

Sri Lanka Volleyball Federation - 2017

The audit of financial statements of the Volleyball Federation of Sri Lanka for the year ended 31 December 2017 comprising the balance sheet as at 31 December 2017 and the income and expenditure account and the statement of cash flow and significant accounting policies for the year then ended and a summary of other explanatory 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 Section 9 of the Sports (Amendment) Act, No. 47 of 1993. My comments and observations on the above financial statements of the Federation appear in this report.

1.2 Responsibility of the Executive Committee for the Financial Statements

The Executive Committee is responsible for the preparation and fair presentation of these financial statements in accordance with Generally Accepted Accounting Principles and for such internal control as the Executive Committee determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

1.3 Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards. Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Federations' preparation and fair presentation of financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

1.4 Basis for Qualified Opinion

My opinion is qualified based on the matters described in paragraph 2.2 of this report.

2. Financial Statements

2.1 Qualified Opinion

In my opinion, except for the effects of the matters described in paragraph 2.2 of this report the financial statements give a true and fair view of the financial position of the Volleyball Federation of Sri Lanka as at 31 December 2017 and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles .

2.2 Comments on Financial Statements

2.2.1 Accounting Deficiencies

The following observations are made.

- (a) Even though air tickets costing Rs.6,260,000 had been given by the Department of Sport Development to the Volleyball Federation for foreign tours relevant to the sport meets during the year under review, the value of those had not been accounted in Federations' income and expenditure.
- (b) A sum of Rs.2,300,000 receivable from the Iran Volleyball Federation to the Sri Lanka Volleyball Foundation for the telecast of 07th Asian Young Volleyball Tournament 2008 via Islamic Republic Iran Radio (Network -3) on the request of Iran Volleyball Federation with the assistance of Sri Lanka Rupavahini Corporation had not been shown in the Financial Statements.

2.2.2 Accounts Receivable and Payable

The following observations are made.

- (a) A sum of Rs.8,770,969 payable to 09 public and private creditors since last four years and accrued expenses balances of Rs.25,000 since last 02 years remained carrying forward without being cleared.
- (b) Out of the advance given to a private institute who organized meets for training purposes of SAARC tournament held in Thailand in the year 2016, the unsettled balance of Rs.43,050 had not been recovered even up to 31 December 2017.
- (c) Sum of Rs.1,595,460 accounted as receivable since 2014 from the Department of Sports Development for the 14th Asian Junior Volleyball tournament had not been recovered till the year under review. It was further observed that, there is no entry in the accounts of the Department of Sports Development in this regard.

2.2.3 Lack of Evidence for Audit

The approved estimates including expenditure details and bills for the payment of Rs.2,224,920, paid to fifteen Sport Coordinating Officers for the settlement of bills in the Provincial Volleyball tournaments' expenses, had not been furnished to audit.

3. Financial Review

3.1 Financial Results

According to the financial statements presented, the operations of the Volleyball Federation of Sri Lanka for the year ended 31 December 2017 had resulted in a deficit of Rs.590,121 as against the surplus of Rs.8,715,285 for the preceding year, thus indicating an deterioration of Rs. 9,305,406 in the financial results. Decrease of the income by Rs.6,574,840 and increase in Direct Expenditure by Rs.2,214,613 had mainly affected for this deterioration.

4. Accountability and Good Governance

4.1 Budgetary Control

A budget had not been prepared for the year under review in terms of Paragraph 5.2.5 of the Public Enterprises Circular No.PED/12 dated 02 June 2003. Eventhough, it had mentioned in the 2016 Auditor Generals' report that budget had not prepared, a budget had not been prepared even for the year 2017.

6. Systems and Controls

Weaknesses in systems and controls observed during the course of audit were brought to the notice of the President of the Federation from time to time. Special attention is needed in respect of the following areas of control.

Areas of Systems and Controls

Observations

(a) Budgetary Control

A budgetary control had not been established as able to achieve the expected objectives of the Federation.

(b) Accounting

The value of the air tickets received for a foreign tour from the Department of Sports Development had not been accounted.