

Sri Lanka Rugby Football Union - 2015

The audit of financial statements of the Sri Lanka Rugby Football Union for the year ended 31 December 2015 comprising the statement of financial position as at 31 December 2015 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information was carried out under my direction in pursuance of provisions in Article 154(3) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 9 of the Sports (Amendment) Act, No. 47 of 1993. My comments and observations on the above financial statements appear in this report.

1.2 Responsibility of the Management Committee for the Financial Statements

The Management Committee is responsible for the preparation and fair presentation of these financial statements in accordance with Generally Accepted Accounting Principles and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

1.3 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 Sri Lanka Auditing Standards. 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 misstatements.

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 Union'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 Union's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management.

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

1.4 Basis for Qualified Opinion

My opinion is qualified based on the matters described in paragraph 2.2 of this report.

2. Financial Statements

2.1 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 Sri Lanka Rugby Football Union as at 31 December 2015 and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

2.2 Comments on Financial Statements

2.2.1 Accounting Deficiencies

Provisions in the financial statements for the audit fees relating to the year under review had not been made.

2.2.2 Lack of Evidence for Audit

The manner in which the calculation of the gratuity expenses amounted to Rs.500,000 according to the Financial Statements of the Union had not been presented to the audit, thus the accuracy therein could not be established.

2.3 Transactions not Supported by Adequate Authority

A case had been filed for the personal name in the Supreme Court by a staff member of the Union for obtaining an injunction for prevention of being appointed a person who has borne posts once in a National Association for the election for office bearers of Sports Associations . A legal charges of Rs.1,450,000 for that case had been incurred by the Fund of the Union.

3 Financial Review

3.1 Financial Results

According to the financial statements presented, the financial results for the year ended 31 December 2015 had been a deficit of Rs.5,482,636 as against the surplus of Rs.47,311,516 for the preceding year, thus indicating a deterioration of Rs.52,794,152 in the financial result of the year under review as compared with the preceding year. Increase of the direct expenses of the tournament by Rs.57,425,892 had mainly attributed to this deterioration in the financial result.

4. Operating Review

4.1 Performance

Provisions of Rs.7,950,000 had been made for the year 2015 by the International Rugby Association for the improvement of the Rugby in Sri Lanka at a divisional level. Out of this provisions, a sum of Rs.4,690,500 or 59 per cent had been saved and non-availability of a measure required for the implementation of this Programme successfully had been the main reason attributed for that .

5. Accountability and Good Governance

5.1 Presentation of Financial Statements

Even though according to the Sports (Amendment) Act, No. 47 of 1993, the financial statements of the year under review should be furnished to the Auditor General before 31 March 2016, the financial statements had been furnished on 02 November 2016.

6. Systems and Controls

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

Areas of Systems and Controls

Observations

(a) Accounting

Provisions had not been made properly for the expenses.

(b) Financial Management

Funds had not been utilized for the achievement of the relevant objectives.