

Sri Lanka Tug of War Federation - 2024

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the Sri Lanka Tug of War Federation (“the Federation”) for the year ended 31 December 2024 comprising the statement of financial position as at 31 December 2024 and the statement of income and expenditure, statement of changes in equity and statement of cash flow 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 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.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Federation as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards 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 auditing 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 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 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 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 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.

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

Reference to Laws, Rules Regulations etc.	Non-compliance	Management Comment	Recommendation
National Associations of Sports Regulations No. 1 of 2024 published in Extraordinary Gazette No.2382/32 dated 03 May 2024			
(i) Section 6(xii) of Part III	Annual action plan for the next year should be prepared and submitted to the Director General prior to 03 months before the end of the current year. However, no step had been taken accordingly.	Comments had not been received.	The Association should be adhered with Sports Regulations.
(ii) Section 6 (xx) (a) of Part III	A report to facilitate the supervision and monitoring the activities of main member sports clubs, and regional sports clubs had not been submitted to the Director General of the Department of Sports Development.	Comments had not been received.	The Association should be adhered with Sports Regulations.

- (iii) Section 6 (xxvii) of Part III The details on the all activities including the elections of the sports clubs, district sports associations, provincial sports associations or sports clubs and member organizations should be submitted to Director General Sports annually by the Association. However, it had not been presented so far.
- Required details will be submitted.
- The Association should be adhered with Sports Regulations.

2. Financial Review

2.1 Financial Results

The operating result of the Federation for the year under review amounted to a surplus of Rs. 5,200 and the deficit against this in the preceding year amounted to Rs. 47,915. Therefore, an improvement amounting to Rs.53,115 in the financial result was observed. The main reason for this improvement is decrease of expenses by Rs. 106,115 with compared to previous year.

3. Operational Review

3.1 Management Inefficiencies

Audit Issue	Management Comment	Recommendation
According to the information submitted for audit, two local tournaments had been held during the year under review. However, the details of the expenses incurred for these tournaments and income and sponsors received thereof had not been submitted for the audit. As a result, the transparency and accuracy of the transactions related to those local tournaments could not be determined in audit.	Comments had not been received.	The Federation should submit relevant information for audit.

3.2 Operational Inefficiencies

Audit Issue	Management Comment	Recommendation
According to the National Sport Calendar 2024 issued by the Ministry of Sports and Youth Affairs it was planned to hold seven (07) local tournaments, two (02) international tournaments, and two (02) activities during the year under review. However, no international tournaments had been held while five (05) local tournaments had not been held.	Only 2 local tournaments had been held due to non-receipts of sponsorships.	The Federation should hold the tournaments as planned without failed.