

## **Sri Lanka Badminton Association – 2015**

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The audit of financial statements of the Sri Lanka Badminton Association for the year ended 31 December 2015 comprise the statement of financial position as at 31 December 2015 and the statement of comprehensive income, statement of changes in Cumulative Fund 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 observations in respect of the activities of the Association in the year under review which I consider should be presented to the Parliament in terms of Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka appear in this report.

### **1.2 Responsibility of the Executive Committee for the Financial Statements**

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The Executive 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 Executive Committee 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**

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My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Accounting 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 risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Association's preparation and fair presentation of 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 Association's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements.

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**

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

## **2. Financial Statements**

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### **2.1 Qualified Opinion**

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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 Badminton Association 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**

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#### **2.2.1 Accounting Policies**

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Even though depreciation of computer accessories at a cost of Rs.233,490 which has been used at present and purchased 4 years before had been completed at the beginning of the year under review, an accounting policy had not been identified for the adjustment of depreciations by made relevant re –assessments.

#### **2.2.2 Accounting Deficiencies**

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According to the audit test check, receivables totalling Rs.118,500 by 06 receipts had been omitted from the accounts.

#### **2.2.3 Lack of Evidence for Audit**

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The evidences stated against the following transactions and account balances had not been presented to audit.

Description	Value	Evidences not made Available
	Rs.	
Unsettled opening balances Payable -2011 (Credit)	409,039	Letters of Confirmation
Unsettled opening balances Payable -2012 (Credit))	470,039	
Previous payments	210,953	
Receivables	56,600	Receipts from No.10301 to 10350
Loan instalments receivable	421,500	Receipts
Receivables from the Department of Sports Development	2,872,751	Receipts and Letters of Confirmation

### **3. Financial Review**

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#### **3.1 Financial Results**

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According to the financial statements presented, the operations of the Sri Lanka Badminton Association for the year ended 31 December 2015 had resulted in a surplus of Rs.251,803 as against the deficit of Rs.2,887,233 for the preceding year, thus indicating a improvement of Rs. 3,139,036 in the financial results. Even though the income had been decreased by Rs.14,656,757, decrease of the direct expenses by Rs.16,391,505 was the main reason attributed for this improvement

### **4. Accountability and Good Governance**

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#### **4.1 Presentation of Financial Statements**

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Even though the financial statements and the Draft Annual Report should be prepared and presented to the Auditor General and the copies therein to the relevant Ministry and the Department of Public Enterprises of the General Treasury within 60 days after the close of the financial year in terms of Section 6.5.1 of the Public Enterprises Circular No.PED/12 of 02 June 2003, the financial statements of the Sri Lanka Badminton Association for the year under review had been presented to the Audit only on 02 March 2017, after a delay of one year.

#### **4.2 Action Plan**

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An Action Plan including the objectives and targets to be reached during the time period in terms of the Public Finance Circular No.01/2014 dated 17 February 2014 had not been prepared.

#### **4.3 Budgetary Control**

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Even though a Budget should be prepared for the effective financial control before the beginning of each financial year in terms of Section 5.2 of the Public Enterprises Circular No.PED/12 of 02 June 2003, the Association had not prepared a budget for the year under review.

#### **4.4 Internal Audit**

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An Internal Audit Division had not been established in terms of Financial Regulation 133 (1) (a) of the Democratic Socialist Republic of Sri Lanka.

## 5. **Systems and Controls**

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

### **Areas of Systems and Controls**

### **Observations**

(a) Accounting

Accounts had not been prepared in accordance with identifying the Accounting Policies.

(b) Budgetary Control

A budgetary system had not been prepared as able to achieve the expected objectives.

(c) Maintenance of Registers

Failure to prepare detailed schedules relating to Items of Accounts.