

AUDITED FINANCIAL STATEMENTS
OF
NATIONAL SPORTS COMMISSION

FOR THE YEAR ENDED
31 DECEMBER 2011

AUDITORS: THE AUDIT OFFICE OF GUYANA
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA

AUDITED FINANCIAL STATEMENTS OF
NATIONAL SPORTS COMMISSION
FOR THE YEAR ENDED 31 DECEMBER 2011

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Audit Office of Guyana

P.O. Box 1002, 63 High Street, Kingston, Georgetown, Guyana

Tel: 592-225-7592, Fax: 592-226-7257, <http://www.audit.org.gy>

305/SL: 22/2/2013

3 October 2013

Mr. Neendkumar JP, MP
Director of Sports
National Sports Commission
91 Middle Street
Georgetown

Dear Mr. Neendkumar,

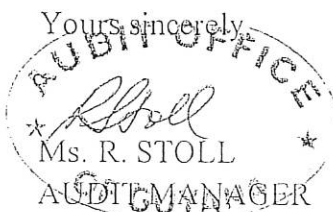
RE: AUDIT OF THE FINANCIAL STATEMENTS
OF NATIONAL SPORTS COMMISSION
FOR THE YEAR ENDED 31 DECEMBER 2011

We wish to inform you that the above-mentioned audit has been completed. Accordingly, we are pleased to forward a copy of the audited financial statements, together with the Audit Opinion and Management Letter thereon.

Should you need any clarification or explanation, please do not hesitate to let us know.

With kind regards.

Yours sincerely,


Ms. R. STOLL
AUDIT MANAGER

cc: Mr. Alfred King
Permanent Secretary
Ministry of Culture



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AG: 128/2013

2 October 2013

REPORT OF THE AUDITOR GENERAL
TO THE MEMBERS OF NATIONAL SPORTS COMMISSION
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

I have audited the accompanying financial statements of National Sports Commission which comprise of the balance sheet as at 31 December 2011, the income and expenditure account and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information. The audit was conducted in accordance with the Audit Act 2004.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing issued by the International Federation of Accountants (IFAC), and those of the International Organization of Supreme Audit Institutions (INTOSAI). Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements give a true and fair view, in all material respects, of the balance sheet of National Sports Commission as at 31 December 2011, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and National Sports Commission Act 39:14.

Emphasis of Matter

Without qualifying my opinion I draw your attention to capital expenditure in the financial year 2011 that was expended by Ministry of Culture Youth and Sports for National Sports Commission and which is not in keeping with National Sports Commission Act 39:14 Section 11:3 (b) which states "the duties of the Director of Sports shall include responsibility for managing the funds as directed by the Commission, and preparing quarterly financial reports and accounts for presentation at meetings of the Commission."



AUDIT OFFICE OF GUYANA
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA

NATIONAL SPORTS COMMISSION
BALANCE SHEET AS AT DECEMBER 31,2011

2010	FIXED ASSETS	NOTE	2011
48,000,000	Land	9	48,000,000
773,635,556	Building	9	1,025,949,029
375,348	Car Park	9	300,278
5,139,546	Motor Vehicle	9	4,111,637
950,801	Office Equipment	9	3,198,190
399,846	Furniture & Fixtures	9	319,877
828,501,096			1,081,879,011
CURRENTS ASSETS			
1,148,890	Cash at Bank		9,811,337
1,148,890			9,811,337
Less: CURRENT LIABILITIES			
5,463,319	Accruals	10	1,855,255
<u>(4,314,429)</u>	Net Current Assets		<u>7,956,082</u>
824,186,667	TOTAL ASSETS		1,089,835,093
Finance By:			
844,399,145	Capital	11	1,097,777,060
(20,212,478)	Accumulated Surplus/(Deficit)	12	(7,941,967)
<u>824,186,667</u>			<u>1,089,835,093</u>

.....
 Neendkumar JP,MP
 Director of Sport

.....
 R Sukhia
 Finance Officer

NATIONAL SPORTS COMMISSION
INCOME & EXPENDITURE ACCOUNT
FOR THE YEAR ENDING DECEMBER 31, 2011

INCOME		NOTE	AMOUNT
2010			2011
33,608,204	Government Subvention - Employment Costs	4	35,040,491
65,783,964	Government Subvention - Other Charges	5	82,364,997
1,961,000	Rental Fees	6	1,351,800
4,418,828	Other Income	7	29,646,094
<u>105,771,996</u>			<u>148,403,382</u>
EXPENDITURE			
41,338,185	Employment Costs		42,389,285
5,145,754	Field Materials and Supplies		6,956,247
5,448,947	Office Materials and Supplies		4,638,066
987,520	Print and Non Print Materials		1,185,171
2,624,158	Fuel and Lubricants		2,720,652
12,008,546	Maintenance of Buildings		12,349,254
2,642,549	Janitorial and Cleaning Supplies		3,519,737
2,202,416	Maintenance of Other Infrastructure		4,632,400
3,245,444	Local Travel and Subsistence		4,832,498
718,331	Overseas Conferences and Official Visits		-
1,109,597	Vehicle Spares and Services		1,380,907
187,000	Other Transport Charges		251,000
1,237,657	Telephone Charges		1,230,671
31,718	Electricity Charges		106,531
6,553,718	Security Charges		11,061,089
413,480	Equipment Charges		201,700
204,160	Cleaning and Extermination Services		486,736
1,967,973	Other Goods and Services Purchased		2,198,205
8,739,774	National and Other Events		7,930,586
3,816,119	Refreshments and Meals		2,282,383
286,870	Other Operating Expenses		-
4,378,308	Grants		3,704,928
160,000	Security Deposits Refund		95,000
10,825	Bank Charges		33,495
366,991	Provision for Assets Write Off		-
13,011,352	Depreciation Charges	9	21,946,330
<u>118,837,392</u>			<u>136,132,871</u>
<u>(13,065,396)</u>	Surplus/(Deficit)		<u>12,270,511</u>

National Sports Commission
Cash flow Statement
for the year ended December 31,2011

\$ 2010		\$ 2011
	<u>OPERATING ACTIVITIES</u>	
99,392,168	Cash receipts from Government Subventions	117,405,488
1,961,000	Cash receipts as Rental	1,351,800
4,418,828	Cash receipts as Other Income	7,699,764
(41,338,185)	Cash paid for Employment Costs	(42,389,285)
(58,590,909)	Cash paid to Suppliers	(75,405,320)
(5,463,319)	Accrued Security Charges	-
<u>379,583</u>	Cash flow from Operating Activities	<u>8,662,447</u>
	<u>INVESTING ACTIVITIES</u>	
(392,499,948)	Maintenance of Buildings	(263,804,919)
(272,528)	Purchase of Office Equipment	(2,775,545)
(116,330)	Purchase of Furniture & Fixtures	-
-	Purchase of Sports Gears	(8,743,781)
<u>(392,888,806)</u>	Cash flow from Investing Activities	<u>(275,324,245)</u>
	<u>FINANCING ACTIVITIES</u>	
392,888,806	Capital Subvention	275,324,245
<u>392,888,806</u>	Cash flow from Financing Activities	<u>275,324,245</u>
379,583	Total Cash Flow	8,662,447
769,307	Beginning Cash	1,148,890
<u>1,148,890</u>	Closing Cash	<u>9,811,337</u>

NATIONAL SPORTS COMMISSION
NOTES TO THE ACCOUNT

1. The National Sports Commission was established by Cabinet, Act #23/1993 and is Programme 4 of the Ministry of Culture, Youth & Sport. The Commission consists of the Chairman Mr. C K Plummer, the Chief Executive Officer, Mr. Neendkumar (Director of Sports) and ten (10) Members that acts as the Advisory Body to the Minister. Its Mission Statement is to enrich the lives of all Guyanese through organized sport.

The Commission works along closely with all Sports Associations, Clubs, Athletes, individuals etc and organises events in all Sports disciplines in all the Regions of the Guyana so that every person will get the chance of being involved either just playing a friendly game or representing Guyana at the International level.

2. The Financial Statement are prepared in accordance with the International Financial Reporting Standards.

3. Accounting Policies

(a) The Financial statements have been prepared under the historical cost convention modified by the revaluation of assets.

(b) Depreciation of fixed asset is charged in the year of acquisition but not in the year of disposal. No provision is made for Land. Depreciation is calculated on the reducing balance basis to write off assets over their estimated life as follows:

Land	0%
Building	5%
Car Park	20%
Motor Vehicle	20%
Office Equipment	20%
Furniture & Fixtures	20%

4. Government Subvention – Employment Costs

The sum of thirty five million and forty thousand, four hundred and ninety one dollars (\$35,040,491) was allocated to the National Sports Commission to offset the payment of Employment Costs.

5. Government Subvention – Other Charges

The sum of eighty two million, three hundred and sixty four thousand, nine hundred and ninety seven dollars (\$82,364,997) was allocated to the National Sports Commission to offset the payment of Other Charges.

6. Rental Fees

The amount of **one million, three hundred and fifty one thousand, eight hundred dollars (\$1,351,800)** was received as Rental Fees for the Cliff Anderson Sports Hall (CASH) and the National Gymnasium.

Cliff Anderson Sports Hall (CASH) -	\$1,091,800
National Gymnasium -	<u>\$260,000</u>
Total -	<u>\$1,351,800</u>

7. Other Income

The sum of **twenty nine million, six hundred and forty six thousand, and ninety four dollars (\$29,646,094)** was received as Other Income. The following is a breakdown:

Refund of Advances -	\$3,286,324
Payment for Cash Staff Salaries -	\$2,594,512
Contributions -	\$1,818,928
Deferred Income -	<u>\$21,946,330</u>
Total	<u>\$29,646,094</u>

8. Government Subvention Capital

The sum of **two hundred and seventy five million, three hundred and twenty four thousand, two hundred and forty five dollars (\$275,324,245)** was received as Capital Subvention. This amount was expended by the Ministry of Culture, Youth & Sport. The following is a breakdown:

Buildings:

National Gymnasium	\$2,939,328
Cliff Anderson Sports Hall	\$12,044,540
National Aquatic Centre	\$46,760,740
Colgrain Pool	\$160,000
National Synthetic Track	\$201,900,311

Office Equipment	\$2,775,545
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Sports Gears	<u>\$8,743,781</u>
Total	<u>\$275,324,245</u>

9.National Sports Commission

Depreciation of Asset

Year 2011

PROPERTY AND EQUIPMENT

Cost	Land GS000	Buildings GS000	Car Park GS000	Motor Vehicles GS000	Office Equipment GS000	Furniture & Fixtures GS000	Sports Gears GS000	2011 Total GS000
Balance at 1 January 2011	48,000	773,635	375	5,140	951	400	-	828,501
Additions	-	263,805	-	-	2,775	-	8,744	275,324
Disposals	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Balance at 31 December 2011	48,000	1,037,440	375	5,140	3,726	400	8,744	1,103,825
Depreciation								
Balance at 1 January 2011	-	-	-	-	-	-	-	-
Charge for the year	-	11,491	75	1,028	528	80	8,744	21,946
Write back on disposal	-	-	-	-	-	-	-	-
Balance at 31 December 2011	-	11,491	75	1,028	528	80	8,744	21,946
Net Book Values								
Balance at 31 December 2011	48,000	1,025,949	300	4,112	3,198	320	-	1,081,879

10. Accruals

The sum of one million, eight hundred and fifty five thousand, two hundred and fifty five dollars (\$1,855,255) represents amount owing to Brans Security Service for security services rendered at the Cliff Anderson Sports Hall, National Gymnasium and Colgrain Pool for the Years 2009 and 2010.

Outstanding for the Year 2007	\$1,786,215	
Outstanding for the Year 2008	\$792,882	
Outstanding for the Year 2009	\$1,821,849	
Outstanding for the Year 2010	<u>\$1,062,373</u>	
Total Owed		\$5,463,319
Less: Payment made for 2007 Security	\$1,786,215	
Less: Payment made for 2008 Security	\$792,882	
Less: Payment made for 2009 Security	<u>\$1,028,967</u>	
Total Payments		<u>\$3,608,064</u>
Total Accruals		<u>\$1,855,255</u>

11. Amortization of Capital Subvention

The sum of one billion, and ninety seven million, seven hundred and seventy seven thousand and sixty dollars (\$1,097,777,060) represents Capital Subvention after amortization. The following is a breakdown:

Capital as at 2010	\$844,399,145
Add Capital received as at 2011	<u>\$275,324,245</u>
Total Capital 2011	\$1,119,723,390
Less Amortization of Capital 2011	<u>(\$21,946,330)</u>
Capital 2011	<u>\$1,097,777,060</u>

12. Accumulated Surplus/ (Deficit)

The sum of seven million, nine hundred and forty one thousand, nine hundred and sixty seven dollars (-\$7,941,967) represents Accumulated Surplus/ (Deficit). The following is a breakdown:

Accumulated Surplus/ (Deficit) at 2010	(\$20,212,478)
Add: Surplus 2011	<u>\$12,270,511</u>
Accumulated Surplus/ (Deficit) at 2011	<u>(\$7,941,967)</u>

13. Prior Year Adjustments

Capital 2010

Capital as at 2010	\$986,102,949
Less: Adjustment to Surplus/Deficit 2002 – 2010	<u>(\$141,703,804)</u>
Adjusted Capital as at 2010	<u>\$844,399,145</u>

Accumulated Surplus/Deficit 2010

Accumulated Surplus/Deficit 2010	(\$161,916,282)
Adjustment to Surplus/Deficit 2002 – 2010	<u>(\$141,703,804)</u>
Surplus/Deficit Adjusted 2010	<u>..(\$20,212,478)</u>



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154/SL: 22/2/2013

2 October 2013

Mr. Neendkumar
Director
National Sports Commission
Middle Street
Georgetown.

Dear Mr. Neendkumar,

AUDIT OF THE FINANCIAL STATEMENTS OF NATIONAL SPORTS COMMISSION FOR THE YEAR ENDING 31 DECEMBER 2011

Following the audit of the financial statements of National Sports Commission (NSC) for the year ending 31 December 2011, the findings arising from the audit are forwarded for your comments and appropriate action.

2. The audit was conducted in accordance with Generally Accepted Auditing Standards, including those of the International Organisation of Supreme Audit Institutions (INTOSAI) and the International Standards on Auditing, issued by the International Federation of Accountants (IFAC). These standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements were free of material misstatements.

3. The main purpose of the audit was to express an opinion on the financial statements and evaluate the operations of NSC to ascertain whether.

- (i) The financial statements were properly prepared, in accordance with applicable law, and properly present the operations and affairs of NSC;
- (ii) The accounts were faithfully and properly kept;
- (iii) The rules, procedures and internal management controls were sufficient to secure effective control on the assessment, collection, and proper allocation of revenue;
- (iv) All monies expended and charged to the accounts were applied to the purpose or purposes for which they were intended; and
- (v) Essential records were maintained, and the internal management controls, rules and procedures established and applied were sufficient to safeguard the control of stores and other property.

Findings

Income

4. During the period under review, the amount of \$148.403M was reflected as total income. Included in this figure are amounts totalling \$117.405M which represented subventions appropriated by Parliament for the efficient running of National Sports Commission through the Ministry of Culture while \$30.998M was received from Rental fees and other income. The amounts were verified as having been properly brought to account in the records of the Commission.

Expenditure

5. An examination of the payment vouchers revealed that the Ministry took corrective action since the Ministry of Culture no longer utilised funds on behalf of the Commission. Previously, the Ministry expended sums appropriated as subvention on behalf of the National Sports Commission which was in contravention of the National Sports Commission Act Section 11:3 (b) which states "the duties of the Director of Sports shall include responsibility for managing the funds as directed by the Commission, and preparing quarterly financial reports and accounts for presentation at meetings of the Commission."

6. Amounts totalling \$136.133M were expended on employment costs, utility charges, fuel and lubricants, security and other charges by the Commission during the year under review.

7. The capital subvention appropriated by Parliament for the National Sports Commission for the period under review to meet capital expenditure was expended by the Ministry of Culture Youth and Sports on behalf of the National Sports Commission and not by the Director of the Commission. This is in contravention of the National Sports Commission Act Section 11:3 (b) as stated above.

8. The accounting records maintained by NSC were cash book, bank statements and other related records. A general ledger which was required was not maintained for the period under review. As a result, alternative detailed checks had to be carried out thus making the audit examination difficult and time consuming. *Same?*

Recommendation: The Audit Office recommends that the Commission take stringent action to have the general ledger be put in place and maintained and properly preserved for audit purposes.

9. An examination of the Commission's Contract register for the period under review revealed that 72 contracts totalling \$14.246M were awarded. However, there was no evidence to indicate that the prescribed Tender Board procedures were adhered to for 47 contracts totalling \$10.797M which was awarded to one contractor for the weeding, cleaning, painting, rehabilitation and maintenance works for the National Sports Commission. *Same*

Recommendation: The Audit Office recommends that the Commission ensure strict adherence to the procedures of the Procurement Act (2003).

10. During the year under review, a total of ninety nine advances were issued according to the Advance register. However, audit examination revealed that twenty advances totalling \$1.192M were still outstanding up to the time of audit at 29 October 2012. There was also an apparent breakdown of internal controls since 34 advances totalling \$6.980M were issued, authorised and approved by the Director.

Recommendation: The Audit Office recommends that the Commission adhere to financial instructions when issuing advances.

General

11. The Audit Office wishes to express its gratitude for the cooperation given to its officers during the course of the audit. In keeping with the Audit Office's policy, a reply is expected within thirty (30) days of receipt of this management letter.

With kind regards.

Yours sincerely,

