complaints on the part of some, including one that reportedly terminated a \$1.5 million project, after just 6 months because of delayed reporting.

At the time of the audit, mission officials indicated that the completion of the database will be carried out under a capacity-building component of a follow on program expected to begin in fiscal year 2013. While the mission's commitment to completing this activity is commendable, we believe that before resuming it, appropriate steps must be incorporated into the design to address the underlying factors (e.g., Sarvodaya's failure to communicate a single set of requirements to the IT firm before specifications were drafted) that prevented the database from proceeding beyond the design phase. This is critical so that the same problems do not recur and further jeopardize USAID's investment in this activity. To ensure that this is done, we recommend the following.

**Recommendation 1.** *We recommend that USAID/Sri Lanka implement a strategy to complete the development of an electronic database representing the final stage of a new monitoring and evaluation system for Sarvodaya, an activity initiated under the Supporting Regional Governance Program. At a minimum, the strategy should specify the (1) estimated cost of the remaining work, (2) scope of work to be performed, (3) steps the mission plans to take to minimize communication issues between Sarvodaya and the contractor hired to develop the database, (4) the period of work, and (5) plans to provide technical support to Sarvodaya in implementing its new monitoring and evaluation system.*

## **Some Local Authorities Still Maintain Accounts Manually Despite Receiving Software**

Under its local governance component, the program provided training to government officials and their staff members at 43 LA offices in Sri Lanka's Eastern Province.<sup>1</sup> This activity—which emphasized the role of LAs, participatory processes, and transparency and accountability—consisted of five training modules, including one focused on financial management (*office management, accounting, and finance*). As part of this training module, participating LAs received financial management software to automate their financial accounts and enable the LAs to maintain these accounts more effectively.

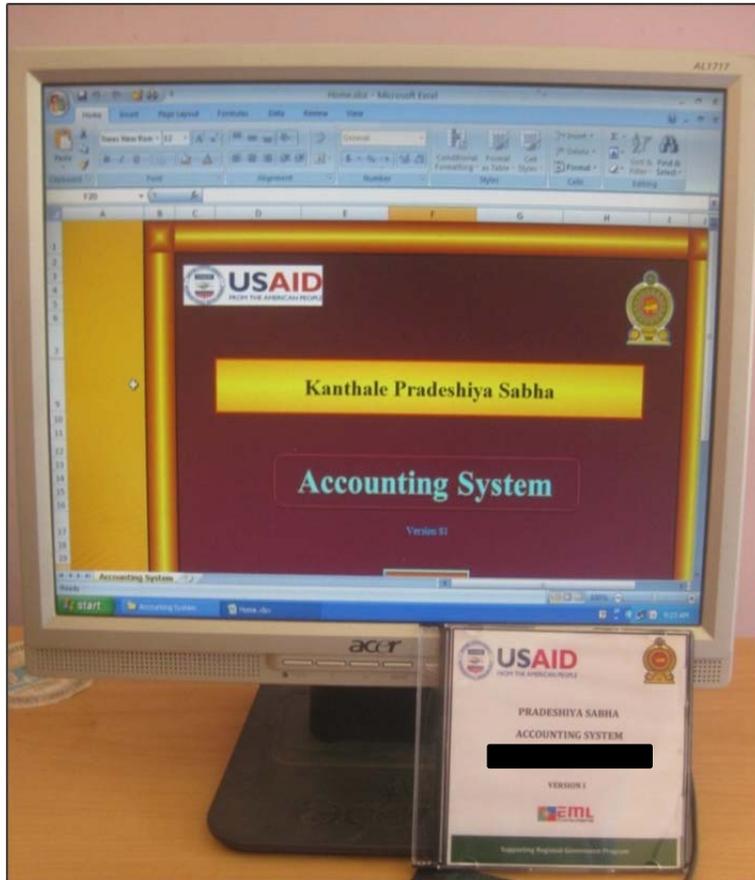
During fieldwork the audit team visited six LAs, including three in Batticaloa District. In interviews with staff members at each location who were responsible for maintaining the financial accounts, the auditors verified that the LAs were all using the new financial management software (shown on the next page) for maintaining their financial ledger accounts. The auditors noted, however, that the LAs in Batticaloa District continued to maintain their accounts manually as well, thereby duplicating their work and requiring more—not less—time to complete their daily ledger postings.

When asked why this was being done, officials at the LAs in question explained that the assistant commissioner for local governance for Batticaloa District, who had authority over this process, did not feel comfortable switching entirely to the new software without having a set of manually prepared records as a backup. A program officer later stated that he had discussed the matter earlier with the assistant commissioner. Although the commissioner agreed, at least in principle, to stop requiring the LAs to maintain their accounts manually, the staff members at the LAs visited indicated that they had not yet been notified by his office of this change.

As a result, the LAs in this district continue to maintain their ledger accounts manually while entering data into the database using the software, duplicating effort and preventing them from benefiting from the time savings that could be achieved by using the software for maintaining their account ledgers—in other words, defeating the purpose of this activity. According to one LA official, because of this practice, the primary benefit of the new software comes from using it to generate reports.

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<sup>1</sup> LAs are divided into municipal councils, urban councils, and divisional councils or *pradeshiya sabhas*.



**Computer screen displays financial management software provided to local authorities in Eastern Province to help them maintain their financial accounts more effectively. (Photo by OIG, March 2012)**

To ensure that LAs benefit from the new financial management software, they must be permitted to discontinue maintaining their ledger accounts manually; otherwise, the task will require more work and time than necessary. Although the assistant commissioner has reportedly agreed to allow the switchover, follow-up is needed to ensure that this is done. To this end, we recommend the following.

***Recommendation 2.*** We recommend that USAID/Sri Lanka's mission director meet with appropriate Sri Lankan Government officials to request that the local authorities in Sri Lanka's Batticaloa District be permitted to maintain their financial ledger accounts using the financial management software provided under the Supporting Regional Governance Program and be authorized to discontinue maintaining these accounts manually to benefit from the use of the software.

# EVALUATION OF MANAGEMENT COMMENTS

The mission provided comments in response to the draft report. Our evaluation of management comments follows.

**Recommendation 1.** The mission generally agreed with the recommendation and outlined the actions it plans to take to complete Sarvodaya's M&E system. These include: (1) meetings with personnel from both Sarvodaya and the original IT firm to review lessons learned and ascertain the scope of technical assistance and training still required and (2) hiring an independent consultant to prepare the various documents needed for developing the M&E system under the mission's planned Support for Professional and Institutional Capacity Enhancement Program. Under this program, the mission plans to provide technical assistance and training to assist Sarvodaya in fulfilling its commitments under this M&E activity; a sub-grant to Sarvodaya to provide technical facilitators for the consultative process required to design the M&E database; and a sub-award to an IT provider to design and develop the electronic M&E system for Sarvodaya. The mission expects to complete final action no later than 12 months following the date of this report (i.e., July 16, 2013). Therefore, a management decision has been reached on this recommendation.

**Recommendation 2.** The mission agreed with the recommendation. The comments indicated that the mission director will discuss the matter with the chief secretary of the Eastern Provincial Council and the commissioner for the local government for Eastern Province during a trip in September 2012. During this meeting, the mission director will discuss a recent circular issued by the chief accountant of the commissioner of local government's office instructing all local authorities designated as divisional councils (*pradeshiya sabhas*) to use the program-funded financial management software. Further, the mission director will seek a commitment from the two provincial officials to discontinue use of the manual ledgers. Following the trip, the mission will provide the OIG with a trip report documenting this meeting and outlining the discussion between the mission director and the provincial officials. The mission expects to complete final action by October 31, 2012. Accordingly, a management decision has been reached on this recommendation.

# SCOPE AND METHODOLOGY

## Scope

We conducted this audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions in accordance with our audit objective. We believe that the evidence obtained provides that reasonable basis. The purpose of this audit was to determine whether the program was achieving its overall objective of strengthening civic and social entities and processes in the conflict-affected areas to promote human rights, conflict resolution and reconciliation, good governance, and public discourse.

To implement the program, USAID/Sri Lanka signed a contract valued at approximately \$13.9 million with Tetra Tech ARD, covering the period from March 5, 2008, to February 28, 2013. As of December 31, 2011, cumulative obligations under the program totaled approximately \$9.7 million, and disbursements totaled \$8.3 million.

The audit covered activities from the program's inception through December 31, 2011. Audit work involved (1) ascertaining the achievements to date under the program's four main components, (2) determining whether the program appeared to be making satisfactory progress toward addressing the subobjectives under each component, (3) validating selected performance results data against supporting records, and (4) conducting field visits to selected activity sites to interview partners, local officials, religious leaders, and villagers to solicit their feedback on program activities and evidence of any impact these activities had achieved.

In planning the audit, the auditors identified relevant controls used by the mission to manage the program and oversee program activities. Key controls included the quarterly progress reports (issued by the implementer) and regular contact between the mission's contracting officer's technical representative (now called the contracting officer's representative) and the implementer's chief of party. Additionally, the auditors examined the mission's fiscal year 2011 annual self-assessment of management controls, which the mission is required to perform to comply with the Federal Managers' Financial Integrity Act of 1982,<sup>2</sup> to determine whether the assessment cited any relevant weaknesses.

In reviewing program activities, the auditors selected a judgmental sample of the program's grants and subcontracts awarded as of December 31, 2011. This sample consisted of 10 completed or ongoing grants and subcontracts (out of a universe of approximately 60), which collectively had cumulative obligations of approximately \$1.4 million as of December 31, 2011, representing approximately 42 percent of the audit universe (\$3.3 million).

Audit fieldwork took place from March 1 to April 3, 2012, at the USAID mission and at the implementer's main office, both in Colombo. In addition, auditors made a 12-day field trip to Eastern Province to visit selected activity sites in the eastern districts of Trincomalee and Batticaloa and in the north-central district of Polonnaruwa. During this field trip, the auditors traveled to 20 towns and villages located in these districts, where they interviewed partner staff members, local officials, religious leaders, community groups, and other villagers.

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<sup>2</sup> Public Law 97-255, codified at 31 U.S.C. 3512

## Methodology

To determine whether the program was achieving its overall objective, the audit team initially examined the program's quarterly progress reports to ascertain the status of program activities and the accomplishments and key deliverables achieved under these activities. The team also interviewed the mission's contracting officer's technical representative and the implementer's chief of party and reviewed correspondence and other records, including prior assessments, to gain further understanding of the program and its activities.

Since the program's activities were to a large extent carried out through small grants and subcontracts (the majority of these less than \$50,000), the audit reviewed a judgmental sample of these grants and subcontracts to determine whether the activities they funded were contributing to the program's overall objective. Because most (approximately 82 percent) of the total monies obligated under these instruments were allocated to the (1) human security, (2) conflict mitigation and peace-building mechanisms, and (3) local governance components, sample selection and review focused primarily on the activities under these three components.

In reviewing the activities under the sampled grants and subcontracts, the auditors (1) reviewed the grant or subcontract document to identify the objective(s) and key deliverables, (2) reviewed excerpts of the implementer's progress reports to assess the status of the activity and determine whether there have been any implementation problems, (3) interviewed responsible staff members with the implementer and grantee or subcontractor, and (4) made field visits to selected activity sites to interview beneficiaries, including local officials, and solicit their feedback on the activity to assess whether it was achieving its sub objective(s) and the impact, if any, achieved.

The auditors selected a judgmental sample of results data for testing. This consisted of data cited in the implementer's two annual progress reports, covering the fiscal years ending September 30, 2010, and September 30, 2011. For each selected item, the audit team checked the data against records on file at the implementer's main office or at the grantee's office in the field to verify that the reported results data were accurate and reliable. The auditors established a materiality threshold of 15 percent. For example, if the total deficiencies identified exceeded 15 percent of the tested data, the auditors concluded that the reported data for the activity were not reliable or adequately supported. Because testing was based on a judgmental sample, the results and overall conclusions could not be projected to the entire audit universe.

# MANAGEMENT COMMENTS



**USAID**  
FROM THE AMERICAN PEOPLE

**SRI LANKA**

## MEMORANDUM

**TO:** William S. Murphy, Regional Inspector General, USAID / Philippines

**THRU:** Adam Schmidt, Acting Mission Director, USAID / Sri Lanka /s/

**FROM:** Dinesha Fernando, Acting Office Director, Democracy and Governance Program

**DATE:** June 29, 2012

**SUBJECT:** USAID Sri Lanka comments on the audit of the Mission's Supporting Regional Governance (SuRG) Program (Report No. 5-383-12-00x-P)

### Background:

This memorandum is the USAID Sri Lanka Mission's formal response to the Regional Inspector General's (RIG) draft audit report of the Supporting Regional Governance (SuRG) Program – Report No. 5-383-12-00x-P. Subject to the specific elements of the response outlined below, the Mission concurs with recommendation one and proposes the specific corrective action described below. The Mission believes that specific elements of recommendation two have been addressed and the corrective action is outlined in this memorandum.

### **Recommendation 1:** The Sarvodaya Monitoring and Evaluation (M&E) System

In general terms, the Mission agrees with this recommendation but believes it is important to highlight the following issues when considering the appropriate corrective action to address the issue of Sarvodaya's monitoring and evaluation system.

It should be noted that USAID / SuRG supported the development of Sarvodaya's monitoring and evaluation system, which included a framework with indicators and training for Sarvodaya staff by an international consultant. But, as stated in the report, the electronic system (which would make Sarvodaya function more efficiently) has not yet been established. It is important to highlight the 'capacity deficit' that may be found within local organizations. The corrective action will require significant time and resources to be spent on building the capacity of Sarvodaya personnel to take a paper-based M&E system and contribute towards the design, and then manage, and fully utilize a computerized system.

USAID Sri Lanka proposes the following course of action that will be supported by the Mission directly with follow-on support through the Mission's anticipated *Support for Professional and Institutional Capacity Enhancement* (SPICE) Program which is a three-year activity that will strengthen the capacity of Sri Lankan institutions. The SPICE program will be awarded before the end of the first quarter of fiscal year 2013. A component of this anticipated program is designed to provide training and technical assistance to build the capacity of civil society organizations and Sarvodaya will be provided with an appropriate package of technical assistance and training for its staff to build its program management capacity. This assistance will address a part of the Regional Inspector General's recommendations.

The Mission proposes the following course of action to address the Regional Inspector General's recommendation.

1. Mission staff will conduct meetings with key personnel from Sarvodaya and Infoshare and review the project documents to review the lessons learned from the initial efforts to design the Sarvodaya electronic M&E system and begin to outline the scope of the technical assistance and training to address the remedial actions required.
2. Mission staff will review the budget estimate for the design, training of Sarvodaya staff and procurement of the proposed M&E system.

The abovementioned steps will be completed within 90 days of receipt of the final report from the Regional Inspector General's Office and result in the design of a Statement of Work (A) for an independent consultant who will provide the following deliverables. The Mission anticipates that the following deliverables will be supported through a consultancy supported under the SPICE program.

1. An estimated budget for the technical assistance required by Sarvodaya to implement a consultative process to establish the technical parameters and elements of an electronic M&E system.
2. A Memorandum of Commitment that will be signed by the General Secretary of Sarvodaya to outline Sarvodaya's commitment to a consultative process for its staff and that identification of key management who will be able to finalize the technical requirements of the organization.
3. A Statement of Work (B) for an information technology provider (ITP) to work with Sarvodaya to design the electronic M&E system.
4. A draft Memorandum of Understanding (MOU) that will be signed by Sarvodaya and the ITP to establish a timeframe for the deliverables in the design process by both parties; establish clear lines of communication between Sarvodaya and the ITP; a commitment of personnel and resources necessary for the deployment of the system; an undertaking and timeframe for the training of personnel who will use the M&E system; and the pilot testing of the system.

The deliverables that result from this consultancy will form the basis for the following: (a) technical assistance and training under the Mission's anticipated SPICE Program that will assist Sarvodaya to ensure compliance with their commitments in the MOC and MOU described above; (b) a sub-grant to Sarvodaya under the SPICE Program to implement the consultative

process with the assistance of technical facilitators provided through the short-term technical assistance component of the SPICE Program; and (c) a sub-award to a information technology provider (ITP) to design a M&E system for Sarvodaya.

The time frame for the development and implementation of a strategy is six months from the date of award of the cooperative agreement of the SPICE program and no later than 12 months after the receipt of the Regional Inspector-General's final report. This is the Mission's anticipated plan to implement the specific elements of recommendation one.

## **Recommendation 2:**

### The Local Government Financial Management Software

The Mission concurs with the recommendation. In late Fiscal Year (FY) 2012 the USAID Sri Lanka Mission Director will travel to the Eastern Province to meet with the Chief Secretary of the Eastern Provincial Council and the Commissioner for Local Government for the Eastern Province. They will discuss a recent circular dated June 13, 2012 that was issued by the Chief Accountant of the Commissioner of Local Government's office instructing all Pradeshiya Sabhas to use the USAID / SuRG funded financial management software. The USAID Mission Director will seek a commitment from the Chief Secretary and the Commissioner of Local Government to ensure the practice of using the manual ledgers is discontinued. Furthermore, if the Eastern Provincial Council requests additional support for local authorities in the province, USAID proposes that a pre-condition for future assistance will be the discontinuation of the use of ledgers in all Pradeshiya Sabhas.

The Mission Director's field trip to the Eastern Province is scheduled for September 2012. USAID will provide the Regional Inspector General in Manila a trip report that outlines the discussion between the Mission Director and the Eastern Provincial Council officials.

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