

ලේඛන/අධ්‍යක්ෂ ජනරාල්:
පணிப்பாளர் நாயகம்பதிவாளர் இல
Director General/Registrar
011-2864483



මගේ අංකය
எனது இல
My No. VSSO/REG/
Third Mutual
Evaluation/
TFGL/01
මගේ අංකය
உமது இல
Your No.

අධ්‍යක්ෂ
பணிப்பாளர்
Director
011-2888424

ශ්‍රාවීය සංවර්ධන, සමාජ ආරක්ෂණ සහ ප්‍රජා සවිබලගැන්වීම් අමාත්‍යාංශය

Ministry of Rural Development, Social Security and Community Empowerment

கிராமிய அபிவிருத்தி, சமூகப் பாதுகாப்பு மற்றும் சமூக வலுவூட்டுகை அமைச்சு

සහකාර අධ්‍යක්ෂ
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එජාත නොවන සංවිධාන පිළිබඳ ජාතික ලේකම් කාර්යාලය - 14 වන මහල, සුහරුපාය, බත්තරමුල්ල.

දිනය
திகதி - 27.02.2026
Date

அரசு சார்பற்ற நிறுவனங்களின் தேசிய செயலகம் - 14^{ஆம்} மாடி சுஹரூபாய பத்தரமுல்ல.

National Secretariat for Non-governmental Organizations - 14th Floor, Suhurupaya, Battaramulla.

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To All Registered Non-governmental Organizations,

Issuance of Guidelines for Preventing Money Laundering and Terrorist Financing (AML/CFT) for NGOs in Sri Lanka.

The National Secretariat for Non-Governmental Organizations hereby issues the Guidelines for Preventing Money Laundering and Terrorist Financing (AML/CFT) for NGOs in Sri Lanka, with effect from 26 February 2026.

02. These Guidelines have been developed in line with the Financial Action Task Force (FATF) Recommendations – International Standards on Combating Money Laundering and the Financing of Terrorism and Proliferation, particularly Recommendation 8 relating to Non-Profit Organizations, and in accordance with the applicable laws of Sri Lanka.

03. The objective of these Guidelines is to strengthen transparency, good governance and risk based compliance within the NGO sector, while safeguarding organizations from potential misuse for money laundering or terrorist financing. The Guidelines are intended to support NGOs in maintaining public confidence and enhancing sector integrity.

04. All registered NGOs are kindly requested to follow the enclosed Guidelines and annexures within their governance and operational frameworks.

Your cooperation in this regard is highly appreciated.

Chandrarathna D. Vithanage
Director General / Registrar (Act.)

- Cc:1)Secretary, Ministry of Rural Development, Social Security and Community Empowerment
2) All District Secretaries
3) Director, Financial Intelligence Unit (FIU), Central Bank of Sri Lanka
4) All District NGO Coordinators -To facilitate awareness and monitoring at district level

**ANTI-MONEY
LAUNDERING
AND
COUNTERING
THE FINANCING
OF TERRORISM
(AML/CFT)**

***GUIDELINES
FOR
NON
GOVERNMENTAL
ORGANIZATIONS
(NGOs) IN SRI
LANKA***

**Issued by: National
Secretariat for Non-
governmental
Organizations of
Sri Lanka**

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Purpose of the Guidelines

This guideline is designed to help Non-Governmental Organizations (NGOs) in Sri Lanka prevent misuse for **Money Laundering (ML)** and **Terrorist Financing (TF)**. It promotes transparency, accountability, and compliance with international standards (including FATF Recommendation 8), while supporting the operational needs of the NGO sector.

1. Understanding the Risks

NGOs may be vulnerable to ML/TF due to:

- Handling large donations, often in cash.
- Operating in high-risk or remote areas.
- Weak or informal governance and financial systems.

Risks Include:

- Creation of fake NGOs for illicit purposes.
- Diversion of funds to extremist or criminal groups.
- Abuse of NGO platforms for radicalization or promotion of extremist ideologies.
- Trustees, volunteers, or employees using NGO premises or status for unlawful activities.

2. Legal and Regulatory Framework (Sri Lanka Context)

NGOs must comply with:

- Prevention of Money Laundering Act No. 5 of 2006
- Convention on the Suppression of Terrorist Financing Act No. 25 of 2005
- Financial Transactions Reporting Act No. 6 of 2006
- Voluntary Social Service Organizations (Registration and Supervision) Act No 31 of 1980 amended by Act No 8 of 1998
- Instructions issued by the Financial Intelligence Unit (FIU) and NGO Secretariat

Additionally, Non-governmental organizations are required to prepare a Suspicious Transaction Report and submit it to the Financial Intelligence Unit (FIU) of Sri Lanka through the NGO Secretariat.

3. Core Principles for NGOs

a. Registration

- All voluntary social service organizations operate in Sri Lanka must be registered under the Voluntary Social Service Organizations (Registration and Supervision) Act.
- Maintain updated information on funding sources, and activities.
- Submit annual/ quarterly reports and audited accounts.

The following laws and circulars are applicable.

- a. Voluntary Social Service Organizations (Registration and Supervision) Act No. 31 of 1980.
- b. Voluntary Social Service Organizations (Registration and Supervision) (Amendment) Act No.8 of 1998.
- c. Presidential Secretary's Circular No. RAD/99/01 dated 26/02/1999
- d. Special Gazette Notification No.1101/14 and dated 15/10/1999 of the Democratic Socialist Republic of Sri Lanka
- e. Director General's Internal Circulars No. 06, 07, 08 and 10

b. Governance & Internal Controls

- A competent Board of Directors/Office Bearers is essential.
- Implement a conflict of interest policy and standard internal approvals.
- Appoint a responsible officer to report to the NGO Secretariat.
- Board must issue an annual declaration on compliance with AML/CFT obligations.

c. Know Your Donor, Beneficiary, Partner & Employee (KYC)

- Screen donors, partners, beneficiaries & employees against the UN Sanctions Lists.
- Conduct due diligence:
 - For donors: identity verification, background checks, ensures no anonymity.
 - For partners/beneficiaries: collect ID/registration documents.
 - For employees: maintain personal data (NIC, address, contact, experience).

(For more information on UN sanctions, please see the FIU website below.)

<https://fiusl-screening.web.lk>

- Enhanced Due Diligence for:
 - Foreign donors: Identify verifications, source of funds, sanctions screening
 - High-risk areas :sanctioned countries such as North Korea, countries where there are conflicts
 - Cross-border transactions : assessing the source and destination of funds, sanctions screening
 - Politically Exposed Persons : PEP identification ,risk assessment, source of wealth

d. Financial Management & Banking

- Use formal banking channels only.
- Maintain:
 - One designated account for foreign funds
 - Joint signature operation for key accounts
- Avoid handling cash over LKR 100,000.
- Align all spending with declared purposes.
- Document:
 - All transactions
 - Donor agreements
 - Documents must be kept for six (6) years.
- Fund flow statements with AML/CFT declaration.

e. Monitoring, Evaluation & Reporting

- Monitor programs and fund usage continuously.
- Submit audited financials annually.
- Maintain and share internal logs of suspicious activity.
- Submit Suspicious Transaction Reports (STR):
 - In cases of suspicion of Money Laundering (ML) or Terrorist Financing (TF), NGOs should submit STRs (Suspicious Transaction Reports) directly to the FIU, with a copy also sent to the NGO Secretariat.
 - Use the Suspicious Transaction Report (STR) format for NGOs
- Ensure donations are used solely for approved objectives.

f. Transparency & Public Accountability

- Publish annual reports with financial and impact data.
- Disclose:
 - Funding sources
 - Beneficiaries and partners, when appropriate
- Segregate key duties (e.g., no dual roles for payments and approvals).

Use competitive procurement; maintain supplier records.

4. Staff Training & Risk Awareness

- Train all staff, board members/ office bearers and volunteers on AML/CFT risks.
- Conduct annual trainings to refresh the knowledge.
- Hold quarterly AML/CFT review meetings at the Board of Directors/ Office Bearers' level.
- Promote a culture of compliance and integrity.

5. Risk-Based Approach

Each NGO must:

- Conduct a risk assessment of donors, projects, locations, and partners.
- Use the provided NGO Risk Scoring Template
- Classify risks as Low / Medium / High.
- Apply controls accordingly:
 - Simplified
 - Standard
 - Enhanced
- Review risk assessments annually and maintain documentation.

6. High-Risk Activities to Avoid

- Working with unknown or unverified foreign partners
- Accepting donations without proper documentation
- Transferring funds without contracts, MoUs, or receipts
- Operating in risk areas without proper oversight

7. Record Keeping

- Retain all records for at least 6 years, including:
 - Donor details
 - Beneficiaries and partners
 - Financial and bank records
 - Cash disbursements
- Maintain digital and physical backups for retrieval during audits.

8. Reporting Obligations

- Submit:
 - In cases of suspicion of Money Laundering (ML) or Terrorist Financing (TF), NGOs should submit STRs (Suspicious Transaction Reports) directly to the FIU, with a copy also sent to the NGO Secretariat.
 - Quarterly/Annual Reports to the NGO Secretariat
- Cooperate with:
 - Investigations by law enforcement or regulators
- Keep internal records of:
 - Suspicious activities
 - AML/CFT compliance logs

9. Sanctions for Non-Compliance

Failure to comply may result in:

1. Written Warning – for minor breaches
2. Project Suspension – new projects halted until compliance
3. Legal Referral – for severe violations
4. Freezing of Accounts or Assets – upon legal action
5. Non-compliant NGOs may also lose donor funding or tax exemptions.
6. Inactive or deregistered NGOs will be published online for public transparency.

10. International and Cross-Border Operations

- Use approved bank channels only.
- Maintain donor correspondence and contracts for all foreign transfers.
- Comply with:
 - Sanctions regimes
 - UN Security Council Resolutions
 - International AML/CFT standards

11. Monitoring & Oversight

- NGO Secretariat will:
 - Require NGOs to notify Secretariat before project commencement

12. Engagement with NGO Umbrella Bodies

When to Engage:

- During roll-out of guidelines
- For training, workshops, and circulars
- To gather feedback on practical challenges
- To share emerging sector risks

How to Engage:

- Hold biannual roundtables
- Create WhatsApp groups and email portals
- Distribute newsletters, and test new formats with umbrella bodies

Annexes:

1. AML/CFT Self-Assessment Checklist for NGOs
2. Suspicious Transaction Report (STR) Format for NGOs
3. NGO RISK SCORING TEMPLATE
4. Annual Fund flow Report
5. Annual Updated Staff Details and Details of Board of Directors / Office Bearers Report

AML/CFT Self-Assessment Checklist for NGOs

(By NGOs)

No.	Question	Yes	No	Comments / Action Needed
1. Registration & Governance				
1.1	Is your NGO registered with the NGO Secretariat?	<input type="checkbox"/>	<input type="checkbox"/>	
1.2	Do you have updated records of your Board Members/Office Bearers?	<input type="checkbox"/>	<input type="checkbox"/>	
1.3	Is your NGO submitting annual/quarterly reports to the Secretariat?	<input type="checkbox"/>	<input type="checkbox"/>	

2. Internal Controls

- 2.1. Do you have a Coordinator Officer for AML/CFT matters?
- 2.2. Has the Board issued an AML/CFT compliance declaration this year?
- 2.3. Are there written policies on conflict of interest and approval processes?

3. Know Your Donor, Partner & Beneficiary (KYC)

- 3.1. Do you collect ID documents from donors, partners, and beneficiaries?
- 3.2. Do you screen names against UN Sanctions Lists?
- 3.3. Do you apply extra checks for foreign donors or high-risk individuals?

4. Financial Management

- 4.1 Are all transactions made through formal bank channels?
- 4.2 Do you avoid handling cash over LKR 100,000?
- 4.3 Do you maintain a separate account for foreign funds?
- 4.4 Do you keep receipts and agreements for all funding and spending?

5. Monitoring & Reporting

- 5.1 Do you regularly monitor how funds are used in projects?
- 5.2 Have you submitted Suspicious Transaction Reports (STR) if needed?
- 5.3 Do you keep a log of any suspicious activity or compliance issues?

6. Training & Awareness

- 6.1 Have staff and board members received AML/CFT awareness this year?
- 6.2 Do you hold regular AML/CFT review meetings?
- 6.3 Are staff aware of how to report suspicious activity?

7. Risk Assessment

7.1 Have you conducted a risk assessment of your donors and projects?

7.2 Do you use a risk scoring template to classify Low / Medium / High risk?

7.3 Is your risk assessment updated at least once a year?

8. Record Keeping

8.1 | Are all records (donors, transactions, beneficiaries) kept for 5 years?

8.2 | Do you have both physical and digital backups of records?

Suspicious Transaction Report (STR) Format for NGOs

SUSPICIOUS TRANSACTION REPORT					
a. This report is made pursuant to the requirement to report suspicious transactions under the Financial Transaction Reporting Act, No. 6 of 2006 b. Under Section 12 of the Act, no civil, criminal or disciplinary proceedings shall be brought against a person who makes such report in good faith.					
PART A - DETAILS OF REPORT					
1	Date of Sending Report				
2	Is this replacement to an earlier report ?	Yes		No	
PART B - INFORMATION ON SUSPICION					
3	Name in Full <i>(Individual or registered name of organization)</i>				
4	Residential / Registered Address				
5	NIC No. / Passport No. / Business Registration No.				
6	Gender (if individual)	Male		Female	
7	Country of Residence and Nationality (if an individual)				
8	Business/ Employment Type				
9	Occupation/ Principal Activity (For organizations: nature of operations)				
10	Name of Employer/ Organization (where applicable)				
11	Contact Details				
PART C - DESCRIPTION OF SUSPICIOUS TRANSACTION / ACTIVITY					
12	Details of Transaction / Activity <i>(Include date, amount, currency, method, frequency, and location)</i> Date(s) of Transaction: Amount(s) Involved: Currency: <input type="checkbox"/> LKR <input type="checkbox"/> USD <input type="checkbox"/> EUR <input type="checkbox"/> Other: Mode of Transaction: <input type="checkbox"/> Cash <input type="checkbox"/> Bank Transfer <input type="checkbox"/> Cheque <input type="checkbox"/> Other: Bank / Financial Institution (if applicable): Intended Purpose of Funds / Activity: Any Other Details:				

13	<p>Ground / Reasons for Suspicion <i>(Tick where applicable and elaborate below)</i></p> <p><input type="checkbox"/> Unusually large or unexplained donation</p> <p><input type="checkbox"/> Repeated cash transactions inconsistent with NGO activities</p> <p><input type="checkbox"/> Source of funds unclear or unverifiable</p> <p><input type="checkbox"/> Funds received from / sent to high-risk jurisdictions</p> <p><input type="checkbox"/> Mismatch between stated purpose and actual use of funds</p> <p><input type="checkbox"/> Refusal or reluctance to provide identification / documents</p> <p><input type="checkbox"/> Transaction lacks economic or lawful justification</p> <p><input type="checkbox"/> Possible links to prohibited, terrorist, or extremist activities</p> <p><input type="checkbox"/> Other (please specify):</p>
14	<p>Detailed Explanation of Suspicion <i>(Narrative description of events, behavior patterns, and reasons for suspicion. Additional documents may be attached.)</i></p>
PART D – ATTACHMENTS (IF ANY)	
	<input type="checkbox"/> Identification documents
	<input type="checkbox"/> Bank records / deposit slips
	<input type="checkbox"/> Agreements / correspondence
	<input type="checkbox"/> Project documents
	<input type="checkbox"/> Other supporting material:
PART E – DETAILS OF REPORTING PERSON	
15	Date of Reporting
16	Name of Reporting Person
17	NIC Number
18	Designation / Occupation
19	Name of Reporting NGO & Registration No
20	Address
21	Contact Details
22	Signature

NGO Risk Scoring Template

(By NGOs)

SECTION 1: Basic Information

Field	Details
Name of NGO	
Date of Assessment	
Name of Person Completing This Form	

SECTION 1: Risk Categories

For each question below, tick the appropriate risk level and add the score.

No.	Risk Area	Risk Description	Low (1)	Medium (2)	High (3)
1	Donor Type	Is the donor local or foreign?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Donor Verification	Are proper documents and ID provided?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Funding Source	Is the money coming via bank or cash?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	Project Location	Is the location low or high risk (e.g., conflict area)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	Partner Organization	Is the partner known and registered?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	Beneficiary Checks	Are beneficiaries verified and documented?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7	Type of Project	Is the project in a sensitive area (e.g., religious/political)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8	Transaction Type	Are funds handled through traceable methods?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9	PEP Involvement	Is a Politically Exposed Person involved?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10	Previous Concerns	Has this donor/partner had past issues?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SECTION 2: Scoring

Total Score = _____ out of 30

Total Score	Risk Level	Action Required
10–15	Low Risk	Basic checks; proceed normally
16–22	Medium Risk	Standard due diligence; monitor regularly
23–30	High Risk	Enhanced due diligence; consider reporting or rejecting

SECTION 3: Comments & Action Plan

Use this space to explain any issues.

Annual Fund flow Report

- (1) Name of the NGO:
- (2) Reg. No:
- (3) Applicable Period (Last calendar Year):
- (4) Balance carried forward from the previous year Rs

Fund Inflow						Fund outflow					Actual Amount Spent (Rs)
Fund Receipt Date	Funding source			Bank Account No.	Amount (Rs)	Details					
	Local	Foreign	Name of the Funding Source			Serial No.	Name of the Project	GS Division	Divisional Secretariat Division	District	
Total (Rs)											

We hereby certify that the funds reported in this Fund Flow Statement were received from lawful sources and utilized solely for the approved objectives and activities of the organization. We further confirm that reasonable due diligence and sanctions screening have been carried out, and that the organization has not knowingly received, held, or disbursed funds linked to money laundering, terrorist financing, or sanctioned individuals, entities, or jurisdictions, in accordance with applicable laws of Sri Lanka.

I certify that information and actual expenditure given above is true and correct.

Name of the Head of the NGO:
Signature:
Date:
Official Seal

Name of the Secretary/Finance Manager of the NGO:
Signature:
Date:
Official Seal

(5) Board of Directors

S/No	Name With Initials	Designation / Post	Address		Contact Details		NIC Number	No of Years in Service
			Permanent	Current	TP No:	E- mail		
1.								
2.								
3.								
4.								
5.								

*Please mention the updated staff details and details of office bearers or names of Board of Directors in this format.

We hereby confirm that an AML/CFT compliance declaration has been obtained from the Board of Directors for the current reporting year and that reasonable due diligence has been applied to Board members and key officers of the organization. To the best of our knowledge, none of such persons are linked to money laundering, terrorist financing, or are subject to applicable sanctions under the laws of Sri Lanka or relevant United Nations Security Council resolutions.

I do hereby certify that the above details are true and correct to the best of my knowledge.

(5) Name of the Head of the Organization:
 Signature:
 Date:
 Official Seal

(6) Name of the Secretary/Director of the NGO:.....
 Signature:
 Date:
 Official Seal