

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the Sri Lanka Football Federation (“Federation”) for the year ended 31 December 2022 comprising the statement of financial position as at 31 December 2022 and the statement of comprehensive income, statement of changes in funds and cash flow 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.

In my opinion, 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 Standards for Small and Medium-sized Entities (SLFRS for SMEs).

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 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 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 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 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 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 auditor's 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 the 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 Accounts Receivable and Payable

1.5.1 Receivables

Audit Issue	Management Comment	Recommendation
The receivable balances amounting to Rs.63,861,199 and Rs.12,663,122 had remained outstanding 2 to 5 years and over 05 years respectively without being recovered and no provisions for impairment had been made in the accounts thereof even as at 31 December 2024.	I agree to identify and make impairment for uncollectible balances in accounts receivable since 2025.	Prompt action should be taken to recover the outstanding without further delay.

1.5.2 Payables

Audit Issue	Management Comment	Recommendation
The payable balances as at 31 December 2022 was amounting to Rs.174,939,946 and out of that a sum of Rs.20,137,004 had remained outstanding for 3 to 5 years as at the date of this report.	At present out of this, a sum of Rs.154,759,203 has been settled.	Prompt action should be taken to settle the payables, without delay.

1.5.3 Advances

Audit Issue	Management Comment	Recommendation
Advances amounting to Rs.591,484 and Rs.276,040 had remained over nine (09) and two (02) years respectively, without being settled even up to the date of this report.	I inform that amounting to Rs.591,484 cannot be settled and action will be taken to remove its from the accounts, subject to the approval of the executive committee.	Prompt action should be taken to get settled the advances.

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

	Reference to Laws, Rules Regulations etc.	Non-compliance	Management Comment	Recommendation
(a)	Section 16 of the Employees' Provident Fund Act, No. 15 of 1958	The contributions payable to the Employees' Provident Fund should be remitted to on or before the last day of the following month. However, the Federation had failed to remit the contribution and as a result, a surcharge amounting to Rs.40,000 had been imposed during the year under review.	This surcharge had to be paid because there was no authority person to make the payment on time after the Federation was banned by the Ministry of Youth Affairs and Sports in 2022.	Action to be taken to comply with the provisions of the Act.
(b)	Guidelines related to the activities of National Sports Associations/ Federation dated 15 December 2021 issued by the Director General of Sports.			
(i)	Section 3 (iii)	The Federation had maintained thirteen (13) bank current accounts without obtaining required approval from the Director General of the Department of Sports Development.	It is essential to maintain more than two accounts. This matter has been presented to the Director General in previous years.	Provisions of the Guidelines should be followed.
(ii)	Section 3(iv)	No verification had been carried out for the fixed assets valued at Rs.373,142,353 as at 31 December 2022.	Ministry of Youth affairs and Sports and the International Football Federation imposed an international ban to Sri Lanka Football Federation as political interference in 2022 and 2023. Therefore, it	Provisions of the Guidelines should be followed.

was not possible to carry out any activities in the previous years.

2. Financial Review

2.1 Financial Result

The operating result of the year under review amounted to a surplus of Rs. 51,309,071 and the deficit against this in the preceding year amounted to Rs. 197,270,585 . Therefore, an improvement amounting to Rs. 248,579,656 in the financial result was observed. The main reason for the improvement are increase of the foreign exchange gain by Rs.99,002,901 and decrease of the super league related expenses by Rs.103,121,660 as compared to the previous year.

2.2 Trend Analysis of major Income and Expenditure items

The main items of income and expenditure in the year under review, compared with the previous year and analyzed with percentages of increases or decreases are shown below.

Description	Value as at 31 December 2022	Value as at 31 December 2021	Variations	
			Favourable/ (Adverse)	Percentage
	Rs. million	Rs. million.	Rs. million.	%
Income				
FIFA contribution	375.93	218.75	157.18	71
Finance income and other income	37.98	13.53	24.45	181
Foreign exchange gain	134.27	35.27	99.00	281
Expenditure				
Football related events and tournament expenses	330.32	285.03	(45.29)	16
Operating expences	122.61	137.07	14.46	10
League and Football development expenses	30.98	23.10	(7.88)	34
Super league related expenses	12.96	116.08	103.12	89

The Executive Committee should pay its attention to increase the expenses for the wellbeing and the development of football infrastructure by utilizing the FIFA contribution received by the Federation.

3. Operational Review

3.1 Management Inefficiencies

Audit Issue	Management Comment	Recommendation
No action had been taken to recover a sum of Rs.48,388,399 from former Finance Manager with regard to the financial fraud committed during the period from 01 January 2013 to 31 July 2017. Further, the current status of the legal action taken against him had not been submitted to the audit.	A case is already examining in the Maligakanda Magistrate Court under Case No. HC-CRM 4563/2023 for this financial fraud.	Action should be taken to accelerate the legal procedures.

4. Accountability and Good Governance

4.1 Submission of Financial Statements

Audit Issue	Management Comment	Recommendation
As per the Paragraphs xiii of Part III of the Sports Regulations, published in the Extraordinary Gazette No. 1990/23 dated 27 October 2016, the certified financial statements should be submitted to the Auditor General within two months of the end of each financial year. However, the financial statements for the year 2022 were submitted to the Auditor General only on 02 April 2025.	The Federation was banned in 2022 and 2023. Therefore, no executive committee had been appointed to present the financial statements.	Sports regulations should be followed.