

1. Financial Statements

1.1 Disclaimer of Opinion

The audit of the financial statements of the National Federation of Sports for the Disabled (“the Federation”) for the year ended 31 December 2024 comprising the statement of financial position as at 31 December 2024 and the income statement, statement of accumulated fund, and cash flows statement 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 sports Law, No 25 of 1973 as amended by section 9 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. I do not express an opinion on the accompanying financial statements of the Federation. Because of the significance of the matters discussed in paragraph 1.5 of this report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

1.2 Basis for Disclaimer Opinion

I do not express an opinion based on the matters described in paragraph 1.5 of this report.

As per the matters described in the paragraph 1.5 of this report I was unable to confirm or verify by alternative means, material items included in the statement of financial position, statement of income, statement of accumulated fund and statement of cash flows.

As a result of these matters, I was unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded amounts and the elements making up the statement of financial position, statement of income, statement of accumulated fund and statement of cash flows.

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 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 misstatement, 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 (Auditor's Responsibilities for the Audit of the Financial Statements)

My responsibility is to conduct an audit of the Federation's financial statements in accordance with Sri Lanka Auditing Standards and to issue an auditor's report. However, because of the matters described in paragraph 1.5 of this report, I was not able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

1.5 Audit Observations on the Preparation of Financial Statements

1.5.1 Accounting Deficiencies

Audit Issue	Management Comment	Recommendation
The International Paralympic Committee (IPC) License fee valued at Rs.107, 000 paid for the year 2025 had been identified as an expense for the year under review. Therefore, the surplus of the year had been understated by Rs. 107,000.	Agreed and will be corrected	Expenditure for the accounting period should be correctly identified and recognized in the accounts.

1.5.2 Documentary Evidences not made available for Audit

Item	Amount Rs.	Evidence not available	Management Comment	Recommendation
13 online payments	20,862,767	Payment Vouchers	Although we prepared the vouchers, we were unable to submit them for Audit	All the documentary evidence should be provided to verify accuracy of the payments.

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

Reference to Laws, Rules Regulations etc.	Non-compliance	Management Comment	Recommendation
(a) Section 40 in Part V of the Sports Law, No.25 of 1973	The players had been participated for 16 international tournaments held in foreign countries during the year under review. However, the approval of the Minister of Sports had not been obtained for 10 tournaments.	Reply not received	The Federation should comply with the Sports Regulations.
(b) Section 3 (1) (ii) of Part II of the	The Federation shall submit a Corporate Plan including the	The Federation has agreed with	The Federation should comply with

National Associations of Sports Regulations No.01 of 2024 published in Extraordinary Gazette notification No.2382/32 dated 03 May 2024

strategies for the improvement of the current international level, expected targets within the relevant period and performance level should be submitted to Director General Sports for approval within 03 months from the effective date of these Regulations. However, the Federation had failed to do so.

the audit the Sports Regulations.

2. Financial Review

2.1 Financial Results

The operating result of the Federation for the year under review amounted to a deficit of Rs. 2,188,855 and the surplus against this in the preceding year amounted to Rs 2,229,145. Therefore, a deterioration amounting to Rs.4,418,000 in the financial result was observed. The main reason attributed for this deterioration was increase in sports events expenses by Rs.15,946,773 with compared to the previous year.

3. Operational Review

3.1 Identified Losses

Audit Issue	Management Comment	Recommendation
The archery equipment worth Rs.1,002,258 had been written off from the books of accounts during the year under review with the approval of the executive committee. However, the description of items, quantities, cost of each item had not been submitted for audit.	This equipment is currently in an unusable condition.	The required details and documents should be submitted before write off the assets.

3.2 Operational Inefficiencies

Audit Issue	Management Comment	Recommendation
According to the National Sports Calendar 2024 issued by the Ministry of Sports and Youth Affairs, it was planned to hold 18 international tournaments in the year under review. However, out of that 5 international tournaments had not been held as planned.	The expected results not achieved. Therefore, international tournaments had not been held as planned.	The Federation should hold planned tournaments without failed.