

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the Lawn Bowls Federation of Sri Lanka (“the Federation”) for the year ended 31 December 2021 comprising the statement of financial position as at 31 December 2021 and the revenue and expenditure account, statement of accumulated fund 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(3) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No19 of 2018. My comments and observations which I consider should be report to Parliament appear in this report.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Federation as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standard for Small and Medium- sized Entities (SLFRS for SMEs).

1.2 Basis for Opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those 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 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 Accounting Standards for Small and Medium-sized Entities (SLFRS for SMEs), 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 Federation’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 intend to liquidate the Federation or to cease operations, or has no realistic alternative but to do so.

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

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Federation 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 Federation.

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 skepticism 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 Federation'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 Federation'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 Federation 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 Federation, and whether such systems, procedures, books, records and other documents are in effective operation;
- Whether the Federation has complied with applicable written law, or other general or special directions issued by the governing body of the Federation;

- Whether the Federation has performed according to its powers, functions and duties; and
- Whether the resources of the Federation had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

2. Financial Review

2.1 Financial Result

The operating result of the Federation for the year under review amounted to a surplus of Rs. 24,000 and the deficit against this for the preceding year amounted to Rs. 5,000. Therefore, an improvement amounting to Rs. 29,000 in the financial result was observed. The reason for this improvement was mainly that no expenditure incurred during the year under review.

3. Operational Review

3.1 Operational Inefficiencies

Audit Issue	Management Comments	Recommendation
Although main objectives of the Federation are organization and direction and ensure the development of the Lawn Bowls sports, the Federation had not organized any local and international tournaments during the year under review.	The Federation could not be able to achieve the above objectives due to loss of practicing stadium previously used by the Federation and accordingly action will be taken to getting the stadium.	The Federation should take fruitful action to achieve the main objectives.

4. Accountability and Good Governance

4.1 Submission of Financial statements

Audit Issue	Management Comments	Recommendation
According to Paragraph 7(xiii) of PART (III) of the National Associations of Sports Regulations, No. 01 of 2016, the financial statements certified by the Federation should be submitted to the Auditor General within two months of the end of the financial year. However, the financial statements for the year 2021 had submitted to the Auditor General only on 21 August 2023 by delaying one year and five months.	The Federation has not prepared financial statements for the year due to inactivate of the sport and member subscription not use for any sport activities.	Financial statements should be submitted to the Auditor General without any delay.

4.2 Corporate Plan and Annual Action Plan

Audit Issue	Management Comments	Recommendation
According to Section 7 (xi) and Section 7 (xii) of the National Associations of Sports Regulations, No. 01 of 2016, a Corporate Plan had not been sent to the Executive committee approval and the Annual Action Plan had not been prepared by the Federation.	The Federation will prepare the Corporate Plan after getting a permanent stadium. This sport has inactivated due to conflict situation in the country 2021/2022 and not suitable stadium for the sport.	A Corporate Plan should be prepared properly and submitted with EXCO approval and Annual Action Plan should be submitted to the Director General without any delay.

4.3 Budgetary Control

Audit Issue	Management Comments	Recommendation
The Federation had not prepared the budget for the year 2021. Therefore, the financial control of the Federation during the year under review could not be ascertained.	The Federation has not prepared the budget forecasting the year 2021 due to conflicts prevailed.	Annual budget should be prepared before commencing of the financial year.