

## **Head 219- Report of the Auditor General on the Department of Sports Development – Year 2017**

---

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 Department of Sports Development. 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**

---

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**

---

The audit of the Department of Sports Development – Head 219 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 Director General of the Department on 30 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

The audit observations of the Department of Sports Development for the year ended 31 December 2017 revealed in audit, the material and significant audit observations out of the audit observations included appear in paragraph 2.1 to 2.10 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 Regulation 128 of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka

<b>Accountability of the Chief Accounting Officer in terms of Financial Regulation 128(1)</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>
Financial Regulations		
128(1)(a)	The work of his department is planned and carried out with due despatch, having regard to the policy laid down by the Government and the intentions of Parliament in granting him financial provisions for the activities authorised, and that an endeavour is made to complete the programme of work laid down for the year and /or to attain the targets specified.	<ol style="list-style-type: none"> <li>1. Failure in planning procurement activities adequately .</li> <li>2. Failure in preparing budget estimates realistically .</li> <li>3. Non-maintenance of registers and books</li> <li>4. Delays in executing Projects</li> </ol>
128 (1)(d)	That an adequate system of internal check for receipts, payments and issues is maintained and tested from time to time	Deficiencies mentioned in Advances to Public Officers Account

128(1) (e)	That adequate and proper arrangements are made for the safe custody and preservation of money, stores, equipment and other assets belonging to the Government, or is in its custody, and that these are verified from time to time: and , where they are disposed of, such disposal is according to prescribed Regulations and instructions.	1. Deficiencies in conducting annual boards of surveys 2. Deficiencies in Assets Management .	2.2 2.2
------------	--	--	------------

**2. Material and Significant Audit Observations**

-----

**2.1 Performance**

-----

**2.1.1 Planning**

-----

**Achievement of Sustainable Development Goals**

-----

In the achievement of Sustainable Development Goals of the Agenda 2030 of the United Nations, the Department of Sports Development had not available a data system so as to represent all parties for the regulation of the relevant functions in the achieving of Sustainable Development Goals.

**2.1.2 Execution of Duties**

-----

The following observations are made.

(a) **Development of Regional Playgrounds**

-----

Provisions amounting to Rs.564 million had been made for the construction of 200 rural playgrounds under the Development of Regional Playgrounds . Construction of 54 rural playgrounds commenced in the year 2017 and a sum of Rs.343 million had been spent on that. Construction of 26 playgrounds had been completed as at 31 December 2017 whereas construction of 28 playgrounds had not been completed. Accordingly, action had not been taken to complete the construction work of 146 playgrounds even at the end of the year under review.

(b) **Construction of Provincial and District Sports Complexes**

-----

Provisions amounting to Rs.1000 million had been made for the construction of 13 District Sports Complexes and 5 Provincial sports complexes under the construction of Provincial and District sports complexes and an additional provision amounting to Rs.300 million had been made by the Treasury . Construction of 13 District sports complexes and 07 Provincial sports complexes had been commenced in the year under review and a sum of Rs.941 million had been spent for that purpose. Out of that, construction of 5 District sports complexes and 3 provincial sports complexes had been completed and the construction work of remaining 8 District sports complexes and 4 Provincial sports complexes had not been completed.

2.1.3 **Implementation of Procurement Procedure**

-----

A main procurement plan had not been prepared by the Department of Sports Development according to the Guideline 4.2.1 of the procurement Guidelines

2.1.4 **Delays in the Execution of Projects**

-----

A sum of Rs.163.25 million had been spent by the Department in the year under review for 24 Projects scheduled to be commenced on the provisions totalling Rs.663.35 million and a sum of Rs.500.1 million or 75 per cent of the provisions allocated had been saved without utilizing. It was observed that over provisions had been made for the year 2017 due to 23 Projects which were scheduled to be completed in the year 2018 were included in that Projects.

2.2 **Assets Management**

-----

The following deficiencies were revealed in the audit test check carried out in respect of the assets of the Department.

(a) **Conduct of Annual Boards of Survey**

-----

The following observations are made.

- (i) According to the Public Finance Circular No. 05/2016 of 31 March 2016, the Board of Survey for the year 2017 should be conducted and the reports thereon should be furnished to the Auditor General before 15 June 2018 as per the Paragraph 3.2.6 of the Circular. Nevertheless, the Boards of Surveys on 03 divisions of the Department and 11 District sports offices had not been conducted even by 27 August 2018.

- (ii) Action on the excesses and shortages pointed out and the other recommendations made in the Reports of the Board of Survey for the year 2016 had not been taken in terms of the Financial Regulations 752(4) and 770.

(b) **Idle Assets**

-----

The Weight Lifting Electronic Judgement Signal System equipment valued at Rs.12,995,000 accepted to the stores on 23 December 2016 had not been used even by 14 September 2018.

(c) **Assets Given to External Parties**

-----

A motor car belonging to the Department had been released to the Ministry of Sports.

(d) **Irregular use of Assets belonging to other Institutions**

-----

It was observed during the course of audit test checks that the Department had used certain assets belonging to other institutions without formal approval. Details appear below.

**Category of Assets**

-----

Beliatta Playground  
Two motor vehicles  
A Jeep

**Assets owned by**

-----

Pradeshiya Sabha Beliatta  
Ministry of Sports  
Ministry of Sports

2.3 **Commitments and Liabilities**

-----

The following observations are made.

**Liabilities Exceeding Provisions**

-----

Liabilities amounting to Rs.9.95 million were observed exceeding the provision amounting to Rs.135.25 million which had been made under 05 Capital Objects.

## 2.4 Uneconomic Transactions

---

A sum of Rs.6,878,916 saved from the money granted to the National Olympic Committee of Sri Lanka by the Department of Sports Development for the 12 th South Asian Games held in February 2016 at Guwahati in India had not been given to the Department even by 15 September 2018.

## 2.5 Utilization of Provisions authorized by Parliament to Perform Activities

---

Information on provisions made for the Department of Sports Development during the period of 05 years ended 31 December 2017 ,utilization and savings thereof and audit observations relating to the information of the year under review are given below.

Year	Category of Expenditure	Net Provision	Utilization	Savings	Savings as a Percentage of Net Provision
		Rs. millions	Rs. millions	Rs. millions	
2013	Recurrent	498	304	194	39
	Capital	1,457	1,260	197	13
	<b>Total</b>	<b>1,955</b>	<b>1,564</b>	<b>391</b>	<b>20</b>
2014	Recurrent	511	411	100	19
	Capital	1,743	1,133	610	35
	<b>Total</b>	<b>2,254</b>	<b>1,544</b>	<b>710</b>	<b>31</b>
2015	Recurrent	587	535	52	9
	Capital	2,213	1,775	438	20
	<b>Total</b>	<b>2,800</b>	<b>2,310</b>	<b>490</b>	<b>17</b>
2016	Recurrent	727	707	20	3
	Capital	2,084	1,306	778	37
	<b>Total</b>	<b>2,811</b>	<b>2,013</b>	<b>798</b>	<b>28</b>
2017	Recurrent	1,040	909	131	13
	Capital	2,345	1,577	768	33
	<b>Total</b>	<b>3,385</b>	<b>2,486</b>	<b>899</b>	<b>26</b>

(a) **Preparation of Budget Estimates**

-----

The following weaknesses had been occurred due to failure in preparing the budget estimate realistically which had been prepared for make provisions required for the execution of duties relating to the Department of Sports Development.

- (i) A sum amounting to Rs.899.05 million of the entire net provision amounting to Rs. 3,385.89 had been saved without utilizing and it was 26.5 per cent from the net provision. A sum amounting to Rs.768.17 of this saved provisions was capital provisions and it represented 22.7 per cent of the Net Capital provision.
- (ii) Excess provision had been made for 09 Objects and as such the savings, after the utilization of provisions, ranged between 23 per cent to 77 per cent of the net provisions relating to the respective Objects.

(b) **Appropriation Account**

-----

**Errors in Preparation of Accounts**

-----

Casual and combined allowances amounting to Rs.4,811,042 paid to the officers who participated for the 12 th South Asian Games held in the year 2016 which had been shown as unidentified debits in the bank reconciliation , had been debited to the other recurrent Object of the Development programme in the year under review.

(c) **Misplaced Vouchers**

-----

Even though in the statement on the misplaced vouchers in Form DGSA-10 in the Appropriation Account , it had been reported that the misplaced vouchers as “No”, it was observed in the examination of paying vouchers that 48 paying vouchers valued at Rs.7,386,902 had not been presented to audit.

2.6 **Advances to Public Officers Account**

-----

**Limits Authorized by Parliament**

-----

The limits authorized by Parliament for the Advances to Public Officers Account, Item No.21901 of the Department 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>
Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions
12	12	7	8	34	33

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

According to the Reconciliation Statement presented to audit, the balances that remained outstanding as at 31 December 2017 from the officers who deceased ,retired and vacated post totalled Rs243,980. Even though those outstanding balances remained over period ranging from 01 years to 05 years, the Department had failed to recover the outstanding balances.

### **2.7 General Deposit Account**

The balances totalled Rs.220 million as at 31 December 2017 in the General Deposit Account under the Department and action in terms of Financial Regulation 571 had not been taken on 11 deposits older than 2 years totalling Rs.13,306,587.

### **2.8 Operating Bank Accounts**

#### **Balances to be Adjusted**

Action had not been taken even by 18 April 2018 to adjust the 05 notes valued totalling Rs.221,770 by go into the accuracy which had been shown as direct payments by the Bank according to the Bank Reconciliation statements presented.

## 2.9 Non- maintenance of Registers and Books

-----

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

Type of Register	Relevant Regulation	Observations
-----	-----	
(i) Register of Fixed Assets	Treasury Circular No.842 Dated 19 December 1978.	Had not been updated
(ii) Inventory of Electrical Fittings	Financial Regulation 454(2)	Had not been maintained
(iii) Record of Liabilities	Financial regulation 211	Although it had been maintained, the accurate information had not been included.

## 2.10 Internal Audit

-----

Even though an Internal Audit Unit had been established in the Department, only 07 functions had been fulfilled out of the 12 functions included in the Internal Audit Programme prepared relating to the financial activities in terms of Financial Regulation 134(2) .Accordingly, the audit activities of the Projects such as Capital Expenditure, construction of sports complexes and repairing, construction of sports museum and assets management had not been fulfilled.

## 2.11 Human Resources Management

-----

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

-----

The particulars relating to the approved cadre, actual cadre, vacancies and the excess cadre for the execution of the functions of the Department as at 31 December 2017 are given below. The Department had incurred a sum of Rs.123 million for the category of personal emoluments for the year under review. Accordingly, the per capita expenditure had been Rs.438,199.

	<b>Category of Employees</b>	<b>Approved Cadre</b>	<b>Actual Cadre</b>	<b>Number of Vacancies</b>	<b>Excess</b>
	-----	-----	-----	-----	
(i)	Senior Level	15	10	05	-
(ii)	Tertiary Level	23	18	05	-
(iii)	Secondary Level	249	164	85	-
(iv)	Primary Level	<b>104</b>	<b>89</b>	<b>17</b>	02
		----	----	----	-----
	<b>Total</b>	<b>391</b>	<b>281</b>	<b>112</b>	<b>02</b>
		====	====	====	====