

## **Sri Lanka Anti-Doping Agency - 2022**

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### **1. Financial Statements**

#### **1.1 Qualified Opinion**

The audit of the financial statements of the Sri Lanka Anti-Doping Agency for the year ended 31 December 2022 comprising the statement of financial position as at 31 December 2022 and the statement of comprehensive income, 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 the Parliament appear in this report.

In my opinion, except for the effects of the matters described in paragraph 1.5 of this report, the accompanying financial statements give a true and fair view of the financial position of the Agency as at 31 December 2022 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 Qualified Opinion**

My opinion is qualified on the matters described in paragraph 1.5 of this report.

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 qualified 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 Public Sector 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

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 Financial Statements**

### **1.5.1 Non-compliance with Sri Lanka Public Sector Accounting Standard**

<b>Non-compliance with reference to the standard</b>	<b>Comments of the Management</b>	<b>Recommendation</b>
Depreciation of Rs. 15.2 million had been overstated and value of the property, plant and equipment was understated by that amount, due to the provision of depreciation are not made according to paragraph 69 of Sri Lanka Public Accounting Standard 07.	I informed that the action will be taken to implement from the year 2023.	Financial statements should be prepared accurately.

### **1.5.2 Accounting Deficiencies**

<b>Audit Observation</b>	<b>Comments of the Management</b>	<b>Recommendation</b>
Provision was not made in the financial statements for Rs. 4.8 million required to be paid for the Foreign Agency on the stimulant suppression test reports by 31 December 2022.	The creditor and cash balance had been understated by Rs. 4,755 in 2022. I inform you that such weaknesses will be overcome from the year 2023.	The financial statements should be prepared accurately.

## **1.6 Accounts Receivable and Payable**

### **1.6.1 Accounts Payable**

<b>Audit Observation</b>	<b>Comments of the Management</b>	<b>Recommendation</b>
There was a balance of 4.2 million which has exceeded 06 months in the outstanding balance of 7.6 million remained as at 31 December 2022.	I inform that action will be taken by avoiding such weakness from the year 2023.	Actions should be taken to settle the outstanding without delay.

## 2. Financial Review

### 2.1 Financial Result

The operating result of the year under review was a surplus of Rs.2,319,003 and the corresponding surplus of the previous year was Rs.1,849,020. Accordingly, an improvement of Rs.469,983 was observed in the financial result. Increase in other income was the main reason for this improvement.

## 3. Operational Review

### 3.1 Management Inefficiencies

<b>Audit Observation</b>	<b>Comments of the Management</b>	<b>Recommendation</b>
<p>A testing machine worth Rs. 60 million was handed over to the research unit of the Agency under a warranty period of 03 years on 13 September 2022 in order to maintain the international level of stimulant testing in Sri Lanka as well as to find out the content of local Ayurvedic medicines and foods and whether they have contained prohibited substances. This machine was not used even on 30 March 2023, due to the non-recruitment of the laboratory assistant for operational activities and the delay in ordering the chemicals required for the operation of the machine.</p>	<p>A request was sent to the National Budget Department seeking permission to recruit for this position. The recruitment will be done immediately after its approval. There has been a delay in receiving chemicals ordered for planned research. I am informed that research work is currently being done using the available chemicals.</p>	<p>Accomplish the desired objectives by making the required recruitment and procuring the necessary chemicals.</p>

### 3.2 Human Resources Management

<b>Audit Observation</b>	<b>Comments of the Management</b>	<b>Recommendation</b>
<p>Out of the 10 staff vacancies remained in the agency, 03 positions are senior level vacancies and the two positions of Director (Education and Inspection) and Director (Enforcement and Implementation) have been vacant since 2014.</p>	<p>A request has been made to the All Recruitment Review Committee of Government to obtain necessary approval for recruitment of post of Director (Education and Inspection). I will do the recruitment as soon as the approval is received.</p> <p>Eventhough a senior level police or security officer with experience in the field of narcotics is sought to be recruited for the post of Director (Enforcement and Implementation), it is informed that it can only be given on acting basis, due to it cannot be given on a full-time on a secondary basis. Accordingly, an Acting Senior Superintendent of Police of the Sri Lanka Police Service was appointed from 28 February 2023 on acting basis.</p>	<p>Recruitment for vacant posts should be done without delay.</p>