

1. Financial Statements

1.1 Opinion

The audit of the financial statements of Netball Federation of Sri Lanka (“the federation”) for the year ended 31 December 2023 comprising the statement of financial position as at 31 December 2023 and the statement of income & Expenditure statement, statement of changes in fund 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(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 and Section 21 A of the Sports (Amendment) Act No.47 of 1993. 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 2023, 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 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 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 the 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 year under review amounted to a surplus of Rs.6,482,735 and the corresponding deficit in the preceding year amounted to Rs.696,212. Therefore, an improvement amounting to Rs.7,178,947 of the financial result was observed. The reason for the improvement is decrease of the administrative expenses by Rs.13,460,989

3. Operational Review

3.1 Management Inefficiencies

Audit Observation	Management Comment	Recommendation
(a) An identified loss amounting to Rs.84,360 was incurred to the Federation during the year under review due to imposed of a fine as a result of unethical behavior of a sportsperson and a surcharge for the air-ticket.	<p>The manager and the sports doctor had to attend the meeting held at the ground before the tournament, as the meeting was essential to get valuable ideas and the air tickets were given regardless of that, so a sum of Rs.59,300 had to be paid when the air tickets were properly arranged.</p> <p>In the junior netball championship held in Korea in 2023, including a schoolgirl who pleaded guilty to drinking alcohol (soju), an investigation was conducted for the sake of their future and a one-year ban was imposed on the players. They appealed to the then Honorable Minister and the appeal committee to remove the suspension, to remove the warning letter addressed to the vice-captain, and to pay Rs.25,000/- we were also informed to pay the amount again and the recommendation of the appeal committee was approved by the Honorable Minister, so we had to pay that amount.</p>	Management Should pay its attention to implement proper internal control system in order to eliminate the losses.

(b) It was observed that one of the 5 domestic tournaments and 4 of the 7 international tournaments that were planned to hold during the year under review had not been held.

The Asian Indoor Karana Walli has been postponed indefinitely by the organizers (Thailand).

Tournaments should be held according to the plan.

A Singapore team and a Maldivian team were supposed to come for the invitational netball tournament in the first week of last May, but due to some unusual situation that happened in Colombo at that time, the invitational tournament was held in Singapore in September and our development reserve team participated.

3.2 Account Receivable and Payable

Audit Observation

The amount of Rs.442,100 and Rs.153,140 representing receivable and payable balances as at 31 December 2023 respectively had not been recovered or settled even as at the date of this report. Further, an age analysis for these balances had not been submitted to the audit.

Management Comment

This amount should be reimbursed by the Department of Sports Development. For that, let us inform that department of sports development has been informed in writing and arranged to get this amount promptly.

Recommendation

Receivable balances should be recovered promptly and without delay.