

1.1 Disclaimer of Opinion

The audit of financial statements of the Sri Lanka Rugby (“Sri Lanka Rugby”) for the year ended 31 December 2019 comprising the statement of financial position as at 31 December 2019 and the statement of comprehensive income, statement of changes in equity and statement of cash flows 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(3) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No.19 of 2018. My comments and observations which I consider should be report to parliament appear in this report.

I do not express an opinion, on the accompanying financial statements of the Sri Lanka Rugby. Because of the significant of the matters discussed in the Basic for Disclaimer of opinion section of my report. I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

1.2 Basis for Disclaimer of Opinion

My opinion is Disclaimed 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.

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 Generally Accepted Accounting Principles and for such internal control as management determines 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 Sri Lanka Rugby’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 Sri Lanka Rugby or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Sri Lanka Rugby’s financial reporting process.

As per Sub-section 16 (1) of the National Audit Act, No. 19 of 2018, the Sri Lanka Rugby 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 Sri Lanka Rugby.

1.4 Scope of Audit

My responsibility is to conduct an audit of the Sri Lanka Rugby's financial statements in accordance with Sri Lanka Auditing Standards and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of opinion section, I was not able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

1.5 Financial Statements

1.5.1 Accounting Deficiencies

Audit Issue	Management Comments	Recommendation
A sum of Rs.17,492,313 had been incurred by the Sri Lanka Rugby for the participation of national school teams for international rugby tournaments in the year 2016 and that amount shown as receivable from the Sri Lanka Schools Rugby Football Association. Even though recoverability of the above balance is dough full, a provision had not been made in the financial statements thereon.	Action will be taken to correct in the next financial year.	Action should be taken to correct the financial statements.

1.5.2 Documentary Evidence not made available for Audit

Subject	Amount	Evidence not made Available	Management Comments	Recommendation
	Rs.			
(a) Receivables	573,550	} Balance confirmations	Action will be taken to correct in future	Adequate and suitable audit evidence relating to the assets and liabilities, should be furnished to audit.
(b) Payables	14,202,445			
(c) Other Advances	133,408	Schedules and age analysis.		

1.6 Accounts Receivable and Payable

1.6.1 Receivables

Audit Issue	Management Comments	Recommendation
Action had not been taken to recover the receivable balance amounting to Rs.133,408 remained outstanding for over 06 years and another balance amounting to Rs.5,441 that remained outstanding for over 04 years as at 31 December 2019.	Action will be taken to rectify in the year 2020.	Prompt action should be taken to recover the receivable balances. Suitable action should be taken in respect of the balances non-recoverable on the approval of the Executive Council.

1.6.2 Payables

Audit Issue	Management Comments	Recommendation
Action had not been taken to settle 05 payable balances aggregating to Rs.3,261,885 existing for over 03 years and 18 payable balances amounting to Rs.8,707,829 that remained as unsettled for over 02 years.	Action will be taken to rectify in the year 2020.	Action should be taken to settle the payable balances or if there are further non-liable balances to settle, action should be taken to written off such balances to as income.

1.7 Non-compliance with Laws, Rules, Regulation and Management Decisions

Reference to Laws Rules, Regulation etc	Non-compliance	Management Comments	Recommendation
(a) Section 7(xii) of the National Sports Association Regulations No 1 of 2016.	Action plan had not been sent to the Director General for approval three month prior to the commencement of the year.	Action will be taken to rectify in the next financial year.	Action should be taken in terms of the National Sports Association Regulations.
(b) Section 4.2 of the Government procurement Guideline 2006.	A procurement plan had not been prepared for the year 2019.	Action will be taken to prepare the procurement plan with in the year 2020.	A procurement plan should be prepared in terms of government procurement Guideline 2006.

2. Financial Review

2.1 Financial Results

The operations of the Sri Lanka Rugby had resulted in a deficit of Rs.4,860,940 as compared with the corresponding deficit of Rs.28,672,002 of the preceding year, thus indicating a improvement of Rs.23,811,062 in the financial results. The increase of revenue by Rs.11,049,549 had been the main reasons for this improvement.

2.2 Ratio Analysis

The current ratio was decrease from 0.68 per cent to 0.57 per cent in the year under review as compared with the preceding year. Accordingly, the possibility of settlement of short term liabilities of the Sri Lanka Rugby was decreased as compared with the preceding year.

3. Operational Review

3.1 Management Inefficiencies

	Audit Issue	Management Comments	Recommendation
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(a)	According to Section 14.1(j) and (k) of the Constitution of the Sri Lanka Rugby, the Members of Sri Lanka Rugby including the National Schools and Provincial Schools Rugby Football Association, Sri Lanka University Sports Association, Sri Lanka Society of Rugby Football Referees and Provincial Rugby Football Clubs of Sri Lanka should submit the financial statements certified by a Chartered Accountant within 45 days after the closure of each financial year. Furthermore, other documents including bio-data of office bearers and committee members of every elected office, certified copy of the minutes and the attendance sheet of the relevant Annual General Meeting, certified copy of the audited financial statements and to prove that such audited financial statements had been adopted at their Annual General Meeting and list of their members,	Necessary action will be taken to resolve this in 2020.	Prompt action should be taken interms of the constitution of Sri Lanka Rugby.

details of tournaments and other programs one month prior to the date of Annual General Meeting of Sri Lanka Rugby should also be submitted. However, Sri Lanka Rugby had not taken any action to compliance with that requirement.

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| (b) Sri Lanka Rugby had received a sum of Rs. 770, 000 in the year 2017 from the Department of Sports Development for the development of a strategic plan of the Sri Lanka Rugby for the next five years. Sri Lanka Rugby had selected a private company to preparation the plan at a cost of Rs.816,326 and sum of Rs.385,000 had been paid as advances. However, the plan had not received up to July 2020. | Action will be taken to resolve this in 2020 | Prompt action should be taken to prepare the strategic plan |
| (c) Annual verification of fixed assets costing Rs.6,333,533 as at 31 December 2019 had not been carried out. | Action will be taken to rectify next financial year. | Action should be taken to carried out the fixed assets verification. |