

The Report of the Auditor General on Sri Lanka Rugby Football Union - 2016

The audit of financial statements of the Sri Lanka Rugby Football Union for the year ended 31 December 2016 comprise the statement of financial position as at 31 December 2016 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 Policies 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 judgment, 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 2016 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 for the audit fees payable relating to the year under review had not been made.

2.2.2 Lack of Evidence for Audit

The evidences stated against the following items had not been furnished to audit.

Item	Value	Evidences not Furnished
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Expenses	Rs. 764,494	Paying vouchers and relevant documents
The money receivable from the Sri Lanka School Rugby Union	17,492,313	Confirmation of balances

3. Financial Review

3.1 Financial Results

According to the financial statements presented, the financial results for the year ended 31 December 2016 had been a surplus of Rs.5,694,619 as against the deficit of Rs.5,482,636 for the preceding year, thus indicating an improvement of Rs.11,177,255 in the financial result of the year under review as compared with the preceding year. Even though the direct expenses had been increased by Rs.27,703,856 in the year under review, increase of income by Rs.47,322,389 had mainly attributed to this improvement.

4. **Operating Review**

4.1 **Transactions of Contentious Nature**

The following observations are made.

- (a) A sum of Rs.5,100,000 granted for a Government School situated in Colombo had been invested by that school in a fixed deposit in the name of the School Development Society without being utilized for any development activity of the Rugger.
- (b) 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.475,000 for that case had been incurred by the Fund of the Union.

5. **Systems and Controls**

Deficiencies in systems and controls observed during the course of audit were brought to the notice of the Chairman 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. |
| (b) Financial Management | The funds received had not been totally utilized for the objectives of the Union. |