Sri Lanka Convention Bureau - 2024
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1. Financial Statements
1.1 Opinion

The audit of the financial statements of the Sri Lanka Convention Bureau ("Bureau") for the year ended 31 December 2024 comprising the statement of financial position as at 31 December 2024 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 material accounting policy 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 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, the accompanying financial statements give a true and fair view of the financial position of the Bureau as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Public Sector 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 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 Bureau'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 Bureau or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bureau's financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Bureau 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 Bureau.

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 Bureau'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 Bureau'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 Bureau 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 Bureau, and whether such systems, procedures, books, records and other documents are in effective operation;

- Whether the Bureau has complied with applicable written law, or other general or special directions issued by the governing body of the Bureau *;*

- Whether the Bureau has performed according to its powers, functions and duties; and
- Whether the resources of the Bureau had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

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

Reference to Laws, Rules Regulations etc.	Non-compliance	Management Comment	Recommendation
Sub- section (b), (e) and (h) of the Paragraph 42 of Chapter VIII of the Tourism Act No.38 of 2005	The objectives of the Bureau are to provide a common policy aimed at ensuring the marketing of Sri Lanka as a venue in the tourism industry, to prescribe professional standards for persons or organizations involved in handling conventions, meetings, exhibitions, etc., and to provide guidance to the Sri Lanka Tourism Promotion Bureau in promoting Sri Lanka as a tourist destination. However, the Bureau had not been achieved the said objectives as of the year under review	A common policy aimed at promoting Sri Lanka as a destination in the tourism industry is currently in progress. The delay in developing the policy is due to ongoing discussions focused on enhancing and strengthening current market structure and amalgamation of tourism entities.	Action should be taken in accordance with the provisions of the Act.

2. Financial Review

2.1 Financial Result

The operating result of the year under review amounted to a deficit of Rs.65,290,130 and the corresponding surplus in the preceding year amounted to Rs.36,103,317. Therefore, a deterioration amounting to Rs.101,393,447 of the financial result was observed. The reasons for the deterioration are increase in marketing related expenses by Rs.97,945,655 and depreciation & amortization expenses by Rs.3,550,276.

3. Operational Review

3.1 Identified Losses

Audit Issue	Management Comment	Recommendation
A fixed deposit amounting to Rs.80,342,145 had withdrawn 22 days prior to its one-year maturity date, as a result, the loss incurred to the Bureau	Fixed deposits were withdrawn due to the urgent need for cash at the time, as funds were required for the Southern MICE	Forecast cash flow should be prepared accurately and investment should be done accordingly.

was Rs.2,956,810.	Expo and IMEX, and the TDL for March 2024 had not yet been received.	

3.2 Operational Inefficiencies

Audit Issue	Management Comment	Recommendation
Although separate institutions namely the Convention Bureau and the Sri Lanka Tourism Promotion Bureau (SLTPB) had been established under the Tourism Act No. 38 of 2005, both share similar objectives relating to marketing and promotion for the development of tourism in Sri Lanka. Certain events, such as the MICE EXPO and other fairs, had been conducted jointly. This matter was discussed in the Committee on Public Enterprises (COPE) meeting held on 26 November 2021, where directives were issued to amalgamate the Convention Bureau, SLTPB, Sri Lanka Tourism Development Authority, and Sri Lanka Institute of Tourism and Hotel Management. However, one of these institutions had not complied with the COPE directives and continued to operate independently, incurring separate costs while pursuing the same objectives.	The directions of the COPE Committee are being considered in the ongoing policy discussions.	The amalgamation of the Convention Bureau, the SLTPB, the Sri Lanka Tourism Development Authority, and the Sri Lanka Institute of Tourism and Hotel Management should be carried out in accordance with the directives issued by the Committee on Public Enterprises

3.3 Human Resources Management

Audit Issue	Management Comment	Recommendation
As per paragraph 3.4 of Operational Manual for State Owned Enterprises (SOE) in Public Enterprises Circular No.01/2021 dated 16 November 2021, it is required that each SOE has a succession plan. However, the Bureau had not prepared a succession plan to date.	A succession plan for recruiting cadre positions based on the Scheme of Recruitment (SOR) is in place, and all positions are to be advertised in newspapers (in all three languages) as per the current Scheme of Recruitment.	A succession plan should be prepared for the Bureau.

4. Accountability and Good Governance

4.1 Corporate Plan

Audit Issue	Management Comment	Recommendation
Paragraph 2.3 of Guidelines on Corporate Governance in Public Enterprises Circular No.01/2021 dated 16 November 2021, the strategic plan should be prepared for a five-year period and submitted to the General Treasury. Furthermore, the plan should be updated annually in line with changes in the business environment and submitted to the General Treasury no later than 15 days prior to the commencement of the ensuing year. However, a strategic plan for the Bureau was prepared for a four-year period from 2020–2023 and has not been updated to date.	The preparation of a five-year strategic plan has been delayed due to ongoing policy discussions and amalgamation of tourism entities.	The strategic plan should be prepared for a five years period; keep updated every year and submitted to the Treasury.