

Head 136 - Report of the Auditor General relating to the Ministry of Sports and the Department under the Ministry and Sports Associations – Year 2013

This report consists of two parts.

Part 1 – Summary report relating to the Ministry and the Department under the Ministry.

Part 2 – Detailed reports relating to each Head

Part I

Summary report on the Accounts of the Ministry of Sports and the Department under the Ministry

1. Department under the Ministry

Appropriation Head

219

Department

Department of Sports Development

2. **Accounts**

2.1 **Appropriation Account**

Total Provision and Expenditure

The total net provision made for the Ministry and the Department amounted to Rs.2,850,500,000 and out of that a sum of Rs. 2,183,250,470 had been utilized by the end of the year under review. Accordingly, the net savings of the Ministry and the Department amounted to Rs.276,290,730 and Rs.390,958,800 or 31 per cent and 20 per cent of the total net provision respectively. Details appear below.

As at 31 December 2013

Head	Net Provision	Utilization	Savings	Savings as a Percentage of Net Provision
	Rs.	Rs.	Rs.	
136	895,273,000	618,982,270	276,290,730	31
219	1,995,227,000	1,564,268,200	390,958,800	20
Total	2,850,500,000	2,183,250,470	667,249,530	23

2.2 Advance Accounts

2.2.1 Advances to Public Officers Account

Limits Authorized by Parliament

The limits authorized by Parliament for the Advances to Public Officers Account in respect of the Ministry and the Department of Sports Development and the actual values are given below.

Item Number	Expenditure		Receipts		Debit Balance	
	Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
13601	6,000,000	5,091,121	2,800,000	3,716,575	24,000,000	12,677,245
21901	8,000,000	7,838,703	4,000,000	7,008,815	33,000,000	25,679,727

2.3 General Deposits Accounts

The balances of the General Deposits Accounts of the Ministry and the Department as at 31 December 2013 totalled Rs. 222,219,628 .Details appear below.

Ministry / Department	Deposit Account Number	Balance as at 31 December 2013
		Rs.
(i) Ministry of Sports	6000/0000/00/0015/0048/000	22,145,192
(ii) Department of Sports Development	6000/0000/00/0015/0100/000	200,074,436

Total		222,219,628
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Part 2

Detailed Report relating to each Appropriation Head

1. Head 136 - Ministry of Sports

1.1 Scope of Audit

The audit of Appropriation Account including the financial reports, reconciliation statements, books, registers and other records of the Ministry of Sports for the year ended 31 December 2013 was carried out in pursuance of provisions in Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. The Management Audit Report for the year under review was issued to the Secretary to the Ministry on 13 January 2015. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the accounts and reconciliation statements presented to audit and tests of samples of transactions. The scope and extent of such review and tests were such as to enable as wide an audit coverage as possible within the limitations of staff, other resources and time available to me.

1.2 Responsibility of the Chief Accounting Officer for the Accounts and Reconciliation Statements

The Chief Accounting Officer is responsible for the maintenance, preparation and fair presentation in the Appropriation Account and Reconciliation Statements in accordance with the provisions in Article 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory provisions and the Public, Finance and Administrative Regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Accounts and Reconciliation Statements that are free from material misstatements whether due to fraud or error.

1.3 Audit Observation

According to the Financial Reports and the Books for the year ended 31 December 2013, it was observed that except for the effects of the general observations appearing at (a) and (b) and the other major audit findings appearing in paragraphs 1.4 to 1.7 herein, the Appropriation Account and the Reconciliation Statements of the Ministry of Sports had been prepared satisfactorily.

(a) Non-maintenance of Books and Registers

It was observed during audit test checks that the Ministry had not maintained the following registers while certain other registers had not been maintained in the proper and updated manner.

Type of Register	Relevant Regulation
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(i) Register of Fixed Assets	Treasury Circular No.842 dated 19 December 1978.
(ii) Register of Computers, Accessories and Software	Treasury Circular No. IAI/2002/02 dated 28 November 2012.

(b) General Deposit Account

In terms of the Financial Regulation 565(4) the General Deposits Ledger for each year should be newly opened and balance of accounts for each item should be brought forward. However, it had not been so done and the Statements of Monthly Deposit Summary that should be prepared in the Form General 71 for each month had not been prepared in terms of Financial Regulation 565 (5).

1.4 Good Governance and Accountability

1.4.1 Unsettled Liabilities

An age analysis on liabilities as at 31 December 2013 had not been furnished by the Ministry, while the liabilities of Rs.1,557,694 had been committed exceeding the provisions relating to 12 Objects.

1.5 Performance

The observations on the progress according to the annual Budget Estimate 2013/Action Plan are given below.

1.5.1 National Sports Science Institute

The following observations are made.

- (a) Despite the Playground facilities are available under the Department of Sports Development, rental amounting to Rs.109,750 had been paid for playgrounds taken on rent from outside institutions for practical training in the year under review.
- (b) Preparation of question papers and evaluation of answer papers relating to each subject had been done by a team of Lecturers for each course conducted by the National Sports Science Institute and it was badly affected for the independency of the institution was observed.

- (c) At the examination carried out on courses planned to be conducted and the courses conducted during the year 2013, it was observed that the Sports Management Course and Swimming Higher Course for the coaches had not been conducted even though it was planned.
- (d) The inventory books for Administration Division, Physical Fitness Division, Courses Division and Registration of Coaches Division had not been maintained separately and the action had not been taken to update the details of assets remaining at above divisions included in the Main Inventory.
- (e) Action had not been taken to recruit for 05 posts remained vacant in the Sports School.

1.6 Irregular Transactions

A “Medical Treadmill Machine” and a “Cardio Coach Vo2 Quick Start Kit” machine had been purchased for Medical Sports Institute by the Ministry of Sports from a private institution at Rs.3,850,000 by inviting limited quotations from 06 suppliers nominated by the Director General of Medical Sports Institute without having technical specifications deviation from the Procurement Procedure in terms of Paragraph 5.1.1 (a) of the Procurement Guidelines.

1.7 Human Resource Management

The position of the cadre as at 31 December 2013 had been as follows.

	Category of Employees	Number of Employees		
		Approved	Actual	Vacancies
(i)	Senior Level	24	21	03
(ii)	Tertiary Level	12	08	04
(iii)	Secondary Level	90	67	23
(iv)	Primary Level	74	63	11
	Total	200	159	41
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(b) Recruitment of Grade III Physiotherapists to the Sports Medical Institute

Six officers had been recruited as the Grade III Physiotherapists on 23 November 2012 and the following matters were observed at the examination carried out thereon.

- (i) Even though the passed marks limit of the professional test should be 50 per cent accordingly to the paragraph 7.2.4.2 of the Recruitment Procedure of the Sports Medical Institute the Course Director had decreased the limit up to 35 per cent without proper approval and made recruitments. Even though it should be invited 3 times of the vacancies for interviews it was not so done and 5 applicant who had not professional qualifications according to the Recruitment Procedure had been recruited for such posts.
- (ii) It had not been specified the passed marks at the structural interview according to the Recruitment Procedure. The photocopies of the original certificates of qualifications of applicants had not been compared with the original certificates and also not certified by a responsible officer. Similarly, the evidence for confirmation of marks obtained at professional test by some of them had not been furnished to audit.
- (iii) According to the Section 7.2.2.2 of the Recruitment Procedure, the relevant Professional Qualifications should have been obtained as at the application date. Even though the professional certificate of 2 officers had been issued on 07 April 2009, it was observed that the issuing institute of the certificates had not registered as a professional institute in the National Vocational Training Authority (NVQ) as at that date.
- (iv) Four persons who were not having the experience in respective field had been selected and had been given 03 marks for each of them for experience. Even though the marks should have been given at the interview for the applicants who had sports skills, the marks had been given for three applicants who had not furnished certificates to confirm the sports skills.

- (v) In examination of the certificates issued by the Sports Medical Institute which furnished on 01 November 2011 by the officers who obtained casual appointments on 01 September 2011 to confirm the Professional Qualifications, it was observed that the respective officers had not fulfilled the Professional Qualifications when they got the appointments.

2. Head 219 - Department of Sports Development

2.1 Scope of Audit

The audit of the Appropriation Account including the financial reports, reconciliation statements, books, registers and other records of the Department of Sports Development for the year ended 31 December 2013 was carried out in pursuance of provisions in Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. The Management Audit Report for the year under review was issued to the Director General of the Department on 13 November 2014. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the accounts and reconciliation statements presented to audit and tests of samples of transactions. The scope and extent of such review and tests were such as to enable as wide an audit coverage as possible within the limitations of staff, other resources and time available to me.

2.2 Responsibility of the Chief Accounting Officer and the Accounting Officer for the Accounts and Reconciliation Statements

The Chief Accounting Officer and the Accounting Officer are responsible for the maintenance, preparation and fair presentation of the Appropriation Account in accordance with the provisions in Articles 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory Provisions and the Public Finance and Administrative Regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Accounts and Reconciliation Statements that are free from material misstatements whether due to fraud or error.

2.3 Audit Observation

According to the financial reports and the books for the year ended 31 December 2013, it was observed that except for the effects of the general observations appearing at (a) to (i) and the other major audit findings appearing in paragraphs 2.4 to 2.10 herein, the Appropriation Account and the Reconciliation Statements of the Department of Sports Development had been prepared satisfactorily.

(a) Presentation of Accounts

The tamil copy of the Appropriation Account for the year under review had not been presented even as at 31 December 2014.

(b) Non-maintenance of Books and Registers

It was observed during audit test checks that the Department had not maintained the following registers in the proper and updated manner.

Types of Register	Relevant Regulation
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(i) Register of Fixed Assets	Treasury Circular No.842 dated 19 December 1978.
(ii) Register of Computers, Accessories and Software	Public Finance Circular No.402 of 12 September 2012 and Treasury Circular No.1A1/2002/02 dated 28 November 2002.

(c) Budgetary Variance

The following observations are made.

- (i) Out of the provisions of Rs.2,000,000 made for Object 219-1-1-1102, provisions of Rs.300,000 had been transferred to another Object and the balance of Rs.1,700,000 had been entirely saved without utilizing the provisions.

- (ii) The savings out of the provisions made for 23 Objects after utilizing the provisions ranged between 20 per cent to 99 per cent of the net provisions relating to those Objects.

(d) Statement of Movement of Non-current Assets

The final balance as at 31 December 2012 under Object 2012 was Rs.2,520,956 while that balance as at 01 January 2013 was shown as Rs.2,464,929 understating by Rs.56,027.

(e) Unsettled Liabilities

The following observations are made.

- (i) An age analysis in respect of unsettled liabilities amounting to Rs.96,524,009 as at 31 December 2013 had not been presented by the Department while the liabilities of Rs.181,372,838 exceeding the savings relating 11 Objects had been committed.
- (ii) Even though a total sum of Rs.384,308,793 had been shown as liabilities under DGSA 8 in the Appropriation Account, the liabilities according to the schedule presented along with the account had been Rs.384,705,264. Accordingly a difference of Rs.396,471 was observed between the liabilities shown under DGSA 8 and the liabilities shown according to the schedule presented along with the account.

(f) Advances to Public Officers Account

The following observations are made.

- (i) The loan balances of 04 officers came on transfers to Department of Sports Development had been entered in to C.C 10 Register without being settlement of the loan balances. Further, the loan installments recovered from the month of November had been credited to the income by Monthly Accounts Summaries without remitting to the relevant institution.

- (ii) The year end balance of the Control Account of advances according to the Departmental books amounted to Rs.25,679,727 while that balance according to the Treasury Printout was Rs.25,650,702, but the reasons for the difference of Rs.29,025 had not been explained.
- (iii) The Register of Individual Balances which shown. the balances of loans and advances had not been quarterly balanced and prepared by the Department of Sports Development in terms of the Financial Regulation. Action had not been taken to recover the loan balance of Rs.40,000 recoverable from an Electric Technician who had not reported for work from April 2013.
- (iv) According to the Summary of Individual Balances as at 31 December 2013 the balance was Rs.12,501,746, while according to the control account the balance was Rs.25,679,727. Accordingly, the Reconciliation Statement had been furnished stating the balance of the Summary of Individual Balances as Rs.25,679,727 without rectifying the difference of Rs.745,234 remained between the balances.
- (v) As an officer had gone abroad who worked as a Translator had taken no pay leave from 23 March 2012, the Ministry of Foreign Affairs had agreed to recover her loan as installments from her spouse's salary and to send. Accordingly, a sum of Rs.36,282 for the period from October 2012 to August 2013 had been settled in October 2013 by monthly accounts summaries, but it had not been brought to account.

(g) Imprest Accounts

The following observations are made.

- (i) According to the Treasury Print-outs the unsettled imprest balance as at 31 December 2013 amounted to Rs.1,754,058 whereas the balance according to Appropriation Account amounted to Rs.634,808. Accordingly, the difference of Rs.1,119,250 had been shown as Rs.643,591 and Rs.475,679 as unsettled advances and errors in preparation of accounts summaries respectively.

(ii) According to the cash book, the Imprest balance to be settled to the Treasury as at 31 December 2013 was Rs.22,433 whereas the balance according to the Appropriation Account amounted to Rs.634,808. Accordingly the balance shown in the Appropriation Account had been overstated by Rs.612,375.

(h) General Deposit Account

The following observations are made.

- (i) Action had not been taken on General Deposits amounting to Rs.88,420,221 remained for over 2 years in terms of Financial Regulation 570.
- (ii) The following differences were observed between the balances of Deposits Ledger, Monthly Account Summary and the Treasury Printouts.

Particulars -----	Debits ----- Rs.	Credits ----- Rs.	Closing Balance ----- Rs.
Balance according to Deposits Ledger	38,778,934	112,643,828	199,832,425
Balance according to Monthly Accounts Summary	38,613,258	112,722,195	199,680,024
Balance according to Treasury Printouts	38,613,259	112,720,164	200,074,436

(iii) Even though the balance disclosed in the Appropriation Account according to the General Deposits Ledger as at 31 December 2013 was Rs.199,832,425, the balance brought forward as at 01 January 2014 according to the list of Individual Balances was Rs.200,145,505. Therefore, a difference of Rs.242,011 was remained between the respective balances.

(i) Non-submission of Vouchers for Audit

It was revealed during the of audit had checked that fifty five vouchers totalling Rs.9,473,691 had not been furnished.

2.4 Good Governance and Accountability

2.4.1 Internal Audit

An Internal Audit Unit had not been established in the Department while an adequate audit had not carried out by the Ministry of Sports as well.

2.5 Assets Management

2.5.1 Conduct of Annual Boards of Survey

In terms of the Public Finance Circular No.441 dated 09 December 2009 as amended by the letter of the Director General of Public Finance No.PF/Board of Survey dated 17 December 2010, the Board of Survey should be conducted before 31 March 2013 and the reports concerned should be forwarded to the Auditor General. However, the Department had not furnished Boards of Survey Reports even by 31 December 2014.

2.6 Non- compliances

(a) Non- compliance with Laws, Rules and Regulation etc.

Instances of non-compliance with the provisions of laws, rules and regulations observed during audit test checks are analyzed below.

Reference to Laws, Rules and Regulations	Non- compliance

(i) Statutory Provisions

Establishments Code of the Sri Lanka Democratic Socialist Republic of Sri Lanka

Chapter XII, Section 14

Full pay leave had been approved to the Deputy Sports Director of the Department of Sports Development to follow a Postgraduate Diploma Course on Sports Administration which is not relevant to his promotions and not stated in the Recruitment and Promotions Procedure of his post and had applied personally without the approval

of the Department and sums of Rs.416,158, Rs.120,375 and Rs.16,578 had been paid as salaries, outfit allowance and warm clothing allowance. Further, a sum of Rs.130,000 had been paid for air tickets for his journey in the meantime to Sri Lanka and return back during the course period.

(XV) Section 11.1

Even though every officer should travel in economy class in air trips, the Director General had used the business class for Brunei Trip for 03 days from 06 July 2013 and a sum of Rs.82,000 had been incurred as air travelling charges thereon.

(ii) **Financial Regulations of the Democratic Socialist Republic of Sri Lanka**

Financial Regulation 110

Properly prepared Register of Losses had not been maintained by the Department

Financial Regulation 214

The Register of Liabilities had not been maintained

Financial Regulation 341

Even though it should be maintained a Register to record the receipts of Counterfoil Books and the functions thereon, such a Register had not been maintained.

Financial Regulation 371(2)(b)

Advances amounting to Rs.886,580 had been granted for 08 officers ranging from Rs.30,000 to Rs.200,000 in 08 instances contrary to the Financial Regulations.

- Financial Regulation 372 Even though the reconciliations of imprests and sub- imprests should be done at the end of every month, it was not so done.
- Financial Regulation 395 (c) Even though the Monthly Bank Reconciliation Statements should be prepared before 15 day of the following month, the Bank Reconciliation Statements had not been prepared after April 2013
- Financial Regulation 445 Even though the Votes Ledger maintained by the Department should be updated it was not so done by the Department
- Financial Regulation 565(3) Even though the General Deposits Account should be reconciled with the Treasury Printouts at the end of each month, the Department had not so done.
- Financial Regulation 1645 The Log Books should be maintained in an updated manner for every vehicle according to form General 267 by the officer in charge of the vehicles. However, the records of log books had not been completed for 09 vehicles of the Department was revealed at a test check.
- Financial Regulation 1646 The Officer in Charge of the vehicles should be furnished the Daily Running Charts to Auditor General before 15 day of the following month along with the original copy of the Monthly Performance Summaries written in the form General 268 (a). Nevertheless, the Department had not taken action accordingly and the form 268(a) had not been completed for any of the vehicle.

- Financial Regulation 1647(b) A complete verification should be conducted in respect of vehicles and the equipment thereon, and a verification should be carried out when an officer handed over the custody of the vehicle to another officer or when there is a change of drivers. However, evidence was not made available to audit that the verifications had been conducted in such instances.
- (iii) Public Administration Circular No.21/2007 dated 11 September 2007 When an staff officer travel outside the country prior approval should be obtained from the Secretary to the Prime Minister. However, the Deputy Director of Sports in the Department of Sports Development had gone abroad for a Post Graduate Diploma Course on Sports Administration without obtaining such approval.
- (iv) Finance Circular No.431of 28 April 2008 Even though air tickets for foreign travelling should be obtained as far as possible from the institutions approved by the Government, contrary to that the air tickets valued at Rs.8,071,795 had been purchased from a private company.
- (v) Paragraph 3 (iii) of Circular No.01/2010/01 of the Ministry of Finance and Planning dated 11 October 2010 When going abroad on study or Training Programme for improving knowledge and skills the per-diem allowance payable should be US Dollars 30. Contrary to that per diem allowance at the rate of US Dollars 50 had been paid in 03 instances as such the over paid amount was US Dollars 880.

- (vi) Paragraph 3.2 and 8.12.3 of the Procurement Guidelines of 25 January 2006 A sum of Rs.4,525,360 had been paid to Boxing Association on 09 May 2013 for purchase of Boxing Stages based on a cost estimate submitted by the Apprentice Boxing Association without ensuring that the goods had been supplied by calling competitive quotations and according to the specifications.
- (vii) Paragraph 4.3.3 of the Public Accounts Circular No.35/94 dated 12 July 1994 Even though the liabilities as at 31 December 2013 should be confirmed by the respective institutions the confirmations for the liabilities totalling Rs.96,524,009 had not been obtained

2.7 Irregular Transactions

The following observations are made

- (a) Instances were observed in audit that the Annual Estimated Provisions had been utilized for other activities without utilizing respective activities and without proper authority. several such instances are given below.
- (i) The provisions of Rs.53,063,745 allocated under Object 2-2-6-2014 for construction of artificial runaway in Independence Square Stadium had been utilized for other purpose without utilizing for above purpose. Similarly the Provisions had been allocated for same purpose in the years 2009,2010, 2011 and 2012 as well, but such money also had been utilized for some other purposes.
- (ii) A building with an iron frame had been constructed in the premises of the Department of Sports Development without proper authority and a sum of Rs.35,478,778 had been spent thereon by transferring from another 03 Objects.

(b) Granting Cash for Sports Associations

The following observations are made.

- (i) When provisions made by annual budget for Sports Associations by the Department of Sports Development the provisions had been made by submitting budget proposals without obtaining estimates from the Sports Associations.
- (ii) In most instances, the Department had given funds to Sports Associations without obtaining expenditure estimates and funds amounting to Rs.145,548,064 had been given in the years 2011,2012 and 2013. Further, follow up action had not been carried out to ensure that the funds had been utilized for the relevant purpose effectively and transparently by the respective Sports Associations and action had not been taken to recover the balance amount out of the funds.
- (iii) Expenditure had been incurred for the expenses of air tickets, milk powder, Yoghurt and food items under Other Object 219-01-01-1508 in the year 2013, while the authority for incurring such expenditure under such Object had not been furnished to audit.

(c) Foreign Tours Expenses

The following observations are made.

- (i) Even though a sum of Rs.346,255 had been paid as outfit allowance and subsistence to Media Secretary of the personal staff of the Minister for participation for the festival of Sports and Rupavahini Cinema held in Italy on 04 December 2013, no record whatsoever had been entered in the Votes Ledger relating that payments. Similarly, the relevant payment had been contrary to the paragraph 1 of the Budget Circular dated 04 April 2001 was observed.

- (ii) Even though it was informed by the organizing institute only one coach to be participated on the basis of supply air travel, food and lodging for the course of “CES Level (iv) Course for Middle Level and Long Distance” held in Jakarta Indonesia from 21 October to 03 November 2013, contrary to that an additional officer had been participated by the Department. Further, the approval had been obtained by stating that all the expenses of him would be incurred by a project but the expenses for air tickets and lodging amounting to Rs.225,632 and outfit allowances amounting to Rs.100,179 had been incurred by the Department under the Object for foreign travelling.

- (iii) An officer had participated as an observer on the recommendation of the Director General contrary to the composition of the participation group for the 17th Senior Female Volleyball Tournament held in Thailand from 13 September to 21 November 2013. The Volleyball Federation had submitted an expenditure estimate amounting to Rs.115,500 relating to the Tour. Without considering that a sum of Rs.438,800 had been granted to the observer but a sum of Rs.121,575 only had been incurred. But the balance amount of Rs.317,225 had not been returned back to Volleyball Federation or to the Department of Sports and action had not been taken to recover it.

- (iv) Proper procedure to select officers for foreign training had not been prepared by the Department and they were nominated for the courses by the Sports Associations on connections maintained with them. The Department had approved duty leave and supplied funds for expenses to such officers.

(d) Purchases of Sports Goods and Distribution

The following observations are made.

- (i) Even though quotations had been called to purchase sports goods for 600 sports clubs in terms of the letter No. ක්‍රීඩාංශේ/නිදන්ති/02/14/2012 of Director General dated 29 November 2012, a sum of Rs.2,555,920 had been approved to purchase sports goods for 400 sports clubs according to the Tender Board Decision dated 02 July 2013. Accordingly, the sports goods had been purchased without being identified the requirement properly.

- (ii) Even though the Deputy Director of Sports had confirmed that the volleyball nets and softball cricket bats out the sports good supplied on 04 July 2013 were not complying with the selected sample, the cricket bats which not complying with the sample had not been rejected and taken over to the stores. Similarly, 100 volleyballs of which not complying with the sample had been obtained on 16 July 2013 even though these volleyballs had been rejected.

(e) Purchases of Sports Equipment for Physical Fitness Hall

Even though it was recommended to purchase sports equipment from a private institution at Rs.1,479,000 by the Technical Evaluation Committee, The bid evaluations reports and the specifications relating to the goods, based on such recommendation had not been furnished to audit.

2.8 Transactions without Authority

Even though the income of the Body Building Center of the Department had been credited to the National Sports Fund, the Treasury approval thereon was not made available.

2.9 Management Weaknesses

Only one Visits Register had been maintained for entire staff of the Department, and most of the officers had not made entries in that Register when they go outside from the office for duties.

2.10 Human Recourse Management

The following observations are made.

(a) Approved Cadre and Actual cadre

The position of the cadre as at 31 December 2013 had been as follow

Category of Employees	Number of Employees			
	Approved	Actual	Vacancies	Excess
(i) Senior Level	14	09	05	-
(ii) Tertiary Level	05	02	03	-
(iii) Secondary Level	254	191	63	-
(iv) Primary Level	52	32	20	-
(v) Other (Casual basis)	-	14	-	14
Total	325	248	91	14

(b) In examination of the Leave Registers relating to 113 members of the staff, it was observed that the registers had not been maintained to identify the leave obtained by the officers in preceding years clearly. Further, a new register had been maintained annually but the leave obtained in previous years had not been recorded in that.

3. Sports Associations

3.1 Sri Lanka Cricket Institute

3.1.1 Accounting Deficiencies

The following observations are made

- (a) A Register of fixed Assets for fixed assets costing Rs.6,073,103,419 as at 31 December 2013 had not been maintained. The fully depreciated fixed assets but still being used by the Sri Lanka Cricket Institute had not been revalued and brought to account.
- (b) The rent payable to Sugathadasa National Sports Complex Authority relating to R.Premadasa Stadium amounting to Rs.26,325,045 had not been brought to account. As such the rent expenses and rent payable shown in the accounts had been understated by same amount.

3.1.2 Accounts Receivable and Payable

The following observations are made.

- (a) A loan amounting to Rs.15 million had been granted to a sports club by the Sri Lanka Cricket Institute in the year 2008. A sum of Rs.5,022,704 recoverable from original loan and delay charges amounting to Rs.2,358,897 had not been recovered even by 26 November 2014.
- (b) The liabilities totalling Rs.2,825,691,664 remained brought forward from the year 2011 had not been settled even by 31 July 2014.
- (c) A sum of Rs.12,761,314 spent by the Sri Lanka Cricket on behalf of the Sri Lanka tours of Asian Cricket Council and 05 Foreign Cricket Boards had not been recovered from the respective institutions.
- (d) Out of the sponsorship fees receivable totalling Rs.189,795,545 as at 31 December 2013 there were balances of Rs.6,621,071 exceeded for over 05 years while the Sri Lanka Cricket Institute had failed to recover such amounts.

- (e) Entertainment Tax recoverable amounting to Rs.5,622,471 which overpaid to 04 outside institutions had not been recovered even by 31 December 2013.

3.1.3 Lack of Evidence for Audit

The following items could not be satisfactorily vouched in audit due to non- submission of evidence shown against the each item.

Item	Value	Evidence not made Available
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	Rs.	
(i) Cricket Aid	4,999,332	Detailed Schedules
(ii) Consultancy Fees	9,312,100	The basis of selection of Consultant and the approval of awarding the contract
(iii) Lawyers' Fees	7,317,858	Procedure for selecting Lawyers

3.1.4 Non- compliance with Laws, Rules, Regulations and Management Decisions

Instances of non-compliances observed during course of audit in the year under review are given below.

Reference to Laws, Rules and Regulations	Non- compliance
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(a) Financial Regulations of Democratic Socialist Republic of Sri Lanka Financial Regulation 756	The Annual Boards of Survey Reports had not been furnished to audit
(b) Chapter 8.3.3 of the Public Enterprises Circular No. PED/12 dated 02 June 2003	The bonus allowances paid by the loss incurring institutions should be limited to maximum Rs.1,000 but contrary to that a sum of Rs.38,068,010 had been paid as bonuses at the rate ranging from Rs.8,250 to Rs.500,000 per person. Further, a sum of Rs.1,875,100 had been paid as special allowances ranging from

Rs.2500 to 20,000 per person the relevant approval had not been furnished to audit.

- (C) Procurement Guidelines dated 25 January 2006 CCTV Camera System valued at Rs.780,638 had been purchased during the year under review without following the provisions of Procurement Guidelines.

3.1.5 Transactions without Authority

The following observation are made.

- (a) Sums of Rs.33,804,033 and Rs.1,347,789 had been paid for constructions of Welagedara Cricket Stadium and Moratuwa Cricket Stadium which not had the ownership. This expenditure had been shown under work in progress in the accounts from the year 2009.
- (b) Sri Lanka Cricket Institute had cancelled the agreement entered with the Chief Coach of the Sri Lanka Cricket Institute and Sums of Rs.4,172,294 and Rs.2,252,417 had been paid as salaries and other expenses of the Coach as at that date respectively. Further, a sum of Rs. 4,776,440 as 03 months salaries and Rs.15,421,478 as compensation had to be paid by the Sri Lanka Cricket Institute after the cancellation of the agreement. Due to cancellation of the agreement unilaterally the additional amount had to pay by the Sri Lanka Cricket Institute was Rs.6,608,559.

3.1.6 Management Inefficiencies

The following observations are made.

- (a) The Sri Lanka Cricket Institute had paid an advance to a private audit firm amounting to Rs.342,720 on 04 August 2011 for updating the Fixed Assets Register. However, the Register of Fixed Assets had not been updated even by 26 November 2014.

- (b) The Sri Lanka Cricket Institute had spent the legal fees amounting to Rs.21,719,000 for Lawyers who appear for the cases filed by outside parties against the Sri Lanka Cricket Institute and the cases filed by Sri Lanka Cricket Institute against the outside parties. However, the basis of the selection of Lawyers had not been furnished to audit.
- (c) The Service agreement of the Chief Security Officer appointed for the period of 10 months from 01 February 2012 had been cancelled unilaterally before end of the agreement period by the Sri Lanka Cricket Institute and as such the Chief Security Officer had filed a case in Labour Tribunal Claiming a compensation of Rs.50,000,000, but it was not finalized even by 26 November 2014.
- (d) A compensation of Rs.1.3 billion had been claimed from an Insurance Company due to cancellation of a tournament during the year 2006. Due to filed a case against the company a sum of Rs.11,369,716 had to be incurred as Lawyers' fees as at 31 December 2013.
- (e) Sri Lanka Cricket Institute had paid a sum of Rs.15,433,157 comprising Rs.12,925,695 and Rs.2,507,462 as consultancy fees for a Special Consultant for upgrading the administration of Sri Lanka Cricket for the period of 3 ½ months commencing from 15 July 2012 and for assistance of the re-structuring of Sri Lanka Cricket Institute and other expenses respectively. However, the evidence that the effective action had been taken for rectifying the deficiencies pointed out by the Consultant had not been furnished to audit.

3.1.7 Even though it was assigned to a private firm to carry out the technical and financial evaluation relating to the International Rupavahini Telecast, Broad Casting, Internet, Sponsorship rights and Rupavahini Production rights (T/20, ODI and Test Tournament Agreements 2013 to 2020), the information relating to the selection of such institute had not been made available for audit.

3.1.8 The sponsorship contract of T-20 League Cricket Matches 2013 had been awarded to a private company for Rs.5,000,000 without following Procurement Procedure of 25 January 2006. Even though 50 per cent of the contract amount should be recovered at the time of entering into the agreement in terms of the Paragraph 2.2.1 of the contract agreement entered the institute and the Sri Lanka Cricket Institute, it was recovered after a delay of 07 weeks. Further according to the Paragraph 2.2.2 of such agreement the balance 50 per cent of the contract amount should be recovered after the tournament held and it was not recovered even up to 31 December 2013.

3.1.9 The sponsorship period from 01 January 2010 to 31 December 2012 in the agreement between the Sri Lanka Cricket Institute and the uniforms Sponsorship Institute had been extended for another 06 months without charging an additional amount. The sponsorship fees relating to 09 months period from 01 January 2013 to 30 October 2013 could not be recovered by Sri Lanka Cricket Institute as the period of new sponsorship agreement entered by the Sri Lanka Cricket Institute was from 01 October 2013 to 30 September 2016.

3.1.10 Human Resources Development

The Sri Lanka Cricket Institute had recruited the employees without taking action according to the scheme of recruitment prepared by the Sri Lanka Institute of Development Administration by spending Rs.1,460,000 in the year 2010. Further an approved cadre for the Sri Lanka Cricket Institute had not been included in the relevant recruitment procedure.

3.1.11 Good Governance and Accountability

The following observations are made.

(a) Internal Audit

The Sri Lanka Cricket had not established a separate internal audit unit and the audit was assigned to a private audit institution. However, the reports relating to the internal audit had not been furnished to Auditor General periodically.

(b) Procurement Plan

A Procurement Plan had not been prepared for the year 2013 in terms of the paragraph 4.2.1 of the Procurement Guidelines.

(c) **Budgetary Control**

The following observations are made.

- (i) Eventhough the budget approved by the Executive Committee should be furnished to the Auditor General 15 days before end of the financial year in terms of the paragraph 5.2.5 of the Public Enterprises Circular No. PED/12 dated 02 January 2003 it had not been prepared.
- (ii) According to the Budget of the year 2013, a sum of Rs.1,550,000 had been allocated for professional fees, the actual expenditure incurred was Rs.15,150,850. Accordingly, the actual expenditure had increased by 877 per cent more than the estimated expenditure.

3.2 Sri Lanka Athletic Association

The following observations are made.

- (a) It was observed that the US Dollars 4,298 (Rs.568,797) paid by the Sri Lanka Athletic Association for the foreign players participated for Asian Grand Prix Series held in the year 2013 had been recovered from them subsequently and had been used for purchasing tickets without banking.
- (b) A Register of Fixed Assets relating to the furniture and fittings which written down value amounting to Rs.31,674, office equipment amounting to Rs.672,270 and athletic equipment amounting to Rs.3,023,858 and kitchen utensils amounting to Rs.34,525 had not been furnished to audit.
- (c) Even though a physical verification had been conducted by a firm of Chartered Accountants in the year 2013, the recommendations of that report had not been adjusted under Properly, Plant and Equipment.

3.3 Sri Lanka Horse Riders Association

Due to non-availability of the invoices relating to purchases of foods for Horses amounting to Rs.257,762, it could not be satisfactorily vouched in audit.

3.4 Presentation of Accounts

Eighteen Associations had not submitted the final accounts for the Auditor General.