

Sri Lanka Anti-Doping Agency – 2017

The audit of financial statements of Sri Lanka Anti- Doping Agency for the year ended 31 December 2017 comprising the statement of financial activities and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 13(1) of the Finance Act No.38 of 1971 and Section 30 of the Convention Against Doping in Sports Act, No.33 of 2013. My comments and observations which I consider should be published with the Annual Report of the Institution in terms of Section 14(2)(c) of the Finance Act appear in this report.

1.2 Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Public Sector Accounting Standards and for such internal control as the management 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 consistent with International Standards of Supreme Audit Institutions (ISSAI 1000-1810). Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Institution’s preparation and fair presentation of the 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 Institution’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 the financial statements. Sub- sections (3) and (4) of the Section 13 of the Finance Act, No.38 of 1971 give discretionary powers to the Auditor General to determine the scope and extent of the Audit.

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

2. Financial Statements

2.1 Opinion

In my opinion, the financial statements give a true and fair view of the financial position of Sri Lanka Anti- Doping Agency as at 31 December 2017 and its financial performance and cash flows for the year ended in accordance with Sri Lanka Public Sector Accounting Standards.

2.2 Comments on Financial Statements

2.2.1 Sri Lanka Public Sector Accounting Standards

The following observations are made.

- (a) In accordance with the section 48 of public sector Accounting Standard No.1, revenue and expenses should not be offset unless it had been required or permitted by a Sri Lanka Public Sector Accounting Standard, but the net value of Rs.4,234,705 had been stated under the administration expenses by deducting Anti-doping expenses of Rs.6,210,231 from its revenue of Rs.1,975,526 during the year under review.

- (b) whether prior year adjustments of Rs.6,068,658 relevant to 2016 had been adjusted to the comparative values of the financial statements in the year under review, but had not been mentioned in the financial statements as restated and had not been disclosed as required by the section 54 of standard No.03.

3. Financial Review

3.1 Financial Results

According to the financial statements presented, the operating result of the Institution for the year under review had resulted in a surplus of Rs.29,800 as compared with the corresponding surplus of Rs.155,063 for the preceding year, thus indicating a deterioration of Rs.125,263 in the financial result in the year under review as compared with the preceding year. Even though, the treasury grants increased by Rs.5,619,212, the increase of administration expenses by Rs.6,245,187 had main reason for the above deterioration in the financial result.

In analyzing financial results of 03 preceding years and in the year under review, an improvement in the financial result had indicated in the year 2016 as compared with the year 2015 the financial result had deteriorated in the year under review with compared to the year 2016. However, in adjusting personnel emoluments and depreciation for non- current assets against to the financial result, the contribution of Rs.1,644,172 in the year 2014 had improved to a sum of Rs.10,573,624 in the year under review.

4. Operating Review

4.1 Performance

4.1.1 Action and review

The following observations are made.

Laws against the use of doping materials should be compiled and should be made compellable by publishing in the Gazette under the approval of the Minister in terms of Section 33 of the Convention Against Doping in Sports Act No.33 of 2013. However, even though 04 years had lapsed after the establishment of this Institution, rules relating to the key function intended from the Institution being taking action against the use of doping materials had not been prepared.

4.2 Staff Administration

A Director post, two Assistant Director Posts, and a driver post which were vacant since year 2015 and the Agency had not taken action to fill during the year under review.

5. Sustainable Development

5.1 Achieve Sustainable Development Objectives

Whether the Sri Lanka Anti-doping Agency had knew about the United Nations' year 2030 "agenda" on sustainable development, the Agency had not issued any internal circular or guidelines regarding implementation of sustainable development objectives. The Agency had given explanation that no wide knowledge in this regards.

6. Accountability and Good Governance

6.1 Internal Audit

Action had not been taken to carry out an internal audit by establishing an Internal Audit Unit in the Agency in terms of the Financial Regulation 133 of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka and an internal audit had not been carried out in the Agency by the Internal Audit Unit of the Ministry in terms of Paragraph 5 of the Treasury Circular No.IAI/2001/1 of 25 January 2001 of the Secretary to the Treasury.

6.2 Budgetary Control

As variances ranging from 10 per cent to 95 per cent relating to 11 Items between the budgeted and actual amounts were observed, thus indicating that the budget had not been made use of as an effective instrument of management control.

6.3 Contract Administration Deficiencies

Even though, an estimate had been prepared for sum of Rs. 102 million for the construction of new building of the Agency, the items could have been identified such as, Construction of ceiling of the building, electric generator and supply and fix an air condition system, electricity connection activities, partitioning works of the building, and water supply activities had not been included to the initial estimate and an additional estimate for those 19 items had been prepared for sum of Rs.97 million and handed over to the same constructor. so such, due to that the all items had been included to the initial estimate and then call tenders the opportunity for awarding contract on competitive price had been avoided. However, the building should have been completed by 05 April 2017, it had not been completed even by 30 August 2018.

6. Systems and Controls

Deficiencies in systems and controls observed during the course of audit were brought to the notice of the Chairman of the Institution from time to time. Special attention is needed in respect of the following areas of systems and controls.

Areas of Systems and Controls	Observations
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(a) Accounting	Not disclose prior year adjustment entries made to the comparative figures of the financial statements during the year under review.
(b) Budgetary Control	A considerable fluctuation remaining between the budgeted and actual amounts.
(c) Internal Audit	Internal Audit had not been carried out.