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## தேசிய கணக்காய்வு அலுவலகம்

### NATIONAL AUDIT OFFICE



මගේ අංකය  
எனது இல.  
My No.

SYA/E/NOCSL/06/2024/04

ඔබේ අංකය  
உமது இல.  
Your No.

දිනය  
திகதி  
Date

17 March 2026

The President,  
National Olympic Committee of Sri Lanka.

**Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the National Olympic Committee of Sri Lanka for the year ended 31 December 2024 in terms of Section 11(1) of the National Audit Act, No. 19 of 2018**

The English version of the above mentioned report along with a copy of certified financial statements signed by the Auditor General is sent herewith.

E.K.K.S. Edirisinghe  
Deputy Auditor General  
For Auditor General

- Copies to:
01. Secretary - Ministry of Youth Affairs and Sports
  02. Director General- Department of Sports Development
  03. Secretary - Ministry of Finance, Planning and Economic Development





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### Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the National Olympic Committee of Sri Lanka for the year ended 31 December 2024 in terms of Section 11(1) of the National Audit Act, No. 19 of 2018

#### 1. Financial Statements

##### 1.1 Qualified Opinion

The audit of the financial statements of the National Olympic Committee of Sri Lanka (NOCSL) for the year ended 31 December 2024 comprising the statement of financial position as at 31 December 2024 and the statement of comprehensive income, statement of changes in funds and reserves, statement of cash flows 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(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 report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course.

In my opinion, except for the effects of the matters described in the basis for Qualified Opinion section of my report, the accompanying financial statements give a true and fair view of the financial position of the NOCSL as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards for Small and Medium-sized Entities (SLFRS for SMEs).

##### 1.2 Basis for Qualified Opinion

- (a) Property, Plant and Equipment (PPE) valued at Rs. 1,476,600, purchased during the years 2020 and 2021, had not been recognized even in the financial statements of the year under review. Further, no asset verification had been carried out to confirm the physical existence of these assets.



- (b) According to the financial statements, legal expenses incurred during the year under review were Rs. 11,091,325. However, details of the related legal cases had not been disclosed in the financial statements as required by the paragraph 21.15 and 21.16 of the SLFRS for SMEs.
- (c) According to the financial statements, the value of payable balances as at 31 December 2024 was Rs. 23,760,635. However, as per the schedule submitted to audit it was Rs. 31,008,914. Accordingly, an unexplained difference of Rs. 7,248,279 was observed between two balances.
- (d) Audit test checks revealed that the value of the transactions had been carried out with member sports associations and federations registered under NOCSL during the year under review was Rs. 42,560,616. However, the required disclosures relating to related party transactions, as stipulated in paragraph 33.9 of the SLFRS for SMEs, had not been made in the financial statements.

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 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 NOC'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 NOC or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the NOC's financial reporting process. As per Section 16(1) of the National Audit Act No. 19 of 2018, the NOC 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 NOC.

#### **1.4 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 NOC'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 NOC'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 NOC 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.

I communicate with those charged with governance regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

## **2. Report on Other Legal and Regulatory Requirements**

2.1 National Audit Act, No. 19 of 2018 includes specific provisions for following requirements.

2.1.1 The financial statements presented is consistent with the preceding year as per the requirement of Section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018.

2.1.2 The financial statements presented includes all the recommendations made by me in the previous year as per the requirement of section 6 (1) (d) (iv) of the National Audit Act, No. 19 of 2018.

## **3. Non-compliance with Laws, Rules and Regulations**

### **Reference to Laws, Rules and Regulations**

### **Non-compliance**

Prevention of Offenses Relating to Sports Act, No. 24 of 2019

The NOC had not maintained records regarding unlawful activities committed by athletes and officials who participating in foreign competitions. Further, details of the actions taken by the NOC against such activities were also not submitted to the audit.

## **4. Other Matters**

- (a) The NOCSL had entered into a lease agreement with a private company on 01 November 2022 to lease out its restaurant premises for a period of two years at a monthly rental of Rs. 750,000, without obtaining a key money deposit from the lessee and lease rentals amounting to Rs. 9,051,979 had not been recovered up to the date of this report. Further, the restaurant had been closed from April 2023 and had not been utilized thereafter. The failure to recover outstanding rentals and to ensure effective utilization of the property indicates weaknesses in contract management and revenue collection.

- (b) According to the 2024 National Sports Calendar issued by the Ministry of Sports and Youth Affairs, it had been planned to conduct 07 international competitions, 14 national competitions, and 13 local activities during the year under review. However, 05 international competitions, 02 national competitions, and 11 local activities had not been conducted as planned. Additionally, the NOCSL had participated in 01 international competition, 03 national competitions, and 05 local activities that were not included in the sports calendar.
- (c) Five (05) bank accounts with a total balance of Rs. 9,197,892 had remained inactive for over five years. However, no action had been taken to activate these accounts to utilize the funds effectively or to close these accounts even up to the date of this report.
- (d) Out of total receivables amounting to Rs. 25,009,172 as at 31 December 2024, a sum of Rs. 5,118,746 had remained unrecovered up to the date of this report. Further, no effective recovery measures had been taken to recover these outstanding balances.
- (e) According to information submitted to audit, two (02) sports organizations that were not registered as National Sports Federations or Associations with the Department of Sports Development in compliance with the applicable regulatory and governance framework had been treated as members of the NOCSL.
- (f) It was observed that payments aggregating Rs. 19,964,733 had been made for various activities only on the authorization and certification of the Treasurer, without the required authorization and certification of two Executive Committee members. Therefore, these payments are considered as unauthorized transactions since they have been made without taking the established internal controls procedure over the financial management.
- (g) An impairment loss amounting to Rs. 15,623,124 on long outstanding receivables aggregating Rs. 16,395,624 had been recognized in the financial statements as at the end of the year under review.



L.S.I. Jayaratna  
Auditor General