

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Sri Lanka Golf Union (“the Union”) for the year ended 31 December 2024 comprising the statement of financial position as at 31 December 2024 and the statement of income and expenditure, statement of changes in reserves and fund, statement of cash flows for the year then ended and notes to the financial statements, including a material accounting policy information 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 and Section 21 A of the Sports (Amendment) Act, No.47 of 1993. My Comments and observations which I consider should be report to 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 Union as at 31 December 2024 and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Statement of Recommended Practice for Not-for-Profit Organizations (SL SORP-NPOs).

1.2 Basis for Qualified Opinion

My opinion is qualified based 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 Statement of Recommended Practice for Not-for-Profit Organizations (SL SORP-NPOs) 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 Union’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 Union or to cease operations, or has no realistic alternative but to do so.

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

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

1.4 Scope of Audit (Auditor's Responsibilities for the Audit of the Financial Statements)

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

1.5 Audit Observation on the preparation of Financial Statements

1.5.1 Non-Compliance with Sri Lanka Statement of Recommended Practice for Not-for-Profit Organizations

Audit Issue	Management comment	Recommendation
According to the paragraph 6.1.7 of Sri Lanka Statement of Recommended Practice for Not-for-Profit Organizations (SL SORP-NPOs), the Union shall not offset its assets and liabilities, or income and expenses, unless required or permitted by this standard. In contrary to that, the unfavourable balance of Rs.932,252 in the Union's bank current account as at 31 December 2024, had been offset against the favourable bank balances and the net value of Rs. 21,765,480 had been shown as cash and cash equivalents.	The reason of this, that these assets of the commercial bank treated as a single figure.	The Union shall not offset its assets and liabilities, or income and expenses against those items.

1.5.2 Documentary Evidences not made available for Audit

Item	Amount Rs.	Evidence not available	Management comment	Recommendation
(a) Coaches fees and other administrative expenses	197,500	bills, invoices	Comments had not been received.	Action should be taken to provide payment vouchers and related supporting documents to verify accuracy and reliability of the payments.
(b) 19 Payments	217,369	Approvals and Certifications	Such cash payments are disbursed to the recipients and their signatures are obtained.	

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

Instances of non-compliance with the provisions in Laws, Rules and Regulations observed during the course of audit test checks are analyzed below.

	Reference to Laws, Rules Regulations etc.	Non-compliance	Management comment	Recommendation
(a)	Section 6 (xxvii) of Part III of National Associations of Sports Regulations No. 01 of 2024 published in the Extraordinary Gazette No. 2382/32 dated 03 May 2024.	Although details of all activities, including the elections of officers of sports clubs and member organizations affiliated to the Union were supposed to be submitted annually to the Director General of Sports, such details had not been submitted.	The Sri Lanka Golf constitution does not grant powers or authority to get such information.	Sports regulations should be followed.
(b)	Section (2) of Internal Circular No.2022/02 issued by the Department of Sports Development on 31 May 2022	The receipts for every payment should be issued to the relevant parties or the organization and those receipts should be presented for Audit. However, the Union had not issued receipts for the income of Rs. 21,928,850 collected during the year under review.	As per your recommendations and instructions started to issue receipts for bank deposits from 01.01.2025 onwards.	Circular instructions should be followed.

2. Financial Review

2.1 Financial Results

The operating result of the year under review amounted to a deficit of Rs. 460,505 and the corresponding deficit in the preceding year amounted to Rs. 1,285,502. Therefore, an improvement amounting to Rs. 824,997 in the financial result was observed. The reason for the improvement is increased the Amateur Golf Championship income by Rs. 1,901,053 as compared to the previous year.

3. Operational Review

3.1 Operational Inefficiencies

Audit Issue	Management comment	Recommendation
Progress report had not been provided on the development and promotion of this sport at every level in every province of Sri Lanka in order to evaluate the performance of the Union. Further, according to the National Sports Calendar 17 national sports tournaments and 11 international sports tournaments had planned to be held during the year under review. However, 09 national sports tournaments and 06 international sports tournaments had not been held as planned.	Comments had not been received.	Action should be taken to hold tournaments as planned

3.2 Procurement Management

Audit Issue	Management comment	Recommendation
Air tickets worth Rs. 3,859,884 had been purchased without following the Government Procurement Guidelines.	In most of the cases, the need for sourcing air tickets arises on urgent basis with short notice.	Procurement Guidelines should be followed.