

Sri Lanka Anti-Doping Agency - 2023

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 2023 comprising the statement of financial position as at 31 December 2023 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information, 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 the Parliament appear in this report.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Agency as at 31 December 2023 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 Opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements 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 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.

2. Financial Review

2.1 Financial Result

The operating result of the year under review was a surplus of Rs. 5,168,343 and the corresponding surplus of the previous year was Rs. 2,319,003. Accordingly, an improvement of Rs. 2,849,340 was observed in the financial result. Increase in other income by Rs.2,849,340 was the main reason for this improvement.

3. Operational Review

3.1 Management Inefficiencies

Audit Observation	Comments of the Management	Recommendation
<p>Sri Lanka Anti-Doping Agency possesses a chemical research laboratory equipped with modern technological equipment valued at Rs. 86,746,214, which was made operational on 3 November 2022. However, research activities in the laboratory commence on August 2023. Furthermore, only six students from two universities were given the opportunity to engage in research activities at the laboratory. Accordingly, no efforts have been made to identify institutions in need and to achieve the objectives of establishing the laboratory for research purposes.</p>	<p>Throughout 2023, efforts were focused on initiating research activities, building various collaborations, and procuring chemical materials. Steps have been taken to begin utilizing the laboratory for generating income in 2024.</p>	<p>Efforts should be taken to utilize the existing resources with maximum efficiency.</p>

3.2 Cash Management

Audit Observation	Comments of the Management	Recommendation
According to the bank statement, a minimum balance of Rs. 2 million was kept inactive in the current account at the end of each day throughout the reviewed year, resulting in a financial loss of Rs. 766,378 to the Agency.	Starting from the year 2024, action will be taken to maintain a sufficient balance for daily needs and invest the remaining funds in fixed deposits to earn interest income	Action should be taken to utilize the idle funds in the current accounts effectively.