

Report of the Auditor General on Head 219 – Department of Sports Development - Year 2016

Head-219 The audit of the Appropriation Account, and the Reconciliation Statements including the financial records, books, registers and other records of the Department of Sports Development for the year ended 31 December 2016 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 22 December 2017. The audit observations, comments and findings on the accounts and 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 Responsibilities 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, Revenue Account and the 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, 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. Accounts

2.1 Appropriation Account

Total Provision and Expenditure

The total net recurrent provision made for the Department amounted to Rs.2,811.70 million and out of that Rs.2,013.47 million had been utilized by the end of the year under review. Accordingly, the savings out of the net provisions of the Department amounted to Rs.798.23 million or 28.39 per cent of the net recurrent provisions. Details appear below.

Expenditure	As at 31 December 2016			Savings as a percentage of Net Provisions
	Net Provision	Utilization	Savings	
	Rs. Millions	Rs. Millions	Rs. Millions	
Recurrent	727.30	706.84	20.46	2.81
Capital	2,084.40	1,306.63	777.77	37.31
Total	2,811.70	2,013.47	798.23	28.39

2.2. Advances to Public Officers Accounts

Limits Authorized by Parliament

The limits authorized by Parliament for the Advances to Public Officers Account of the Department under Item No.21901 and the actual amounts are given below.

Expenditure		Receipts		Debit Balance	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions
11.00	10.69	6.00	8.41	32.00	30.08

2.3. Imprest Account

The balances of the Imprest Account No. 7002/0000/00/0301/0016/000 of the Department of Sports Development as at 31 December 2016 totalled Rs. 12,910.

2.4. General Deposit Account

The balances of the General Deposit Account No. 6000/0000/00/0016/0088/000 of the Department as at 31 December 2016 totalled Rs. 176.81 million.

2:5 Audit Observation

According to the Financial Records and Books for the year ended 31 December 2016, it was observed that subject to the audit observations appearing in paragraph 1.1 of the Management Audit Report, the Appropriation Account and the Reconciliation Statements of the Department of Sports Development have been prepared satisfactorily. The material and important observations out of the observations included in those Management Audit Reports appear in paragraph 3 herein.

3. Material and Significant Audit Observations

3.1 Non-maintenance of Registers and Books

It was observed during audit test checks that the Department had not updated the Record of Liabilities while the other following registers had not been maintained.

Type of Register	Relevant Regulation
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(i) Register of Fixed Assets	Treasury Circular No.842 Dated 19 December 1978.
(ii) Register of Fixed Assets on Computer, Accessories and Software	Treasury Circular No.IAI/2002/02 dated 28 November 2002.
(iii) Security Register	Financial Regulation 891 (1)
(iv) Inventory of Electrical Fittings.	Financial Regulation 454 (2)
(v) Record of Liabilities	Financial Regulation 214

3.2 Appropriation Account

The following observations are made.

- (a) Total net provisions amounting to Rs.3,200,000 made for 03 Capital Objects had been saved.

- (b) Savings after the utilization of 05 Recurrent Objects and 04 Capital Objects had ranged from 10 per cent to 74 per cent of the net provision made for the relevant Objects.

3.3 General Deposit Account

The following observations are made.

- (a) Action in terms of Financial Regulations 571 had not been taken in respect of 123 deposits totalled Rs.83 million older than 02 years.
- (c) The name of the institution only had been stated in short form relating to the contract deposits of Rs.75 million within the period from the year 2011 to August 2014 and action in terms of Financial Regulations 569 (2) had not been taken in this connection.

3.4 Reconciliation Statement on the Advances to Public Officers Account

The following deficiencies were observed during the course of audit test checks of the Reconciliation Statement as at 31 December 2016 relating to the Advances to Public Officers Account Item No. 21901.

- (a) According to the Reconciliation Statement presented to audit, the balances that remained outstanding as at that date totalled Rs. 1,715,710 and the follow-up action on the recovery of that outstanding balances had been at a weak level.
- (b) A difference of Rs.548,538 was observed between the balance of the Control Account and the individual balances classification summary of the Department during the year under review.

3.5 Assets Management

The following observations are made.

- (a) Conduct of Annual Board of Survey
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In terms of the Public Finance Circular No.02/2014 dated 17 October 2014, the Annual Board of Survey for the year 2016 should be conducted and the report thereof should be furnished to the Auditor General before 17 March 2017. Nevertheless, the Department had not completed the Annual Board of Survey of 17 Sports Training Centres in the District Secretariats even by 31 July 2017.

(b) Idle or Underutilized Assets

The Department had purchased 2,000 T-shirts at a cost of Rs.1,554,000 at Rs.777 each as an urgent purchase from a private institution for the inauguration ceremony of Sports Skills Programme. Nevertheless, 1,494 of the above T-shirts valued at Rs.1,160,838 had remained idle in the stores without being distributed even by 31 March 2018.

3.6 Non-compliance

Non-compliance with Laws, Rules and Regulations.

Instances of non-compliance with laws, rules and regulations observed in audit test checks are analyzed below.

Reference to Laws, Rules and Regulations etc.

Non-compliance

(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka

(i) Financial Regulation 751

All the stores received by the Department must be entered in the Inventory Book, whereas two Netball Posts valued at Rs.180,000 had not been entered in the Inventory.

(ii) Financial Regulation 880

The officers who should give security according to the Public Officers (Security) Ordinance had not taken action to give security.

(iii) Financial Regulation 1646

Daily Running Charts and the Monthly Summary Reports of the pool vehicles of the Department had not been furnished to the Auditor General within the due periods.

(b) Section 2.2.11 of the Public Administration Circular No.41/90 dated 10 October 1990

Although the fuel consumption should be tested once in every 06 months, action had not been taken accordingly.

- (c) Section 07 (a) of the Public Finance Circular No. M.F./01/2015/01 dated 15 May 2015. When making payment for an allowance relating to proceeding abroad or reimbursement of expenditure, it should be brought to account as an expenditure. Nevertheless, the payment of Rs.4,811,042 made relating to the officers' proceeding abroad for attending the 12th Asian Game conducted in the year 2016 had been entered in the accounts of the year 2017 without being accounted for the year under review.

3.7 Performance

- (a) Observations of the projects proposed to be implemented according to the budget,2016 and the progress thereof are as follows.
- (i) In order to develop infrastructure facilities, plans had been drawn to implement 74 projects by estimated provision of Rs.1,348 million. Nevertheless, only 54 projects of the above projects had been completed by the end of the year under review and the works of 20 projects had not been completed.
 - (ii) Plans had been drawn to set up District, Provincial and National pools by obtaining estimated provision of Rs.60 million for the Kreedha Shakthi Programme. Nevertheless, 48 sports pools only had been set up by spending Rs.7.5 million during the year 2016. The remaining amount had been spent for the National Sports Festival without being used for the intended purpose.
- (b) Key Functions not Executed Adequately

There were instances where the key functions of the Department had not been executed adequately and several instances so revealed are given below.

- (i) According to the Cabinet Memorandum No.2011/14 dated 06 July 2011 titled “ Construction of Provincial and District Sports Complexes for the Development of Sports Infrastructure Facilities ” , it had been expected to construct 09 well-equipped sports complexes in the 09 provinces during the period from 2013 to 2014. Nevertheless, it had not been possible to achieve the above objective.
- (ii) Under the project of the Construction of Sports Complexes, a sum of Rs. 172 million and Rs.324 million had been estimated respectively for the construction of the North-Central Province Sports Complex at Anuradhapura town and the North Province Sports Complex at Killinochchi town. Even though the estimated

cost of the pavilion of the North-Central Province Sports Complex was Rs.50 million, a sum of Rs.124 million had been spent only for the construction of the above pavilion. Due to lack of provisions, constructions had been initiated while combining the provisions of the two Provincial Sports Complexes. Although the constructions of the Sports Complex at Anuradhapura had been completed, it had not been possible to construct the playground and the Cricket stadium of the Killinochchiya Sports Complex.

3.8 Deficiencies in Operating Bank Accounts

Balances to be Adjusted

According to the detail of the adjustment indicated in the bank reconciliation statement prepared by the Department of Sports Development for the month of December 2016, the particulars on the transactions required to be so adjusted are given below.

- (a) Action in terms of Financial Regulation 396 (d) had not been taken on 10 cheques valued at Rs.66,764 which had been issued but not presented for payments.
- (b) Unidentified receipts of Rs.912,395 credited to the bank account and unidentified payments of Rs.903,769 debited to the bank account had not been identified and made adjustments in the accounts during the year under review.

3.9 Uneconomic Transaction

The particulars of transactions entered into devoid of economy revealed during the course of test checks are given below.

- (a) Four hundred and seventy seven competitors and 288 officers had participated in the 12th Asian Games conducted in India, However, it had been informed by the Letter dated 18 March 2016 of the General Secretary of the National Olympic Committee that the number of officers to be attended this sports game should be 30 per cent of the competitors. Accordingly, maximum of 143 officers should have been participated in, whereas totally 228 officers had attended the sports games. It was therefore observed that 145 officers had attended the sports games contrary to the aforesaid letter.
- (b) Of the amount granted to the National Olympic Committee by the Department of Sports Development in respect of the 12th Asian Games conducted in February 2016 in India, balance of Rs.6,878,916 had not been returned to the Department even by 31 March 2018.

3.10 Irregular Transactions

Deviating from the Government Procurement Guidelines

- (a) The following deficiencies were observed during the course of audit test check carried out on the equipment and T-shirts purchased for the implementation of Sports Skills Project.
- (i) In order to purchase 942 stopwatches under the shopping method, the supplier who had presented the minimum bid had been informed to supply the stopwatches at Rs.3,750 each. Nevertheless, the supplier had supplied 908 stopwatches at Rs.9,500 each and a sum of Rs.8,626,000 had been paid therefor on 30 December 2016. Accordingly, the Department had sustained a loss of Rs.5,221,000.
 - (ii) According to the plan of the implementation of Sports Skills Training Project, plans had been drawn to purchase 1884 light missiles for 314 training centres at 6 light missiles per training centre. Two suppliers had presented bids for that purpose and the approval of the Procurement Committee had not been given for the first supplier. Nevertheless, both suppliers had been issued purchasing orders and as such the first supplier had supplied 1872 light missiles at Rs.4,950 each while the second supplier had supplied 1884 light missiles at Rs.2,270 each. Any payment had not been made to the supplier who had supplied light missiles at Rs.4,950 even up to 31 March 2018 and that 1872 missiles had been retained in the stores even by 31 March 2018.
 - (iii) In the purchase of 15 items of sports equipment valued at Rs.53,488,234 for the Sports Skills Project, the following deviations from the Government Procurement Guidelines were observed.
 - Appropriate and sufficient specifications had not been determined for 15 items of goods purchased for the Sports Skills Project as required by Guideline 5.6.1 (a) of the Government Procurement Guidelines.
 - According to Guideline 2.5.1 (f) of the Government Procurement Guidelines, the supplier should be selected after reviewing the report and the recommendations of the Technical Evaluation Committee. Nevertheless, in the purchase of stopwatches valued at Rs.8,626,000 and light missiles valued at Rs.9,266,400, the Procurement Committee had selected the supplier before obtaining the recommendations of the Technical Evaluation Committee.
- (b) Although the procurement process should be planned efficiently in terms of Guideline 4 of the Government Procurement Guidelines, purchases valued at Rs.26,812,548 made by 18 payment vouchers had not been included in the Procurement Plan.

3.11 Management Weaknesses

For the construction of Torrington Netball Court , the contractor had not been selected through open invitation of bids. In order to get that work done by the Land Reclamation and Development Company functioning under the purview of the Ministry of Megapolice and Western Province Development, additional amount of Rs.22.8 million had been spent than the estimated amount of Rs.8.3 million. This construction had been carried out deviating from the International Netball Rules.

3.12 Human Resources Management

Approved Cadre and Actual Cadre

The position of the cadre as at 31 December 2016 had been as follows.

	Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies	Excess
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(i)	Senior Level	15	09	06	-
(ii)	Tertiary Level	23	22	01	-
(iii)	Secondary Level	234	168	66	-
(iv)	Primary Level	52	42	10	-
(v)	Other (Casual/Temporary/ Contract basis)	-	02	-	02
	Total	324	243	83	02
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