

## **Sri Lanka Anti-Doping Agency - 2020**

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### **1. Financial Statements**

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#### **1.1 Opinion**

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The audit of the financial statements of the Sri Lanka Anti-Doping Agency for the year ended 31 December 2020 comprising the statement of financial position as at 31 December 2020 and the statement of financial performance, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, 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 provisions of the National Audit Act No. 19 of 2018 and Finance Act No. 38 of 1971. My comments and observations which I consider should be report to Parliament appear in this report.

In my opinion, financial statements give a true and fair view of the financial position of the Sri Lanka Anti-Doping Agency as at 31 December 2020 and its financial performance and cash flow for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

#### **1.2 Basis for Opinion**

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I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibility with regard to financial statements is further described under the section “Auditor’s Responsibility for the financial statements”. 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**

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Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards 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 agency’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 agency or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the agency’s financial reporting process.

As per sub section 16(1) of the National Audit Act No. 19 of 2018, the agency 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 agency.

## 1.4 Audit Scope (Auditor's Responsibility for the Financial Statements)

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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 agency'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 agency'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 agency 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 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 agency and whether such systems, procedures, books, records and other documents are in effective operation;
- Whether the agency has complied with applicable written law, or other general or special directions issued by the governing body of the agency ;
- Whether the agency has performed according to its powers, functions and duties; and
- Whether the resources of the agency had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

## 1.5 Audit Observations on the Preparation of Financial Statements

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### 1.5.1 Internal Control over the preparation of Financial Statements

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Entities are required to “devise and maintain” a system of internal accounting controls sufficient to provide reasonable assurance that, transactions are executed in accordance with management’s general and specific authorization, transactions are recorded as necessary to permit preparation of financial statements in conformity with the applicable reporting standards, and to maintain accountability for assets, access to assets is permitted only in accordance with management’s general and specific authorization, and the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

### 1.5.2 Non-compliance with Laws, Rules, Regulations and Management Decisions etc.

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Reference to Laws, Rules, regulations etc.	Non-compliance	Management Comment	Recommendation
Financial Regulations 371(2)	Although the ad-hoc interim imprest should be settled immediately upon completion of the work by the staff officer receiving the ad-hoc interim imprest, it was observed that there were delays of 34 to 75 days in settling the interim	I agree. Relevant programmes were planned and advances were made and this situation has arisen due to the inability to hold scheduled events due to Covid 19 and the delay in settling staff due to the lockdown of the	Should be dealt with advances in accordance with Financial Regulations.

imprest amounting to Rs. 237,400 given by the institution on 09 occasions.

institution prior to the advance payment of the performed programmes. I would like to inform you that steps will be taken to avoid such situations in future.

**2. Financial Review**  
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**2.1 Financial Result**  
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The operating result of the year under review amounted to a surplus of Rs.2,927,396 and the corresponding surplus in the preceding year amounted to Rs.717,811. Therefore a improvement amounting to Rs.2,209,585 of the financial result was observed. This improvement was mainly due to an increase of other income by Rs.2,209,585.

**3. Operational Review**  
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**3.1 Management Inefficiencies**  
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Audit observation -----	Management Comment -----	Recommendation -----
Rs. 60,211,400 was in the financial statements of the year under review under the research equipment of the uncompleted capital works and the research equipment was to be installed and completed by 05 April 2020. The equipment was delivered to the agency by 15 March 2020 and although there have been a number of instances of training in the operation of machines and obtaining specialist services for the testing of machinery, training had been conducted online and discussions have been held in this regard, due to the non-completion of the training, the equipment could not be used by 16 November 2021.	Make sure the device is working properly and the supplier should provide proper training on how to use the device. Also the durability of the device, it is also essential to get accurate data. The supplier has not yet been able to complete these two facts. There for SLADA institute has not yet been able to verify and validate its effectiveness. As the latest solution to this problem, performance testing of this device was launched on 16 November 2021. The warranty period of the device is not started and the equipment is not accepted by the company until the functionality is confirmed.	Effectively get the advantages of the specialized services required for training and testing required to operate the research equipment and use the assets to maximize the invested money.

**3.2 Human Resources Management**

<b>Audit observation</b>	<b>Management Comment</b>	<b>Recommendation</b>
<p>The approved number of employees in the agency was 28 and the actual number of employees was 19 and the number of vacancies was 09 as at 31 December 2020. It was observed that the existence of 04 vacancies for the posts of Director and Assistant Director in the 02 divisions of Education and Investigation &amp; Implementation and Enforcement in the agency since the year 2014 could have a direct impact on the performance of the institute.</p>	<p>I agree. The officer of the medical institute who was appointed to the post of Director of the Education and Examinations Division did not accept the appointment of the institute. Although applications have been called for the post of Director (Enforcement and Implementation) on several occasions since the year 2014, action has been taken to revise the recruitment scheme as it has failed to recruit a talented and competent person and even then, no suitable candidate come forward. Arrangements have been made to recruit for the dual posts of Assistant Director (Enforcement and Implementation) and for the post of Development Officer and Technical Assistant post in early 2021. As the company had only three vehicles, only three drivers were recruited.</p>	<p>Action should be taken to recruit staff for the vacant posts.</p>

**4. Accountability and Good Governance**

**4.1 Sustainable Development Goals**

<b>Audit observation</b>	<b>Management Comment</b>	<b>Recommendation</b>
<p>The progress of the intensify stimulant doping tests, carry out doping tests to cover more sports, and increase the sports community’s awareness of the consequences of substance abuse use was in the range of 0 percent to 49 percent and progress in researching and updating information on banned ingredients in traditional local foods and beverages ranged from 75 percent to 100 percent.</p>	<p>I agree. Covid 19 epidemic and the posts of Director and Assistant Director (Education and Research) were vacant and planned stimulus tests and community awareness could not be carried out.</p>	<p>Action should be taken to achieve the Sustainable development Goals.</p>