

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 2024 comprising the statement of financial position as at 31 December 2024 and the income statement, statement of changes in equity, and statement of cash flows 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.

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, income statement, 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, income statement, 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
The income of Rs. 2,549,690 related to the previous year had been treated as income of the year under review. As a result, income for the year under review had been overstated by similar amount.	The income for the year 2023 has been accounted for as income for the year 2024.	Action should be taken to rectify the accounting error and to avoid similar error in future.

1.5.2 Unauthorized Transactions

Audit Issue	Management Comment	Recommendation
An amount of Rs.4,230,690 recoverable from former Secretary of the Association had been remained without being settled even as at the date of this report.	The police investigations are currently underway.	The receivables should be recovered from the relevant party without further delay.

1.5.3 Documentary Evidence not made available for Audit

Item	Amount (Rs.)	Evidence Not Available	Management Comment	Recommendation
Expenses	31,755,205	Seventeen (17) payment vouchers and source of documents such as bills, invoices, and other supporting evidences for payments.	Previous administration has made payments without copies of the relevant vouchers and their supporting documents.	All the vouchers and documentary evidence should be provided for audit and action should be taken to avoid the short of inefficiencies in future.

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

2. Financial Review

Reference to Laws, Rules Regulations.	Non-compliance	Management Comment	Recommendations
(a) Section 40 in Part V of the Sports Law, No.25 of 1973	24 players and 06 other officials had participated in the Indo-Lanka Lifesaving Championship held in India during the year under review. However, Association had failed to submit the approval obtained from the Minister of Sports for that purpose.	Although we have informed them in writing when we have financial needs for foreign tours, no written response had been given.	The Association should be submitted relevant approvals without further delay and to avoid the short of inefficiencies in future.
(b) Part III 6(xxvii) of National Association of Sports Regulations No. 01 of 2024 published in the Extraordinary Gazette No. 2382/32 dated 03 May 2024	Although the details about all activities including elections of the sports club, institutes, District Sports Associations, Provincial Sports Associations and member organizations shall be presented annually by the Association to the Director General of the Sports Development, such details had not been submitted even up to the date of this report.	The member societies have not yet provided us with relevant information in this regard.	The Association should submit the relevant details without further delay and should take action to avoid the short of inefficiencies in future.
(c) Section 03 of the Internal Circular No. 2022/02 dated 31 May 2022, issued by the Director General of the Department of Sports Development	Every Payment voucher should be approved and certified by two executive members and the signature of the person receiving must be placed on the voucher. However, the Association had failed to do so in respecting payments totaling to Rs.39,423,408 made during the year under review. Therefore, it was observed that these payments were made without adequate authority.	The Association always incurs any expenditure only when it is approved by the monthly council or when a lump sum payment is made as a monthly payment.	The Association should comply with the Circular.

2.1 Financial Results

The operating result of the Association for the year under review amounted to a surplus of Rs.3,777,587 and the corresponding surplus in the preceding year amounted to Rs.5,158,711. Therefore, a deterioration amounting to Rs.1,381,124 in the financial result was observed. The main reason attributed for this deterioration is decrease of other operating income by Rs.13,526,594 as compared with the previous year.

3. Operational Review

3.1 Management Inefficiencies

Audit Issue	Management Comment	Recommendation
The total balance to be recovered as at 31 December 2024 was Rs. 9,053,290. Out of this, Rs. 431,260 and Rs. 102,300 had remained unrecovered for a period over 05 years and 02 years respectively. Further, an amount of Rs. 260,000 payable with regard to the purchase of T-shirts had not been settled over 4 years.	Current officials were unable to identify those amounts due to the lack of evidence.	The Association should recover all receivables and settle all payables without further delay.

3.2 Operational Inefficiencies

Audit Issue	Management Comment	Recommendation
Although the Association had planned to participate in 03 foreign tournaments, 07 local tournaments and 14 other activities during the year 2024. However, the Association had participated only in 02 foreign tournaments during the year under review.	These tournaments were held only by collecting money from member clubs and donations from various institutions.	The Association should hold the tournaments as planned and action should be taken to prepare the plans in realistic manner.