

Appropriation Head 136 - Report of the Auditor General relating to the Ministry of Sports and the Department under the Ministry and Sports Associations – Year 2012

This report consists of two parts.

Part 1 – Summary report relating to the Ministry and the Department under the Ministry.

Part 2 – Detailed reports 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

Appropriation Head

Department

219

Department of Sports Development
Sports Associations

2. Accounts

2.1 Appropriation Account

Total Provision and Expenditure

The total net provision made for the Ministry and the Department amounted to Rs.2,100,500,000 and out of that a sum of Rs. 1,363,159,499 had been utilized by the end of the year under review. Therefore, the net savings of the Ministry and the Department ranged between Rs.144,644,576 and Rs.592,695,925 or 35.7 per cent and 61.8 per cent of the total net provision. Details appear below.

Appropriation Head	Ministry/ Department	Net Provision as at 31 December 2012		Utilization as at 31 December 2012		Savings as at 31 December 2012	
		Recurrent	Capital	Recurrent	Capital	Recurrent	Capital
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
136	Ministry of Sports	270,465,000	279,330,000	220,475,332	184,675,092	49,989,668	94,654,908
219	Department of Sports Development	281,535,000	1,269,170,000	262,376,859	695,632,216	19,158,141	573,537,784
	Total	552,000,000	1,548,500,000	482,852,191	880,307,308	69,147,809	668,192,692

2.2 Advance Accounts

2.2.1 Advances to Public Officers Account

Limits Authorized by Parliament

The limits authorized by Parliament for the Advances to Public Officers Account in respect of the Ministry and the Department of Sports Development and the actual values are given below.

Head	Item Number	Expenditure		Receipts		Debit Balance	
		Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
136	136011	7,000,000	4,663,294	2,000,000	6,096,263	24,000,000	12,946,975
219	219011	8,000,000	6,746,778	4,000,000	8,672,743	33,000,000	24,218,283

2.3 General Deposits Accounts

The balances of the General Deposits Accounts of the Ministry and the Department as at 31 December 2012 totalled Rs. 139,474,973 .Details appear below.

Ministry / Department	Deposit Account Number	Balance as at 31 December 2012
		Rs.
Ministry of Sports	6000/0000/0015/0048/000	13,507,441
Department of Sports Development	6000/0000/0015/0100/000	125,967,532
Total		139,474,973

art 2

Detailed Report relating to each Appropriation Head

1. Appropriation Head 136 - Ministry of Sports

1.1 Scope of Audit

The audit of Appropriation Account including the financial reports, reconciliation statements, books, registers and other records of the Ministry of Sports for the year ended 31 December 2012 was carried out in pursuance of provisions in 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 11 February 2014. 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 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 in Article 148, 149, 150 and 152 of the Constitution of the Democratic

Socialist Republic of Sri Lanka, other Statutory provisions and the Public, Finance 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 Observation

According to the Financial Reports and the Books for the year ended 31 December 2012, it was observed that except for the effects of the general observations appearing at (a) and the other major audit findings appearing in paragraphs 1.4 to 1.8 herein, the Appropriation Account and the Reconciliation Statements of the Ministry of Sports had been prepared satisfactorily.

(a) Non-maintenance of Books and Registers

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.

	Relevant Regulation	Observation
	-----	-----
(i)	Treasury Circular No 842 dated 19 December 1978	Register of Fixed Assets had not been prepared.
(ii)	Treasury Circular No 1A1/2002/02 dated 18 November 2002	Register of Fixed Assets on Computers Accessories, and Software had not been prepared.

1.4 Assets Management

Unsettled Liabilities

The following observations are made.

- (i) The unsettled liabilities for less than one year as at 31 December 2012 by the Ministry amounted to Rs.43,773,226.
- (ii) Eventhough except where otherwise provided for, no expenditure or commitment shall be incurred unless financial provision exists therefor in the Annual Estimates in terms of Financial Regulation 94 (1), the liabilities committed exceeding the provisions relating to 14 Objects during the year 2012 had been Rs.26,382,325.

1.5 Deficiencies in Operation of Bank Accounts

Balances to the Adjusted

Information revealed at an analysis of the adjustment shown in the Bank Reconciliation Statement prepared for December 2012 by the Ministry of Sports is given below.

Particulars of Adjustments	Over 6 Months Less than 01 year	Over 1 year	Total
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	Rs.	Rs.	Rs.
Cheques issued but not presented for payment	17,041	8,400	25,441

1.6 Losses and Damage

According to the Register of Losses and Damage furnished to audit, it was disclosed that 12 losses had been incurred during the year 2012 amounting to Rs.789,750. But eight losses out of that which exceeded Rs.25,000 had not been disclosed in the Appropriation account. Further action in terms of the Financial Regulations had not been taken on these losses.

1.7 Human Resources Management

Approved Cadre and Actual Cadre

The position of the cadre as at 31 December 2012 had been as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies	Excess
-----	-----	-----	-----	-----
(i) Senior Level	21	22	-	01
(ii) Tertiary Level	04	01	03	-
(iii) Secondary Level	66	44	22	-
(iv) Primary Level	73	60	13	-
Total	164	127	38	01
	=====	=====	=====	=====

1.8 Medical Institute of Sports

The following observations are made.

- (i) Without establishment of a proper internal control system both drug stores and the dispensary were handled by Pharmacist and one stock book had been maintained for both places. Due to this it could not be computed the stocks in the stores and the dispensary separately. Further, excesses in 09 categories of drugs and shortages in 04 categories of drugs were observed.
- (ii) Stock verification of drugs had not been conducted in the year 2012 and 102 categories of outdated drugs of which the value unidentified had remained during the period from September 2005 to April 2012. No action whatsoever had been taken thereon.
- (iii) Eventhough drugs had issued in large amounts for each tournament, action had not been taken to obtain the details of the way of utilization and in respect of the balance drugs.
- (iv) Drugs were issued from time to time for the Gymnastic Players but total issues for the month were entered into the stock book at once without entering into the stock book at the time of the issues.

- (v) Eventhough the number of approved posts for Medical Officer had been 05, three Medical Officers had been deployed in the service additionally. The salary of Rs.756,892 paid by the Ministry of Sports for two Medical Officers out of that for the period of 04 months from January 2013 on the basis of reimbursement from the Department of Health Services had not been got reimbursed.
- (vi) Eventhough 03 posts of Physiotherapists had been approved, recruitments for 02 posts had not been made.
- (vii) Recruitments for the post of Medical Laboratory Technician had not been made. It was observed that the Medical Laboratory Tests had been done from the outside institutions.

2. Appropriation Head 219 - Department of Sports Development

2.1 Scope of Audit

The audit of 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 2012 was carried out in pursuance of provisions in 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 27 December 2013. 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 in Articles 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory Provisions and the Public Finance 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 2012, it was observed that except for the effects of the general observations appearing at (a) to (e) and the other major audit findings appearing in paragraphs 2.4 to 2.5 herein, the Appropriation Account and the Reconciliation Statements of the Department of Sports Development had been prepared satisfactorily.

(a) Non-maintenance of Books and Registers

The following observations are made.

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 -----
(i) Register of Fixed Assets	Public Finance Circular No. 402(1) dated 20 February 2004, Public Finance Circular No.174 dated 18 October 2004 and the Financial Regulation 802	A Register of Fixed Assets had not been prepared. This had been pointed out in the previous years reports too.
(ii) Register of Fixed Assets on Computers, Accessories and Software	Public Finance Circular No. 402 dated 12 September 2002 and Treasury Circular No.IAI/2002/02 dated 28 November 2002	The Register had not been prepared.
(iii) Register of Losses and Damage	Financial Regulation 110	The Register had not been maintained.
(iv) Register of Liabilities	Financial Regulation 214	A Register of Liabilities had not been maintained.
(v) Register of Counterfoil Books to record the Receipts and Particulars.	Financial Regulation 341	The Register had not been maintained.
(vi) Personal Emoluments Ledger	Financial Regulation 445	Personal Emoluments Ledger had not been updated.
(vii) Vehicle Log Books	Financial Regulation 1645	Log Books had not been completed according to Form General 267.
(viii) Register of Consumable Goods	Financial Regulation 1647 (a)	Register of Consumable Goods had not been maintained for purchase of consumer goods and issues which not entered into the log book.

(b) Budgetary Variance

The following observations are made.

Out of the total provisions made for 10 Objects, a high percentage of 75 per cent to 99 per cent had been spent during first 07 months of 2012 and out of the total provisions made for the year for 12 Objects, a very low percentage of 25 per cent had been spent during January to July. This was due to non- preparation of estimates properly and non- preparation of Procurement Plan prior to commencement of the financial year by the Department in accordance with the Circular No 155 dated 30 December 2011 was observed.

- (i) The entire provisions amounting to Rs.15 million made for the Object Code 219-2-2-7-2104 had been saved.
- (ii) In terms of the paragraph 2.5 of the National Budget Circular No.155 dated 30 December 2011, it was emphasized to submit the revised estimate prepared inclusive of proposed savings by all the Ministries and Departments before 16 January 2012 to the Department of National Budget. Nevertheless the submission of revised estimate had been delayed even up to 26 April 2012.
- (iii) Out of the allocations made amounting to Rs.600 million for the year 2012 under Object Code 219-2-2-17-2014, according to the estimate of the Department of Sports Development under Expenditure Head 219 a sum of Rs.157 million had been granted for constructions of new building of the Ministry under Head 136 contrary to Financial Regulation 66, without obtaining the prior approval of the Treasury.

(c) Imprest Account

The Following observations are made.

- (i) Even though the ad hoc sub imprests should not be exceeded Rs.20,000 in one instance in terms of the Financial Regulation 371(2) (b), it was observed the instances of sub-imprests paid by the Department ranging from Rs.30,000 to Rs.500,000 without obtaining the Treasury approval.
- (ii) Even though the advances should be settled immediately after the completion of the purpose in terms of the Financial Regulation 371(2), instances were observed that, settlement of advances with delays ranging from 30 days to 224 days.
- (iii) Three officers had obtained advances of Rs.10,000 each and settled with a delay of 09 days, 13 days and 14 days without completing the relevant purpose.
- (iv) Advances had been granted for 10 officers in 14 instances exceeding the requirement and as such the balance amounts ranging from 41 per cent to 59 per cent had been retained in hand for the period ranging from 5 days to 34 days.
- (v) Out of the advances amounting to Rs.422,500 obtained from April to July 2012 by 27 officers, a sum of Rs.253,000 had been settled with a delay ranging from 32 days to 127 days.
- (vi) Instances were observed that new advances had obtained prior to settlement of old advances by 14 officers. Further, the settlement of old advances had been delayed for the period ranging from 3 days to 135 days.

- (vii) Advances totalling Rs.974,000 had been granted to 21 officers while the expenditure had been incurred by them exceeding the advances granted by Rs.852,550.
- (viii) The following deficiencies were observed in the Register of Ad-hoc Sub Imprests.
 - (a) The posts of officers who paid advances had not been mentioned.
 - (b) Voucher Numbers of the paid vouchers had not been included in the Advance Register.
 - (c) The date of the purpose carry out had not been mentioned.

(d) General Deposits Account

The following observations are made.

- (i) The balance of the General Deposit Account No.6000/0000/00/0015/0100/000 of the Department as at 31 December 2012 amounted to Rs.125,967,532 and action had not been taken on General Deposits of Rs.13,909,113 in terms of Financial Regulation 570.
- (ii) A difference of Rs. 145,000 was revealed between closing balance of the General Deposit Account shown in the accounts and the Monthly Account Summary of the Department.
- (iii) A reconciliation had not been done on General Deposits in terms of Financial Regulation 565(3).
- (iv) Even though a Monthly Abstract Statement of Deposits prepared in Form General 71 for each month in terms of the Financial Regulation 565(5) and should be furnished to the Auditor General before end of the following month, it was not so done.
- (v) The Deposits Ledger had not been balanced as at 31 December 2012.

(e) Reconciliation Statement of the Advances to Public Officers Account

The C.C 10 Loan Register relating to the loan balances totalling Rs.23,937,141 to be recovered from 179 officers of the Department had not been balanced according to the 3:1 of the Summary of Individual Balances prepared in terms of the Paragraph 3 of the Public Enterprises Circular No. 90 of 18 August 1994 and as such it could not be reconciled the individual balances of such officers.

2.4 Non – compliances

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, Regulations etc.	Value	Non – compliance
-----	-----	-----
	Rs.	
(i) Financial Regulation 177	54,940	Even though all daily receipts should be banked same day or at the earliest possible opportunity, the receipts had been retained in hand without being banked.
(ii) Financial Regulation 371(2) (a)	3,870,225	Advances ranging from Rs. 30,000 to Rs. 50,000 had been granted to 08 officers in 32 instances.
(iii) Financial Regulation 1646		The Daily Running Charts with the Monthly Performance Summaries in form General 268(a) had not been furnished to the Auditor General. Form General 268 (a) for any of the vehicle had not been completed.

2.5 Good Governance and Accountability

2.5.1 Internal Audit

An Internal Audit unit had not been established in the Department. Further, an adequate internal audit had not been carried out by the internal audit unit of the Ministry of Sports too.

2.5.2 Assets Management

(a) Idle and Underutilised Assets

The following observations are made.

- (i) Even though the driver had made a request on 26 June 2012 to repair the cab vehicle discarded from running and parked in the garage of the Department, no repairs what so ever had been done even up to 30 September 2013.
- (ii) A motor vehicle removed from running and parked unsecuredly in the premises of the Department had remained decaying.
- (iii) There were 08 Hand Tractors unsecuredly parked without utilising and the date of purchase and the cost could not be identified and also not included in the stock books. Necessary actions had not been taken to dispose them.

(b) Conduct of Annual Boards of Survey

The following observations are made.

- (i) In terms of the Public Finance Circular No 441 of 09 December 2009 as amended by the letter No.PF/Boards of Survey/01 dated 17 December 2010 of the Director General of Public Finance, the Annual Boards of Survey should be conducted and the report thereon should be furnished to the Auditor General before 31 March 2013. Nevertheless the Boards of Survey had not been completed even up to 30 September 2013 by the Department. Even though the Boards of Survey Reports had been furnished to audit on 10 April 2014 in terms of Financial Regulation 756, Annual Boards of Survey Reports relating to 6 District Sports Centres had not been furnished to audit.
- (ii) Action in terms of the Financial Regulation had not been taken on excesses and shortages and unusable goods reported in the Boards of Survey Reports in respect of the year 2012.

(c) A properly prepared Register of Fixed Assets was not made available.

(d) Unsettled Liabilities

The following observations are made.

- (i) The unsettled liabilities of the Department less than one year as at 31 December 2012 amounted to Rs. 354,968,329.
- (ii) Even though except where otherwise provided for, no expenditure or commitment shall be incurred, unless financial provision exists therefor in the Annual Estimates in terms of Financial Regulation 94, the liabilities exceeded the savings relating to 24 Objects amounted to Rs.40,435,690.
- (iii) Action had not been taken on liabilities in terms of paragraph 4.3.3 of Public Finance Circular No. 35/94 dated 12 July 1994.
- (iv) A sum of Rs.119,856,000 should have been frozen on 04 Objects, but due to commitment of liabilities amounting to Rs.14,945,449 for the year 2012 the frozen amount was short fallen from the same amount.
- (v) The Department had committed liabilities amounting to Rs. 354,964,697 as at 31 December 2012 in the Appropriation Account. A sum of Rs. 23,938,555 only had been disclosed as liabilities for the year, while liabilities of Rs. 331,026,142 had not been disclosed.

2.5.3 Management Weaknesses

The following observations are made.

(a) Assets given to External Parties

A van belonging to the Department had been transferred to the vehicle fleet of the Ministry Staff and a sum of Rs. 119,309 had been incurred as repair cost by the Department during the year 2012. In addition to that, a motor vehicle had also been released to the Minister's Staff.

(b) Irregular use of Assets belonging to other Institutions

A vehicle belonging to the Ministry of Sports is being used by the Department without transferring the ownership.

2.5.4 Deficiencies in Operation of Bank Accounts

The following observation is made.

Balance to be Adjustment

According to the analysis of the adjustments shown in the Bank Reconciliation statement prepared by the Department of Sports Development, the unidentified debit balance for over 6 months less than 1 year amounted to Rs.80,161.

2.5.5 Transactions of Contentious Nature

The following observations are made.

- (a) An expenditure of Rs. 4,486,295 under Object Code 219-2-2-1405 had been incurred for supply of foods for Sports Strengthen Programme, In house Training Workshops and in other various instances in the year 2012 while Government Procurement Procedure had not been followed in selection of suppliers for food supply. In this context the Director General had approved to purchase food items from a private trading stall on the recommendation of the Warden according to the prices obtained from 03 institutions. Food items for previous years too had been purchased from the same trade stall contrary to the Procurement Procedure.
- (b) Air tickets valued at Rs.1,262,150 had been purchased from private institutions by the Sports Associations contrary to the Public Finance Circular No 431 dated 28 April 2008 and such money had been reimbursed from the Department.
- (c) A sum of Rs. 3,988,500 had been paid to purchase 03 equipment of Electronic Timing for the Sugathadasa National Sports Development Authority on 22 May 2012 and the provisions under Recurrent Object Code 219-1-1-1508 had been utilized for this. These equipment had not been included in the Departmental books and a proper methodology had not been followed in transferring equipment to Sugathadasa Authority.
- (d) Even though an evaluation committee comprising three members had been appointed by the letter No. SDD/A/2/1/sugathadasa dated 08 May 2012 for this purchase, a member with the knowledge of electronic technology had not been appointed for the committee. Accordingly the decision taken by the committee was a matter of contentious nature in audit.

2.5.6 Irregular Transactions

(a) Deviation from the Procedure laid down in the Procurement Guidelines

The following observations are made.

- (i) Even though 45,070 certificates had been printed incurring a sum of Rs.556,907 for the National Sports Festival Stage III and IV by the

Department, a contract agreement had not been entered into in terms of the Guidelines 8.9.3 of the Procurement Guidelines.

- (ii) The Procurement Procedure had not been followed in purchasing of equipment valued at Rs. 373,317 needed for the Hostel of Nawalapitiya Jayathilaka Grounds. Further, the goods received had not been entered in to the Stock books due to these goods had been directly supplied to the grounds without handing over to the stores. The approval for this purchase had been given by the Deputy Director Finance.

- (b) Purchase of Medals and Cups for the XXXVII National Sports Festival held on Mahinda Rajapaksha Stadium on 8,9 and 10 September in the year 2011.

The following observations are made.

- (i) Even though it was mentioned that quotations had been called from 24 institutions, the evidence for calling quotations from supplier was not made available.
- (ii) According to a decision of the Tender Board held on 27 May 2011 it was decided to purchase 1,434 medals at Rs. 1,434,000 at a rate of Rs. 1,000 per medal and awarded the tender. Nevertheless in terms of the Guideline 8.9.3 of the Procurement Guidelines an agreement with the supplier had not been entered into.
- (iii) An undated purchase order had been sent to the supplier in May 2011 and it was mentioned that the medals should be available by the Department before 16 June 2011. However, it was observed that 1,369 medals had been received with a delay ranging from 02 days to 24 days.
- (iv) Even though 1,434 medals had been ordered, it was further revealed that 1,409 medals only had been received by the stores.

- (c) Supply of Cups and Medals

The following observations are made on purchase of Medals valued at Rs. 1,133,100 for XXXVIII National Sports Festival.

- (i) Even though it was mentioned that quotations had been called from 10 Departmental registered suppliers for the purchase of Medals, the evidence was not made available that quotations had been called from all institutions and only 03 institutions had offered quotations. Two institutions out of that only had sent samples. Even though, a condition to supply goods within two weeks should be included in the quotations papers, such a condition had not been included in the quotation form sent to the institution to which the order handed over. Accordingly, it was observed in audit that equal opportunity had not been given to all suppliers.
- (ii) Two institutions had offered quotations to supply Medals at the rate of Rs.850 and Rs.1,400 per Medal. The Technical Evaluation Committee had mentioned that the sample of the lowest tenderer was not suitable to award in the sports festival as its finishing and the colour not in good condition though its scale was at Departmental sample, and recommended to purchase from the institute offered the sample at the rate of Rs. 1,400 as its proper scale and made with a single sheet with a design, and with the good finishing.

- (iii) According to the discussion of the Chairman of the Tender Board with that institution, it was mentioned in the Tender Board decision that they had agreed to supply Gold and Silver Medals at the rate of Rs.650 per Medal and Bronze Medals at the rate of Rs.600 per Medal and it was decided to purchase 1,429 Medals (Gold 258, Silver 460, Bronze 511) at Rs. 903,300 on 29 May 2012. But the Tender Board had not paid attention on supply of goods with an abnormal reduction of prices ranging from 54 per cent to 57 per cent with the same sample with proper standards. The order was placed on 08 June 2012 to supply 1,429 Medals and it was informed to supply goods within 02 weeks, but the Medals had not been supplied accordingly. In this instance the institution which given quotation had not been furnished to audit.
- (iv) The medals supplied had not agreed with the sample and the finishing and the quality were poor.
- (v) The Director General had decided to purchase 54 cups from another institution at the revised rates of Rs. 229,800 instead of order offered to purchase 54 cups at Rs. 233,700. There was no Tender Board decision thereon.
- (vi) Even though orders were placed on 14 June 2012 to purchase 54 cups, 36 cups out of that had not been handed over to the stores even up to 31 October 2012 by the supplier. A proper agreement had not been entered into with the supplier according to the Guideline 8.9.3 of the Procurement Guidelines and as such the delay charges had not been recovered from the supplier.

2.5.7 Transactions without Authority

The income of the Body Building Centre of the Department is being credited to the National Sports Fund, but the Treasury approval relating to that had not been furnished to audit.

2.5.8 Losses and Damage

The following observations are made.

- (a) A sum of Rs. 59,604 had been incurred for printing of 1,820 certificates with the name of the Secretary of the Ministry for stage IV of the National Sports Festival, while the certificates had been totally cancelled due to transfer of the Secretary and again 1,485 certificates had been printed incurring a sum of Rs. 45,944. Therefore a loss of Rs. 59,604 had been incurred by the Ministry.
- (b) A sum of Rs. 186,776 had been paid as salaries up to May 2012 to an employee who had not reported to the work from 21 October 2011.

2.5.9 Uneconomic Transactions

A van had been repaired on 28 March 2012 incurring a sum of Rs. 1,008,424 and it was not utilized for running after 20 July 2012. It was observed that this vehicle removed from running after 3,108 kilo meters run after the repairs and it was not an effective matter economically.

2.5.10 Human Resources Management

 The following observations are made.

(a) Approved Cadre and Actual Cadre

 The position of the cadre as at 31 December 2012 had been as follows.

	Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies	Excess Cadre
	-----	-----	-----	-----	-----
(i)	Senior Level	14	07	07	-
(ii)	Tertiary Level	05	02	03	-
(iii)	Secondary Level	198	163	35	-
(iv)	Primary Level	104	76	29	12
(v)	Others (Casual basis)	-	11	-	-
		-----	-----	-----	-----
	Total	321	259	74	12
		=====	=====	=====	=====

(b) An office aide employed in the Department had been released to the service of the staff of the Minister from June 2011 contrary to the Presidential Secretariat Circular No. CPA/P1/40 dated 22 April 2004 and a sum of Rs.332,055 had been paid to him as salaries and allowances under the Expenditure Head of the Department.

3. Sports Associations

3.1 Volley Ball Federation of Sri Lanka

3.1.1 Year of Accounts – 2009

 The following observations are made.

(a) When granting advances it should be entered into a separate account and in the settlement of the expenditure it should be brought to account. Instead of that in granting advances the total amount had been accounted as expenditure and settlement of balances had been accounted as income. As such a sum of Rs.341,183 had been accounted as income relating to 8 advances.

(b) The balances relating to 12 transactions totalling Rs.15,818,599 as at 31 December 2009 could not be satisfactorily vouched in audit due to non-availability of expenditure details, receipts, bills, approvals and Registers of Fixed Assets for audit.

3.1.2 Year of Accounts – 2010

 Balances relating to 11 transactions totalling Rs. 7,453,332 as at 31 December 2010 could not be satisfactorily vouched in audit due to non-availability of expenditure details, receipts, bills, approvals and Registers of Fixed Assets for audit.

3.1.3 Year of Accounts – 2011

The following observations are made.

- (a) The balances relating to 05 transactions totalling Rs.30,075,742 as at 31 December 2011 could not be satisfactorily vouched in audit due to non-availability of expenditure details, receipts, bills, and approvals for audit.
- (b) A sum of Rs.2,673,759 had been paid as demurrage charges due to delay in releasing 04 containers inclusive equipment for 05 Volleyball playgrounds from the port received from Netherlands as donations.

3.2 National Olympic Committee

3.2.1 Year of Accounts – 2009

The following observations are made.

- (a) The balances relating to 06 transactions totalling Rs.198,414,361 as at 31 December 2009 could not be satisfactorily vouched in audit due to non-availability of expenditure details, receipts, bills, approvals and Registers of Fixed Assets for audit.
- (b) Action had not been taken by the National Olympic Committee to recover the “Pay as you Earn Tax” from two employees and send to Department of Inland Revenue in terms of the provisions of the Inland Revenue Act No.16 of 2006.

(c) Transactions without Authority

The following observations are made.

- (i) Three bank current accounts had been opened during the year without the authority of the Executive Committee.
 - (ii) The petty cash balance as at 31 December 2009 amounted to Rs.127,109 while the limit of the petty cash imprest and the maximum amount could be paid from the Petty Cash at one instance had not been prior decided.
- (d) Irregular Transactions

The following observations are made.

- (i) The Body Building Centre belonging to National Olympic Committee had been rented out at a monthly rental of Rs.150,000 or 50 per cent of monthly income which one is higher while the quotations had not been called to select the bidder. Further the approval of the Executive Committee to award bids had not been obtained.
 - (ii) It was allowed further to maintain Body Building Centre since the agreement period ended without an extension. The rent income relating to 06 months period amounting to Rs.900,000 was outstanding as at 08 August 2010 and the unpaid electricity charges had been Rs.464,056.
- (e) Office equipment valued at Rs.1,497,713 and a vehicle valued at Rs.2,600,000 had been purchased during the year without following Procurement Procedure.
- (f) The fully air conditioned vehicle park of the Body Building Centre with an extent of 3,000 sq.ft. belonging to the National Olympic Committee with the security service had been leased out to the selected leaseholder on the highest value which is monthly rental of Rs.150,000 or 50 per cent of monthly income without calling quotations and the approved of the Executive Committee. The period of the lease was 10 November 2008 to 09 November 2009 but the relevant agreement had not been signed even up to 05 May 2009.

The opportunity had been given further to same leaseholder without an extension of the agreed period.

3.2.2 Year of Accounts – 2010

The following observations are made.

- (a) A sum of USD 30,000 (Rs.3,317,487) had been given by the National Olympic Committee for the Marketing Programme of 16th Asian Games and the balance as at 31 December 2010 had remained as above.
- (b) “ The Olympic Brotherhood ” had agreed to provide USD 20,545 and USD 21,055 for Tennis, Golf and other games respectively for the preparation of Asian Games and USD 50,000 had been given to National Olympic Committee during the year. However, the Olympic Committee had given Rs.1 million and Rs 2.5 million to Golf Association and Tennis Association respectively. It was observed in audit that sums of Rs.2,509,050 and Rs. 623,009 out of the funds provided for other games had been incurred for charges of an Australian Coach and Mental Toughness Training Programme respectively. The agreement signed with the Coach had not been furnished to audit.
- (c) Sums of Rs.3,497,545 and Rs.451,856 received for South Asian Games from Provincial Councils and private parties respectively had been credited to tournaments account without being credited to receipts account.
- (d) The balances relating to 10 transactions totalling Rs.23,441,373 as at 31 December 2010 could not be satisfactorily vouched in audit due to non-availability of expenditure details, receipts, bills, approvals and agreements.
- (e) The following instances of non– compliance with the Laws, Rules, etc. were observed in audit.

Reference to Laws, Rules and Regulations

Non – compliance

- | ----- | ----- |
|---|---|
| (i) Paragraph 6.1.1 of the Treasury Circular No. 01/2004 of 24 February 2004 | Even though the Draft Annual Report should be furnished to Auditor General within 60 days after the end of the financial year, such report for the year 2011 had not been furnished even by 30 August 2012. |
| (ii) Guidelines 4.2.1 of Procurement Guidelines | A Procurement Plan for the year 2010 had not been prepared by the Olympic Committee. |
| (f) Action had not been taken in terms of Guideline 2.14.1 of Procurement Guidelines in purchasing goods valued at Rs. 51,723,086. | |
| (g) Two credit cards amounting to Rs.100,000 and Rs. 350,000 had been operated continuously without obtaining the proper approval. Two bank accounts in respect of credit cards had been maintained and the balance payable thereon as at 31 December 2010 amounted to Rs. 524,108 and Rs.373,989 respectively. | |

- (h) Action had not been taken to recover an expenditure amounting to Rs. 760,339 incurred for officers participated at Ministry level for the Commonwealth Games 2010.
- (i) A sum of Rs. 1,266,434 had been incurred as Petty Cash by National Olympic Committee during the year 2010. However, a methodology in respect of limit of the petty cash imprest, categories of expenditure and limits could be incurred, payments of petty cash and settlement of imprests and a Petty Cash Register had not been maintained.
- (j) Without calling quotations and without signing agreements, 1,650 T – Shirts and 530 Truck Kits valued at Rs. 2,103,000 had been purchased and advances totalling Rs. 15,553,000 had been paid to suppliers exceeding 20 per cent of the contract value in 04 instances.
- (k) Fifteen employees had served in National Olympic Committee in the year 2011 while their personal files had not been properly maintained.

3.2.3 Year of Accounts – 2011

 The following observations are made.

- (a) A sum of Rs.405,000 budgeted for Installation of Information Exchange System had been written off as a recurrent expenditure without being capitalized.
- (b) A land in extent of 01 Rood and 20 Perches had been allocated for construction of the Head Office Building of National Olympic Committee according to the decision of the Cabinet of Ministers in the year 2005. Nevertheless action had not been taken to value it and brought to account even by 31 December 2011.
- (c) Even though the gross value brought forward and accumulated depreciation should be disclosed in the final accounts in terms of the paragraph 73 of Sri Lanka Accounting Standards No.18, it had not been so done.
- (d) The balances relating to 12 transactions totalling Rs. 10,557,059 as at 31 December 2011 could not be satisfactorily vouched in audit. due to non-availability of expenditure details, receipts, bills, approvals to audit.
- (e) The following instances of non– compliance with laws, rules and regulations were observed.

Reference to Laws, Rules and Regulations

Non – compliance

- | ----- | ----- |
|--|--|
| (i) Paragraph 13.3 of the Constitution of the National Olympic Committee. | Even though 12 meetings should be held per year in terms of the Constitution, 04 meetings only had been held for the year 2011 by the National Olympic Committee. |
| (ii) Paragraph 14.5 (b) of the Constitution of the National Olympic Committee. | Even though a copy of the Statement of the Income and Expenditure which sent to foreign countries by the Treasurer of the National Olympic Committee should be maintained in terms of the Constitution, it had not been so done. |

- (iii) Paragraph 5.4.4 of the Amended Procurement Guidelines 18 of 08 September 2010. The mobilisation advance granted to commence contracts should not be exceeded 20 per cent of the contract amount. However, contrary to that, advances totalling Rs. 589,500 had been granted exceeding the limit in 04 instances.
- (iv) Public Finance Circular No 431 dated 28 April 2008. Even though it was specified to purchase air tickets from Mihin Lanka or other state institutions, contrary to that air tickets valued at Rs. 1,741,876 had been purchased from private institutions by the National Olympic Committee.
- (f) A Toyota Van which used by 03 owners before for about 05 years had been purchased at Rs.2,600,000 in the year 2008 by the National Olympic Committee without taking action in terms of Guidelines 3.2.2 (a) of the Procurement Guidelines. The purchase consideration had been settled by transferring Caravan van which was belonging to Olympic Institute to the value of Rs. 1,400,000 without taking assessment certificate from a Professional Assessor and obtaining lease financial facility for the balance amount of Rs.1,200,000 despite the sufficient funds available in a savings account. An interest expense of Rs. 455,113 had been incurred by the National Olympic Committee due to obtaining leasing facility for the purchase of above vehicle.
- (g) The canteen of the National Olympic Committee had been rented out from 01 November 2009 for a 05 years period at a monthly rental of Rs. 300,000 for first year and there after as increasing by Rs.30,000 per year. Subsequently, the Olympic Committee had cancelled the above agreement on 1 November and a new agreement had been signed to implement from that date with another party at a monthly rental for first year as Rs.300,000 and thereafter as increasing by Rs. 15,000 per year and as such an estimate income of Rs.2,700,000 for the agreed period had been deprived.
- (h) Funds amounting to Rs. 1,350,000 received from International Olympic Committee during the under review had been retained by the Olympic Committee without giving to relevant Sports Associations.
- (i) Bonus amounting to Rs. 680,984 had been paid to 16 employees of Olympic Committee without obtaining the approval of the Executive Committee.

3.3 Sri Lanka Football Federation

3.3.1 Year of Accounts – 2009

The balances relating to 10 transactions totalling Rs. 403,789,846 as at 31 December 2009 could not be satisfactorily vouched in audit, due to non-availability of Stock Registers, Physical Verification Reports, details of quotations, approvals and Registers of Fixed Assets for audit.

3.3.2 Year of Accounts – 2010

The following observations are made.

- (a) The respective financial institutions had deducted Turn Over Tax amounting to Rs. 1,097,620 from investment income of the investments belonging to the Federation for the year under review and previous years and remitted to the Department of Inland Revenue. Nevertheless action had not been taken to recover such amount.
- (b) The balances relating to 10 transactions totalling Rs. 231,451,701 as at 31 December 2010 could not be satisfactorily vouched in audit due to non – availability of Stock Registers, Goods Received Notes, bills, details of distribution of goods, details of quotations and Registers of Fixed Assets for audit.
- (c) The canteen of the Sri Lanka Football Federation had been leased out in the year 2007 and the lease period had been extended year by year for the same rate without calling quotations.
- (d) The suppliers had been selected for the supply of accommodation, food, travelling, sports kits, air tickets in respect of 27 tournaments and goods and services valued at Rs. 48,141,933 for 07 youth programmes in the year under review without following the Procurement Guidelines.
- (e) Two contracts valued at Rs.4,719,000 had been given to contractors without following the Procurement Guidelines.
- (f) The funds received by the Sri Lanka Football Federation from International Football Federation had been managed by the Sri Lanka branch of the International Football Federation. Several projects implemented and completed using these funds had been transferred to Sri Lanka Football Federation and the value of those amounted to Rs. 25,850,000. However, the documents relating to the project had not been furnished to audit.

3.3.3 Year of Accounts – 2011

The following observations are made.

- (a) The balances relating to 04 transactions totalling Rs. 1,323,336 as at 31 December 2011, could not be satisfactorily vouched in audit. due to non – availability of the details of quotations, receipts of goods and details of distributions for audit.
- (b) Out of the advances obtained in 27 instances the balance advance amounting to Rs. 1,483,820 had been retained in hand by the respective officers after completing the expected purpose and settled with delays ranging from 36 days to 100 days.
- (c) Even though a sum of Rs. 355,950 or 70 per cent of the contract value had been paid to a private institution on 30 June 2011 for purchase of sports kits, the relevant sports kits had not been supplied to Football Federation even up to February 2012.

- (d) The canteen of the Sri Lanka Football Federation had been leased out for a one year period in 2006 at a monthly rental of Rs. 45,000 without calling quotations and the contract had been extended yearly at the same amount. A separate electricity meter and a water meter had not been fixed for the canteen while the average monthly electricity bill and the water bill in the year 2011 (including the office) amounted to Rs. 190,286 and Rs. 16,584 respectively.
- (e) A loan scheme had not been followed to grant loans for the staff of the Federation, while loans amounting to Rs. 470,000 and Rs. 15,000 had been granted to a player and an employee recruited on contract basis respectively. However, without taking any action to recover the loans from respective parties the loans had been written off from the books.
- (f) Five officers had participated without an approval of the Ministry of Sports for the male tournament of AFC – U – 13 held in Iran in the year 2011.
- (g) Three hundred and forty one out dated footballs valued at Rs. 157,063 had been written off from the books due to non – utilisation at proper time.

3.4 Sri Lanka Rugby Association

3.4.1 Year of Accounts - 2010

The following observations are made

- (a) A sum of Rs.60,000 received from International Rugby Association had not been brought to account during the year.
- (b) Action had not been taken to recover a debtor balance amounting to Rs. 4,115,733 remaining for over one year period.
- (c) The balances relating to 04 transactions totalling Rs.4,551,814 as at 31 December 2010 could not be satisfactorily vouched in audit. due to non – availability of Stock Registers and Boards of Survey Reports, bills, details of issuing goods and Register of Fixed Assets for audit.

3.4.2 Year of Accounts - 2011

The following observations are made.

- (a) A sum of Rs. 910,612 had been paid to an external party for supply of food for Mini Rugby Carnival. Subsequently the expenses of Mini Rugby Carnival had been transferred to development expenditure by a journal entry to avoid exceed the estimated amount from the actual expenditure of Mini Rugby Carnival.
- (b) Proper actions had not been taken to recover the following receivable balance.
 - (i) Turnover Tax of Rs. 1,173,560 receivable from Department of Inland Revenue.
 - (ii) Sums of Rs. 7,586,000 receivable from International Rugby Association since the year 2009.
 - (iii) Advances totalling Rs. 300,050 receivable from Regional Rugby Associations during May to September 2011.

- (iv) Outstanding Balances of Rs. 22,348,013 for over the years between 01 and 04 years shown under other debtors.
- (c) A sum of Rs. 140,000 receivable from Ruhunu Rugby Association since the year 2010 had been shown under the balances receivable in the financial statements. But this balance had been transferred to Development expenditure during the year under review.
- (d) Goods and Services valued at Rs. 681,302 had been obtained without calling competitive quotations.
- (e) The balances relating to 04 transactions totalling Rs.47,721,166 as at 31 December 2011 could not be satisfactorily vouched in audit due to non – availability of quotations, confirmations of balances, approvals, estimates and the details of stocks receipts and issues
- (f) A stock of office equipment and sports equipment valued at Rs.231,630 and Rs.924,890 respectively had been purchased without calling competitive quotations.
- (g) Air tickets valued at Rs. 1,008,392 had been purchased from a private company contrary to the Public Finance Circular No. 431 of 28 April 2008.
- (h) A computer software package costing Rs.177,723 had been purchased from an outside person and a laptop computer also had been purchased to use that package but competitive quotations had not been invited thereon.
- (i) A sum of Rs. 518,124 had been paid as legal fees in respect of a case filed in the courts against the Rugby Association while the Association had not disclosed the details of the case in the financial statements.
- (j) Even though a sum of Rs. 1,527,875 had been paid as fees for foreign and local coaches, their appointment letters and the agreements signed with them were not furnished to audit.

3.5 Sri Lanka Athletic Association

Year of Accounts – 2012

The following observations are made

- (a) A Register of Fixed Assets had not been maintained.
- (b) Board of Surveys for the year 2012 had not been carried out.
- (c) Even though Property, Plant and Equipment had been re – valued in the year 2012, the reasons there for had not been furnished to audit.
- (d) Sports equipment valued at Rs. 4,446,424 and a stock of measuring equipment valued at Rs. 1,690,071 purchased during the year had been written off under recurrent expenditure.
- (e) A current account balance amounting to Rs. 9 million brought forward since 3 years had not been invested in an effective investment even during the year.

- (f) Advances amounting to Rs.429,016 remained brought forward since several years had not been settled up to 31 December 2012.

3.6 Sri Lanka Basket Ball Association – Year of Accounts – 2012

The following observations are made.

- (a) A sum of Rs.412,923 had been incurred for expenses of foreign coach by the Association without an agreement between the Association and the Coach.
- (b) A sum of Rs.300,000 given by the Department of Sports Development to the Association for the purchases of sports equipment required for the coaching of the players of the pool qualified in the 12th South Asian Tour had been incurred for the expenses of the foreign Coach without the approval of the Department.

3.7 Apprentice Yacht Sailing Association

Year of Accounts – 2012

Hundred and three Yachts and 16 Boats belonging to the Association had not been brought to account and a sum of Rs.823,275 had been incurred for repairs of the 16 Yacht Sailing Boats during the year 2012.

3.8 Apprentice Yacht Sailing Association

Year of Accounts – 2012

The following observations are made.

- (a) The value of the Property, Plant and Equipment amounting to Rs.18,968,844 could not be ascertained in audit due to non – maintenance of a Register of Fixed Assets Properly by the Association.
- (b) The provisions for employees gratuity had not been made in terms of the Sri Lanka Accounting Standards 19.
- (c) Even though the lease agreement relating to the land obtained from the Colombo Municipal Council on the lease basis for a period of 25 years in the year 1958 by the Association had elapsed by 30 September 1983, action had not been taken to renew it. Similarly the provisions for lease instalments amounting to Rs.13,995,200 had not been made.
- (d) Due to non – conducting of Board of Surveys as at 31 December 2012 it could not be satisfied in audit on the value of the stock shown in the financial statements as at that date.

3.9 Weight Lifting Association

Year of Accounts – 2012

Even though sports equipment had been purchased by spending Rs.1,411,200 out of Rs.1,500,000 given to the Association by the Department of Sports Development for purchase of Weight Lifting Equipment, the balance amount of Rs. 88,800 had not been returned to the Department of Sports Development.

3.10 Billiard and Snooker Association

Year of Accounts – 2012

The following observations are made.

- (a) The property, Plant and Equipment had been again revalued in the year 2009 but the report was not furnished to audit. Therefore it could not be satisfied in audit in respect of the accuracy and the completeness of the revaluation process and the accounting.
- (b) Due to non - conducting of physical verification in respect of Property, Plant and Equipment during the year, their physical existence could not be established in audit.
- (c) Due to non – maintenance of the Register of Fixed Assets together with the dates of the receipt of assets or the dates of the purchases by the Association, the accuracy and the completeness of the provision for depreciation could not be established in audit.

3.11 National Rifle Association

Year of Accounts – 2012

The following observations are made.

- (a) Provisions for depreciation had not been made for the fixed assets in the year 2012.
- (b) A Register of Fixed Assets had not been maintained for the fixed assets valued at Rs.4,369,317.
- (c) Provisions for bad and doubtful debts had not been made for the debtors outstanding for over 02 years amounting to Rs.434,289.
- (d) Action had not been taken to settle the creditors balances remained for over 03 years amounting to Rs.728,341.
- (e) Balances relating to 04 transactions totalling Rs.1,399,634 as at 31 December 2012, could not be satisfactorily vouched in audit due to non – availability of stock verification reports, stock ledger and the balance confirmations for audit

3.12 Sri Lanka Horse Riders Association

Year of Accounts – 2012

The following observations are made.

- (a) A sum of Rs.90,000 received as scouts fees had been entered in the ledger as Rs.20,000.
- (b) Bank Reconciliations for the months of April to December 2012 had not been prepared.
- (c) The balances relating to 04 transactions totalling Rs.1,558,296 as at 31 December 2012, could not be satisfactorily vouched in audit, due to non – availability of the documents relating to the deaths of horses, approvals for the grants and the balance confirmations.
- (d) A budget for the year 2012 had not been prepared by the Association.

3.13 Sri Lanka Cricket - Year of Accounts – 2012

(a) Accounting Policies

According to the Notes 2.5.1.2 to the financial statements the policy for the identification of the income of the matches in the statement of income only for the period of completing of such matches. However, contrary to that, the Sri Lanka Cricket had written off the losses of the Sri Lanka Cricket Matches in the preceding years amounting to Rs.46,017,086 against the income for the year under review.

(b) Accounting Deficiencies

The following observations are made.

- (i) Sri Lanka Cricket had not maintained a Register of Fixed Assets since its beginning, while the cost of the fixed assets as at 31 December 2012 amounted to Rs.8,985,468,081. Further, action had not been taken to revalue the fully depreciated fixed assets which are still being used by the management.
- (ii) The Sri Lanka Cricket had capitalized the value of the newly constructed Suriyawewa Cricket Stadium, the refurbishment cost of the Pallekele Cricket Stadium, and the value of the leasehold of R.Premadasa Cricket Stadium amounting to Rs.4,282,971,011 Rs.1,243,418,241 and Rs.1,657,258,697 respectively during the year 2012 and the cost incurred for additional works of Suriyawewa, Pallekele and R.Premadasa Stadiums amounting to Rs.2,774,076 Rs.4,793,215 and Rs.54,686,368 respectively during the year 2012. Nevertheless, the provisions for depreciation had not been made in the accounts for the years 2011 and 2012.
- (iii) The capital work-in-progress of the Welagedara Stadium and the Moratuwa Stadium amounting to Rs. 33,804,033 and Rs.1,347,789 shown in the accounts since the year 2009 had remained without being settled.
- (iv) Even though the construction works of Pallekele Stadium, R.Premadasa Stadium and the Galle Cricket Stadium had been completed during the year under review, the cost incurred thereon aggregating Rs.16,027,367 had not been capitalized. Further a sum of Rs.4,920,510 out of that amount had been shown as construction advances.
- (v) A sum of Rs.72,066,353 was payable to the Ceylon Electricity Board for hiring generators in April 2011 by the Sri Lanka Cricket. The Sri Lanka Cricket had settled the outstanding balance of Rs.61,790,680 by handing over two generators valued at same amount. However, the value of the generators had not been eliminated from the books of accounts by the Sri Lanka Cricket.
- (vi) Settlement of Personal expenditure amounting to Rs.364,153 through credit cards had erroneously been charged against the income instead of being recovered from the officers responsible.
- (viii) The ticket sales income amounting to Rs.702,525 recoverable from Galle Cricket Club in respect of England Tour in Sri Lanka held in the year under review had not been brought to account and action had not been taken to recover the outstanding balance by Sri Lanka Cricket even by 20 February 2013.

(c) Unexplained Differences

The following observations are made.

- (i) A difference of Rs.4,744,610 was revealed between the income shown in the statement of income and the income disclosed for the Nation Building Tax.
- (ii) A difference of Rs.452,785 was observed between the Tournament Advances ledger balance and the balances of the schedules.

(d) Suspense Accounts

The balance of the suspense account as at 31 December 2012 amounted to Rs.286,193. However, this balance had arrived after passing unidentified debit entries amounting to Rs.4,185,008 and unidentified credit entries amounting to Rs.4,471,201.

(e) Accounts Receivable and Payable

The following observations are made.

- (i) As the Nation Building Tax had been paid on non-deductable input tax against the output tax it was unable to carry forward for succeeding years as receivables. The recoverability of the Nation Building Tax (NBT) shown in the financial statements as receivable as at 31 December 2012 amounting to Rs.3,454,092 is in doubt.
- (ii) The Entertainment Tax paid on unsold tickets should be recovered within 30 days after the tournament held, in terms of the Section 06 of the Entertainment Tax (Amendment) Act No 37 of 1984. However, the recoverability of Entertainment Tax paid to Local Authorities on unsold tickets amounting to Rs.13,152,146 is doubt as the claims had not been submitted within the specified time.
- (iii) Out of the total outstanding construction advances of Rs.25,624,201 as at 31 December 2012, the outstanding advances for over one year amounted to Rs.19,401,697. However, Sri Lanka Cricket had not taken action to settle these advances.
- (iv) Out of the total outstanding tournament advances and other advances as at 31 December 2012 amounting to Rs.46,945,084 and Rs.11,888,139 the outstanding advances for over one year amounted to Rs.42,861,949 and Rs.8,352,209 respectively. However, Sri Lanka Cricket had not taken action to recover the outstanding advances.
- (v) Even though the other debtors totalling Rs.3,071,704 were outstanding for a period from one year to four years, the Sri Lanka Cricket had not taken action to recover the outstanding debts.
- (vi) Even though the receivable amounts from Foreign Cricket Control Boards and Sponsorships as at 31 December 2012 amounted to Rs.20,481,888 and Rs.39,016,026 respectively the outstanding balances for the period from 01 year to 04 years amounted to Rs. 19,362,587 and Rs.13,167,589 respectively.
- (vii) Out of the tournament fees of Rs.23,353,656 payable to the players as at 31 December 2012, the fees outstanding for a period ranging from 3 years to five years amounted to Rs.403,628. However, the Sri Lanka Cricket had not taken action to settle or clear those balances even up to 31 March 2013.

- (viii) Out of the total trade balance payable as at 31 December 2012 amounting to Rs.65,650,372 the balances outstanding for a period ranging from 01 year to 04 years amounted to Rs.56,862,411.
- (ix) Out of the total sponsorship payable as at 31 December 2012 amounting to Rs.33,873,499 the balance remained outstanding for a period ranging from 01 year to 05 years amounted to Rs.1,319,018.
- (x) According to the Chief Executive Officer’s letter dated 17 October 2011, the amount payable to Sugathadasa National Sports Complex Authority amounted to Rs.25,753,845. However, this amount had not been brought to accounts.
- (xi) The Sri Lanka Cricket had written off the receivables amounting to Rs.74,901,760 and Rs.242,465,738 as bad debts on the recommendation of the Executive Committee during the years 2011 and 2012 without taking adequate measures to recover the dues from respective parties.

(f) Lack of Evidence for Audit

The balances relating to transactions in 06 instances totalling Rs.20,188,735,106 as at 31 December 2012 could not be satisfactorily vouched in audit due to non – availability of Register of Fixed Assets, Physical Verification Reports of the Assets, Detailed schedules and balance confirmations to audit.

(g) Non – compliance with Laws, Rules, Regulations and Management Decisions

Instances of non – compliance observed during the course of audit in the year under review are given below.

Reference to Laws, Rules and Regulations

Non - compliance

- | ----- | ----- |
|---|---|
| (i) Section 23 of the Value Added Tax No.14 of 2002 | The Sri Lanka Cricket had brought to account the Value Added Tax on the cash basis instead of accrual basis without obtaining the approval from the Department of Inland Revenue. |
| (ii) Section 9(2) of the Employees Provident Fund (Amendment) Act.No. 01 of 1985 and Section 17(1) of the Employees Trust Fund Act.No 46 of 1980. | The contributions to the Employees Provident Fund and to the Employees Trust Fund had been computed by the Sri Lanka Cricket on the basic salary of the employees instead of total earnings as specified in the Acts. |
| (iii) National Procurement Agency Circular No. NPA 08 of 25 January 2006 – Government Procurement Guidelines. | The Sri Lanka Cricket had not followed the Procurement Guidelines for the Procurements made during the year under review. |

(h) Transactions not Supported by Adequate Authority.

The Sri Lanka Cricket had granted petty cash imprests ranging from Rs.5,000 to Rs.250,000 for various parties without laid down petty cash imprest limits and without approval. Further, due to non – availability of Advance Registers, it was unable to verify the settlement of advances in audit.

(i) National Team Clothing Sponsorships Contract Income 2009-2012

The following observations are made.

(i) According to the 4.1 of the contract agreement signed by the Sri Lanka Cricket with the National Team and the Clothing Sponsor on 30 April 2009, the Sri Lanka Cricket had not taken action to collect Royalty fees on due dates. As a result the sponsor had delayed the payments amounting to Rs.7,403,500 and Rs.9,328,750 by 23 days and 60 days respectively.

(ii) According to the Section 4.2 of the above agreement it was required to pay on Replica Clothing Sales by the sponsor within 14 days after completion of each quarter. However, the invoices relating to the period from 30 June 2009 to 30 June 2011 had been issued only on 23 September 2011. Accordingly the sponsor had settled the dues totalling Rs.4,179,158 with delays ranging from 286 days to 1016 days. Further, the Sri Lanka Cricket had not issued invoices for last two quarters of 2011 and first quarter of 2012 even by 31 March 2013.

(j) National Team Clothing Sponsorship Contract- 2012 - 2015

The following observations are made.

(i) The International Competitive Bidding Procedure should be required in selection of contractors in terms of the Guideline 3.1.4 of the Procurement Guidelines. However, action had not been taken when inviting bids on 05 February 2012 for selection of contractors relating to the above contract. Further, adequate bidding time had not been given to submit bids to the bidders in terms of the Guideline 6.2.2 of the Procurement Guidelines and only one bid had been received.

(ii) The sponsor had agreed to pay USD 230,000 for a period of 3 years and the Sri Lanka Cricket had agreed to pay 10 per cent of the fees to the consultancy firm who furnished the bids on behalf of the company. The Sri Lanka Cricket had failed to sign an agreement even by June 2012. Further, a bid security and a bank guarantee had not been obtained by Sri Lanka Cricket when inviting bids. Subsequently the sponsor had cancelled the bid on 21 June 2012 unilaterally.

(iii) The invoice valued at USD 44,166.66 issued on 21 August 2012 for the Branding Exposure for Reebok on Player Clothing by the Head of Finance had been cancelled on the instructions of Head of Marketing, given on 21 December 2012 and a new invoice had been issued to the value of USD 19,166.66 on 21 December 2012 by the Head of Finance. However, the acceptable reasons had not been furnished to audit in respect of cancellation of the original invoice and issuing of new invoice.

(iv) The Sri Lanka Cricket had requested the sponsor to pay a sum of Rs.2,383,566 as “Additional Branding Exposure” for the period from 01 April 2012 to 31 July 2012. However, the payments had not been made by the sponsor even by 20 February 2013

and the Sri Lanka Cricket had not taken adequate measures to recover the additional payments.

(k) Calling Re – bids for National Team Clothing Sponsorship Contract -2012 - 2015

The following observations are made.

- (i) The Sri Lanka Cricket had called re-bids for the National Team Sponsorships on 24 June 2012 for the period of 03 years commencing from 01 August 2012, and the closing date for bidding was 04 July 2012. Accordingly two bids had been received on 04 July 2012. However, the Sri Lanka Cricket had failed to call International Competitive Bids for the selection of contractors for National Team Clothing Sponsorship in terms of Guideline 3.1.4 of the National Procurement Guidelines.
- (ii) The contract was awarded to the highest bidder who quoted for the maximum price of Rs.63,000,000 for the period of 03 years commencing from 01 August 2012 without obtaining the Technical Evaluation Committee Report. This bid included amount comprised Rs.50,000,000 worth of clothes and Royalty fees valued at Rs.13,000,000. However, the rates and the quantity of clothing items to be provided by the sponsor under above contract period had not been obtained by the Sri Lanka Cricket and the quantity and the value of the clothing items received during the year had not been brought to account by the Sri Lanka Cricket. Further the Sri Lanka Cricket had failed to enter into an agreement with the sponsor even by 20 February 2013.
- (iii) Even though the invoices for Rs.6,000,000 had been issued by the Sri Lanka Cricket on 10 September 2012, a sum of Rs.5,100,000 only had been paid by the sponsor on 17 October 2012, while remaining balance had not been recovered even by 31 January 2013.
- (iv) The Royalty fees quoted by Reebok under the National Team Clothing Sponsorship Contract of 2012-2015 amounted to USD 215,000. However, the bid had been cancelled unilaterally by the sponsor on 21 June 2012 due to poor procurement management of the Sri Lanka Cricket . As a result, Sri Lanka Cricket had called re-bids for said contract and new sponsor had submitted a bid proposal for royalty fee of USD 104,000 (Conversion Rate USD 1=LKR 125). Finally an estimated loss of USD 111,000 had been incurred by the Sri Lanka Cricket due to not signing the agreement with the Reebok who submitted first bid.

(l) Termination of Employment Contract and the Legal Proceedings

The following observations are made.

- (i) Even though the Sri Lanka Cricket had recruited a National Head Coach for a two years period commencing from 01 October 2011, such employment contract had been terminated unilaterally with effect from 25 January 2012 by Sri Lanka Cricket. The case filed by the Coach on 18 July 2012 claiming USD 250,000 from the employer was pending for the verdict and a new Coach had been recruited for the Sri Lanka National Team commencing from 25 January 2012.
- (ii) The Sri Lanka Cricket had recruited a Chief Security Officer for a period of 10 months commencing from 01 February 2012. Subsequently the Sri Lanka Cricket had cancelled such employment contract unilaterally before completing the contract period. The case filed by the Chief Security Officer in the Labour Tribunal claiming a

damage of Rs.50,000,000 from the employer for the loss had not finalized even by 31 March 2013.

- (iii) Two outside parties had claimed damage totalling Rs.46,968,918 from Sri Lanka Cricket as the Sri Lanka Cricket had breached the agreements unilaterally. On the other hand the Sri Lanka Cricket had claimed damage totalling Rs.351,300,000 from the such outside parties on the view of that they had breached the agreements.
- (iv) Legal fees amounting to Rs.836,890 and Rs.7,162,630 had been spent by the Sri Lanka Cricket in respect of the court cases filed by outside parties against the Sri Lanka Cricket and the courts cases filed by Sri Lanka Cricket against the outside parties respectively.

(m) Operating Review

The following observations are made.

- (i) Even though the District Coach had resigned from the service on 10 October 2012, a sum of Rs.99,174 had been paid as salaries for the months of October and November 2012 by the Sri Lanka Cricket. However, action had not been taken by the Sri Lanka Cricket to recover the overpaid salaries.
- (ii) A sum of Rs.2,554,609 had been provided by the Sponsor on 17 December 2010 to the Sri Lanka Cricket in order to establish a Fund for “In Aid of Cricket for Children Initiate” under the Indian International Film Academy (IIFA) Charity Cricket Match held in 2010. However, these funds had not been invested in a separate account for enabling to achieve the objectives of the fund.
- (iii) An assignment had been given by the Sri Lanka Cricket to a private audit firm to update the Register of Fixed Assets from 2009 at a contract amount of Rs.850,000 on 25 August 2009. Subsequently a sum of Rs.342,720 had been paid as an advance on 04 August 2011 by the Sri Lanka Cricket. However, Register of Fixed Assets had not been updated by such accounting firm even by 20 January 2013.
- (iv) Sri Lanka Cricket had not maintained a Register of cheques properly and 90 cheques valued at Rs.4,379,998 had been retained in hand without handing over to the respective parties as at 31 December 2012.

(n) Sri Lanka Premier League (SLPL) – 2012

The following observation are made.

- (i) In terms of 5(9) of the agreement signed on 05 May 2012 between the Sri Lanka Cricket and the sponsor, the sponsor had agreed to pay USD 300,000 as sponsorship fees for the Sri Lanka Premier League 2012. However the sponsor had paid only USD 210,000 while the balance USD 90,000 had remained without being recovered even as at 20 February 2013.
- (ii) In terms of 9.2 of Franchise agreement signed on 05 May 2012 between Sri Lanka Cricket and the sponsor, the ground hiring charges should be paid within 10 days after the last match played by the teams. However, the Sri Lanka Cricket had failed to recover the ground hiring charges aggregating Rs.1,249,528 from two franchises even as at 20 February 2013.

- (iii) A clause relating to penalty on delayed payments had not been included in the agreement entered on 05 May 2012 between sponsor and Sri Lanka Cricket. As a result the outstanding balance on sale of balls from 4 franchises amounting to Rs.2,889,129 had remained without being recovered even by 20 February 2013.
 - (iv) The Sri Lanka Cricket and Somerset Entertainment Ventures (Private) Limited Company had entered into agreements on 13 October 2013 and 05 May 2012 (amended) in respect of Sri Lanka Premier League (SLPL). However, no provision had been included in respect of surcharge on sponsorships, delayed payments and way of bearing the legal fees on preparation of agreements. As a result entire amount spent as legal fees in respect of preparation of agreements amounting to Rs.12,210,000 had been incurred by the Sri Lanka Cricket.
- (o) Consultant Fees–Rs12,902,250 and Other Expenses – Rs.2,507,462

The Sri Lanka Cricket had hired a Special Advisor for a period of 3 ½ months commencing from 15 July 2012 to help the Board to revamp domestic cricket structure and to improve administration of the cricket in the country. The following observations are made in this connection.

- (i) A sum of Rs.789,671 had been incurred for the period from 17 to 22 November 2012 as cost of air tickets, hotel accomadations, daily allowance and visa fees by Sri Lanka Cricket and a sum of Rs.163,671 had been reimbursed to the Consultant as air ticket expenses on 04 July 2014 without obtaining the approval from the executive committee. Further it was revealed that such payments had been made before commencement of the agreement.
 - (ii) According to the clause 3.2 of the agreement, the professional time and the service were expected to require approximately 25 days of committed time from the consultancy during the terms of the contract. This was included three sessions of circa 5 days to 10 days each in Sri Lanka. However, only 21 days had been stayed in Sri Lanka including the travelling days, while agreed fees in terms of the agreement had been paid.
- (p) International Television Rights

The Sri Lanka Cricket had awarded International Television Broadcasting Rights to a sponsor on 22 January 2009 for a period of 3 years for a sum of USD 67,874,000 without following the Circular No.08 of the Procurement Agency dated 25 January 2006 The following observations are made in this connection.

- (i) According to the agreement, total income receivable from the sponsor for a period of 3 years amounted to USD 67,874,000. However a sum of USD 41,468,167 only had been received by the Sri Lanka Cricket. while a sum of USD 26,405,833 had remained without being recovered due to that the Sri Lanka Cricket had included certain matches in the agreement which were not included in the future Tour Programmes of the International Cricket Council.
- (ii) Three tours had not been included in the agreement for the year 2012. Therefore the rates fixed for previous years had been considered for the year 2012 as well.
- (iii) According to the Section 4.1.1 of the agreement 50 per cent of the agreed amount should be collected within 30 days prior to the commencement of the tour. However,

the sponsor had delayed payment totalling USD 8,023,583 for a period ranging from 09 days to 20 days.

- (iv) According to the Section 4.1.2 of the agreement, 35 per cent of the agreed amount should be collected in the commencement of the tour. However, the sponsor had delayed payments totalling USD 5,616,508 from 12 days to 43 days.
 - (v) According to the Section 4.1.3 of the agreement, 15 per cent of the agreed amount should be collected within 07 days prior to end of the tour. However, the sponsor had delayed the payment totalling USD 2,407,075 from 17 days to 75 days and the sponsor had not settled sponsorship fees of USD 54,750 even by 20 February 2013 relating to Newsealand tour.
 - (vi) It was observed in audit that a clause relating to the penalty on delayed payments had not been included in the agreement entered into between Sri Lanka Cricket and the Sponsor. Hence due to poor management of the Sri Lanka Cricket, the sponsor had delayed the payments unnecessarily and it was negatively affected to the cash flows of the Sri Lanka Cricket.
- (q) Television Broadcasting Rights

The Sri Lanka Cricket had awarded Television Broadcasting Rights on 22 March 2012 to a private company for the 3 years period commencing from 01 March 2012 for a sum of Rs.125,000,000. The following observations are made in this connection.

- (i) The main income source of the Sri Lanka Cricket is Television Broadcasting Income. Nevertheless in inviting for bids to select a sponsor for the Television Broadcasting Rights the Sri Lanka Cricket had published a small advertisement on 05 February 2012 without giving adequate publicity, in terms of the Guidelines 3.2 and 6.2.2 of the Procurement Guidelines. As a result the Sri Lanka Cricket had received only one bid. Further no adequate time had been given to the bidders for submit their bids in terms of Guideline 6.2.2 of the Procurement Guidelines.
- (ii) In terms of Guideline 2.14.1 of the Procurement Guidelines, if the contract value is more than Rs.50 million it should be referred to the Ministry Tender Board. However, the particular tender had been approved by the Executive Committee of the Sri Lanka Cricket on 05 April 2012 without obtaining the recommendation of the Technical Evaluation Committee and the Sri Lanka Cricket had failed to obtain bid security and the bank guarantee when signing the agreement.
- (iii) According to the Section 3.4.1 of the agreement, 25 per cent of the agreed amount should be collected before starting the matches. However, the sponsor had delayed payments totalling Rs.17,050,000 from 8 days to 183 days due to poor management of the Sri Lanka Cricket.
- (iv) According to the Section 3.4.2 of the agreement, 25 per cent of the agreed amount should be collected before completing the matches. However, the sponsor had delayed payments totalling Rs.12,812,500 from 11 days to 176 days due to poor management of the Sri Lanka Cricket.
- (v) According to the Section 3.1.2 of the agreement, the total agreed amount should be collected within 30 days before end of the matches. However, the sponsor had delayed payments totalling Rs.14,100,000 from 45 days to 176 days due to poor management of the Sri Lanka Cricket.

(vi) A clause relating to penalty on delayed payments had not been included in the agreement signed between the Sri Lanka Cricket and the sponsor and Sri Lanka Cricket had not taken proper action to issue invoices before due dates of payments. Therefore the sponsor had taken his own time to settle such amounts.

(r) Local Matches – 2012

The Sri Lanka Cricket had estimated an income of Rs.255.26 million from 22 matches during the year under review and the actual income had exceeded by 23 per cent to 413 per cent. Further the “Umpire Fees,” and “Match Refrees Fees” had not been included in the estimates and a sum of Rs.16,542,507 had been paid as “Umpire Fees” and “Match Refrees Fees” for 16 matches by the Sri Lanka Cricket. However, the Rates of “Umpire Fees” and “Match Refrees Fees” and details of payments were not made available for audit.

(s) Beer Selling Sponsorship Rights

The following observations are made in respect of Beer Selling Rights agreement signed between the Sri Lanka Cricket and the Sponsor for a period of 3 years.

(i) The Sri Lanka Cricket had failed to follow the National Procurement Guidelines issued on 25 January 2006 in selecting and awarding the Beer Selling rights. Further it was revealed that a clause relating to penalty for delayed payments had not been included in the agreement entered.

(ii) According to the clause 2.2 of the agreement, it was required to pay a sum of Rs.1,800,000 on 01 March 2012 by the sponsor when signing agreement. However, the sponsor had made payments only on 13 January 2013 with a delay of 319 days.

(iii) According to the clause 2.3 and 2.4 of the agreement, it was required to pay a sum of Rs.500,000 within 3 days prior to the commencement of the International Test Matches and International One day Matches and Rs.400,000 in respect of T20 Match. In addition to that the sponsor had agreed to pay a sum of Rs.1,500,000 for each Test Match between England vs Sri Lanka. However, timely action had not been taken by the Sri Lanka Cricket to recover the fees from the sponsor.

(iv) Even though the agreed amount should be collected within 3 days prior to the commencement of the matches, the sponsor had delayed payments totalling Rs.9,800,000 from 3 to 51 days.

(v) Even though the Newzealand Tour had been held during the period from 30 October 2012 to 29 November 2012, a sum of Rs.3,300,000 had remained without being recovered as at 20 February 2013.

(t) Maintenance of Dambulla International Cricket Ground

The Sri Lanka Cricket had spent approximately Rs.700 million for the construction of above ground in a leasehold land in the year 2012 and paid annual lease rental of Rs.340,000. The Sri Lanka Cricket had spent a sum of Rs.7,556,447 (excluding salaries) for the maintenance of the ground and had provided Rs.49,864,346 for the depreciation in the year under review. However, a sum of Rs.1,199,033 had only been earned during the year under review by hiring the ground. Further, the Sri Lanka Cricket had hired two cricket grounds in Colombo at a rent

of Rs.4,477,552 and Rs.3,185,535 for International Cricket Matches held in Sri Lanka during the years 2011 and 2012 respectively, while the reasons for non-utilizing of the above grounds for International Cricket Matches were not made available for audit.

(u) Transactions of Contentious Nature

The following observations are made.

- (i) The Sri Lanka Cricket Souvenir Shop had been leased out for a period of 3 years commencing from 01 June 2009 at a quarterly rental of Rs.150,000. According to the agreement, the lessee had agreed to pay rentals before commencement of each quarter. However, lessee had paid lease rentals on 09 June 2011 for the period 06 June 2009 to 31 August 2011 amounting to Rs.1,744,250 with a delay of 24 months while no charge whatsoever had been recovered for such delayed payments.
- (ii) Contrary to the clause 9 of the Agreement signed between Sri Lanka Cricket and the lessee, the Sri Lanka Cricket had re-leased the Souvenir Shop to the said lessee at a quarterly rental of Rs.240,000 for the period of 01 June 2012 to 31 December 2012. As a result, the Sri Lanka Cricket had lost one month rental amounting to Rs.80,000. Further a clause relating to date of payment of lease rental had not been included in the Memorandum of Understanding. Accordingly the lessee had delayed the quarterly payment up to two to four months and the Sri Lanka Cricket had allowed the above party to run the Souvenir Shop without extending the period mentioned in the Memorandum of Understanding.

(v) Contract Administration

The following observations are made.

- (i) No evidence were made available for audit to ascertain whether the Sri Lanka Cricket had followed the Procurement Guidelines in awarding construction works valued at Rs.39,886,726 to 07 contractors. Further, it was revealed that the prior approvals had not been given by the Executive Committee for the said construction works carried out during the year under review.
- (ii) The Sri Lanka Cricket had awarded tenders for the contractors without being considered the Bill of Quantities, Estimates, Specifications and the approvals of the Technical Evaluation Committee.
- (iii) The Sri Lanka Cricket had procured goods and services by issuing direct purchase orders to suppliers/contractors valued at Rs.1,928,112 during the year under review without calling tenders in 4 instances.
- (iv) Contrary to the Guideline 5.4.4 of the Procurement Guidelines in ten instances the Sri Lanka Cricket had paid advances totalling Rs.17,767,323 to the contractors which consisting of 25 per cent to 75 per cent of contractual amount of each contract.

(w) Human Resource Management

Cadre Position

There was no approved cadre for the Sri Lanka Cricket and the actual cadre position for the year under review and preceding two years are given below.

Category **Number of Employees as at 31 December**

	Permanent			Contract			Total		
	2012	2011	2010	2012	2011	2010	2012	2011	2010
Management	04	01	03	63	48	56	67	49	59
Executive	07	09	09	61	55	86	68	64	95
Clerical and Others	12	14	15	72	74	98	84	88	113
Total	23	24	27	196	177	240	219	201	267

(x) Recruitments and Maintenance of Personal Files

The following observations are made.

- (i) Sri Lanka Cricket had recruited the staff without being followed the provisions of the Scheme of Recruitment prepared by the Sri Lanka Institute of Development Administration in the year 2010 at a cost of Rs.1,460,000.
- (ii) Sri Lanka Cricket had recruited officers on 01 June 2012 for the posts of Confidential Secretary and the Media and Communication Manager, who were not having the required educational qualifications and the experience. Further both applicants had submitted their applications with a delay of 01 day to 13 days after the closing date of the applications.
- (iii) A person aged 69 years had been recruited as Manager – Security and Anti-corruption for a one year contract period on 01 September 2012 without considering the required qualifications. Further his application should have been forwarded to the Chief Executive Officer of the Sri Lanka Cricket on or before 31 May 2012. Nevertheless the application had been forwarded on 14 June 2012 to Secretary, T-20 World Cup Office.
- (iv) Twenty four Provincial and District Coaches had been recruited on 15 May 2012 for a period of 02 years. However, bio-data of 5 coaches had not been furnished to audit.

Accordingly it was unable to ascertain in audit whether the Coaches were having required qualifications.

- (v) Certified copies of the Educational Certificates and the Birth Certificates were not made available in their personal files in respect of 33 officers recruited on contract basis during the year under review.

(y) Good Governance and Accountability

The following observations are made.

- (i) Instead of establishment of separate internal audit unit to carry out internal audits in Sri Lanka Cricket, the audit had been assigned to a institute involved in audit profession since 12 July 2012 but no internal audit report whatsoever had been furnished to the Auditor General.
- (ii) The Sri Lanka Cricket had failed to establish an Audit and Management Committee and to conduct the meetings at least once in 3 months in terms of the paragraph 7.4.1 of the Public Enterprises Circular No. PED/12 of 02 June 2003.
- (iii) A Master Procurement Plan and a Procurement Plan for the year 2012 had not been prepared by the Sri Lanka Cricket in terms of paragraph 4.2.1 of the National Procurement Guidelines No.08 of 25 January 2006.

3.14 Presentation of Accounts by the Sports Societies

All Sports Associations should furnish the Annual Statement of Accounts to a qualified audit firm appointed by the Auditor General and it should be furnished to the Auditor General before 28 February of subsequent year in terms of the Sports (Amendment) Act No. 47 of 1993. Nevertheless the final accounts relating to the year 2012 had not been furnished to the Auditor General by 12 Sports Associations even by 31 December 2013.