

National Sports Fund-2011

1. Financial Statements

1.1 Qualified Opinion

In my opinion, except for the effects of the matters described in paragraph 1.2 of this report, the financial statements give a true and fair view of the financial position of the National Sports Fund as at 31 December 2011 and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles .

1.2 Comments on Financial Statements

1.2.1 Accounting Deficiencies

A receipt and payment account for the First South Asian Beach Games had not been furnished to audit.

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

According to Section 25(2) of the Sports Act No.25 of 1973, a report on administration of the Fund should be prepared by the Secretary to the Ministry concerned as early as possible after end of the each calendar year. However, no such report had been prepared.

2. Financial Review

2.1 Financial Results

According to the financial statements presented, the operations of the Fund for the year under review had resulted in a surplus of Rs.1,104,303 as compared with the corresponding surplus of Rs.27,045,187 for the preceding year, thus indicating a deterioration in the financial results by Rs. 25,940,884. Decrease in the income by Rs.58,408,466 was the main reason for such deterioration.

3 Operating Review

3.1 Performance

Although the main objectives of the Fund were strengthening, upgrading and development of sports in Sri Lanka, a Corporate Plan and an Annual Action Plan thereon had not been prepared and implemented. It was observed that activities for the fund were limited only to give some money according to the request made by the Societies and Individuals on sports activity.

3.2 Management Inefficiencies

Following observations are made.

- (a) Even though a sum of Rs.1,677,750 had been given to Sri Lanka Wushu Federation on 27 September 2011 and a sum of Rs.1,231,200 had been given to Sri Lanka Volley Ball Federation on 29 September 2011 for purchase of air tickets, action had not been taken to purchase of air tickets in terms of the Public Finance Circular No.431 of 24 April 2008.
- (b) It had been given Rs. one million each for four sports Associations for Deyata Kirula Development Exhibition. No estimates had been obtained from the relevant Associations and Department of Sports development for the funds provided.

3.3 Uneconomic Transactions

An average balance of Rs.3 million had been retained in the bank current account throughout the year without investing in a fruitful investment.

4. Accountability and Good Governance

4.1 Budgetary Control

Variances of 72% to 265% were observed between budgeted and actual expenditure. Thus indicating that the budget had not been made use of as an effective instrument of management control.

5. Systems and Controls

Deficiencies in systems and controls observed during the course of audit were brought to the notice of the Secretary to the Ministry from time to time. Special attention is needed in respect of the following areas of control.

- (a) Receipts
- (b) Budget
- (c) Utilization of Funds