

Report of the Auditor General relating to the Ministry of Sports and the Department under the Ministry – Year 2011

This report consists of two parts.

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

Part II – Detailed report relating to each Appropriation Head

Part I

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

1. Department under the Ministry

Head of Expenditure

219

Name of 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.2,238,639,602 and out of that a sum of Rs. 2,035,910,288 had been utilized by the end of the year under review. Therefore, the net savings of the Ministry and the Department ranged between Rs.17,576,959 and Rs.184,697,355 or 2.10 per cent and 13.17 per cent of the total net provision. Details appear below.

Appropriation Head	Ministry/ Department	Net Provision		Utilization		Savings	
		-----	-----	-----	-----	-----	-----
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
136	Ministry of Sports	332,235,000	504,949,602	316,607,628	502,545,015	15,627,372	1,949,587
219	Department of Sports Development	266,505,000	1,134,950,000	246,332,047	970,425,598	20,172,953	164,524,402
	Total	598,740,000	1,639,899,602	562,939,675	1,472,970,613	35,800,325	166,473,989

2.2 Advance Accounts

2.2.1 Advances to Public Officers Account

(a) Presentation of Accounts

The Advances to Public Officers Account that should be prepared for the year under review by the Ministry of sports had been presented to audit by 31 March 2012 while the Department of Sports Development had presented only on 25 April 2012 with a delay of 25 days.

(b) Compliance with Limits

The Ministry and the Department had complied with the limits on the Advances to Public Officers Accounts authorized by Parliament.

2.3 General Deposits Accounts

The balances of the General Deposits Accounts of the Ministry and the Department as at 31 December 2011 totalled Rs. 97,264,235 and an age analysis thereon had been presented by the Ministry only. Details appear below.

Ministry / Department	Appropriation Head	Age Analysis			Balance as at 31 December 2011
		Less than 01 year	Over 01 year less than 02 years	Over 02 years less than 05 years	
Ministry of Sports	136	Rs. 919,540	Rs. 5,727	Rs. 12,303	Rs. 937,570
Total		919,540	5,727	12,303	937,570

Part II

Detailed Report relating to each Appropriation Head

1. Appropriation Head 136 - Ministry of Sports

1.1 Scope of Audit

The Appropriation Account including the financial reports, reconciliation statements, books, registers and other records of the Ministry of Sports for the year ended 31 December 2011 were audited in pursuance of provisions of 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 26 December 2012. 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 and the Accounting Officer for the Accounts and Reconciliation Statements

The Chief Accounting Officer is responsible for the maintenance, preparation and fair presentation of the Appropriation Account and Reconciliation Statements in accordance with the provisions of Article 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory Provisions and the Public, Financial 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 Observations on the Accounts and Reconciliation Statements

 According to the Financial Reports and the Books for the year ended 31 December 2011, it was observed that except for the effects of the general observations appearing at (a) to (d) and the other major audit observations appearing in paragraphs 1.4 to 1.6 herein, the Appropriation Account and the Reconciliation Statements of the Ministry of Sports have been prepared satisfactorily.

(a) Non-maintenance of Books and Registers

- (i) 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	Observation
-----	-----	-----
Register of Fixed Assets	Public Finance Circular No. 402(1) dated 20 February 2004, Public Accounts Circular No. 174 dated 18 October 2004 and the Financial Regulation 802.	Register of Fixed Assets had not been prepared.
Register of Fixed Assets relating to Computers, Accessories and software	Treasury Circular No. IAI/2002/02 dated 18 November 2002.	Register of Fixed Assets had not been prepared.

- (ii) All Sports Societies should have presented the Statements of Annual Accounts to a qualified firm of Auditors appointed by Auditor General to audit, and that should be presented to Auditor General before 28 February of the following year in terms of Sports (Amended) Act No. 47 of 1993. Nevertheless the accounts had not been presented by Sports Societies even by 31 December 2012 as follows.

Year	Number of Accounts not presented
-----	-----
	-
2009	06
2010	07
2011	11

(b) Budgetary Variance

The following observations are made.

- (i) The entire net provisions amounting to Rs.680,000 made for 05 Objects under Head 136 had been saved.
- (ii) Over provisions had been made for 18 Objects and as such the savings thereunder after utilizing the provisions, ranged from 76 per cent to 11 per cent out of the net provision.
- (iii) The entire net provisions amounting to Rs.2,700,000 made for 03 Recurrent Objects had been saved and transferred to other Objects.

(c) General Deposits Account

Action had not been taken to credit the balance of Rs.12,303 in the General Deposit Account to the revenue for the year under review that remained more than 02 years.

(d) Reconciliation Statement on Advances to Public Officers Account

The following observations are made.

- (i) According to the accounts presented, the balances that remained outstanding as at 31 December 2011 totaled Rs.71,484 and this balance was relating to the balance of an officer dismissed from the service on 18 January 2008. The position of follow-up action taken on recovery of those outstanding balances was at a weak level.

- (ii) The balance according to the Departmental books amounted to Rs.14,204,446 whereas the balance according to the Treasury books amounted to Rs.14,379,944. Accordingly, a difference of Rs.175,498 had existed and action had not been taken to settle this balance.
- (iii) The Reconciliation Statement to reconcile the summary of the total of individual balances with the year end balance of the control account, that should be presented in terms of the Paragraph 04 of the Public Enterprises Circular No. 90 dated 18 August 1994 had not been prepared.
- (iv) Even though the Members Loan Register should be balanced quarterly and the balance should be carried forward, the Members Loan Register (c.c. 10) had not been balanced.
- (v) Even though a Reconciliation Statement to reconcile the Treasury Printouts with the Departmental books had been prepared, the Control Account that should have prepared to reconcile with the Advance Account, had not been prepared.

1.4 Assets Management

Unsettled Liabilities

The following observations are made.

- (i) The unsettled liabilities as at 31 December 2011 by the Ministry amounted to Rs.1,994,498 and that balance remained for less than one year.
- (ii) The liabilities for telephone charges expenditure had been understated by Rs.53,301 in the Appropriation Account.

1.5 Non-compliances

 Non-compliance with Laws, Rules and Regulations 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 etc	Value	Non-compliance
-----	-----	-----
	Rs.	
(i) Financial Regulations		

Financial Regulation 103	389,111	The particulars of compensation of insurances in respect of accidents occurred to 04 motor vehicles had not been included in the Register of Losses and Damage.
Financial Regulation 1645	-	The Log Books had not been maintained in respect of 19 vehicles belonged to the Ministry.
(ii) Circular Provisions		

Treasury Circular		

Public Accounts Circular No. 220/2011 dated 29 November 2011	226,535	Accidents occurred to 05 motor vehicles had not been disclosed in the Appropriation Account.

1.6 Human Resources Management

 Approved Cadre and Actual Cadre

The position of the cadre as at 31 December 2011 had been as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
-----	-----	-----	-----
(i) Senior Level	12	10	02
(ii) Tertiary Level	02	02	-
(iii) Secondary Level	33	25	08
(iv) Primary Level	25	25	-
Total	----- 72	----- 62	----- 10
	=====	=====	=====

2. Appropriation Head 219 - Department of Sports Development

2.1 Scope of Audit

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 2011 were audited in pursuance of provisions of 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 15 December 2012. 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 of Articles 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory Provisions and the Public Financial 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 Observations on the Accounts and Reconciliation Statements

 According to the financial reports and the books for the year ended 31 December 2011, it was observed that except for the effects of the general observations appearing at (a) to (f) and the other major audit observations appearing in paragraphs 2.4 to 3.14 herein, the Appropriation Account and the Reconciliation Statements of the Department of Sports Development have been prepared satisfactorily.

(a) Non-maintenance of Books and Registers

 The following observations are made.

- (i) It was observed during audit test checks that the Department 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	Observation
-----			-----	-----
Register	of	Fixed	Public Finance Circular No. 402(1) dated 20 February 2004, Public Finance Circular No.174 dated 18 October 2004 and the Financial Regulation 802	The Register of Fixed Assets had not been prepared. This had been pointed out in previous years reports as well.

Register of Losses and Financial Regulation 110 It had not been prepared.
Damage

Register of Fixed Treasury Circular No.IAI/2002/02 It had not been prepared.
Assets relating to dated 28 November 2002
computers, accessories
and software

Administrative Report Public Finance Circular No. 402 An Administrative Report had
dated 12 September 2002 not been prepared.

(ii) Replies for 02 audit queries issued to the Department during the year under review had not been furnished up to 31 December 2012 and the value of quantifiable transactions relating to those audit queries amounted to Rs.229,141,293.

(iii) Sums aggregating Rs.179,569,597 had been paid in the years 2008, 2009, 2010 and 2011 for the Project in respect of designing a Sports Complex at the Race Course Grounds Nuwara Eliya. while a Register of Contract Payments had not been maintained.

(b) Budgetary Variance

The following observations are made.

(i) The entire net provisions amounting to Rs.150,000 made for 01 Object under Head 219 had been saved.

(ii) Over provisions had been made for 09 Objects and as such the savings thereunder after utilizing the provisions, ranged between 67 per cent and 06 per cent out of the net provisions of that Objects.

(c) Corporate Plan

A Corporate Plan had not been prepared by the Department in terms of Paragraph 5.1.1 of the Public Enterprises Circular No. PED/12 of 02 June 2003.

(d) Annual Action Plan

An annual action plan had not been prepared by the Department in terms of Paragraph 5.1.2 of the Public Enterprises Circular No. PED/12 of 02 June 2003.

(e) General Deposits Account

The following observations are made.

- (i) There was a balance in the General Deposit account as at 31 December 2011 amounted Rs.96,326,664 while age analysis thereon had not been furnished.
- (ii) The balances of the General Deposit Account should be reconciled with the Treasury books monthly, and any discrepancy between the Treasury and Departmental figures should be immediately investigated and rectified. But the Department had not prepared the monthly, Reconciliation Statements. As such it was observed that the Appropriation Accounts had been prepared based on the Treasury Printout at the end of the year.
- (iii) Although a Balancing Account should be prepared by allocating few pages at the end of the ledger in terms of Financial Regulation 565(3), such monthly balancing account had not been prepared.
- (iv) The monthly deposits summary that should be prepared in Form General 71 for each month in terms of Financial Regulation 565(5), had not been prepared.

- (v) All lapsed deposits should be credited to Government revenue in terms of Financial Regulations 570. As the age analysis in respect of lapsed deposits had not been presented to audit, it could not be ascertained in audit whether the balances of lapsed deposits were existed in the Department.

(f) Reconciliation Statement on Advances to Public Officers Account

The following observations are made.

- (i) Even though a Register of Personal Emoluments should be maintained for entire staff other than casual and daily paid labourers in terms of Financial Regulation 453, that had not been maintained. Only the reports containing monthly computerized data had been maintained.
- (ii) The loan installments amounting to Rs.67,114 relating to a distress loan recoverable from an officer as at 15 February 2011 had not been recovered even by 31 December 2011.
- (iii) The details including the dates of reporting for work of officers who had come on station transfers to the Department and as such it could not be ascertained in audit, whether there is any delay in settlement of credit balance of that officers amounting to Rs.268,895 remained as at 31 December 2011.

2.4 Assets Management

(a) Conduct of Annual Boards of Survey

Even though the Department should conduct the Annual Boards of Survey for the Head Office and the 18 District offices in terms of Financial Regulation 756 and the Public Finance Circular No.436 dated 19 November 2008, the Boards of Survey for the year 2010 had not been conducted. The last Board of Survey conducted had been for the year 2009. The Boards of Survey for 04 District offices and 03 Divisions of the Head office had also not been conducted for the year 2011 as well.

(b) Unsettled Liabilities

The unsettled liabilities of the Department as at 31 December 2011 amounted to Rs.102,157,632 and those liabilities had existed for less than one year period.

2.5 Non – compliances

(a) Non – compliance with Laws, Rules, Regulations, 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 etc. -----	Value ----- Rs.	Non - compliance -----
(i) Financial Regulations ----- Financial Regulation 94	736,755	Even though no expenditure or commitment should be incurred unless adequate financial provision exists therefor in the annual estimates, the liabilities had been committed exceeding the savings after incurring expenditure under Object No. 219-2-2-1405.
Financial Regulation 735 (2)	-	Goods Received Notes on Form General 219 had not been prepared.

(ii) Treasury Circulars

i. Guidelines for preparing

Estimates, 2011

2,057,694

Even though personal emoluments should have computed based on the actual cadre requirement, the personal emoluments had been computed with the vacancies of the cadre and as such the savings were remained under Object Code No. 219-2-2-1405.

ii. Public Accounts Circular No.

35/94 dated 12 July 1994

Paragraph 4.3.3

101,413,648

Confirmations had not been obtained from the respective institutions to confirm liabilities.

2.6 Weaknesses in the Implementation of Projects

Instances of abandoning projects without commencing, projects stopped halfway, projects without progress despite release of funds revealed during audit test checks are given below.

2.6.1 Projects Abandoned without Commencing

(a) Construction of Horse Race Ground Sports Complex in Nuwara Eliya

According to the Cabinet Memorandum submitted on 04 August 2008 for the authority of the Cabinet of Ministers the cost estimate of above work amounting to Rs.409,947,888 had been authorized by Cabinet of Ministers on 27 August 2008. The Sri Lanka Land Reclamation and Development Corporation had revised that estimate as Rs.227,670,000 on 06 March 2009 as the plans had not been properly submitted. Accordingly, the agreements had been signed with Sri Lanka Land Reclamation and Development Corporation for constructions on 29 October 2009 and Urban Development Authority for consultancy on monitoring on 15 May 2008. As such expenditure aggregating Rs.179,567,602 comprising Rs.51,603,870, Rs.49,201,382 and Rs.78,762,350 had been

incurred for implementation of this project in 2008,2009 and 2010 respectively. The Central Environment Authority had informed Director General (Department of Sports Development) to suspend the constructions immediately by the letter No. 08/E1A/03/2009 dated 03 November 2009, as the Environment Assessment Certification had not been obtained and as such the constructions had been abandoned since 26 August 2010.

(b) Construction of Artificial Runway at Torrington Play Ground

The following observations are made.

- (i) According to Cabinet Memorandum dated 05 June 2009 submitted by Minister of Sports and Entertainment Affairs in respect of constructions of Artificial Runway in Torrington Play Ground, the contract for this construction had been authorized by the Cabinet of Ministers on 17 June 2009 to entrust this construction to State Engineering Corporation at an estimated amount of Rs.22,000,000. Accordingly constructions of this project had been entrusted to State Engineering Corporation by the letter No. ක්‍රීඩා/සං3/1/165 dated 04 August 2009 of Director General of Sports Development. But the above estimate had been revised again as Rs.278,913,624 and approval of the Cabinet of Ministers for revised estimate had been given on 14 October 2009 as per Cabinet Memorandum submitted by Minister of Sports on 30 September 2009 under the condition of the necessary excess provisions for the project would be given in 2010. Accordingly this contract had been entrusted again to the State Engineering Corporation for revised amount by the letter No. ක්‍රීඩා/සං3/7/2 dated 25 November 2009 by the Department. Subsequently the agreement of the contract had been entered in to between State Engineering Corporation and Ministry of Sports on 17 December 2009 and according to the agreement it was scheduled to complete on 12 July 2010 but any construction had not been commenced even up to that date.

- (ii) The State Engineering Corporation had claimed Rs.163,602,458 on 21 December 2009 by first interim part payment bill for the services and consultancy provided with up to 02 December 2009. Accordingly the Engineer of the Ministry of Sports had recommended the payment of advance amounting to Rs.78,978,410 including 20 percent of fees for planning and designing including VAT. Nevertheless an advance of Rs.10,000,000 had been paid on 31 December 2009 to State Engineering Corporation by voucher No.5869 But any construction work had not been commenced even up to November 2011, the date of audit and the evidence for that action taken for commencing the contract, cancellation or suspension of the constructions was not made available.
- (iii) A sum of Rs.4,166,849 had been spent for the opening ceremony of this project by the Department of Sports Development. This amount had been reimbursed from the sum paid to State Engineering Corporation amounting to Rs.10,000,000, as paragraph ii above, and it was observed further that a sum of Rs.5,813,151 should have recovered by the Ministry of Sports.
- (iv) Even though the provisions of Rs.100,000,000 had been made for this construction in the year 2010, out of that a sum of Rs.93,200,000 had been transferred to another 04 Objects without utilizing for the respective purpose. Further a sum of Rs.6,800,000 had been saved under that Object.

2.7 Performance

(a) Purchasing and Distribution of Sports Equipment

Provisions of Rs.20,000,000 had been made for purchasing sports goods under the Capital Object 219-2-2-2103 and a sum of Rs.6,292,452 had been spent for purchasing sports goods during the year 2011. The following matters were observed in this connection.

- (i) Annual requirement in respect of purchases of sports goods had not been identified and an estimate also had not been prepared.
- (ii) Requests for provisions had been made as compared with the expenditure for previous year.

- (iii) A Plan was not made available for spending this provision and purchases had been made when necessity arisen.
- (iv) Provisions utilized as at 22 October 2011 were Rs.7,052,894 or 35.26 percent only.

(b) Issuing Goods

The following matters were revealed at an examination carried out in respect of issuing goods to sports societies, sports associations and other external parties.

- (i) Even though most valuable sports goods were being distributed in each year, a proper procedure had not been followed for distribution of sports goods.
- (ii) The distribution had been carried out on the requests made by schools, other Government institutions, political representatives and officers without preparing priority lists and without obtaining approval.
- (iii) It was observed that the sports goods had been distributed in the year 2011 among the sports societies and other parties based on the necessities of various outside parties with the mediation of them and the distribution of goods with the direct mediation of the Department was at very insignificant level.
- (iv) There were instances that written requests not made available with the applications submitted for issuing goods.
- (v) Instances were observed such as not entering the sports goods in the stock registers when distributing them, not obtaining approval for issues, not placing signature by relevant party for taking over of goods and entering the issues under other goods without entering under the relevant goods.
- (vi) Maximum sports goods issued at a time to each party or sports society had not been determined and as such the goods had been distributed to various parties at various quantities. As such the possibility of frauds and errors arising in the process of issuing goods and taking in to account thereon could not be ruled out in audit.

(c) Non – maintenance of Proper Stock Registers

 It was not recorded the accurate quality and the accurate dates of receipts and issues and in an orderly manner when recording the details of receipts and issues of goods in the Stock Ledger. Accordingly, it was observed an incorrect position reflected in the stock balance.

2.8 Deficiencies in the Operation of Bank Accounts

 Balances for Adjustment

The following matters were observed.

- (a) The Bank Reconciliation for the month of December 2011 had not been prepared and the last Bank Reconciliation prepared for the month of September 2011 only. Therefore it could not be identified the balances for adjustment as at 31 December 2011.
- (b) According to the Bank Reconciliation prepared for the month of September, the value of 120 cheques issued but not presented for payment amounted to Rs.978,075. Action had not been taken thereon in terms of Financial Regulation 396(c)
- (c) According to Bank Reconciliation Statement presented, the value of the payments made by the bank and not entered into the cash book amounted to Rs.3,475,824 and the information regarding that payments had not been furnished to audit.

2.9 Human Resources Management

 Approved Cadre and Actual Cadre

The position of the cadre as at 31 December 2011 had been as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
-----	-----	-----	-----
(i) Senior Level	13	06	07
(ii) Tertiary Level	02	01	01
(iii) Secondary Level	190	133	57
(iv) Primary Level	48	41	07
	-----	-----	-----
Total	253	181	72
	=====	=====	=====

Approved cadre for the KKS Service had been 12 but the actual cadre had been 30. Even though approved cadre for the Playground Assistants had been 25 any employee had not been recruited. Accordingly, it was observed that 18 excess employees were in the KKS Service and 25 vacancies were in the Playground Assistants Service.

2.10 Internal Control

Internal Audit

Internal Audit unit had not been established for the Department and an audit had been carried out by the Internal Audit unit of the Ministry.

3. Sports Societies

3.1 Sri Lanka Wushu Federation – 2008

Even though clearing charges of Rs.889,508, paid for clearing of sports goods given as donations by State of China in the year 2006 had been shown as assets. The stock of sports goods had not been valued and brought to account. Further a Register of Fixed Assets and Inventory Register had not been maintained.

3.2 Sri Lanka Carrom Federation

3.2.1 Accounting year – 2008

The following matters were observed.

- (a) A calendar had not been prepared for conducting of Tournaments, Programmes, Workshops and Seminars.
- (b) Advances had been obtained and incurred for expenses of tournaments without preparing estimates.
- (c) A sum of Rs.3,422,580 had been spent for 03 International Tournaments without preparing expenditure estimates.

3.2.2 Accounting year – 2009

The following matters were observed.

- (a) A receivable amount of Rs.42,000 by Sri Lanka Carrom Federation for publishing an advertisement of Sinco Carrom Board Institute had not been brought to account.
- (b) An additional expenditure amounting to Rs.22,653 had been incurred for an additional one day spent in India for the officers and players who participated 13th SARRC Tournament and 3rd Asian Carrom Tournament without obtaining the executive committee approval.
- (c) The daily balance of the petty cash imprest had not been checked by a responsible officer and the petty cash vouchers also had not been authorized. Further a sum of Rs.8,206 had been spent exceeding the Petty Cash Imprest of Rs.10,000 in March 2009.
- (d) The overall budget estimate for the year 2009 had not been prepared by the Federation.
- (e) Even though the separate estimates for tournaments had been prepared, the approval of the executive committee had not been obtained there for.
- (f) The estimates for Trainee Tournaments and International Tournaments had not been prepared.
- (g) Seven hundred and thirty books of Carrom Laws and Rules which could not be used, valued at Rs.36,525 and a stock of Clocks which the written down value of Rs.23,731 had been kept in the stores.
- (h) Accepting cash, banking cash, writing cheques, making payments, preparing Bank Reconciliation Statements, control over petty cash, maintenance of books of accounts and preparing final accounts had been carried out by one and same officer.

3.3 Sri Lanka Ti Condo Federation – 2009

The following matters were observed.

- (a) The accounting Policies followed in preparing financial statements had not been disclosed in the accounts.
- (b) The net value of Property Plant and Equipment amounting to Rs.418,303 shown in the financial statements for the year 2004 had been omitted from the financial statements since the year 2005.

(c) A sum of Rs.250,000 had been reimbursed to the Chairman by 31 December 2009 out of the sum of Rs.382,000 incurred by the Chairman for the “ Course of Olympic Solidarity”. Even though the balance payable to the Chairman amounted to Rs.132,000, it had been shown as Rs.215,970 in the financial statements. Further original bills relating to the expenses had not been furnished to audit.

(d) The following evidence indicated each item of accounts had not been furnished to audit.

Item -----	Value ----- Rs.	Evidence not made available -----
Grants received from Olympic Committee	250,000	Receipt and covering letter of the Committee
Bank Balance of Bank of Ceylon	30,186	Confirmations of Balances
Balance of Hatton National Bank	6,785	Conformations of Balances and Bank Statements for the year 2008.
Total	----- 286,971 =====	

3.4 Sri Lanka Tennis Association -----

3.4.1 Accounting year 2010 -----

The following observations are made.

- (a) A Fixed Assets Register had not been maintained by the Association.
- (b) Sri Lanka Tennis Association had been maintained in a land obtained from the Government under a lease of 25 years period and the period of lease had elapsed at 30 September 2008. Nevertheless action had not been taken to get renewed it.
- (c) Provisions for lease rent payable as at 31 December 2010 amounting to Rs.11,477,500 had not been made in the financial statements.
- (d) Provisions made for employees gratuity amounting to Rs.1,183,922 had not been invested.

3.4.2 Accounting year 2011

The following observations are made.

- (i) A Fixed Assets Register had not been maintained by the Association.
- (ii) Provisions had not been made in the financial statements for lease rent payable to Colombo, Municipal council amounting to Rs.14,028,700 in respect of the period from 01 June 1985 to 30 September 2011 by the Association.
- (iii) Even though the period of the Lease Agreement had elapsed on 30 September 1983 for the land obtained in 1958 on lease basis from the Government for 25 years by the Association, action had not been taken to renew the respective agreement.

3.5 Sri Lanka Basket Ball Association – 2010

Subsidiary documents in respect of 05 expenditure items totaling Rs.1,261,840 had not been furnished to audit.

3.6 Sri Lanka Soft Ball Association – 2010

The following matters were observed.

- (a) The cash flow statement as at 31 December 2010 had not been prepared.
- (b) Direct conformations to confirm the bank balance had not been obtained from the bank.

3.7 Sri Lanka Cycling Federation – 2010

A Fixed Assets Register had not been maintained.

3.8 Apprentice Yacht Sailing Association – 2011

The following observations are made.

- (a) Sixteen Yachts and 103 paddles belonged to the Association had not been taken in to accounts.
- (b) Cash balance amounting to Rs.17,214 had been idle since the year 2007.

3.9 Sri Lanka Horse Riders Association – 2011

The following observations are made.

- (i) A Fixed Assets Register had not been maintained.
- (ii) Bank Reconciliation Statements relating to the year had not been prepared.
- (iii) Payments had been made on bills and invoices instead of preparing payment vouchers.
- (iv) Acknowledgements for receipts had not been issued.
- (v) Even though a sum of Rs.2,984,040 had been spent for importing 18 horses, 02 horses were unsuitable and 04 horses of them had died in India and as such a loss of Rs.663,120 had been incurred by the Association. A sum of Rs.2,797,647 incurred for customs fees, clearance, transportation and quarantine expenses had been brought to account as administrative expenditure without including under the cost of biological assets.
- (vi) A budget for the year 2011 had not been prepared.
- (vii) A computer purchased in 2011 had been theft and as such loss caused to the institution amounted to Rs.111,800.

3.10 Sri Lanka Hockey Association – 2011

Cheque received by the Association on 10 March 2010 from National Olympic Committee amounting to Rs.149,300 had been taken by the Secretary of the Association without brought to account.

3.11 Carate Do Association – 2011

The following observations are made.

- (i) A budget for the year 2011 had not been prepared.
- (ii) Bank Reconciliation Statements for the year 2011 had not been prepared. Further the payments made by cheques and cash had not been entered in the cash book.
- (iii) The following expenses could not be satisfactorily vouched in audit due to non-submission of respective subsidiary registers.

Item -----	Value ----- Rs.
Malaysian Tournament for World Cup	100,000
Monthly Allowances for October 2011	12,000
Preparation of Sketch of Competition	5,000
Food Expenses	35,000
 Total	 ----- 152,000 =====

- (iv) The opening balances of assets and liabilities as at 01 January 2011 had not been brought to account.
- (v) A suspense account balance amounting to Rs.288,159 had been shown under the current liabilities.
- (vi) Monthly allowances for October and November had been overstated by Rs.18,000 in the accounts.
- (vii) Tournament income amounting to Rs.27,500 and Membership Fees amounting to Rs.2,000 had been understated in the accounts.

3.12 Sri Lanka Life Saving Association – 2011

The following observations are made.

- (i) The lands and two buildings situated at No.21/21, Sri Dharmapala Mawatha, Mount Lavinia and No.38, Siripala Mawatha, Mount Lavinia respectively are belonged to the Association. Their cost value had been shown as Rs.17,266 in the final accounts but it could not be satisfied in audit in respect of the value.
- (ii) Direct balance conformations had not been furnished to audit in respect of the bank balance of Rs.561,866.

3.13 Sri Lanka National Riffle Association - 2011

The following observations are made.

- (i) A Fixed Assets Register had not been maintained properly.
- (ii) Provisions for bad debts had not been made for trade debtors amounting to Rs.496,030 which remained unrecovered over 3 years.

- (iii) The evidence indicated against the following items had not been furnished to audit.

Item	Value	Evidence not made Available
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	Rs.	
Stocks	132,584	Boards of Survey Reports and Stocks Registers.
Debtors	496,030	Confirmations and Age Analysis
Trade and others Receivables	434,289	Balance Confirmations
Creditors and other Receivables	1,015,093	Confirmations and Age Analysis

- (iv) Two free pistols 55 mm and four Protimers had not been presented for physical examination.

3.14 Sri Lanka Billiard and Snooker Association - 2011

The following observations are made.

- (i) The Fixed Assets Register had not been updated.
- (ii) Register of entire Membership and the details of contributions made by members had not been furnished to audit.
- (iii) Boards of Survey for the year 2011 had not been conducted.