

Sri Lanka Anti- Doping Agency – 2016

The audit of financial statements of Sri Lanka Anti- Doping Agency for the year ended 31 December 2016 comprising the financial position as at 31 December 2016 statement of financial activities 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(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 13(1) of the Finance Act No.38 of 1971 and Section 30 of the Convention Against Doping in Sports Act, No.33 of 2013. My comments and observations which I consider should be published with the Annual Report of the Institution in terms of Section 14(2)(c) of the Finance Act appear in this report.

1.2 Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Public Sector Accounting Standards 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 consistent with International Auditing Standards of Supreme Audit Institutions (ISSAI 1000-1810). Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 Institution'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 Institution'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 the financial statements. Sub- sections (3) and (4) of the Section 13 of the Finance Act, No.38 of 1971 give discretionary powers to the Auditor General to determine the scope and extent of the Audit.

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

2. Financial Statements

2.1 Opinion

In my opinion, the financial statements give a true and fair view of the financial position of Sri Lanka Anti- Doping Agency as at 31 December 2016 and its financial performance and cash flows for the year ended in accordance with Sri Lanka Public Sector Accounting Standards.

2.2 Comments on Financial Statements

2.2.1 Sri Lanka Public Sector Accounting Standards

Even though revenue and expenses should not be offset unless it had been required or permitted by a Sri Lanka Public Sector Accounting Standard, the net value of Rs.78,609 had been stated in the financial statements by deducting those expenses from Animal Doping Investigation Revenue in calculating other revenue.

2.2.2 Accounting Deficiencies

Retention money amounting to Rs.5,756,250 payable to the contractor of the construction of the Head Office had been included in the Gratuity Provisions amounting to Rs.6,400,761 including in the statement of financial position.

2.3 Non- compliances with Laws, Rules, Regulations and Management Decisions

The following non- compliances with laws, rules, regulations and management decisions were observed.

Reference to Laws, Rules, Regulations and Non- compliances Management Decisions

- (a) Public Enterprises Circular No.PED/12 of
02 June 2003
- (i) Section 5.2.3

Even though the Budget of the Institution should be approved by the Board of Directors 03 months prior to the commencement of the Year of Accounts, the Budget of the year 2016 had been approved by the Board of Directors on 13 January 2016.

(ii) Section 4.2.6

Performance Reports had not been prepared on annual, half- year and on quarterly basis.

(b) Section (b) of the Public Finance Circular
No.03/2015 of 14 July 2015

- (i) Even though ad- hoc sub- imprests should be provided to Staff Grade Officers, 08 instances where sub- imprests totalling Rs.168,800 being paid even to non- Staff Grade Officers of the Sri Lanka Anti- Doping Agency were observed.
- (ii) Even though imprests should be settled by the Officer who obtained ad- hoc sub- imprests as soon as the function of which the imprests were obtained had been completed, 22 instances where delays within a period ranging from 10 to 31 days remained..

3. Financial Review

3.1 Financial Results

According to the financial statements presented, the operating result of the Institution for the year under review had resulted in a surplus of Rs.467,471 as compared with the corresponding surplus of Rs.95,000 for the preceding year, thus indicating an improvement of Rs.372,471 in the financial result in the year under review as compared with the preceding year. The increase of other income by a sum of Rs.372,471 had been the main reason for the above increase in the financial result.

In analyzing financial results of 02 preceding years and in the year under review, a deficit in the financial result had indicated in the year 2015 as compared with the year 2014 and the financial result had again indicated an improvement in the year under review. However, in adjusting personnel emoluments and depreciation for non- current assets again to the financial result, the surplus amounting to Rs.1,644,172 in the year 2014 had improved to a sum of Rs.7,566,478 in the year 2015 and it had been a sum of Rs.7,263,316 in the year under review.

4. Operating Review

4.1 Performance

Taking necessary steps required for eliminating the use of doping materials in sports, conducting research relating to the field on the use of doping materials relating to sports and promoting mutual experiments between the Agency and other international organizations which execute similar functions are the objectives of the Institution and the observations on the performance in executing those functions appear below.

Laws against the use of doping materials should be compiled and should be made compellable by publishing in the Gazette under the approval of the Minister in terms of Section 33 of the Convention Against Doping in Sports Act No.33 of 2013. However, even though 03 years had lapsed after the establishment of this Institution, rules relating to the key function intended from the Institution being taking action against the use of doping materials had not been prepared.

4.2 Operating Activities

A suspension of 08 months had been given to a sportswoman relating to the use of doping materials in the year 2014 in the absence of compellable rules and a lawsuit had been filed by the International Anti-Doping Agency in the International Court of Arbitration on not being complied with the International Anti- Doping Rules. However, the Court had ordered to pay an arbitration fee of Swiss Franc 5305 or a sum of Rs.795,750 and it was observed that this liability had incurred on not properly using the International Anti- Doping Rules.

5. Accountability and Good Governance

5.1 Internal Audit

Action had not been taken to carry out an internal audit by establishing an Internal Audit Unit in the Institution in terms of the Financial Regulation 133 of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka and an internal audit had not been carried out in the Institution by the Internal Audit Unit of the Ministry in terms of Paragraph 5 of the Treasury Circular No.IAI/2001/1 of 25 January 2001 of the Secretary to the Treasury.

5.2 Budgetary Control

As variances ranging from 12 per cent to 80 per cent relating to 07 Items between the budgeted and actual amounts were observed, thus indicating that the budget had not been made use of as an effective instrument of management control.

6. Systems and Controls

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

Areas of Systems and Controls

Observations

(a) Accounting

(i) Not inserting numbers for journal entries.

(ii) Not maintaining Ledger Accounts properly and clearly.

(b) Control of Advances

Instances where Advances being given even to non- Staff Grade Officers were observed and a considerable delay remaining in settling Advances.

(c) Budgetary Control

A considerable fluctuation remaining between the budgeted and actual amounts.