

1. Financial Statements

1.1 Disclaimer of Opinion

The audit of the financial statements of the Sri Lanka Life Saving Association (“the Association”) for the year ended 31 December 2023 comprising the statement of financial position as at 31 December 2023 and the statement of income, statement of changes in equity, and cash flow statement for the year then ended, and notes to the financial statements, including a 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 sports Law, No 25 of 1973 as amended by section 9 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. To carry out this audit I was assisted by a firm of Chartered Accountants in Public Practice.

I do not express an opinion on the accompanying financial statements of the Association. Because of the significance of the matters discussed in paragraph 1.5 of this report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

1.2 Basis for Disclaimer Opinion

I do not express an opinion based on the matters described in paragraph 1.5 of this report.

As per the matters described in the paragraph 1.5 of this report I was unable to confirm or verify by alternative means, material items included in the statement of financial position, statement of income, statement of changes in equity, and statement of cash flows.

As a result of these matters, I was unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded amounts and the elements making up the statement of financial position, statement of income, statement of changes in equity, and statement of cash flows.

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 Association’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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

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

1.4 Scope of Audit (Auditor's Responsibilities for the Audit of the Financial Statements)

My responsibility is to conduct an audit of the Association's financial statements in accordance with Sri Lanka Auditing Standards and to issue an auditor's report. However, because of the matters described in paragraph 1.5 of this report, I was not able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

1.5 Audit Observations on the Preparation of Financial Statements

1.5.1 Accounting Deficiencies

Audit Issue	Management Comment	Recommendation
(a) In accordance with the third condition of the Memorandum of Understanding (MoU) entered into between the Department of Sports Development and the Association with regard to the administration and maintenance of the swimming pool at the Matara District Sports Complex, the monthly fees amounting to Rs. 700,000 should be paid to the Department of Sports Development at the end of the year under review. However, it had not been recognized as liabilities in the Financial Statements. Even though the administration, maintenance and financial management of the swimming pool at the Matara District Sports Complex had expired on 28 February 2024, action had not been taken to extend the agreement with the necessary amendments or to take steps in a manner agreed upon by both parties.	The Association has agreed with the audit observation.	The financial statements should be prepared by recognizing all the liabilities related for the year under review and the agreement should be extended with necessary amendments.

- (b) According to the computation made by the audit, the income collected from the Matara Swimming Pool from 10 March 2023 to 30 June 2024 was to Rs. 4,230,690. But it had not been received and accounted for. As a result, income of Rs. 2,549,690 for the year under review had been understated by similar amount.
- The Association has agreed with the audit observation.
- The financial statements should be prepared by recognizing all the income and expenses related for the year under review.

1.5.2 Documentary Evidence not made available for Audit

Item Available	Amount (Rs.)	Evidence Not	Management Comment	Recommendation
Transport Expenses	2,011,160	Approvals of the Executive Committee, Payment Vouchers for Rs.644,000 and Supporting Documents for Rs.2,720,557	The Association has agreed with the audit observation	The Association should obtain required approvals and submitted the vouchers and supporting documents to audit.
Administrative Expenses of Swimming Pool – Kotawila, Matara	1,267,197			

1.6 Non-compliance with Laws, Rules, Regulations and Management Decisions.

Reference to Non-compliance Laws, Rules Regulations etc.	Management Comment	Recommendation
National Associations of Sports Regulations No. 1 of 2016 published in Extraordinary Gazette No.1990/23 dated 27 October 2016		

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| (a) Paragraph 3 (1) (ii) of Part II | A corporate plan for the forthcoming ten years period including the current level of international ranking, expected target within time period and the strategies to increase the level of performance had not been submitted to the Director General of Sports Development for the approval. | The Association has agreed with the audit observation. | The Association should comply with the Sports Regulations. |
| (b) Paragraph 7 (xii) of Part III | The Annual Action Plan for succeeding year had not been submitted to the Director General of Sports Development three months prior to the expiry of current year. | The Association has agreed with the audit observation. | The Association should comply with the Sports Regulations. |

2. Financial Review

2.1 Financial Results

The operating result of the Association for the year under review amounted to a surplus of Rs. 5,158,711 and the corresponding surplus in the preceding year amounted to Rs. 4,702,926. Therefore, an improvement amounting to Rs.455,785 in the financial result was observed. The main reason attributed for this improvement is increase of operating income by Rs.13,857,060 as compared with the previous year.

3. Accountability and Good Governance

3.1 Budgetary Control

Audit Issue	Management Comment	Recommendation
The Annual Budget including forecasted income and expenditure for the year under review had not been submitted to the audit.	The Association has agreed with the audit observation.	The Annual Budget including forecasted income and expenditure for the year under review to be presented.