

## **National Sports Fund -2010**

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### **1. Financial Statements**

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#### **1:1 Opinion**

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So far as appears from my examination and to the best of information and according to the explanations given to me, I am of opinion that the National Sports Fund had maintained proper accounting records for the year ended 31 December 2010 and except for the effects on the financial statements of the matters referred to in paragraph 1.2 of this report, the financial statements have been prepared in accordance with Generally Accepted Accounting Principles, give a true and fair view of the State of Affairs of the National Sports Fund as at 31 December 2010 and the financial results of its operations and cash flows for the year then ended.

#### **1:2 Comments on Financial Statements**

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##### **1:2:1 Accounting Deficiencies**

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The following observations are made.

- (a) Income on investment had been overstated by Rs.41,214 in the Financial Statements due to calculation error.
- (b) A sum of Rs.6,500,000 had been granted to develop the playground at Piliyandala on behalf of the Department of Sports Development. This fund should have been recovered from the Department. However, it had been written off as expenditure, instead of being shown as receivables.
- (c) Although a sum of Rs.1,268,290 received by the Ministry of Sports on behalf of the Fund during the last year from Taj TV, it had not been transferred to the Fund by the Ministry.

##### **1:2:2 Lack of Evidence for Audit**

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The following items in the accounts could not be satisfactorily vouched in audit due to the non-availability of evidence indicated against each item.

Item -----	Value -----	Evidence not made available -----
	Rs.	
(a) Expenditure		
(i) Sri Lanka Badminton Association Expenditure for the Special Training Course held in Malaysia	406,000	Acknowledgements
(ii) Divisional Secretary Hatharaliyadda - For Annual Marathon Race	50,000	- do -
(iii) Holy Family Convent Dehiwala - For the Renovation of Basketball playground of the school.	175,000	- do -
(iv) Sri Lanka Tennis Association - For the salary of International Coacher.	1,000,000	Agreement
(v) Tharunyata Hetak - For telecasting programme conducted by TMTV Channel.	500,000	Acknowledgements
(b) Air Fare	1,299,260	Invitation from the relevant country.

### **1:2:3 Non – compliance with Laws, Rules, Regulations and Management Decisions**

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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.

## **1:2:4 Transactions not Supported with Adequate Authority**

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The following observations are made.

- (a) Income receivable from the Supiri Vasana Lotteries conducted by the National Lotteries Board amounted to Rs.51,065,440. Age analysis for Rs.4,541,350 had not been submitted for audit. Although money receivable from Lotteries Board had been remitted to the Director General of Treasury, these money had not been received to National Sports Fund.
- (b) Two air tickets at a cost of Rs.1,300,000 had been procured on behalf of the Minister of Sports for foreign travel. Sufficient explanation had not been made available to audit for the justification of tour for enhancing of Sport Activities.
- (c) Sums of Rs.10 million and Rs.35 million had been granted to the National Olympic committee for the campaign of Commonwealth Games and construction of sports complex at Diyagama respectively which were not included in the budgetary allocation. Progress achieved by these transactions were not made available to audit.

## **2. Financial and Operating Review**

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### **2:1 Financial Results**

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According to the financial statements presented, operations of the Fund for the year under review had resulted in a surplus of Rs.27,045,187 as compared with the corresponding surplus of Rs.68,113,817 for the preceding year thus indicating a decrease in the financial results by Rs.41,068,630. Increase of the Income by Rs.26 million and increase of expenditure by Rs. 67 million were the main reason for such deterioration.

### **2:2 Operating Review**

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#### **2:2:1 Performance**

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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 funds were limited according to the release of funds to the societies and individuals for sports activities based on their request.

**2:2:2 Budgetary Control**  
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Significant differences were observed between the budget and the actual. Thus indicating that the budget had not been made use of as an effective instrument of management control.

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

- (a) Accounts Receivable
- (b) Budget
- (c) Utilisation of Funds