

## **Sri Lanka Cricket Institute - 2022**

### **1. Financial Statements**

#### **1.1 Opinion**

The audit of the financial statements of the Sri Lanka Cricket Institute (Sri Lanka Cricket) for the year ended 31 December 2022 comprising statement of financial position as at 31 December 2022, the statement of income, statement of changes in accumulated funds 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 reported 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 Sri Lanka Cricket Institute as at 31 December 2022 and financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

#### **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, 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 Sri Lanka Cricket Institute 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 National Building Research Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Sri Lanka Cricket Institute financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Sri Lanka Cricket Institute 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 Institute.

## 1.4 Audit Scope

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 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 Sri Lanka Cricket Institute'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 Institution 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 Sri Lanka

Cricket Institute and whether such systems, procedures, books, records and other documents are in effective operation;

- Whether the Sri Lanka Cricket Institute has complied with applicable written law, or other general or special directions issued by the governing body of the Sri Lanka Cricket Institute;
- Whether the Institute has performed according to its powers, functions and duties; and
- Whether the resources of the Institute had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

## 1.5 Accounts Receivable and Payable

### 1.5.1 Receivable

<b>Audit Observation</b> -----	<b>Comment of the Management</b> -----	<b>Recommendation</b> -----
(a) Eventhough advances of Rs. 9 million and Rs. 11.9 million were given to two private construction companies for the construction of the R. Premadasa International Cricket Stadium in 2018 and the Mahinda Rajapaksa International Cricket Stadium in 2020, action had not been taken to settle these advances. Further, although the construction contract of the Mahinda Rajapaksa International Cricket Stadium awarded in the year 2020 had been completed during the year under review, the advance balance of Rs. 11.9 million which had been given to a private company in the year 2020 had not been settled.	Although the construction works related to these projects have been completed, it was not possible to make adjustments in the account related to these balances, adjustments, non- completion of the works related to the documents and I inform that arrangement will made to adjust relevant balances as soon as completion of the works.	Arrangements should be made for prompt collection of receivables and accounting of transactions accurately.
(b) A sum of Rs. 12.2 million as Rs.5.6 million from the advance amount given by the Sri Lanka Cricket Institute in the year 2021 for the construction of 07 Turf	Although the construction works of Monarawila Cricket Stadium and Vidyarthi Vidyalaya Stadium have been completed by now, we would like to inform you that as soon as the work of completion of the relevant documents action will be taken to	Prompt action should be taken to settle the advances and accounting of necessary transactions

Wickets at the Monarawila Cricket Stadium and Rs.6.6 million from the advance amount given in the year 2021 for the construction of the Vidyarthi Vidyalaya stadium had not been settled until the end of the year under review.

- |     |  |  |  |
|-----|--|--|--|
| (c) | Event though it was stated in the financial statements that Rs. 37.1 million which was the sponsorship rights income due for the tour of Sri Lanka to South Africa in the year 2018 was to be received, according to the complaint made by the Institution to the Criminal Investigation Department on 04 October 2018, judicial actions were being carried out. | This amount had not been received to the Sri Lanka Cricket Institution by the date of reporting. However, the supplier has stated that the amount has been paid to Sri Lanka Cricket Institution. An inquiry is pending in the Magistrate Court of Colombo (Case No. B/657/01/18) and it had not been completed as of the date of issue of the financial statements. | Arrangements should be made to recover the amount due without delay. |
|-----|--|--|--|

## 1.5.2 Payables

<b>Audit Observation</b> -----	<b>Comment of the Management</b> -----	<b>Recommendation</b> -----
(a) There was a balance of Rs.5 million which was unpaid for more than a year in the other payable balance remained on 31 December of the year under review.	The necessary arrangement will be made in the year 2023 to make relevant adjustment on this balances after receiving all the documents with the approvals related to the creditor balance of Rs.5,120,380 required to be repaid.	Payable amount should be settled promptly.

## 2. Financial Review

### 2.1 Financial Result

The operating result for the year under review was surplus of Rs. 6,048 million and corresponding surplus was Rs. 2,479 million in the previous year. Accordingly, it was observed an improvement of Rs.3,569 million in the financial result. Improvement of income by Rs. 9,586 million was the main reason for this improvement.

**3. Operating Review**  
**3.1 Operational Inefficiencies**

<b>Audit Observation</b> -----	<b>Comment of the Management</b> -----	<b>Recommendation</b> -----
(a) Eventhough a sum of Rs. 154 million had been incurred for the year under review for the project of construction of a national cricket stadium and a multi-sports complex that can be develop upto international standards in the Polonnaruwa Higurakgoda area was commenced in 17 August 2017 and scheduled to be completed in October 2018, the Sri Lanka Cricket Institute had failed to achieve the desired goals so far.	The necessary arrangements have been made to accomplish this works, However, the preparation of the tax deed related to this land has been delayed, due to the lack of prompt service as expected from other government agencies providing services related to it.	Contract administration should be done properly to achieve the intended purpose.
(b) According to the request of the Director General of the Sports Development Department, the Sri Lanka Cricket Institute had credited Rs.10 million to the Army Project Account in 2018 to complete the remaining work of the Kilinochchi Cricket Ground, the Sri Lanka Cricket Institution had failed achieve the expected purpose of benefiting the players and cricket practitioners of the province out of that money.	In compliance with the request of the Ministry, the Sri Lanka Cricket Institution had credited Rs.10 million to the Sri Lanka Army Project Account with the approval of the Executive Committee. We would like to kindly inform you that the completion of the development work of the stadium has been delayed, due to the delaying of the related services from other government agencies.	The Board of Governors should give attention on achieving the desired objectives while funding of the Institution funds.
(c) According to the constitution of the Southern Province Cricket Association, Eventhough its officers have not held the General Meeting annually and the election once in every 3 years, the Sri Lanka Cricket Institute has paid Rs.84 million to the Southern Province Cricket Association from the year 2006 to 2016 for administrative work, sports	We hereby inform that there was no need to submit audited financial statements of the relevant period for payment of money to the Southern Province Sports Association from 2006 to 2016.	The management of the Institution should give attention on fulfilling the statutory requirements by the cricket associations.

competitions and sport development work.

- (d) The amount of Rs.11 million paid to consulting companies in 2018 and 2019 for obtaining consulting services for the reconstruction of a project that was started in 2015 and then stopped halfway with a value of work done of Rs. 29 million was included in the work in progress balance. The amount spent on the project had become ideal, due to the lack of proper attention of the management on the ability to complete the project.
- Please be informed that the payment of Rs.29 million was not for the Independence Tower project. The amount of Rs. 11 million was related to the construction of the Independence Tower and this is an ongoing program. We are informed that work is already being done in this regard
- Management should give attention on completing the projects within the scheduled time and obtained the expected returns on the investment without delay.
- (e) Eventhough the contract for the construction of a swimming pool at Pallekele International Cricket Stadium was awarded on 20 November 2019 and the construction work commenced on 04 December 2019 and Rs.147 million was spent on it, the construction works of the project was not completed by the end of the year under review.
- The relevant contractor has not been able to complete this project on the scheduled date and hand over to Sri Lanka Cricket Institution, due to the prevailing covid 19 epidemic in the country and the subsequent economic crisis. As this project is in its final stage, it is expected to be completed in the year 2023.
- Contract administration should be done properly and construction works should be completed without delay.
- (f) Eventhough construction of the proposed swimming pool project at Rangiri Dambulu International Cricket Stadium worth of Rs.37 million was awarded on 20 November 2019 without specifying a date for completion of the construction work and shown under the work in progress, the construction work of the project was not completed until the year under review.
- The relevant contractor has not been able to complete this project on the scheduled date and hand over to Sri Lanka Cricket Institution, due to the prevailing covid 19 epidemic in the country and the subsequent economic crisis. As this project is in its final stage, it is expected to be completed in the year 2023.
- The contract administration should be done properly and the completed projects should be capitalized without delay.

- (g) Eventhough an electric elephant fence and a media building included in the renovation project of the Mahinda Rajapaksa International Cricket Stadium worth of Rs.38 million shown under the work in progress should have commenced in the year 2020 and completed in the same year, works of the both contracts had not been completed by the end of the year under review. The elephant fence construction project was completed on 27 November 2020 and repair of the media building project was completed on 01 November 2020, due to the prevailing covid 19 epidemic in the country and the subsequent economic crisis. However, these projects have been named as ongoing projects, due to the incompleteness of the documents related to the capitalization of these projects, In addition, we expect to take necessary steps to capitalize these projects as soon as these documents are completed. The contract administration should be done properly and the completed projects should be capitalized without delay.
- (h) Eventhough four Project such as construction of an indoor net building at the Pallekele International Cricket Stadium, construction of an indoor net building at the Rangiri Dambulu International Cricket Stadium, construction of a swimming pool and an indoor net building at the R Premadasa International Cricket Stadium which were commenced in 2014 and 2015 and paid Rs.47 million was abandoned, due to the Central Engineering Bureau, which was the construction and consultancy contractor could not be able to obtained approval from the relevant local authorities and the Central Environment Authority, it was shown as work in progress in the financial statements of the year under review. All necessary measures have been taken for this and forwarded to the Executive Council to obtained the recommendations of the Sports Ministry. Until receiving the approval of the Ministry of Sports for making the appropriate accounting adjustments, this amount entered as work in progress in the accounts. The project management should be done efficiently and identify the responsible parties who use the funds of the Institution inefficiently and take action formally by the management.

### 3.3 Stock Control

<b>Audit Observation</b>	<b>Comment of the Management</b>	<b>Recommendation</b>
-----	-----	-----
(a) There was a stock of sports equipment valued at Rs.7 million which has not been moved for the last 4 years in the inventory remained on 31 December of the year under review.	There was a stock with a cost of Rs. 7,066,951 in the closing stock and our association had previously recognized that the stock had not moved in a period of 4 years. We hereby inform that the necessary steps have been taken to release under the FIFO stock concept when the competitions are held in the future.	According to the requirement of the stock of the Institution, collect the stock and internal control should be arrange properly.