

## **Volleyball Federation of Sri Lanka - 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 Volleyball Federation of Sri Lanka (“Federation”) for the year ended 31 December 2020 comprising the statement of financial position as at 31 December 2020 and the statement of income and expenditure, statement of changes in accumulated funds and statement of cash flow 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(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. 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 2020, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standard for Small and Medium Sized Entities (SLFRS for SMEs).

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

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I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those 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**

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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 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 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, 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**

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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 Observation 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 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 Receivable and Payable Accounts

### 1.5.1 Payables

Audit Observation	Management Comment	Recommendation
The total amount of Rs. 2,987,449 to be paid to two public institutions had not been settled for a period of 06 years.	I will settle that in future.	Arrangements should be made to settle payments or adjust the accounts.

## 2. Financial Review

### 2.1 Financial Result

The operating result of the year under review amounted to a deficit of Rs.2,332,106 and the corresponding deficit in the preceding year amounted to Rs.8,060,258. Therefore, an improvement amounting to Rs.5,728,152 of the financial result was observed. The reasons for the improvement is decrease the revenue by Rs.57, 610,859 and decrease the expenditure by Rs. 63,339,011.

## 3. Operational Review

### Procurement Management

Audit Observation	Management Comment	Recommendation
According to section 4.2 of the Government Procurement Guideline 2006, the federation had not prepared a procurement plan for the year 2020.	I will take action to prepare a procurement plan based on an action plan for the coming years.	Should be prepared a procurement plan and act in accordingly.

#### **4. Accountability and Good Governance**

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##### **4.1 Corporate Plan**

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###### **Audit Observation**

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###### **Management Comment**

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###### **Recommendation**

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The Corporate Plan had not been prepared in accordance with Order 7 (xi) of the National Sports Association No. 01 of 2016.

Noted to prepare a corporate plan.

Action should be taken to prepare a corporate plan in accordance with the orders of the National Sports Associations.

##### **4.2 Annual Action Plan**

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###### **Audit Observation**

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###### **Management Comment**

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###### **Recommendation**

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The Action Plan had not been prepared in accordance with order 7(xii) of the National Sports Association No. 01 of 2016.

I accepted. I will prepare an action plan in accordance with the relevant provisions and submit it in the coming years.

Action should be taken to prepare an action plan in accordance with the orders of the National Sports Associations.

##### **4.3 Internal Audit**

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###### **Audit Observation**

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###### **Management Comment**

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###### **Recommendation**

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The Governing Board did not focus on implementing an internal audit of the federation during the year under review.

I would like to point out that even if an internal audit is not operational, the income and expenditure of the federation will be reviewed and approved at the monthly Executive Committee meetings.

Should be implemented an internal audit in relation to the proceedings of the federation.