Sri Lanka Sepaktakraw Federation - 2024

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1. Financial Statements

1.1 Opinion

The audit of the financial statements of the Sri Lanka Sepaktakraw 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 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 No19 of 2018 and Section 21A of the 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 of the Federation 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 standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements 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 intends 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 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 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 internal control of the Federation.

- 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 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,

- 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 Accounts Receivables and Payables

1.5.1 Accounts Payables

Audit Observation	Management Comment	Recommendation
Payables amounting to Rs.73,786 had remained over 02 years without being settled.	We will check with the former treasurer and seek their decision on writing this off and inform the next year.	Action should be taken to settle the payables.

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

	Reference to Laws/ Directions	Non-compliance	Management Comment	Recommendation
(a)	The National Associations of Sports Regulations, No. 01 of 2024 published in the Gazette Extraordinary No. 2382/32 dated 03 May 2024			
(i)	Section 6 (i)	Although the Sepaktakraw sport should be developed and promoted at every level in every province of Sri Lanka, action had not been taken accordingly.	Comments had not been received	Circular instructions should be followed.
(ii)	Section 6 (x)	Even though, the Federation should enter into a MoU with the Ministry of Sports to obtain financial support, this had not been complied with.	Comments had not been received	Circular instructions should be followed.

(b)	Inland Revenue Act, No.24 of 2017 and amendments made thereon	Even though the Federation is liable for the payment of income tax on its surplus, no income tax had been paid so far.	Comments had not been received	Circular instructions should be followed.

2. Financial Review

2.1 Financial Result

The operating result of the Federation for the year under review amounted to a deficit of Rs.1,267,513 and the corresponding deficit in the preceding year amounted to Rs.313,096. Therefore, an deterioration amounting to Rs.954,417 in the financial result was observed. The main reason attributed for this deterioration was increase in depreciation and airfare expenses.

3. Operating Review

3.1 Procurement

Audit Observation	Management Comment	Recommendation
Although, the Government Procurement Guidelines should be followed in purchasing of air tickets, it had not been followed in purchasing of Air ticket amounting to Rs.4,428,841.	Comments had not been received	The Government Procurement Guidelines should be followed.

3.2 Performance

Audit Observation	Management Comment	Recommendation
As per the Sports Calendar of 2024, it was planned to hold 06 local competitions, 06 international competitions and 09 coaching camp activities. However, out of those only 03 local competitions, 04 international competitions and 07 coaching camp had not been held.	Comments had not been received	Action should be taken to hold the planned activities within the period.