

## **Sri Lanka Hockey Federation - 2022**

---

### **1. Financial Statements**

#### **1.1 Qualified Opinion**

The audit of the financial statements of the Sri Lanka Hockey Federation (“the federation”) for the year ended 31 December 2022 comprising the statement of financial position as at 31 December 2022 and the income and expenditure account, statement of changes in equity, 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, 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 Federation as at 31 December 2022 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 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 auditing 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 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 Accounting Standard 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 misstatements whether due to fraud or error.

In preparing the financial statements management is responsible for assessing the 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 intend 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, the 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

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 it 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 judgement 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 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 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 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 Audit observation on the preparation of Financial Statement

### 1.5.1 Accounting Deficiencies

Audit Issue	Management Comment	Recommendation
(a) According to the Sri Lanka financial reporting standard for Small Enterprises (SLFRS for SMEs) income and expenses should not be set off, however the federation has been accounted Ground Turf Account revenue of Rs. 4,283,456 shown in the financial statement as Rs. 4,139,476 by set off its expenses of Rs. 143,980.	An expenditure of Rs. 143,980 had been offset in order to reimburse the OT payments of the ground officers and to repair the playground and auditorium.	Financial Statement should be prepared properly
b) Payment voucher for overtime payment amounting Rs. 19,152 was not accounted as expenses	Action will be taken to rectify next year.	Prompt action should be taken to prepare the financial statements properly.
c) Federation had not made provision for audit fees for the year 2022.	Action will be taken to rectify in future.	do

### 1.5.2 Documentary Evidences not made available for Audit

Audit Issue	Amount Rs.	Evidence not available	Management Comments	Recommendation
(a) Expenses	2,674,968	Payment Vouchers	Action will be taken to rectify next year	The documents should be adequately furnished to audit in order to verify the expenses.
(b) Expenses	233,097	Authorization and approval	- Do -	- Do -
(c) Expenses	2,378,374	Invoice and Receipts	- Do -	- Do -

## 2. Financial Review

### 2.1 Financial Results

The operating result of the year under review amounted to a surplus of Rs.2,460,502 and the corresponding surplus in the preceding year amounted Rs. 35,107. Therefore, an improvement amounting to Rs.2,425,395 of the financial result was observed. The reason for the improvement were increase of the total income by Rs.21,441,311 and total expenses by Rs. 19,015,916.

### 3. Delays in Projects

Audit Issue	Management Comment	Recommendation
Although, only two artificial Hockey Ground owned by Sri Lanka, Sport activities at Matale Hockey Ground had been stopped due to repairing since 2019. As per the notification of Sri Lanka Hockey Federation regarding the dilapidated and unusable hockey turf at Torrington Colombo, Asian Hockey Federation had agreed to grant amounting to USD 250,000 for the construction of Polytan Hockey Turf Pitch for Olympic Standard to replace hockey turf. However, action had not been taken to replace turf promptly.	Draft Memorandum of Understanding (MOU) send by Asian Hockey Federation (AHF) had been submitted to Ministry Of Sport for necessary action. Though the AHF has proposed a grant as such in the year 2020, due to no provisions from the Ministry of Sports, it could not be received.	Prompt action should be taken to replace the new Turf.

## 4. Accountability and Good Governance

### 4.1 Action Plan

Audit Issue	Management Comments	Recommendation
According to the Section 7(xii) of the National Sport Association Regulation No.01 of 2016, the action plan had not been sent to the Director General for approval three months prior to the commencement of the year.	Action will be taken to rectify the next year	Action plan should be prepared and submitted to the Director General without delay according to the directive of National sports Association law.

## 4.2 Corporate Plan

<b>Audit Issue</b>	<b>Management Comments</b>	<b>Recommendation</b>
According to the Section 7(xi) of the National Sport Association No 01 of 2016, a proper corporate plan had not been prepared by the Federation	Action will be taken to submit the corporate plan for the year 2023/2024.	Corporate Plan should be prepared properly and submitted with EXCO approval

## 5. Account Receivables and Payable

### 5.1 Payable

<b>Audit Issue</b>	<b>Management Comments</b>	<b>Recommendation</b>
The total amount of Rs 1,289,591 included in accrued and other payables had not been settled over four years.	Action will be taken to rectify the next year	Prompt action should be taken to settled accrued and payables and suitable action should be taken in respect of the unsettle balances.