



MINISTERIAL STATEMENT

TO THE SENATE

BY DR. THE HONOURABLE ERNEST G. PEETS, JP

MINISTER OF YOUTH, CULTURE AND SPORT

ON THE NATIONAL SPORTS CENTRE AUDITS 2012 to 2015

3rd March 2021

Madam President, today I wish to table the National Sports Centre's annual reports and audited financial statements for the fiscal years ending March 2012 to 2015.

Madam President, Section 12(3) of the National Sports Centre Trustees Act 1988 (The Act), requires the Trustees to cause proper accounts to be kept relating to their operations, and for these accounts to be audited by the Auditor General.

The Trustees are further required to provide a report to the Minister on the performance of their functions during that year, which must be laid before each House of the Legislature,

together with the audited financial statements and the Auditor's report.

Madam President, As is evident today, the National Sports Centre (NSC) has been delinquent in this duty since 2011. The problem has persisted across multiple Boards and under both Government administrations. The current Trustees, management and I concur wholeheartedly that this is an unacceptable situation and I can provide full assurance that the current NSC Trustees and management have been working actively for over a year to get their accounts and audits current.

Madam President, It is my understanding that the audit for the year ending 31 March 2011 was completed on time, however the audit for the year ending 31 March 2012 was not completed until 14 May 2018. The OAG offered a number of observations in relation to the affairs of the Trustees and the handling of this statutory obligation at that time, including:

- Deficiencies in accounting for tangible assets
- Inadequate supporting documentation presenting opportunity for fraud or misappropriation

- Lack of reconciliations of capital project spending to the financial statements
- No written capitalization policy
- Lack of contracts for part-time employees
- Lack of a documented procurement process
- Lack of annual budget vs. actuals
- Trustees operating in a management role rather than in a governance role

Madam President, The Trustees offered responses to the observations, so as to satisfy the OAG that the finances of the NSC would meet the necessary accounting standards and allow for clean audits in the future. After setting a timeline to have 2013 financial statements prepared and ready for audit, the Trustees worked with the OAG representatives to provide documentation as requested.

Madam President, I'm sorry to report that this process became increasingly difficult to accomplish due to the fact that the documents were housed in Stadium Cottage (the original administration office) that had deteriorated to a state of disrepair. Unfortunately, many of the files were ruined due to

water damage and mold in the vacant building. The facilities team recovered as many of the files and documents that they could and have since placed them in a secure temperature controlled location. Stadium Cottage was subsequently demolished last year.

In January 2019, Minister Foggo replaced most of the Trustees. With the objective of getting all audits up to date the new Board of Trustees engaged the services of Expertise Limited (in July 2019) to provide assistance with preparing financial statements for the purposes of completing the mandated audits for the years 2014 through 2019 as well as providing financial management oversight for the daily operations. The terms of the agreement include:

- Review General Ledger to determine adjustments to comply with Public Sector Accounting Standards
- Prepare draft financial statements
- Prepare audit schedules and other supporting documentation as requested by the OAG
- Liaise with OAG to clear queries
- Develop and document policies and procedures pursuant to OAG recommendations

Madam President, Since engaging Expertise the NSC has collaborated with the Auditor General to secure the completion of the 2013, 2014 and 2015 audits, which are laid before this Honourable chamber today. Further, the NSC have presented draft financial statements for the fiscal year ending 31 March 2016 to the Auditor. There continue to be some delays due to information gathering issues but the NSC team, with the technical support of Expertise, have worked closely with the Office of the Auditor General (OAG) to provide the requested information.

Madam President, The NSC is working with Expertise to address the observations outlined in the 2012 audit. The most pressing of those observations - Deficiencies in accounting for tangible assets – unfortunately cannot be solved satisfactorily as many of the documents relating to the Aquatics Centre construction project have been destroyed. This will impact the ability for the Trustees to secure future clean audits from the OAG. The team has spent a considerable amount of time and money trying to solve this problem before the decision was made to accept defeat on this issue and move forward.

Madam President, as indicated, the NSC have presented draft financial statements for the fiscal year ending 31 March 2016. This audit is currently underway and will be laid before both Houses of Legislature upon completion.

Madam President, In the interim, NSC have continued to prepare financial statements and supporting schedules for the remaining audits for fiscal years ending 2017 to 2020; with the aim of being ready to commence these audits at the OAG's convenience.

Madam President, the NSC is fully committed to meeting the statutory requirement as prescribed in Section 12 of the Act and become fully compliant and transparent in the reporting of its operations and accounts.

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