

## **Head 136 - Report of the Auditor General on the Ministry of Sports - Year 2017**

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The Appropriation Account and the Reconciliation Statement under Head and Item Number stated in the First Schedule and Third Schedule of the Appropriation Act, No. 24 of 2016 as amended by the Appropriation (Amendment) Act, No.32 of 2017 were presented to Audit by the Ministry of Sports. The financial and physical performance reflected by those accounts and the reconciliation statements were audited in terms of Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

### **1.2 Responsibility of the Chief Accounting Officer for the Financial Management and Accountability**

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The Minister of Finance is charged with the raising of Revenue and the collection of other Government monies as well as with the general oversight of all the financial operations of Government in terms of Financial Regulation 124 of the Democratic Socialist Republic of Sri Lanka. The Chief Accounting Officers have been appointed by the Minister of Finance to discharge the above responsibility in terms of Financial Regulation 124(2). The Head of the Department will be the Accounting Officer in respect of all the financial transactions of his Department in terms of Financial Regulation 125(1)(a) and the Revenue Accounting Officer has been appointed by the Treasury. This responsibility includes designing, implementing and maintaining internal controls relevant to the maintenance, preparation and fair presentation of Accounts and Reconciliation Statements presented within the limitations imposed by Parliament 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, Government Financial Regulations and Administrative Regulations.

### **1.3 Scope of Audit**

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The audit of the Ministry of Sports – Head 136 for the year ended 31 December 2017 was carried out in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka in respect of designing of financial and physical performance, Government expenditure, Government revenue, management of human and physical resources, apply of internal control systems, compliance with laws, rules and regulations and maintenance of books, registers, records and reconciliation statements in an updated manner, preparation and presentation of accounts in timely manner, issuance of performance reports to respective parties based on the performance indicators. The Management Audit Report for the year under review was issued to the Secretary to the Ministry on 25 October 2018. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the plans, accounts, reconciliation statements and performance reports 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.

### **1.4 Audit Observation**

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The audit observations of the Ministry of Sports for the year ended 31 December 2017 revealed in audit, appear in the Management Audit Report in detail, mentioned in paragraph 1.3 above. The material and significant audit observations out of the said observations, appear from paragraphs 2.1 to 2.9 of this report. It was observed that the accountability as the Chief

Accounting Officer had been satisfactorily executed, to ensure the adequacy of the financial administration subjected to the following summarized audit observations revealed in the execution of the provisions of the Financial Regulations 127 of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka.

<b>Accountability of the Chief Accounting Officer in terms of Financial Regulation 127</b>	<b>Non-compliance with that Provision by the Chief Accounting Officer</b>	<b>Reference to the Paragraph of the report which included the Observation</b>
<b>Financial Regulations</b>		
127(1)(a)	All financial work should be planned so as to ensure the business is transacted with correctness and financial propriety.	2.7
127(1)(b)	A system which provides adequate control over expenditure and the collection of revenues, should be evolved.	2.8
127(2)	Existing items of expenditure, as well as proposals for new or increased expenditure in the departments under his control, are closely examined in the Ministry from the points of view of economy and efficiency.	2.9
127(3)	All cases of doubt or difficulty are referred to him so that he may bring his own administrative experience and judgement to bear on them.	2.2
127(5)	Important variations between departmental estimates and expenditure receive critical examination at the Ministry.	2.3(a)
127(6)	The collection of Revenue or other Government dues for which Accounting Officers are responsible is closely watched and examined by the Ministry.	2.3(b)
127(5)	Important variations between departmental estimates and expenditure receive critical examination at the Ministry.	2.4
127(6)	The collection of Revenue or other Government dues for which Accounting Officers are responsible is closely watched and examined by the Ministry.	2.5

## **2. Material and Significant Audit Observations**

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### **2.1 Performance**

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#### **2.1.1 Performance of Functions**

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The following observations are made.

##### **(a) Development of Infrastructure for Sports**

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Provisions of Rs.560 million had been made for the construction of 200 stadiums under the development of infrastructure for sports. Moreover, supplementary provisions of Rs.33.68 million had been made therefor by the Treasury. The development of 332 stadiums had been implemented through District Secretaries in 22 Districts and provisions amounting to Rs.367.4 million had been made to District Secretaries therefor. However, development works of 161 stadiums had been completed by spending Rs.133.5 million in the year under review by the relevant District Secretaries while works of 171 stadiums had not been completed.

##### **(b) Running Track of the Sugathadasa National Sports Complex**

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Provisions of Rs.200 million and Rs.250 million had been made in the year 2017 respectively for re-laying of the 400 metre and 200 metre running tracks of the Sugathadasa National Sports Complex. However, only 20 per cent of the works had been completed by spending Rs.56.32 million therefor by the end of the year under review.

##### **(c) International Victories won by Sri Lankan Sportsmen**

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Sri Lankan sportsmen had won a total of 208 medals comprising 30 gold, 71 silver, and 107 bronze by participating in 08 international sporting events in the year 2016, whilst in the year under review, they won only a total of 79 medals comprising 29 gold, 39 silver, and 11 bronze by participating in 08 international sporting events.

### **2.2 Delays in Execution of Projects**

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Provisions of Rs.200 million and Rs.250 million had been made by the Ministry in the year under review for 02 Projects such as Construction of the Nuwara Eliya Kreedha Niwahana and the Improvement of Cricket in thousand Schools respectively. Even though the first Project out of them should be completed in June 2018, it had not been completed as at that date and the second Project had been completed with a delay of 03 months.

## 2.3 Assets Management

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

### (a) Utilization of Motor Vehicles

#### Failure in Testing Combustion of Fuel

In terms of paragraph 3.1 of the Public Administration Circular No.30/2016 of 29 December 2016, combustion of fuel in 02 motor vehicles owned by the Ministry, had not been tested.

### (b) Assets Given to External Parties

A motor car belonging to the Ministry had been released to the Sugathadasa National Sports Complex Authority and action had not been taken to **take over** the said motor car by the Ministry up to now.

## 2.4 Utilization of Provisions made available by Parliament for the Performance of Functions

Information on provisions made for the Ministry during the period of 05 years ended 31 December 2017, utilization and savings thereof and audit observations thereon are given below.

Year	Type of Expenditure	Net Provision	Utilization	Savings	Savings as a percentage of the Net Provision
		Rs. Millions	Rs. Millions	Rs. Millions	
2013	Recurrent	342.6	270.9	71.7	21
	Capital	552.6	348.0	204.6	37
	<b>Total</b>	<b>895.2</b>	<b>618.9</b>	<b>276.3</b>	<b>31</b>
2014	Recurrent	403.3	380.0	23.3	6
	Capital	806.9	498.2	308.7	38
	<b>Total</b>	<b>1210.2</b>	<b>878.2</b>	<b>332.0</b>	<b>27</b>
2015	Recurrent	457.6	400.4	57.2	12
	Capital	801.8	623.4	178.4	22
	<b>Total</b>	<b>1259.4</b>	<b>1023.8</b>	<b>235.6</b>	<b>18</b>
2016	Recurrent	475.7	436.5	39.2	8
	Capital	1160.0	779.8	380.2	33
	<b>Total</b>	<b>1635.7</b>	<b>1216.3</b>	<b>419.4</b>	<b>25</b>
2017	Recurrent	460.4	409.4	51.0	11
	Capital	3108.8	1281.8	1827.0	58
	<b>Total</b>	<b>3569.2</b>	<b>1691.2</b>	<b>1878.0</b>	<b>53</b>

The following observations are made for the year under review.

- (a) The entire net provision amounting to Rs.334,620,000 made for 3 Capital Objects had been saved.
- (b) Excess provisions had been made for 63 Objects and as such the savings, after the utilization of provisions, ranged between 11 per cent and 97 per cent of the net provisions relating to the respective Objects.

## **2.5 Advances to Public Officers Account**

### **Limits Authorized by Parliament**

Limits authorized by Parliament for the Advances to Public Officers Account, Item No.13601 of the Ministry and the actual amounts are given below.

<b>Expenditure</b>		<b>Receipts</b>		<b>Debit Balance</b>	
<b>Maximum Limit</b>	<b>Actual</b>	<b>Minimum Limit</b>	<b>Actual</b>	<b>Maximum Limit</b>	<b>Actual</b>
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Rs.Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
12.30	12.25	5.00	5.53	30.00	21.53

The following observation is made in this connection.

### **Non-recovery of outstanding Loan Balances**

According to the Reconciliation Statement presented to audit, except for the loan balances of officers who had gone on transfer, the balances that remained outstanding as at that date, totalled Rs.251,176. Even though those outstanding balances remained over periods ranging from 01 year to 05 years, the Ministry had failed to recover the outstanding loan balances.

## **2.6 Operating of Bank Accounts**

The balance of Rs.142,340 of the official bank account of the Ministry as at 31 December 2017 had not been indicated in the report of position on bank accounts of the Appropriation Account.

## **2.7 Non-maintenance of Registers and Books**

It was observed during audit test checks that the Ministry had not maintained the following Security Register while the Register of Fixed Assets had not been maintained in the proper and updated manner.

<b>Type of Register</b> -----	<b>Relevant Regulation</b> -----
(a) Register of Fixed Assets	Treasury Circular No.842 of 19 December 1978
(b) Security Register	Financial Regulation 891(1)

## **2.8 Internal Audit**

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Even though the Internal Audit Programme had been prepared relating to finance activities, the function of checking payment vouchers included in the Internal Audit Programme had not been performed.

## **2.9 Human Resources Management**

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### **Approved Cadre, Actual Cadre and Expenditure on Personal Emoluments**

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The position on the approved cadre, actual cadre and vacancies as at 31 December 2017, appear below. The Ministry had spent a sum of Rs.119.6 million for the category of personal emoluments for the year under review. Accordingly, the per capita expenditure had been Rs.691,560.

<b>Category of Employees</b> -----	<b>Approved Cadre</b> -----	<b>Actual Cadre</b> -----	<b>Vacancies</b> -----
(i) Senior Level	32	18	14
(ii) Tertiary Level	15	09	06
(iii) Secondary Level	109	69	40
(iv) Primary Level	83	73	10
(v) Other(Casual/Temporary/Contract Basis)	04	04	-
Total	----- 243 =====	----- 173 =====	----- 70 =====