

Sri Lanka Anti-Doping Agency - 2021

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the Sri Lanka Anti-Doping Agency for the year ended 31 December 2021 comprising the statement of financial position as at 31 December 2021 and the statement of financial performance, 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 No. 19 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, financial statements give a true and fair view of the financial position of the Sri Lanka Anti-Doping Agency as at 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

1.2 Basis for Opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibility with regard to financial statements is further described under the section “Auditor’s Responsibility for the financial statements”. 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 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 intend 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 sub 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 Audit Scope

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 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 Audit Observations on the Preparation of Financial Statements

1.5.1 Internal Control over the preparation of Financial Statements

Entities are required to “devise and maintain” a system of internal accounting controls sufficient to provide reasonable assurance that, transactions are executed in accordance with management’s general and specific authorization, transactions are recorded as necessary to permit preparation of financial statements in conformity with the applicable reporting standards, and to maintain accountability for assets, access to assets is permitted only in accordance with management’s general and specific authorization, and the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

1.6 Receivable Accounts

Audit observation	Management Comment	Recommendation
Rs. 624,100 to be charged from a sports association for testing stimulus for horses as at 31 December 2021. From that amount, there was a balance of Rs. 221,600 which was not recovered from a period of 09 months.	Agreed. Awareness was done on several occasions in order to get the chargeable money and I would like to inform that the relevant income will be collected.	Action should be taken to collect the chargeable money without delay.

2. Financial Review

2.1 Financial Result

The operating result of the year under review amounted to a surplus of Rs. 1,849,020 and the corresponding surplus in the preceding year amounted to Rs. 2,927,396. Therefore a deterioration amounting to Rs. 1,078,376 of the financial result was observed. This improvement was mainly due to an increase of total expenditure by Rs. 7,911,759.

3. Operational Review
3.1 Management Inefficiencies

Audit observation	Management Comment	Recommendation
According to the approval of the Cabinet of Ministers to purchase the necessary equipment to maintain the stimulation tests conducted in Sri Lanka at an international level, the procured Rs. 60 million worth of training needed to use research equipment and getting expert services needed for research work was delayed. As a result, the achievement of the basic objective of promoting a healthy sport by reducing the risk of doping charges for Sri Lankan athletics who are participating to national and international tournaments was delayed.	Agreed.	Action should be taken to work to fulfill the objectives without delay as per the agreements made with the supplier institution and assets should be used as that can be obtained maximum performance from the invested amount.

3.2 Human Resources Management

Audit observation	Management Comment	Recommendation
The post of Director (Enforcement and Implementation) for the year 2021 in the agency since the establishment of the agency in the year 2014.	Currently, our line ministry has made a request to the Sri Lanka Police to recruit an officer not less than the rank of Senior Deputy Inspector General of Police on a secondary basis.	Arrangements should be made to recruit staff for the vacant posts.