

1.1 Qualified Opinion

The audit of the financial statements of the Sri Lanka Anti – Doping Agency (“Agency”) for the year ended 31 December 2019 comprising the statement of financial position as at 31 December 2019 and the statement of financial activities statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, 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 provisions of the National Audit Act No19 of 2018 and finance Act No 38 of 1971. My comments and observations which I consider should be report to Parliament appear in this report.

In my opinion, except for the effects of the matters described in paragraph 1.5 of this report, the accompanying financial statements give a true and fair view of the financial position of the Agency as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

1.2 Basis for Qualified Opinion

My opinion is qualified based on the matters described in paragraph 1.5 of this report.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those auditing standards are further described in the scope of Audit section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

1.3 Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Public Sector Accounting Standards, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Agency’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Agency or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Agency’s financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Agency is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Agency.

1.4 Scope of Audit

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Agency's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Agency's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Agency to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

The scope of the audit also extended to examine as far as possible, and as far as necessary the following;

- Whether the organization, systems, procedures, books, records and other documents have been properly and adequately designed from the point of view of the presentation of information to enable a continuous evaluation of the activities of the Agency, and whether such systems, procedures, books, records and other documents are in effective operation;

- Whether the Anti-Doping Agency has complied with applicable written law, or other general or special directions issued by the governing body of the Agency:
- Whether the Agency has performed according to its powers, functions and duties; and
- Whether the resources of the Agency had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

1.5 Financial Statements

1.5.1 Non-Compliance with Sri Lanka Public Sector Accounting Standards

Non-Compliance with the reference to particular Standard	Management Comment	Recommendation
The Fixed Assets costing Rs.2,139,281 which are further being used had been fully depreciated due to not reviewing the effective life period of non current assets annually in terms of paragraph 65 of chapter 07 of the standard and action had not been taken to revise the estimated error in terms of chapter 03 of the standards.	Action will be taken to revise in the year 2020.	Financial statements should be prepared and presented in accordance with the Accounting standards followed by the agency.

1.5.2 Accounting Deficiencies

Audit Observation	Management Comment	Recommendation
(i) The assets of the agency amounting to Rs.13,520,358 had been understated in the financial statements due to non accounting of research equipments valued Rs.13,520,358.	Action will be taken to rectify in 2020.	Property plant and Equipment should be accurately accounted.
(ii) The depreciation of furniture for the year under review had been understated by Rs.78,609 and Administration expenses amounting to Rs.417,590 had not been accounted. Therefore surplus for the year under review had been overstated by Rs.496,199 in financial statements.	Action will be taken to rectify in future.	Expenditure relevant to the year under review should be identified and properly accounted for.

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| (iii) A Surplus for the year was understated by that value due to the non accounting of Rs.2,000,000 received from Department of Sport Development for Anti-Doping test fee at National Sport Festival in 2019, as income. | Action will be taken to rectify in future. | Revenue relevant to the year under review should be identified and properly accounted for. |
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2. Financial Review

2.1 Financial Result

The operating result of the year under review amounted to a surplus of Rs.717,811 and the corresponding surplus in the preceding year amounted to Rs.429,424. Therefore, an improvement amounting to Rs.288,387 of the financial result was observed. The main reason for the improvement was the decrease the administration expenditure by Rs.3,111,691.

2.2 Ratio Analysis

The current assets ratio of agency in the year under review had increased from 0.24 to 0.60 as compared with preceding year. Accordingly, the possibility of settlement of short term liabilities of the agency had improvement as compared with the preceding year.

3. Operational Review

3.1 Management Inefficiencies

Audit Observation -----	Management Comment -----	Recommendation -----
(i) Under the budget allocation of Rs.101 million for the year 2019, an agreement was entered into with a private company for the supply, installation, operation and maintenance of research equipment worth Rs.59,278,500 due to significant delays in procurement, only the relevant equipment had been installed by August 2020 and the equipment could not be used due to delays in obtaining specialized services for training and testing of the machinery required for operation.	Action will be taken to rectify in future.	Equipment should be used as soon as possible after obtaining training and expert services to operate the research equipment.

(ii) Two hundred eighty and 276 tests relating to human Anti – Doping had been conducted by the Agency in the year under review and during the preceding year respectively. Accordingly, the test were increased by 4 tests during the year under review as compared with the preceding year. Six instances of using Anti-Doping in the year under review and six instances of using Anti-Doping during the preceding year were confirmed. In addition there were 7 animal anti-doping tests preceding year and no tests were performed during the year under review.

Although there are 70 sports associations, the number of tests that can be done according to the provisions given to our institution is being carried out giving priority to risky sports.

A sample should be selected to cover more tournament so as to cover all sports and the special attention should be paid in respect of testing of Anti-Doping.

(iii) Fifty four seminars and awareness programmes had been conducted for school children, sports officers, Physiotherapy trainers, Sports trainers, players and parents and persons handling sports massage in the year under review with paid attention to the matter in respect of the duties and responsibilities of the players, adverse effects of using Doping materials, the process of control of using drugs, methodology to obtain required information, therapy methodology of prevention of using Doping, materials, initial understanding on world Anti-Drug programme and the number of persons participated thereon had been 3823. The corresponding programmes conducted in the preceding year had been 72 and the number of persons participated thereon amounted to 2268. Eventhough the amount of conducting programmes had been decreased by 18 as compared with the preceding year, the number of participants thereon were increased by 1555.

Agreed.

The special attention of the management should be paid in respect of conducting more seminars and workshops relating to Anti-Doping by covering the players.

3.2 Human Resource Management.

Audit Observation	Management Comment	Recommendation
Action had not been taken by the Agency to fill the vacancies of 2 posts of Directors, 2 posts of Assistant Directors and one post of driver which remained vacant from the year 2014 and 2 posts of Management assistants which remained vacant in the year 2019.	Although application were called for the two posts of Directors and the two posts of Assistant Directors from 2016 onward they could not be recruited due to non – availability of suitable candidates for those posts. Submitted to the Department of management services for revision of recruitment schemes. Action will be taken to recruit one post of Driver and two posts of management assistance in future.	Action should be taken to recruit staff for the vacant posts.

4. Accountability and Good Governance

4.1 Budgetary Control

Audit Observation	Management Comment	Recommendation
A comparison of the budgeted amounts with the actual amounts observed variances ranging from 11 percent to 100 percent in respect of 16 items, thus indicating that the budget had not been made use of as an effective instrument of management control.	Although the budget allocation were requested on time, the Treasury did not release the funds on the due date.	The budget estimates should be prepared accurately and used as an instrument of control and the variances should be taken in to consideration periodically.