

## **Sri Lanka Golf Union - 2023**

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### **1. Financial Statement**

#### **1.1 Qualified Opinion**

The audit of the financial statements of the Sri Lanka Golf Union (“the Union ”) for the year ended 31 December 2023 comprising the statement of financial position as at 31 December 2023 and the statement of income and expenditure, statement of changes in reserves and fund, 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 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, except for the effects of the matters described in paragraph 1.5 of this report, the accompanying financial statements give a true and fair view of the financial position of the Union 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 (SL SORP-NPOs).

#### **1.2 Basis for Qualified Opinion**

My opinion is qualified based on the matters described in paragraph 1.5 of this report.

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 qualified 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 Statement of Recommended Practice for Not-for-Profit Organizations (SL SORP-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 Union’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 intends to liquidate the Union or to cease operations, or has no realistic alternative but to do so.

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

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

#### **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 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 Union'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 Union'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 Union 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 audit also had 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 Union and whether such systems, procedures, books, records and other documents are in effective operation;
- Whether the Union has complied with applicable written law, or other general or special directions issued by the governing body of the Union;
- Whether the Union has performed according to its powers, functions and duties; and
- Whether the resources of the Union had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

## **1.5 Audit Observation on the preparation of Financial Statements**

### **1.5.1 Accounting Deficiencies**

<b>Audit Issue</b>	<b>Management comment</b>	<b>Recommendation</b>
Irrelevant Income tax amounting to Rs. 114,701 for the year under review had been recognized as expenses at the year under review.	The amount is not in relation to year of assessment 2023. The said difference is in relation to the under provision in 2021.	Action should be taken to prepare the financial statements correctly.

### **1.5.2 Lack of Documentary Evidence for Audit**

<b>Audit Issue</b>	<b>Management comment</b>	<b>Recommendation</b>
The advances amounting to Rs. 1,673,200 had been given for various purposes by the Union during the year under review and these advances had been recorded as expenses without settlement vouchers. Hence, the accuracy of these expenditures could not be reliably verified by audit.	All payments are made via two employees using cheques signed by EXCO members. Its responsibility of the two employees to disburse the money. The control mechanism is for the two employees to initial and vouch that the relevant payments have been made to the relevant parties on the break up sheet.	Adequate audit evidence should be submitted, to ascertain the accuracy of the expenses.

## **2. Financial Review**

### **2.1 Financial Results**

The operating results of the year under review amounted a deficit of Rs.1,285,502 and the corresponding surplus in the preceding year amounted to Rs.3,782,837. Therefore a deterioration amounting to Rs. 5,068,339 of the financial results was observed. The reason for the deterioration is increase of expenses by Rs.8, 827,774 as against the increase of income by Rs. 3,759,435

**3. Accountability and Good Governance**  
**3.1 Action Plan**

<b>Audit Issue</b>	<b>Management comment</b>	<b>Recommendation</b>
According to part III of Section 7(xii) of the National Associations of Sports Regulations No. 01 of 2016, an Action Plan for the year under review had not been prepared and sent to the Director General for the approval three months prior to the commencement of the year. Even though a Corporate Plan had been prepared, most of the objectives set out for the year under review had not been achieved by the end of the year 2023.	Instead of an action plan SLG have submitted a 05-year Strategic Plan. Due to Covid 19 and country economic situation SLG's performance was restricted due to limitations faced.	Action should be taken to prepare the Action Plan and achieve the objectives set out in the Corporate Plan.