

National Sports Fund – 2012

1. Financial Statements

1.1 Qualified Opinion

In my opinion, except for the effects of the matters described in paragraph 2.2 of this report, the financial statements give a true and fair view of the financial position of the National Sports Fund as at 31 December 2012 and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Comments on Financial Statements

1.2.1 Lack of Evidence for Audit

The following observations are made.

- (a) A certificate or a statement of details of expenditure was not made available in the following instances, regarding the utilization of funds for respective purpose.

Sports Association	Payment Details	Amount
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		Rs.
Football Federation	Mahinda Rajapaksha Football Tournament	3,202,250
Sri Lanka Rugby Football Association	For obtaining the service of International Physiotherapist.	1,250,000
Athletic Association	Luncheon	750,000

- (b) Even though a sum of Rs.800,000 had been paid to Sri Lanka Netball Association on 14 March 2012 by the Fund, a receipt therefor had not been obtained.

- (c) An Advance Register had not been maintained in respect of the following advances given by Sports Fund.

Details	Advance
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	Rs.
Deyata Kirula Volleyball Tournament	10,000
Deyata Kirula Cycling Race	20,000
Deyata Kirula Cycling Race	20,000

- (d) Forty Cricket Jersis valued at Rs.164,000 had been purchased from a private institution on 09 December 2012, by the Fund without calling quotations in terms of Guidelines 3.2 of Procurement Guidelines. But the objective of purchasing of respective Cricket Jersis and the details relevant to distribution/issues of such goods had not been furnished to audit.
- (e) A sum of Rs.1,500,000 had been given to Sri Lanka Cabbodie Federation for Cabbodie Tournament held concurrently to Deyata Kirula Exhibition by the Fund. According to the accounting records of the Cabbodie Federation the amount spent was Rs.1,025,000. However action had not been taken to obtain expenditure details, receipts and balance amount thereon.
- (f) At the rate of Rs.01 Million had been given to 4 sports societies for the Deyata Kirula Development Exhibition. But action had not been taken to obtain expenditure estimate thereon from respective societies and Department of Sports Development. Further a certificate or a statement of expenditure particulars regarding the funds utilization had not been obtained.

1.2.2 Non – Compliance with Laws, Rules, Regulations and Management Decisions.

Even though a Report on the Administration of the Fund should have prepared immediately as possible after the end of each year in terms of Section 25 (2) of the Sports Fund by the Secretary to the Ministry, such a report had not been prepared.

2. Financial Review

2.1 Financial Results

According to the financial statements presented, the operations of the fund for the year under review had resulted in a surplus of Rs.19,923,798 as compared with the corresponding surplus of Rs.1,104,303. As compared with the preceding year, an improvement of Rs.18,819,495 in the financial result of the year 2012 was shown due to increase of income by a sum of Rs.9,156,061 and the decrease of expenditure by a sum of Rs.18,819,495.

3. Operating Review

3.1 Performance

The main objectives of the Fund are encourage of sports, and improvement and development of sports of Sri Lanka, but a Corporate plan and an Action Plan had not been prepared and implemented thereon. At present the working of the fund is limited only to give a certain sum on a request made by sports societies and persons for a sports activity was observed.

3.2 Management Inefficiencies

Sums more than Rs.03 million had been retained in the current account throughout the year, without investing in an effective investment.

4. Accountability and Good Governance

4.1 Budgetary Control

The following observations are made.

- (a) The budget of the Sports Fund for the year 2012 had been approved on 20 December 2011, but the revised budget had been approved only on 28 December 2012.
- (b) Provisions had not been made for “Deyata Kirula Development Exhibition” when preparing in budget.
- (c) Significant variances were observed between the budgeted expenditure and the actual expenditure, thus indicating that the budget had not been made use of as an effective instrument of management control.

5. Systems and Controls

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

- (a) Budgetary Control
- (b) Utilization of Funds