

Report of the Auditor General on the Head 136 – Ministry of Sports – Year 2015

The audit of the Appropriation Account and the Reconciliation Statement including the financial records, books, registers and other records of the Ministry of Sports for the year ended 31 December 2015 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 30 November 2016. 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 limitation 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 of the Accounts and the Reconciliation Statements 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 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. Accounts

2.1 Appropriation Account

Total Provision and Expenditure

The total net provision for the year 2015 amounted to Rs.1,259.47 million and out of that, a sum of Rs.1,023.83 million had been utilized by the end of the year under review. Accordingly, the savings out of the total net provision made for the Ministry amounted to Rs.235.64 million or 18.71 per cent of the net provision. Details appear below.

Expenditure	As at 31 December 2015			Savings as a Percentage of Net Provision
	Net Provision	Utilisation	Savings	
	Rs. Millions	Rs. Millions	Rs. Millions	
Recurrent	457.64	400.39	57.25	12.51
Capital	801.83	623.44	178.39	22.25
Total	1,259.47	1,023.83	235.64	18.71

2.2 Advances to Public Officers Account

Limits authorized by Parliament

The limits authorized by Parliament for the Advances to Public Officers Account Item No. 13601 relevant to the Ministry and the actuals are given below.

Expenditure		Receipts		Debit Balances	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions
12.74	9.85	6.00	9.08	58.00	17.69

2.3 Imprest Account

The balance of the Imprest Account No. 7002/0000/00/0376/0015/000 under the Ministry as at 31 December 2015 amounted to Rs.3.42 million.

2.4 General Deposit Accounts

The balances of 03 General Deposit Accounts under the Ministry as at 31 December 2015 totalled Rs.22.73 million. Details appear below.

General Deposit Account Number	Balance as at 31 December 2015
6000/0000/00/0001/0106/000	0.05
6000/0000/00/0002/0147/000	0.01
6000/0000/00/0016/0093/000	22.67

	22.73
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2.5 Audit Observations

The Appropriation Account and the Reconciliation Statement of the Ministry of Sports for the year ended 31 December 2015 had been satisfactorily prepared subject to the Audit Observations appearing in the Management Audit Report referred to in paragraph 1 above. Significant and material Audit Observations out of the Audit Observations included in that Management Audit Report are given in paragraph 3.

3. Significant and Material Audit Observations

3.1 Non-maintenance of Registers and Books

It was observed during the course of audit test checks that the Ministry had not been maintained the following registers.

Type of Registers	Relevant Regulation
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(a) Register of Fixed Assets	Treasury Circular No. 842 of 19 December 1978
(b) Register of Fixed Assets on Computers, Accessories and Software	Treasury Circular No. IAI/2002/02 of 28 November 2002
(c) Register of Security	Financial Regulation 891(1)
(d) Register of Electrical Equipment	Financial Regulation 454(2)
(e) Register of Liabilities	Financial Regulation 214
(f) Attendance Registers of Procurement and the Technical Evaluation Committees	Guideline 2.11.2 of the Government Procurement Guidelines

3.2 General Deposit Accounts

Action in terms of the Financial Regulation 571 had not been taken on 5 deposits older than two years totalling Rs.16,990,779.

3.3 Reconciliation Statement of the Advances to Public Officers Account

The following deficiencies were observed during the course of the audit test checks of the Reconciliation Statement as at 31 December 2015 of the Advances to Public Officers Account Item No. 13601.

- (a) According to the Reconciliation Statement as at 31 December 2015 presented to Audit, the outstanding loan balance as at that date totalling Rs.281,169 had been existing over periods ranging from 2 years to 4 years. Nevertheless, adequate steps had not been taken for the recovery of those loan balances.
- (b) Even though outstanding loan balances totalling Rs.329,836 comprising a sum of Rs.210,821 due from a retired officer and a sum of Rs.119,015 due from officers who had vacated posts had been existing over periods ranging from 03 years to 04 years the Ministry had failed to recover those outstanding loan balances.

3.4 Good Governance and Accountability

3.4.1 Annual Action Plan

The Ministry had not prepared an Annual Action Plan for the year under review in terms of the Public Finance Circular No. 01/2014 dated 17 February 2014.

3.4.2 Internal Audit

Even though an Internal Audit Unit had been established in terms of the Management Audit Circular No. DMA/2009(1) dated 09 June 2009, certain subject areas which should be covered by the Internal Audit had not been adequately covered.

3.5 Assets Management

The following deficiencies were observed during the course of audit test checks of the assets of the Ministry.

(a) Idle and Underutilised Assets

Two motor vehicles of the Ministry had not been in running condition over periods of 5 years and 2 years respectively.

(b) Irregular Utilisation of Motor Vehicles belonging to other Institutions

Nine motor vehicles belonging to 3 Ministries, one Department and another Office of the Government had been used for the purposes of the Ministry without proper transfer of ownership.

(c) Irregular Utilisation of Assets not vested

A Boating Project associated with Diyawanna Oya costing Rs.9,943,333 had been commenced on a land belonging to the Urban Development Authority without securing the legal vesting of the land.

3.6 Non-compliance with Laws, Rules and Regulations

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

Reference to Laws, Rules and Regulations

Non-compliance

(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka

(i) Financial Regulation 751

The electricity generator purchased for Rs.12,129,876 on 04 October 2014 had not been recorded in the Inventory Register even by the end of the year under review.

(ii) Financial Regulation 880

Action had not been taken even by the end of the year under review to obtain security from the officers of the Ministry who should furnish security in terms of the provisions in the Public Officers' Security Ordinance.

(iii) Financial Regulation 1646

The Daily Running Charts and the Monthly Performance Summaries of the pool motor vehicles of the Ministry had not been furnished to the Auditor General before the fifteenth day of the following month.

(b) Budget Circular

Paragraph 07 of Budget Circular No. 2/2015 dated 31 March 2015 and the Financial Regulation 756(4)

The motor vehicles suitable for disposal had not been identified by appointing a Special Board of Survey.

3.7 Implementation of Projects from Domestic Financing

The instances of projects abandoned without commencing, projects abandoned without completing and the delays in completing projects revealed during the course of audit test checks are given below.

- (a) Twelve projects of estimated cost amounting to Rs.35,500,000 expected for completion in the 2015 had not been commenced by the Ministry during the year under review.
- (b) Out of the projects commenced in the years 2014 and 2015 5 projects estimated at Rs.77,655,522 had been abandoned by the Ministry without being completed.

- (c) The activity for the construction of a Tennis Court at Suriyawewa for holding the Asian Sports Festival 2017 had been awarded to the Sri Lanka Navy. An agreement had not been entered into in that connection. A sum of Rs.40,000,000 comprising Rs.10,000,000 in the year 2013 and Rs.30,000,000 in the year 2014 had been paid in that connection to the Sri Lanka Navy. That work had not been completed even by the end of the year under review. According to the letter No. DGCE/GEN/205/2012 dated 24 April 2015 of the Director General of the Navy (Civil Engineering) it was confirmed that the project had been ceased halfway after spending a sum of Rs.21,218,937. As such it was observed that the money spent had become uneconomical.

3.8 Performance

The following deficiencies were observed during the course of the audit test checks of the performance.

3.8.1 Key Activities not executed adequately

The key activities of the Ministry had not been executed adequately and several such instances observed are given below.

- (a) Out of the provisions made available for the implementation of Projects for Development of Rural Sports Grounds to the Divisional Secretariats through the District Secretariats in the year 2014 savings amounted to 56 per cent and the savings from the provisions made available in the year amounted to 27 per cent due to the failure to identify the projects in advance and delayed release of provisions. As such, the relevant projects could not be completed in the year 2015.
- (b) Provisions totalling Rs.21,243,440 had been made available by the letter No. MS/2/25/8 dated 12 August 2015 of the Secretary to the Ministry for the development of the play grounds of Batagolla Pussadeva, Udamura Vidyapradeepa, Kurupanawala Senarath and Mddulla Secondary Schools. Instructions had been given that all work should be completed by 30 November 2015 and that payments for those projects cannot be made in the year 2016. Even though the contracts of all those projects had been awarded to the same contractor, an evaluation of the capacity of the contractor to execute those contracts had not been carried out. The value of work completed by 31 December 2015 had been only 3.75 per cent of the value of the contracts or Rs.581,473.

3.9 Irregular Transactions

A mobilization advance of Rs.2,464,884 had been paid on 25 September 2014 to the Land Reclamation and Development Company under the purview of the Ministry of Urban Development, Water Supply and Drainage for the Project of the Development of Dambulla Galewela Play Ground. That project had not been commenced and the contractor had been allowed to retain that advance over a period of 17 months. The contractor had refunded that advance by a cheque on 17 January 2016. Even though that settlement should have been posted in the books and accounted as income, it had been returned to the contractor and that money had

been set off against the bills for the construction of the auditorium of the Kingswood College, Kandy Project executed by the same contractor.

3.10 Uneconomic Transactions

Bids had been invited for the purchase of a sound proof electric generator. Instead of that an Open Type Room Sound Proof generator (generator for installing in a sound proof room) had been purchased for Rs.12,129,876. It was observed that when the generator is operated, it produces a noise disturbing the work in the building consisting 4 floors.

3.11 Human Resources Management

Approved Cadre and the Actual Cadre

The position of the cadre as at 31 December 2015 had been as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies	Excess
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(i) Senior Level	26	20	06	-
(ii) Tertiary Level	19	07	12	-
(iii) Secondary Level	81	71	11	01
(iv) Primary Level	76	68	08	-
(v) Others / Casual Temporary Basis	05	07	-	02
Total	-----	-----	-----	-----
	207	173	37	03
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