

Sri Lanka Athletics - 2023

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the Sri Lanka Athletics 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, statement of cash flows 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 No. 19 of 2018 and Section 21A of the Sports (amended) 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 Sri Lanka Athletics as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Statement of Recommended Practice For Not-for-Profit Organizations. (SLSORP-NPOs)

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 Statement Recommended Practice for Not-for-profit Organization (SLSORP-NPOS), 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 Sri Lanka Athletics 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 Sri Lanka Athletics or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Sri Lanka Athletics financial reporting process.

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

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 Sri Lanka Athletics 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 Sri Lanka Athletics 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 Sri Lanka Athletics 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 Sri Lanka Athletics , and whether such systems, procedures, books, records and other documents are in effective operation;

- Whether the Sri Lanka Athletics has complied with applicable written law, or other general or special directions issued by the governing body of the Sri Lanka Athletics;
- Whether the Sri Lanka Athletics has performed according to its powers, functions and duties; and
- Whether the resources of the Sri Lanka Athletics 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 results of the Sri Lanka Athletics for the year under review amounted to a deficit of Rs.4,889,078 and the corresponding deficit in the preceding year amounted to Rs.4,590,150. Therefore, a further deterioration amounting to Rs.298,928 in the financial results was observed. The main reason attributed for this deterioration is decrease of the total income by Rs.49,566,774 as against the decrease of total expenditure by Rs.49,023,232 with compared to the previous year.

3. Operational Review

3.1 Accounts Receivable and Payable

Audit Issue	Management Comments	Recommendation
A sum of Rs.1,142,213 and Rs.1,818,650 show as receivable from and payable to Department of Sports Development had remained in the financial statement as outstanding without being cleared.	These will be cleared from the accounts in 2024 with discuss the Department of Sports Development	Receivable and payable balances should be cleared from the accounts.

3.2 Operational Inefficiencies

Audit Issue	Management Comments	Recommendation
According to Section 7(xi) and 7(xii) of Part III of the National Associations of Sports Regulations No.01 of 2016, the Corporate Plan and Annual Action Plan had not been prepared and submitted by the Sri Lanka Athletics.	The Corporate Plan and Annual Action Plan will be prepared and presented in the future.	The Corporate Plan and Annual Action Plan should be prepared and presented as required.