



**“Transitions are challenging  
but they also bring with them  
opportunities to change and  
strive for greater excellence”**

**ANNUAL REPORT 2016**

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# ANNUAL REPORT 2016

## CHAIRMAN'S MESSAGE

“Transitions are challenging but they also bring with them opportunities to change and strive for greater excellence”

The year 2016 has been one of changes and opportunities. The early part of 2016 brought with it the uncertainties of the previous year with a dwindling funding pipe line calling for restructuring to manage this situation taking priority. But the ability of the team to liaise with both existing and new donors to be able to enhance the stability of TISL's program for 3 years up to 2018 has been an important step forward.

A few highlights of the year;

TI has been a part of the Right To Information (RTI) movement in the country and was proud to realize the passing of the RTI act in August, the announcement of the commissioners and the setting up of the commission in December. Having been part of the RTI advisory task force and of the drafting of the act where our recommendations and amendments were valued. TISL also prepared a legislative brief on the act for members of parliament and was part of a program to train the parliamentarians too.

Sri Lanka joining the Open Government Partnership (OGP) was another milestone for transparent governance in the country. TISL as civil society lead was able to work with a group of organisations and link up with local stakeholders to put together the civil society national action plan, which was by and large incorporated into the final government national action plan. TISL then joined the national steering committee which includes nine CSO's and eight ministries to ensure monitoring and implementation respectively of the plan.

There is a recognition that much needs to be done on the RTI becoming a tool for civic mobilization of both people and civil society to advocate and engage government on transparent governance, going beyond it being seen as a box to tick with regards the country's international commitments. There is a need to build a movement at different levels to mobilize civil society to take more ownership and engage government at every level.

Increasing women's representation in the political space admittedly has not been one of TISL's core areas in the past. The European union funded Electoral Integrity program on electoral governance was the platform that inspired TISL's young team to work with other local stakeholders who have been working in this area to add our support and voice to help aspiring women and their organizations in understanding the democratic process, the local government legislation and how to

engage and run a media campaign including on social media. Essential aspects to better prepare women when taking the plunge.

The organisation has a young and dynamic Executive Director in Asoka Obeyesekere who brings both a new perspective and a new set of skills. A new strategic plan was developed incorporating 4 important areas of work which is already being rolled out. It has also been a year when the team lost some of its experienced members but has also benefited from a blend of young and experienced dynamic newcomers who along with the longstanding hands continue TISL's initiatives to enhance civil mobilization, support open governance, strengthen inclusive and accountable governance. This we believe will support anti-corruption activities and promote a culture of integrity, accountability, transparent and participatory governance.



SCC Elankovan  
Chairperson  
Transparency International Sri Lanka

## EXECUTIVE DIRECTOR'S MESSAGE

Dear Members,

Having completed my first calendar year at the helm of TISL, I would from the outset like to recognise the continued support and encouragement received from the board, my staff and the membership. I am particularly grateful for those who have given of their time to ensure that I am kept well aware of the institutional memory of the organisation.

2016 has witnessed significant changes both externally and within TISL. Externally we have witnessed the stuttering of the government's delivery on its yahapalanaya (good governance) mandate, and the rapidly changing realities facing civil society sustainability. Internally we have commenced on a new strategic plan for 2016-2020, which sets an exciting trajectory – but has also required bold administrative decisions to reflect the new course chartered for the organisation.

The new strategic plan has seen TISL take significant strides in its leadership in supporting open government, particularly in the Right to Information (RTI) and the Open Government Partnership (OGP). TISL's work on RTI has seen it at the fore in the legislative process, with a foundation being laid for future public engagement on RTI implementation in 2017. Similarly, in being the Open Government Partnership (OGP) Civil Society Secretariat, TISL has been at the centre of driving state-civil society collaboration, which has resulted in a bold OGP National Action

Plan. However, this poses plenty of challenges for 2017 on driving government accountability against their OGP commitments.

Furthermore our strategic commitment to continuously drive civic mobilisation in anti-corruption work and strengthening accountable governance has been witnessed through our work on electoral integrity, with focus areas including campaign finance, electoral reform and our extensive work on the promotion of clean politics – the latter through TISL's role within the March 12 movement. TISL has also gained unparalleled access to CIABOC and other key state anti-corruption actors through conducting a TI Secretariat driven Anti-Corruption Agency Assessment.

2016 has also seen significant steps being taken on MP accountability through asset disclosure, with both our input into legislative reform being presented to cabinet and our pioneering asset declaration requests yielding more than half of the entire parliament's asset declarations. At the other end of the governance spectrum TISL has maintained its commitment to grassroots Advocacy and Legal Advice Centres (ALACs) in Colombo, Matara and Vavuniya – with their unique focus on advocacy for those who predominantly face challenges of corruption when seeking state sector service delivery.

The final strategic focus, on inclusive governance - a new area for TISL, has seen preliminary work being conducted in 2016 on women's

political representation. This was witnessed through TISL's support for women's group submissions to the Public Representations Committee (PRC) for a new constitution. The groundwork has also been laid for 2017 collaborations with the Asia Foundation and Social Scientists Association (SSA) to develop a tool to assess the vulnerability of citizens to corruption.

The variety of work done in 2016 is testament to the vibrancy of TISL, even during times of significant change. The assembling of a dynamic and committed team, coupled with the new 2020 strategic plan provides significant encouragement for the year ahead.

My team and I look forward to closely collaborating with you all in these endeavours.

Yours sincerely,



S.C. Asoka Obeyesekere  
Executive Director  
Transparency International Sri Lanka

# RIGHT TO INFORMATION

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One of the key areas in which TISL was active in 2016 was in continuing to advocate for the strengthening and passing of the Right to Information (RTI) Bill. TISL's advocacy built on a legislative brief that was produced in late 2015, which outlined six key points deemed necessary to strengthen the draft RTI Bill. As a member of the Media Ministry convened RTI Taskforce, TISL had the opportunity to sit as observers to the final meetings of the RTI drafting committee, where four of TISL's recommended amendments were adopted in the final RTI Act.

Following the passage of the Act, TISL turned its focus to advocating for its effective implementation, specifically focusing on increasing citizens' engagement with RTI. In order to raise awareness of the RTI Act among the public, TISL participated in a number of outreach activities.

Twelve radio programs were broadcast on the state-run radio station Ruhunu Sevaya to emphasize the link between RTI and corruption. In addition to this, four RTI training programs were conducted for CBOs and media personnel in the Southern province.

Five RTI training workshops were held for a total of 108 youth participants in the Northern province, which led to follow-up forums being conducted by trained youth. The discussions

fostered a dialogue on post-war issues and how citizens can address them through RTI. On completion of these workshops, the trained youth activists identified the integral role youth have in communities, and decided to conduct RTI People's Forums to increase public engagement with RTI. The activists mobilized the Rural Development Society, the Women's Rural Development Society and other youth groups in their communities to foster dialogue on RTI.

TISL also initiated the creation of RTI hubs and thematic RTI CSO Coalitions that will be operating in several districts across the country by mid-2017. TISL commenced work with Sarvodaya in training their staff to facilitate citizen RTI requests. TISL will expand the scope of our Shelter for Integrity offices to include RTI and Sarvodaya identified key District Offices that likewise will operate as RTI hubs. This will lead to RTI hubs operating in Colombo, Trincomalee, Ratnapura, Matara and Anuradhapura by mid-2017. Initial outreach to fellow CSO partners in the establishment of thematic CSO Coalitions in Colombo, Matara, Ampara, Trincomalee and Jaffna also commenced in late 2016. TISL has also launched a website dedicated to RTI, [www.rtiwatch.lk](http://www.rtiwatch.lk), which is the go-to website for all things RTI-related. These initiatives have generated greater knowledge of RTI among the public and work to encourage further citizen engagement with the RTI Act.



## Launching rtiwatch.lk

In anticipation of the RTI Act coming into effect on 3 February 2017, TISL launched a website dedicated to RTI, [www.rtiwatch.lk](http://www.rtiwatch.lk), on 28 September 2016. The launch coincided with International Right to Know Day, which raises awareness about people's right to access government information while promoting freedom of information as essential to both democracy and enhanced standards of governance. The website was launched online in all three national languages and is the go-to website for all things RTI-related. It contains a variety of information on RTI, from providing sample RTI requests and detailing the process of lodging an RTI request, to giving access to successful RTI requests made by TISL and providing a space for the public to ask any RTI-related questions. The website is the first of its kind in Sri Lanka and it is hoped that this initiative will generate greater knowledge and citizen engagement on RTI.

RTIWatch.lk was awarded the Bronze Award for non-profit website in the Best Web Awards held in April 2017

# THE OPEN GOVERNMENT PARTNERSHIP (OGP)

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The OGP was globally launched in 2011, to provide an international platform for domestic reformers committed to making their governments more open, accountable and responsive to citizens. Through this initiative, government and civil society collaborate together to develop and implement reforms that advance open government.

Sri Lanka became a signatory to the OGP in October 2015, when the government committed to producing a NAP aimed at supporting open government practices. Prior to signing, TISL had publicly advocated for Sri Lanka's OGP membership. Each NAP covers a two-year period and is created through a collaborative process between government and civil society.

TISL took on the role as CSO coordinator for the OGP process in Sri Lanka and in collaboration with partner CSOs, created a CSO OGP Steering Committee comprising thirteen organizations, with each

organization taking responsibility for drafting a specific commitment. The final CSO NAP had a total of 12 commitments broken down into 9 thematic areas: Education, Health, Local Government, Corruption, Right to Information (RTI), Women in Political Governance, Women, ICT and Environment. These areas were identified through public consultations conducted in each of the nine provinces in the country. The CSO Steering Committee presented the CSO NAP to the government in June 2016 and in October 2016 the draft received cabinet approval, albeit with minor amendments.

Following the approval of the NAP, TISL initiated a number of activities to enable the public and civil society to hold the government accountable for the NAP implementation. An online monitoring mechanism was developed by TISL to track the progress of the NAP and its implementation, in accordance with the 116 milestones found on the NAP timeline ([www.tisrilanka.org/ogp](http://www.tisrilanka.org/ogp)). To increase the public's engagement with the NAP, TISL ran a print media campaign and held press conferences to provide greater publicity on NAP commitments.



As part of this campaign calendars, which identified the 12 NAP commitments, were developed and shared for distribution with TISL's CSOs partners and state officials. This provided a further opportunity to build public familiarity with the OGP and the commitments laid out in the NAP, although continued outreach will be necessary to sustain engagement with OGP going forward.

TISL's role as civil society coordinator for the Open Government Partnership (OGP) process provided a unique opportunity to reach out to fellow CSOs and build partnerships based on a mutual commitment to open government. This is the first coordinated open government policy planning exercise of this nature in Sri Lanka. In ensuring CSO ownership of the NAP, the CSO steering committee is both invested in the commitments identified and in the monitoring of government's progress towards fulfilling these commitments. A key impact of this initiative is the commitment and interest of a range of CSOs, who have both varying thematic expertise and policy/activism backgrounds, joining together to collaboratively work on furthering Transparency, Accountability and Public participation (TAP) in Sri Lankan governance.

TISL is conscious of the lukewarm commitment of the government to its OGP NAP. Therefore a priority going forward is to ensure that civil society has the capacity and drive to monitor the implementation of the NAP and hold the government accountable to its commitments in a manner that ever more resonates with the public.



HOME WHO WE ARE WHAT WE DO NEWS ROOM CONTACT



TRACKER - OPEN GOVERNMENT PARTNERSHIP (OGP) NATIONAL ACTION PLAN - NOV 2016 TO JUN 2018



# SHELTER FOR INTEGRITY

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ALACs are a legal aid mechanism used in Transparency International (TI) chapters worldwide, to empower citizens to hold the state accountable for corruption faced in their day-to-day lives. TISL's ALACs are conducted under the name 'Shelter for Integrity', and serve as a bridge between citizens and state institutions, advocating for changes in policy, and providing a platform for citizens to openly discuss experiences of corruption. Through this initiative, citizens at the grassroots are empowered to redress their corruption related grievances through TISL advocacy and support.

Through TISL's Shelter for Integrity, with offices in Colombo, Vavuniya and Matara, the organization continued to provide free legal advice for persons who were affected by, or witnesses of, corruption. Over 1700 citizen complaints were received in 2016 from both walk-in clients and those who attended TISL's legal advice clinics, 62% of which were resolved. The ALACs followed up these complaints by referring them to state institutions, meeting with government officials and taking legal action, depending on the nature of the issue.

Through the Matara office TISL conducted trainings on the legal, procedural and practical aspects of monitoring small-scale construction works for local CBO leaders in Ambalanthota, Weligama, Kamburupitiya and Matara. These trainings were based on a manual written by Senaka Palliyaguruge, the Municipal Commissioner of Matara, and published by TISL. When the decentralised budget allocated to each MP was doubled from LKR 5 million to LKR 10 million in 2015 small-scale construction projects were enabled without going through the tendering procedures that are otherwise required, creating space for corruption. Monitoring of small-scale construction projects by local CBOs is an important preventative measure. A separate training was conducted for media in Matara, with the additional focus of reporting on corruption.



## Youth Engagement through Shelter for Integrity

In 2016, the Shelter for Integrity in Vavuniya focused on enhancing youth participation in the fight against corruption and poor governance, by making them aware of the consequences of corruption and the grievance redress mechanisms available. Five 'Story Development and Social Media Training Programs' were conducted in the Northern Province for 208 youth activists, including young journalists and university students. The participants received training on the needed theoretical and practical knowledge, including interview skills, story writing, photojournalism and social media, to report rights violations and issues of corruption

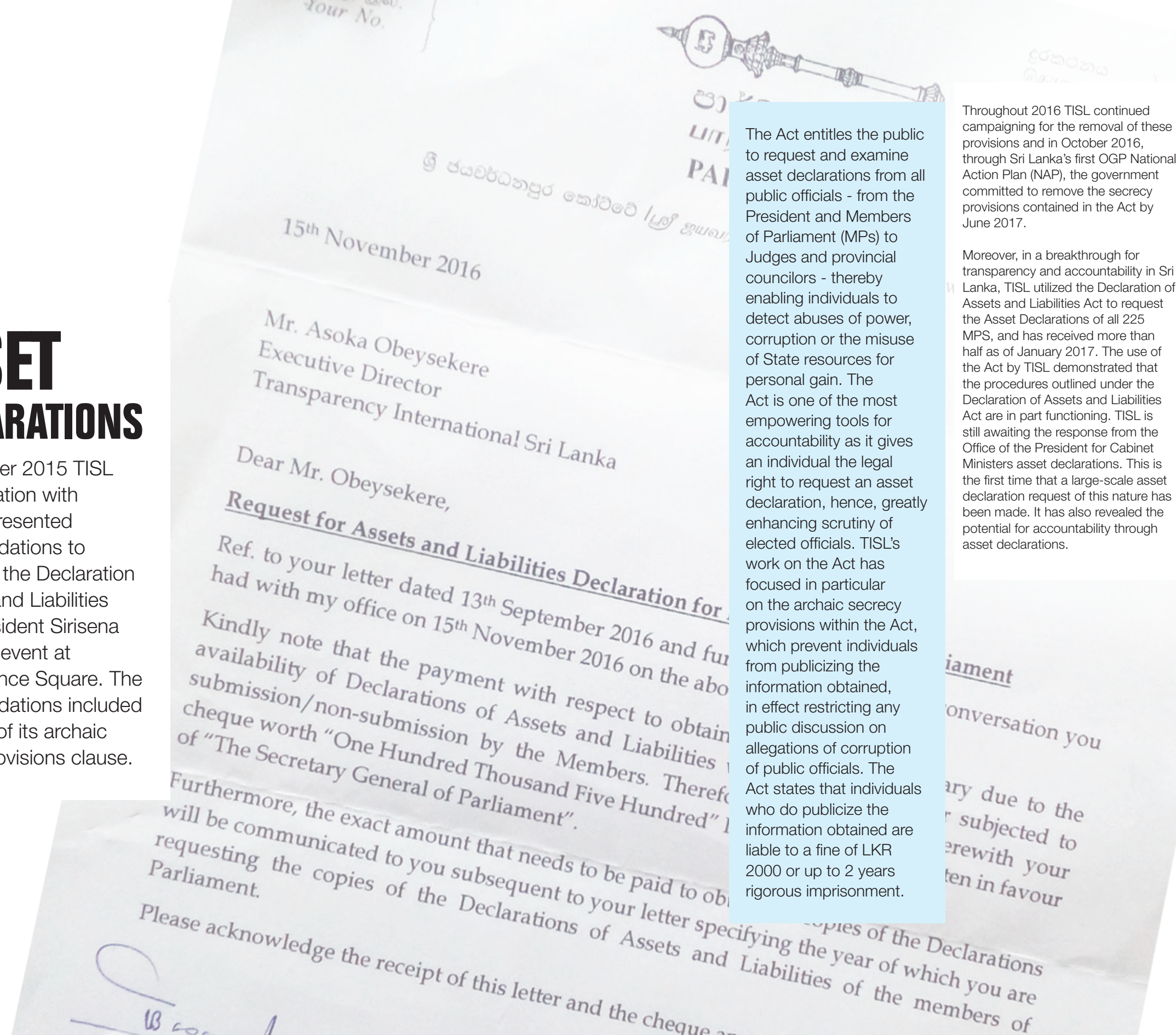
as citizen journalists. The training programs focused on the lack of implementation of the Lessons Learnt and Reconciliation Commission (LLRC) and the subsequent impact on corruption and governance in the region. Importantly, the youth activists received training on the use of social media as a tool to shed light on government and bureaucratic failures that contribute to corrupt practices and poor governance.

These youth activists utilized the knowledge gained from TISL's workshops to conduct surveys among victims and witnesses of corruption in twenty selected Grama Niladhari divisions in the Northern Province. Through these surveys the activists were able to obtain information about people's experiences of corruption and, based on this information, the youth organized legal advice clinics to provide these people with redress. Legal advice clinics were conducted in Jaffna, Kilinochchi, Mullaitivu and Vavuniya, in cooperation with victim groups. These activities continued to build on existing youth networks, which had been mobilized by TISL's past activities in the region.



# ASSET DECLARATIONS

In December 2015 TISL in collaboration with CIABOC presented recommendations to strengthen the Declaration of Assets and Liabilities Act to President Sirisena at a public event at Independence Square. The recommendations included the repeal of its archaic secrecy provisions clause.



The Act entitles the public to request and examine asset declarations from all public officials - from the President and Members of Parliament (MPs) to Judges and provincial councilors - thereby enabling individuals to detect abuses of power, corruption or the misuse of State resources for personal gain. The Act is one of the most empowering tools for accountability as it gives an individual the legal right to request an asset declaration, hence, greatly enhancing scrutiny of elected officials. TISL's work on the Act has focused in particular on the archaic secrecy provisions within the Act, which prevent individuals from publicizing the information obtained, in effect restricting any public discussion on allegations of corruption of public officials. The Act states that individuals who do publicize the information obtained are liable to a fine of LKR 2000 or up to 2 years rigorous imprisonment.

Throughout 2016 TISL continued campaigning for the removal of these provisions and in October 2016, through Sri Lanka's first OGP National Action Plan (NAP), the government committed to remove the secrecy provisions contained in the Act by June 2017.

Moreover, in a breakthrough for transparency and accountability in Sri Lanka, TISL utilized the Declaration of Assets and Liabilities Act to request the Asset Declarations of all 225 MPS, and has received more than half as of January 2017. The use of the Act by TISL demonstrated that the procedures outlined under the Declaration of Assets and Liabilities Act are in part functioning. TISL is still awaiting the response from the Office of the President for Cabinet Ministers asset declarations. This is the first time that a large-scale asset declaration request of this nature has been made. It has also revealed the potential for accountability through asset declarations.

TISL hopes that asset declarations can be requested and disseminated freely in the future, if not through the removal of the secrecy provisions, then through the utilization of the Right to Information (RTI) Act. Until this commitment is realized, TISL will use data from asset declarations in the organization's anti-corruption efforts, while working within the constraints of the law.

# ELECTORAL INTEGRITY

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TISL's Electoral Integrity program commenced in mid-2015, with a focus on strengthening the electoral processes and systems in Sri Lanka. The program is being carried out in partnership with the People's Action for Free and Fair Elections (PAFFREL) and the Campaign for Free and Fair Elections (CaFFE), two leading civil society organizations in the field of election monitoring and observation. The program focuses on engaging in the process of constitutional reform, lobbying for a Mixed Member Proportional (MMP) System, initiating a dialogue on campaign finance regulations, advocating for women's quotas to enhance political representation and strengthening the integrity of the electoral process by training local government political candidates on how to engage in clean and responsible politics.

As part of the constitutional reform process, and in line with TISL's goals of enhancing civic mobilization and ensuring inclusive governance, TISL engaged in a number of activities to provide recommendations for the new constitution which reflected the interests of a wide cross-section of marginalized groups, by both gender and ethnicity. In doing so, workshops were held for individuals, CSOs and other stakeholders in the plantation sector, as well as for women's rights activists, women's organizations, female political leaders and representatives from the public sector, to facilitate their contribution to the constitutional reform process. As a result of these workshops, the recommendations made to the Public Representations Committee (PRC) for a new constitution were of an inclusive and diverse nature as they represented the perspectives of those

who have been on an unequal footing in participating in the governance of the country.

## Electoral System Reform

A key aspect of this program was the lobbying for a Mixed Member Proportional (MMP) system. The MMP is a hybrid two-tier voting system that will ensure greater constituency representation, whilst also ensuring proportionality, which is essential to ensuring both ethnic and ideological diversity in Parliament.

A key element of this activity included the commissioning of a study on the mixed electoral system to analyze the nuances of the MMP system in-depth, as well as to shed light on the common misconceptions associated with adopting this system in Sri Lanka. We commissioned a study on the MMP by Verité Research, an independent multi-disciplinary think-tank. A policy brief titled 'Adopting a Mixed Member Proportional (MMP) System in Sri Lanka' was produced which made policy level recommendations to adopt the MMP system.

TISL disseminated the study as part of our advocacy efforts among political party representatives, MPs and members of the Steering Committee of the Constitutional Assembly. Encouragingly, the Constitutional Assembly Steering Committee had taken into consideration the salient features of the MMP system noted in the policy brief.



TISL will continue to use the policy brief to engage policy makers and other stakeholders working on electoral reforms, to ensure that the principles of MMP are reflected in any new electoral system.



## Clean Politics

TISL collaborated with the March 12th Movement (M12M) to promote a clean political culture among the prospective candidates for the upcoming local government elections. M12M consists of civil society organizations collaborating to establish a clean political culture in Sri Lanka. Convened by PAFFREL, TISL is a member of the Steering Committee. In partnership with the M12M, TISL organized a series of training programs for potential local government candidates, with the objective of introducing the concepts, practices and values associated with clean politics. Participants were nominated by Parliamentarians within the M12M clean politics collective, and workshops were conducted jointly for members of rival political parties to give participants an opportunity to get to know each other and work across party affiliations. TISL has received a number of requests from Parliamentarians and organizations to conduct similar programs, which the organization plans to explore in the coming year.

## Campaign Finance Regulations

TISL took the lead in initiating a dialogue on campaign finance regulations as part of our work in 2016. TISL is advocating for a ceiling on campaign finance expenditure and the need for political parties and individuals to declare their sources of

funding. The need for regulating the campaign finances of political parties was highlighted as an emerging issue by civil society election monitoring groups and the Elections Commission during the 2015 elections. As a result, TISL produced a policy brief on campaign finances, which discusses the current context and explores improvements to campaign finance regulations in Sri Lanka. This brief

was developed with the support of the International Foundation for Electoral Systems (IFES) and was later reviewed by Dr. Magnus Ohman, an international expert on the subject, attached to IFES. Dr. Ohman's feedback was incorporated into the report and the final version has now been sent for translations ahead of publication.



## Public Awareness and Outreach for Electoral Integrity

Other actions within our electoral integrity program included press briefings to communicate the need for campaign finance regulations, the need for revisions to strengthen the Declaration of Assets and Liabilities Act and issues relating to the upcoming local government elections. In addition, TISL collaborated with Uva Community Radio to provide informative content to listeners about the functions of local government authorities in light of the forthcoming local government elections. Fifteen 30-minute segments were aired on a weekly basis. Furthermore, TISL

held mobile clinics in the Northern Province, in Jaffna, Vavuniya and Analaithivu Island, to support individuals in the process of creating their National Identity Cards (NIC). These mobile clinics also disseminated information on the rights and responsibilities of citizens when voting.



## STRENGTHENING ANTI-CORRUPTION AGENCIES

TISL continued its collaboration with the Commission to Investigate Allegations of Bribery or Corruption (CIABOC) in 2016 through a number of initiatives, with the aim to strengthen the enforcement of anti-corruption mechanisms in the country. This work unfolded in three separate areas.

First, TISL in conjunction with the TI Secretariat conducted an assessment of CIABOC to identify the weaknesses and strengths of the Commission. TISL envisages fostering a constructive dialogue with CIABOC in the coming year based on the results of the Anti-Corruption Agency (ACA) assessment.

Second, TISL has continued to work with CIABOC over the past year to strengthen the Declaration of Assets and Liabilities Act, specifically to remove the secrecy provisions pertaining to the Act. TISL's recommendations, made in collaboration with CIABOC, were presented to Cabinet for further consideration.

Third, TISL was approached by

CIABOC to contribute towards Sri Lanka's self-assessment for the United Nations Convention against Corruption (UNCAC). CIABOC, being the government's lead agency in the UNCAC review process, invited TISL to provide input and comments on the draft self-assessment. TISL welcomes the opportunity for further engagement on this core anti-corruption area and will look to devote resources to developing greater internal expertise on UNCAC in 2017.



# COALITION AGAINST CORRUPTION (CAC) WHISTLEBLOWER ACT

One of TISL's priorities is to enhance civic mobilization in order to eliminate corruption. In light of this commitment, members of the Coalition Against Corruption (CAC) came together to draft recommendations for a Whistleblower Protection Policy.

The CAC is a coalition consisting of trade unions, civil society organizations, academics, media personnel and the general public that has pledged their commitment to act against all forms of bribery and corruption, in order to create a nation that upholds integrity. One of the aims of the coalition is to lobby for the enactment of legislation on whistleblower protection. In July 2016, the CAC launched a policy document, which provided recommendations to encourage and protect whistleblowers. The document notes that one of the obstacles to eradicating corruption in

the country is the lack of protection for those who expose corruption, despite the establishment of several anti-corruption bodies and growing public awareness of corruption.

Whistleblowers experience a serious threat to their safety and their livelihood, which discourages them from coming forward and perpetuates the perception that corrupt practices can continue without consequences. The recommendations of the CAC, therefore, targeted the repeal of a clause within Sri Lanka's Establishment Code that undermines whistleblowers by allowing them to be dismissed from service for revealing information on corruption to the media. Such a clause prevents whistleblowers from speaking up against corruption and it is essential that the government recognise the importance of protecting the rights of whistleblowers.

TISL is looking to incorporate new funding streams for CAC advocacy in 2017 to take forward whistleblower protection, with the further intention to combine this with renewed work on the Protection of Public Resources, which TISL hopes to focus on beyond the current confines of election cycles. Similarly TISL will look to work closely with CAC to connect it with public interest RTI requests in 2017.



# BOARD OF DIRECTORS

## S.C.C. Elankovan (Chairman)

Mr. S. C. C. Elankovan has received degrees in Philosophy and Law, as well as a Masters in Public Administration from the University of Madras. While pursuing his higher education in India, Mr. Elankovan acted as an advocate for an organization which worked with refugees – having himself spent 17 years as a refugee in India. A substantial extent of his professional career has been in the areas of rehabilitation and community development, working among refugees, IDPs and war affected communities. He is particularly interested in the area of sustainable community development, which includes the education, skills development and livelihoods of war-affected vulnerable groups and has been involved in advocacy initiatives on the same.

Mr. Elankovan has worked in the NGO sector for the last 23 years, 16 of which have been spent in Sri Lanka working for INGO'S such as ZOA and Oxfam. He has also worked in varied capacities with the Sarvodaya Shramadana movement.

Mr. Elankovan is presently a Consultant for the National NGO Action Front (NNAF). He provides support to the NNAF by assisting in increasing their membership, especially in the North, East and Plantation areas. This includes enhancing the sustainability of NNAF and its membership, taking into account the current changes taking place in the local context for NGOs, CBO's and consortia. He is also a consultant for Diakonia.

## Anushika Amarasinghe

Ms Amarasinghe spent eight years of her professional career in a managerial capacity at TI Sri Lanka (TISL) since its inception. She effectively applied her multiple professional qualifications of law, management and accounting, in performing an integral role in the development of the institution.

As a free-lance consultant in the development sector, Ms Amarasinghe has worked on several assignments in organizational development, strategic planning and fundraising. She is a director at Sustainable Development Consultants Private Limited, a Project Consultancy and Property Development Company. A member of the Chartered Institute of Management Accountants and of the Bar Association of Sri Lanka, she is currently reading for her Masters in Law.

## Shyamala Gomez

Ms Gomez is the Country Director, FOKUS Women, a women's organization based in Colombo that partners with nine women's organizations working in the North and East. A Fulbright Scholar, she has an LLB (Honours) from the University of Colombo and a Masters in Law from Georgetown University, Washington DC.

Ms Gomez taught law at the Faculty of Law, University of Colombo for over eight years and was also Gender Advisor to the UN Office of the Resident Coordinator in Colombo for many years. She has written and published extensively in the areas of violence against women, masculinities, rights of migrant workers, land rights of women, women, peace and security, women and politics and more generally on women's rights.

## K. W. Janaranjana

An Attorney-at-Law, Mr. Janaranjana is a senior journalist who is presently Editor of the weekly newspaper – 'Ravaya'. He is one of the Director of Ravaya Publications Guarantee Limited. After completing the Attorney's finals examinations, he has enrolled as a member of the Bar Association of Sri Lanka.

He was the founder member and the CEO of Rights Now Collective for Democracy during 2007-2008 periods. He has served as the assistant secretary and secretary for Free Media Movement for several years. He is a lecturer of Law and currently he is serving as a Senior Lecturer at the Centre for Professional Studies (CFPS) Colombo. He is a diploma holder of University of Sri Jayawardenepura, in communication.

## Sheila Richards

Ms. Richards is the Deputy Chief of Party, of the Support for Professional and Institutional Capacity Enhancement (SPICE) Project of Management Systems International/ USAID. She has BA Hons degree in Psychology from the Peradeniya University and a Post-Graduate Diploma in Conflict Resolution and Security Studies from Bradford University, UK.

She was the Executive Director of the Neelan Tiruchelvam Trust – an indigenous grant making organization for a period of 4 years, prior to which she was the Programme Officer of the Swedish International Development Cooperation Agency (SIDA) for 5 years. Ms. Richards set up the psychosocial unit of ZOA Refugee Care in Sri Lanka which she managed.

## Gehan Gunatilleke

Gehan Gunatilleke is an attorney-at-law and researcher specialising in the fields of constitutional law and human rights. He received his first degree in law at the University of Colombo and thereafter received an LL.M at Harvard Law School. He teaches human rights, democratisation and development in postgraduate degree programmes offered by the University of Sydney, University of Colombo, and the Open University of Sri Lanka. He is also a Research Director at Verité Research.

He has authored and co-authored several publications including 'Right to Information: A Guide for Advocates', 'The Judicial Mind in Sri Lanka: Responding to the Protection of Minority Rights', 'Reporting on Human Trafficking and Forced Labour: A Practical Guide for Journalists in Sri Lanka' and 'Media Policy and Law in Sri Lanka'.

## Eshanth Wijesinghe

He is the Group Managing Director of the Bartleet Group - a Sri Lankan conglomerate. Eshanth holds a Master's Degree in Business Administration from Monash University, Australia and a B.Com Degree from Deakin University, Australia. Eshanth is also a member of the Australian Human Resource Institute.

## Jayantha Fernando

Jayantha Fernando is an Attorney by Profession and pioneered ICT Law in Sri Lanka. He was one of the first in Sri Lanka to specialize in ICT Law, with a LLM in IT & Telecommunications Law from the University of London. Jayantha is an International Expert on E-Commerce Legal issues and also a global expert on Cybercrime with Council of Europe, advocating the adoption of the Budapest Cyber crime Convention internationally.

He was the first Sri Lankan to be elected as Vice Chair of the ICANN's Government Advisory Committee (GAC) – (2007-2011), and also served in the ICANN Nominating Committee. Jayantha is both a British Chevening Scholar of the UK Govt (2002) and an Eisenhower fellow (2012). In his spare time he is a Visiting lecturer at the Law Faculty, University of Colombo, Sri Lanka Law College and Moratuwa University on IT & Telecom Law.

## T. Someswaran

A Chartered Accountant, in practice for more than 35 years and retired from the post of Senior Partner of SJMS Associates, a Firm of Accountants which is associated with Deloitte's in Sri Lanka. He is also a Fellow member of Certified Management Accountants (CMA) and a member of the Governing Council of the Institute of Certified Professional Managers. (CPM)

He holds numerous memberships and honorary positions to help strengthen the capacity of charitable and non-profit organizations as well as philanthropic projects and activities. Mr. Someswaran has substantial experience in auditing, organizational development, leadership & partnership building and is passionate about networking & linking organizations to facilitate positive social change and development, with specific focus on governance, accounting ethics and resource mobilization.

## Tony Senewiratne

The National Director of Habitat for Humanity Sri Lanka since 2001, Mr. Senewiratne has served as a voluntary board member of the National Child Protection Authority (NCPA) from 1998 and was Deputy Chairman (2000-01).

He was Executive Director of LEADS (Lanka Evangelical Alliance Development Service) 1991- 2000. Mr Senewiratne was instrumental in setting up ESCAPE – an organization for the Protection and Rehabilitation of Sexually Abused Children.

He also set up Y-Gro – a Youth Rehabilitation program – Vocational training center & Campsite and was its director from inception. He has been Director of the English Language Ministry and presently serves as the Treasurer of Y-Gro.

## Pulasthi Hewamanna

He's an attorney at law engaged in practice relating to Human Rights and Public Law litigation.

He has an LLB from the University of London and thereafter obtained an LLM (with distinction) from Kings College London specializing in International Human Rights & International Environmental Law. He has served as a Lecturer in the Law of Evidence at the Royal Institute, Colombo and has also lectured at the International College of Business and Technology (ICBT) campus, Colombo.

As part of Pulasthi's commitment to continued professional development, he is pursuing a course of studies relating to Forensic Medicine, conducted by the faculty of Medicine, University of Colombo.

## Shreen Abdul Saroor

Ms. Shreen Abdul Saroor is a co-founder of Mannar Women's Development Federation (MWDF) and Women's Action Network, a collective of 11 women's groups, that have been working on advocacy on women's rights and documentation with a focus in north and east of Sri Lanka.

Challenges faced by Shreen in her own experience of being forcibly evicted and displaced along with all the members of her community from the north in 1990 laid the foundation for her activism. Her activism grew when she implemented the 'Shakti gender equality program' sponsored by the Canadian International Development Agency in 1998.

In 2004, the John B. Kroc Institute for Peace and Justice elected Shreen as one of the Women Peacemakers and later that year she was awarded a two-year Echoing Green Fellowship to build a model resettlement village bringing together Tamil and Muslim displaced communities in her hometown, Mannar. Since the end of the war in May 2009 Shreen has been working with women who have faced sexual violence and families that are looking for their missing family members - especially on litigation and international lobbying. Shreen's first degree is in Business Administration and her post-graduate area of specialty is in Feminist Studies.

## **VOTE OF THANKS**

**TISL WOULD LIKE TO EXPRESS  
ITS DEEP SENSE OF APPRECIATION  
TO OUR PARTNERS,  
WELL-WISHERS AND DONORS.**

**WITHOUT YOUR SUPPORT,  
OUR WORK WOULD NOT BE POSSIBLE.**

### **A SPECIAL THANKS TO**

**DIAKONIA  
FRIEDRICH NAUMANN FOUNDATION FOR FREEDOM  
INTERNEWS  
MINISTRY OF FOREIGN AFFAIRS – NORWAY  
NAFSO  
NATIONAL ENDOWMENT FOR DEMOCRACY  
SOLIDARITY CENTRE  
SPICE – USAID  
THE ASIA FOUNDATION  
THE COMMONWEALTH FOUNDATION  
OPEN SOCIETY FOUNDATIONS  
TI SECRETARIAT**

# **FINANCIAL STATEMENT**



**INDEPENDENT AUDITOR'S REPORT  
TRANSPARENCY INTERNATIONAL SRI LANKA (GUARANTEE) LIMITED**

**Report on the Financial Statements**

We have audited the accompanying Financial Statements of Transparency International Sri Lanka (Guarantee) Limited ("the company"), which comprise the Statement of Financial Position as at 31 December 2016, and the Statement of Comprehensive Income, Statement of Changes in Reserves and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Board's Responsibility for the Financial Statements**

The Board of Directors ("the board") is responsible for the preparation of these Financial Statements that give a true and fair view in accordance with Sri Lanka Statement of Recommended Practice for Not-for-Profit Organizations (Including Non-Governmental Organization) (SL SoRP-NPO's [including NGO's]) issued by the Chartered Accountants of Sri Lanka, and for such internal controls as Board determines is necessary to enable the preparation of Financial Statements that are free from material misstatements, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free from material misstatements.

An audit involves performing procedures to obtain evidence and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the Financial Statements that give a true and fair view 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

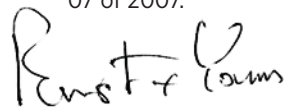
**Opinion**

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company as at 31 December 2016, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Statement of Recommended Practice for Not-for-Profit Organizations (Including Non-Governmental Organization) (SL SoRP-NPO's [including NGO's]) issued by the Chartered Accountants of Sri Lanka.

**Report on Other Legal and Regulatory Requirements**

As required by Section 163(2) of the Companies Act No. 7 of 2007, we state the following:

- a) The basis of opinion and Scope and Limitations of the audit are as stated above.
- b) In our opinion :
  - We have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company, and
  - The Financial Statements of the Company, comply with the requirements of Section 151 of the Companies Act No. 07 of 2007.



12 June 2017  
Colombo

**STATEMENT OF FINANCIAL POSITION**

Year ended 31 December 2016

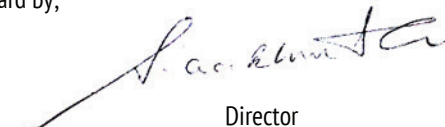
ASSETS	Note	2016	2015
		Rs.	Rs.
<b>Non-Current Assets</b>			
Property, Plant & Equipment	5	240,685	94,212
		240,685	94,212
<b>Current Assets</b>			
Advances, Deposits and Other Receivables	7.1	5,788,178	6,841,455
Advances Given to PAFFEREL	7.2	5,113,652	4,319,250
Short Term Deposits	6	3,863,780	3,596,140
Cash & Bank Balances	17	87,334,602	98,904,010
		102,100,212	113,660,855
<b>Total Assets</b>		102,340,897	113,755,067
<b>FUNDING &amp; LIABILITIES</b>			
<b>Accumulated Funds</b>			
Restricted Funds	8	78,762,833	95,780,272
Unrestricted Funds	9	13,365,079	11,729,401
Capital Grants	10	348,596	348,596
		92,476,508	107,858,269
<b>Non-Current Liabilities</b>			
Retirement Benefit Liability	11	2,246,149	1,845,496
		2,246,149	1,845,496
<b>Current Liabilities</b>			
Creditors	12	6,743,652	3,557,572
Income Tax Payable		874,588	493,731
		7,618,240	4,051,302
<b>Total Funding and Liabilities</b>		102,340,897	113,755,067

I certify that the financial statements are in compliance with the requirements of the Companies Act No. 07 of 2007.



Finance Manager

The Board of Directors are responsible for the preparation and presentation of these financial statements. Signed for and on behalf of the Board by;



Director



Director

The accounting policies and notes on pages 35 through 48 form an integral part of the financial statements.

## STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2016

	Note	2016	2015
		Rs.	Rs.
Incoming Resources	4	78,328,711	132,515,911
<b>OPERATING EXPENDITURE</b>			
Project Expenditure	13	(70,845,495)	(118,016,340)
Administrative Expenses	16	(10,868,170)	(15,483,674)
Total Operating Expenditure		(81,713,665)	(133,500,014)
<b>Net (Deficit) on Operating Activities</b>		(3,384,954)	(984,103)
Revenue Earned from Other Activities	15	6,586,681	3,131,600
<b>Net Surplus Before Tax</b>		3,201,727	2,147,498
Income Tax Expenses	14	(1,566,049)	(849,070)
<b>Net Surplus After Tax</b>		1,635,678	1,298,428
Total Comprehensive Income for the Year		1,635,678	1,298,428

The accounting policies and notes on pages 35 through 48 form an integral part of the financial statements

## STATEMENT OF CHANGES IN RESERVES

Year ended 31 December 2016

	Restricted Funds	Unrestricted Funds	Capital Grants	Results for the year	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Balance as at 01 January 2015</b>	23,301,071	12,396,052	348,596	-	36,045,719
Net Surplus for the Year	-	-	-	1,298,428	1,298,428
<b>Balance Before Transfer to Reserves</b>	23,301,071	12,396,052	348,596	1,298,428	37,344,147
Total Comprehensive Income for the Year	-	1,298,428	-	(1,298,428)	-
Funds Received During the Year	204,821,464	-	-	-	204,821,465
Transfer From / (To) Reserves	173,648	(173,648)	-	-	-
Adjustments Made During the Year	-	(1,791,430)	-	-	(1,791,430)
Funds Transferred to Statement of Comprehensive Income	(132,515,911)	-	-	-	(132,515,911)
<b>Balance as at 31 December 2015</b>	95,780,272	11,729,401	348,596	-	107,858,269
Net Surplus for the Year	-	-	-	1,635,678	1,635,678
<b>Balance Before Transfer to Reserves</b>	95,780,272	11,729,401	348,596	1,635,678	109,493,947
Total Comprehensive Income for the Year	-	1,635,678	-	(1,635,678)	-
Funds Received During the Year	63,405,213	-	-	-	63,405,213
Return to Donor	(1,649,301)	-	-	-	(1,649,301)
Adjustment Made During the Year	(444,640)	-	-	-	(444,640)
Funds Transferred to Statement of Comprehensive Income	(78,328,711)	-	-	-	(78,328,711)
<b>Balance as at 31 December 2016</b>	78,762,833	13,365,079	348,596	-	92,476,508

The accounting policies and notes on pages 35 through 48 form an integral part of the financial statements.

## CASH FLOW STATEMENT

Year ended 31 December 2016

	Note	2016	2015
<b>Cash Flows From/(Used in) Operating Activities</b>		Rs.	Rs.
Net Surplus before Taxation		3,201,727	2,147,498
Adjustments for			
Depreciation	5.2	70,711	29,423
Provision for Gratuity	11	400,653	608,008
Interest Income	15	(5,647,735)	(3,030,513)
Net cash flow before Working Capital Changes		(1,974,646)	(245,586)
Increase in Receivables	7	258,877	(6,935,462)
Increase in Creditors	12	3,186,080	385,583
Cash Generated from / (Used in) Operations		1,470,311	(6,795,465)
Payment of Taxes		(1,185,192)	(579,640)
Net Cash From / (Used in) Project Activities		285,119	(7,375,105)
<b>Cash Flows From Investing Activities</b>			
Purchase of Property, Plant & Equipment	5	(217,184)	(12,700)
Investment on Short Term Deposits		(267,640)	(163,947)
Interest Income	15	5,647,735	3,030,513
Net Cash From Investing Activities		5,162,911	2,853,866
<b>Cash Flows from/(Used in) Financing Activities</b>			
Funds received from Donors unutilized/(over utilized)		(17,017,438)	70,514,123
Net Cash From / (Used in) Financing Activities		(17,017,438)	70,514,123
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>		(11,569,408)	65,992,884
Cash and Cash Equivalents at the Beginning of the Year	17	98,904,010	32,911,126
Cash and Cash Equivalents at the End of the Year	17	87,334,602	98,904,010

The accounting policies and notes on pages 35 through 48 form an integral part of the financial statements

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

### 1. CORPORATE INFORMATION

#### 1.1 General

Transparency International Sri Lanka (Guarantee) Limited was incorporated on 23 March 2004 under the Companies Act No. 17 of 1982 as a limited company. It was re-registered on 07 May 2009 under the Companies Act No. 7 of 2007 as a company limited by guarantee.

Transparency International Sri Lanka is domiciled in the Democratic Republic of Sri Lanka. The registered office and the principal place of the Company is located at No. 5/1 Elibank Road, Colombo 05. Its programs are carried out throughout the country.

#### 1.2 Principle activities of the Company

Transparency International Sri Lanka (Guarantee) Limited (TISL) is a National Chapter of Transparency International (TI), the leading global movement against corruption. TI raises awareness of the damaging effects of corruption and works with partners in government, business and civil society to develop and implement effective measures to tackle it. TI has an international secretariat in Berlin, Germany, and more than 90 Chapters worldwide.

Transparency International Sri Lanka (Guarantee) Limited (TISL) commenced active operations at the end of 2002 and has since built a strong institution arduously fighting corruption in Sri Lanka. It functions as a self-financing autonomous Chapter of TI with its own strategic directions and priorities.

#### 1.3 Date of Authorization for Issue

The Financial Statements of the Company, for the year ended 31 December 2016 was authorized for issue in accordance with a resolution of the Board of Directors on 12 June 2016.

## 2. BASIS OF PREPARATION

### 2.1 Basis of Preparation

The Financial Statements of Transparency International Sri Lanka have been prepared in accordance with the Sri Lanka Statement of Recommended Practice (SoRP) for Non-Governmental Organisations (NGOs) issued by the Institute of Chartered Accountants of Sri Lanka.

The Financial Statements are presented in Sri Lanka Rupees and have been prepared on a historical cost basis.

### 2.3 Comparative Information

The accounting policies have been consistently applied by the company are unless otherwise stated is consistent with those used in the previous year.

### 2.4 Changes in Accounting Policies and Disclosures

The Accounting policies have been consistently applied, unless otherwise stated, and are consistent with those used in previous years, except for the changes in accounting policies specified by the Sri Lanka Statement of Recommended Practice (SoRP) for Non-Governmental Organisations (NGOs) issued by the Institute of Chartered Accountants of Sri Lanka.

### 2.5 Going Concern

The Financial Statements of the Company have been prepared on the assumption that the Company would be able to continue its operations in the foreseeable future.

### 2.6 Use of Estimates and Judgements

The presentation of Financial Statements in conformity with Sri Lanka Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the application of Accounting Policies and the reporting amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates and judgemental decisions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are reviewed affects only that period or in the period of the revision and future periods if the revision affects both current and future period.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Translation of Foreign Currency

The Financial Statements are presented in Sri Lanka Rupees, which is the Company's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the Statement of Financial Position date and non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Any resulting exchange gains and losses are accounted for in the Statement of Comprehensive Income except for gains or losses relating to items adjusted through the Accumulated Fund which are reflected therein.

### 3.2 Taxation

#### Current Taxes

Board of Directors of the Company is of the view that it does not come under the definition of a Non-Governmental Organization's (NGOs) as being a limited by Guarantee Company. Accordingly the grants and donations received by TISL are not liable for income tax. Interest Income is taxed at 28%.

### 3.3 Accounting for the Receipts & Utilization of Funds

#### 3.3.1 Funds

##### a) Unrestricted Funds

Unrestricted Funds are those that are available for use by the Company at the discretion of the Board, in furtherance of the general objectives of the Company and which are not designated for any specific purpose.

Surplus funds are transferred to unrestricted funds in terms of the relevant donor agreements or with subsequent approval of the donor.

Contributions received from general public are recognized in the Statement of Comprehensive Income on a cash basis.

##### b) Restricted Funds

Where grants are received for use in an identified project or activity, such funds are held in a restricted fund account and transferred to the Statement of Comprehensive Income to match with expenses incurred in respect of that identified project. Unutilized funds are held in their respective fund accounts and included under Accumulated Fund in the Statement of Financial Position until such time as they are required.

Funds collected through a fund raising activity for any specific or defined purpose are also included under this category.

Where approved grant expenditure exceeds the income received and there is a certainty that the balance will be received such amounts recognized through debtors in the Statement of Financial Position.

The activities for which these restricted funds may and are being used are identified in the notes to the Financial Statements.

c) Investment income and other gains realized from funds available under each of the categories are allocated to the appropriate funds, unless the relevant agreement or minute provides otherwise.

### 3.3.2 Grants and Subsidies

Grants and subsidies related to assets are deferred in the Statement of Financial Position and recognized as income over the life of depreciable asset by way of a reduced depreciation charge in the Statement of Comprehensive Income over the useful life of the asset.

### 3.4 Receivables

#### (a) Advances Given to PAFFEREL and CAFFE

At the point of granting, it is recorded as advances. When the project related expenses are incurred and relevant documents are submitted, such expenses are recognized as "Direct Project Cost" in the Statement of Comprehensive Income.

#### (b) Advances, Deposits and Other Receivables

Advances, Deposits and Other Receivables are stated at cost less impairment (if any).

### 3.5 Cash & Cash Equivalents

Cash and cash equivalents are defined as cash in hand, short term investments readily convertible to identified amounts of cash and which are not subject to any significant risk of change in value.

For the purpose of the Statement of Cash Flow, cash and cash equivalents consist of cash in hand and bank deposits, net of outstanding bank overdrafts.

### 3.6 Valuation of Assets and their Measurement bases

#### 3.6.1 Property Plant & Equipment

##### a) Cost and Valuation

Property, Plant & Equipment is stated at cost excluding the cost of day to day servicing less accumulated depreciation and accumulated impairment in value.

Property, Plant and Equipment is purchased as a part of a project is capitalised at the completion of projects at cost less accumulated depreciation and accumulated impairment is in value.

##### b) Depreciation

Depreciation is provided for on all assets on the straight line basis and is calculated on the cost or revalued amount of all Property, Plant and Equipment less any terminal value in order to write off such amounts over the estimated useful lives of such assets. Depreciation is provided on assets commencing from the year assets are available for use. Where project assets are subsequently transferred to Property, Plant and Equipment a corresponding amount is credited to capital grant account. Depreciation charged on these assets is set off against the amortization of this capital grant.

##### c) Donated Asset

When Property, Plant and Equipment is purchased as a part of a project through restricted funds until the conclusion of the project or if on conclusion of the project, the assets are not handed over to the beneficiary or returned to the original donor the cost of the assets are included in a memorandum inventory of property, plant and equipment identified as such in the Financial Statements. Depreciation is not provided on such assets.

### 3.7 Investments

Fixed Deposits and other interest bearing securities held for resale in the near future to benefit from short term market movements are accounted for at cost plus the relevant proportion of the discounts or premium.

### 3.8 Liability and Provisions

#### 3.8.1 Retirement Benefit obligations

##### (a) Provisions

Provision are recognized when the organization has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resource embodying economic benefit will be required to settle the obligation and the reliable estimate can be made to the amount of the obligation. When the organization expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial activities net of any reimbursement.

##### (b) Defined Benefit Plan- Gratuity

Retirement Gratuity is a Defined Benefit Plan. The Company is liable to pay gratuity in terms of the relevant statute. In order to meet this liability, a provision is carried in the Statement of Financial Position that is based on a half months salary as of the last month of the financial year for all employees for each completed year of service commencing from the first year of service. The difference between the provision that is brought forward at the beginning of the year and the provision that is required to be carried forward at the end of the year is adjusted through the Statement of Comprehensive Income.

This provision is not externally funded. However in accordance with the payment of Gratuity Act No 12 of 1983, this liability arises only on the completion of five years of continued service of any employee.

##### (c) Defined Contribution Plans

All employees are eligible to contribute to the Employees Provident Fund and the Employees Trust Fund in accordance with the relevant statutes and regulations. The Company contributes 12% and 3% of the gross emolument of the employees to the Employees Provident Fund and to the Employees Trust Fund respectively.

### 3.9 Statement of Comprehensive Income

#### 3.9.1 Income Recognition

##### (a) Incoming Resources

Income realized from restricted funds is recognized in the Statement of Comprehensive Income only when there is a certainty that all conditions for receipt of funds have been complied with and the relevant expenditure that it is expected to compensate has been incurred and charged to the Statement of Comprehensive Income. Unutilized funds are carried forward as such in the Statement of Financial Position.

##### (b) Revenue Earned from Other Activities

Interest earned is recognized on an accrual basis.

Revenue earned on services rendered is recognized in the accounting period in which the services are rendered. Other income is recognized on an accrual basis. All other income is recognized when the Company is legally entitled to the use of such funds and the amount can be quantified.

#### 3.9.2 Expenditure Recognition

(a) Expenses in carrying out the projects and other activities of the Company are recognised in the Statement of Comprehensive Income during the year in which they are incurred. Other expenses incurred in administering and running the Company and in restoring and maintaining the property, plant and equipment to perform at expected levels are accounted for on an accrual basis and charged to the Statement of Comprehensive Income.

(b) For the purpose of presentation, of the Statements of Comprehensive Income, the Management is of the opinion that the function of expenses method, presents fairly the elements of the Company's performance, and hence such a presentation method is adopted.

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

4. INCOMING RESOURCES	2016	2015
	Rs.	Rs.
Restricted Funding	78,328,711	132,515,911
	78,328,711	132,515,911

5. PROPERTY, PLANT & EQUIPMENT	Balance As at	Additions	Disposals	Balance As at
5.1 Gross Carrying Amounts	01.01.2016			31.12.2016
At Cost	Rs.	Rs.	Rs.	Rs.
Furniture & Fittings	1,652,921	-	-	1,652,921
Office Equipments	4,299,176	157,684	-	4,456,860
Computers	2,237,005	59,500	-	2,296,505
Motor Vehicle	78,000	-	-	78,000
Total Gross Carrying Amount	8,267,102	217,184	-	8,484,286

5.2 Depreciation	As at 01.01.2016	Charge for the Year	Disposals	As at 31.12.2016
At Cost	Rs.	Rs.	Rs.	Rs.
Furniture & Fittings	1,606,936	14,987	-	1,621,923
Office Equipments	4,273,179	50,324	-	4,323,503
Computers	2,214,775	5,400	-	2,220,175
Motor Vehicle	78,000	-	-	78,000
Total Depreciation	8,172,890	70,711	-	8,243,601

5.3 Net Book Values	As at 01.01.2016			As at 31.12.2015
	Rs.			Rs.
Total Carrying Value of Property, Plant & Equipment	94,212			240,685

5.4	During the financial year, the Company acquired Property, Plant & Equipment to the aggregate value of Rs.217,184 (2015 Rs. 12,700/-). Cash payment amounted to Rs. 217,184/- was incurred during the year (2015 - Rs. 12,700/-).		
5.5	The useful lives of the assets are estimated as follows;	2016	2015
	Furniture & Fittings	Over 4 Years	Over 4 Years
	Office Equipments	Over 4 Years	Over 4 Years
	Computers	Over 4 Years	Over 4 Years
	Motor Vehicle	Over 4 Years	Over 4 Years

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

6. SHORT TERM DEPOSITS	2016	2015
	Rs.	Rs.
Fixed Deposits	3,863,780	3,596,140
	3,863,780	3,596,140

7. ADVANCES, DEPOSITS AND OTHER RECEIVABLES	2016	2015
7.1 Advances, Deposits and Other Receivables	Rs.	Rs.
Advances	1,665,131	1,276,500
Deposits & Prepayments	2,602,382	4,642,973
Other Receivables	1,520,665	921,983
	5,788,178	6,841,455

7.2 Advances Given to Partner Organizations	2016	2015
Advances Given to PAFFEREL	595,516	4,319,250
Advances Given to CAFEE	1,918,136	
Advances Given to Sarvodaya	2,600,000	
	5,113,652	4,319,250

8. RESTRICTED FUNDS	2016	2015
	Rs.	Rs.
Balance at the Beginning of the Year	95,780,272	23,301,071
Funds Received During the Year	63,405,213	204,821,464
Funds Transferred to Statement of Comprehensive Income	(78,328,711)	(132,515,911)
Return to Donor	(1,649,301)	-
Transfer From / (To) Reserves	-	-
Adjustment Made During the Year	(444,640)	173,648
Balance at the End of the Year	78,762,833	-
Balance at the End of the Year	78,762,833	95,780,272

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

## 8. RESTRICTED FUNDS (Contd...)

### 8.1 Movements in Restricted Funds - 1 January to 31 December 2016

Name of Donor Organisation	Project	Budget for the Year	(A) Balance Brought Forward	(B) Received During the Year	(C)=(A)+(B) Total Available in Current Year	(D) Transferred to Statement of Comprehensive Income for Project Cost"	(E) Reclassification of Donor Projects	(E) Adjustment Made During the Year	(F) Return to Donor	(G)=(C)-(E)+(F) Balance Carried Forward
Rs.										
Ministry of Foreign Affairs MFA Norway	Strong Democracy through Anti Corruption , Open & Inclusive Governance	29,221,553	5,593,959	17,299,750	22,893,709	14,201,333	(765,132)	-	-	7,927,244
FK-2013/14	Exchange Programme - TI South Asian Chapters	4,924,579	3,045,560	-	3,045,560	-	-	-	(1,649,301)	1,396,259
European Union	Election Monitoring	175,200,000	84,810,971	-	84,810,971	38,734,728	-	(105,255)	-	45,970,988
NED Washington D.C USA	YIP Project	5,400,000	3,412,294	4,817,130	8,229,424	7,898,999	-	-	-	330,425
Transparency International Secretariat	Advocacy of Legal Advice center	13,187,100	2,160,383	-	2,160,383	127,888	(2,032,495)	-	-	(0)
Diakonia Sri Lanka	Promoting Principals of Democracy	2,639,644	-	6,911,321	6,911,321	4,247,006	-	-	-	2,664,315
Inter News	Inter News	4,932,158	(3,096,518)	3,613,582	517,064	376	-	278,157	-	794,845
Transparency International Secretariat	Effective & Accountable Governance	-	-	2,373,509	2,373,509	1,889,019	-	-	-	484,490
Solidarity Centre	Coalition against corruption	3,395,200	(763,918)	2,393,550	1,629,632	1,629,632	-	-	-	(0)
United States Agency for International Development (USAID)	Facilitating Civil Society Engagement in the Development and Monitoring of the Open Government Partnership 2 year Action Plan	6,425,365	-	2,800,000	2,800,000	1,466,082	-	-	-	1,333,918
Transparency International Secretariat	Supporting Accountable Governance through strengthened Anti Corruption Mechanisms	6,425,365	-	2,421,771	2,421,771	2,014,898	2,032,495	-	-	2,439,368
Friedrich Neumann Foundation for Freedom (FNF)	Empowered Citizens Demand Transparent and Accountable Governance Processes	13,714,825	-	1,600,000	1,600,000	2,365,132	765,132	-	-	-
Foundation Open Society Institute (OSF)	Kick-Starting Civil Society Consultation on Sri Lanka's OGP National Action Plan	2,345,000	-	2,619,865	2,619,865	2,581,658	-	-	-	38,207
NAFSCO	ODE Land Rights Project	635,000	-	635,000	635,000	323,959	-	-	-	311,041
Foundation Open Society Institute (OSF)	Strengthening Democracy by Supporting Political Representation & Freedom of Expression	635,000	-	8,181,879	8,181,879	174,420	-	-	-	8,007,459
Common Wealth	Promoting Civic state Engagement to support effective implementation of the Right to information Act in Sri Lanka	79,500,000	-	4,807,588	4,807,588	130,133	-	-	-	4,677,455
The Asia Foundation	Sub National Governance Programme	11,625,075	-	2,239,551	2,239,551	52,500	-	-	-	2,187,051
Transparency International Secretariat	Enabling Impact	3,732,585	-	690,719	690,719	490,948	-	-	-	199,771
Rectification Reserve	Rectification Reserve	-	617,542	-	617,542	-	-	(617,542)	-	(0)
Total for ongoing Project		363,938,449	95,780,272	63,405,213	159,185,485	78,328,711	-	(444,640)	(1,649,301)	78,762,833

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

9. UNRESTRICTED FUNDS	2016	2015
	Rs.	Rs.
Balance at the Beginning of the Year	11,729,401	12,396,052
Transfer to Restricted Funds	-	(173,648)
Adjustments Made During the Year	-	(1,791,430)
Total Comprehensive Income for the Year	1,635,678	1,298,428
Balance at the End of the Year	13,365,079	11,729,401

10. CAPITAL GRANTS	2016	2015
	Rs.	Rs.
Balance at the Beginning of the Year	348,596	348,596
Transfer to Statement of Income & Expenditure- Amortization	-	-
Capitalize During the Year	-	-
Balance at the End of the Year	348,596	348,596

11. RETIREMENT BENEFIT LIABILITY	2016	2015
<b>Retirement Benefits Obligation-Gratuity</b>	Rs.	Rs.
Balance at the Beginning of the Year	1,845,496	1,237,488
Charge for the Year	553,668	608,008
Payment Made During the Year	(153,015)	-
Balance at the End of the Year	2,246,149	1,845,496

12. CREDITORS	2016	2015
	Rs.	Rs.
Other Payables	5,047,029	37,957
Project Liability	940,222	502,906
Accrued Expenses	603,386	1,791,709
Gratuity Payable	153,015	-
Liability on Litigation	-	1,225,000
	6,743,652	3,557,572

13. PROJECT EXPENSES	2016	2015
	Rs.	Rs.
Staff Cost (13.1)	24,968,415	13,057,139
Direct Project Cost (13.1)	40,605,550	103,210,928
Indirect Project Cost (13.1)	5,271,530	1,748,273
	70,845,495	118,016,340

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

### PROJECT EXPENDITURE (Contd..)

#### 13.1 Project Activity Summary For the year ended 31st December 2016

Activity/Project	Donor Organization	Total Amount Expended			Total Expenses
		Staff Cost	Direct Project COST	Indirect Project COST	
		Rs.	Rs.	Rs.	Rs.
Closer eng. With Gov, Agaency	MFA Norway	84,690	56,388	60,088	201,166
Youth Demanding corruption free nation	MFA Norway	169,390	793,537	125,206	1,088,133
Women empower . & Issue of Government	MFA Norway	-	230,000	500	230,500
Civil Society Organaisation to Eli. Corruption	MFA Norway	738,162	4,570	87,792	830,524
RTI & Whistleblowwr Protection	MFA Norway	822,852	1,632,485	94,092	2,549,429
Main cause for ineffective PS	MFA Norway	84,690	117,638	59,812	262,140
NIA News paper Advertisement	MFA Norway	-	560,598	-	560,598
Survey of Prevalling and Gove	MFA Norway	-	831,250	-	831,250
Election Mornitoring	Europeon Union	15,924,444	23,101,562	2,139,071	41,165,077
Combating Corruption in Sri Lanka War Affected Area	NED Washington D.C USA	1,768,150	4,643,889	881,497	7,293,536
Coaliation Against Corruption	Solidarity Centrer	364,290	1,395,443	2,420	1,762,153
Open Goventment Forum	Foundation Open Society Institute	1,807,983	848,900	36,000	2,692,883
ODE Land Rights Project	NAFSCO	-	318,909	-	318,909
Empowered Citizen demand	Friedrich Neumann Foundation for Freedom/MFA Norway	-	2,351,747	-	2,351,747
Effective and Accountable Governance	Transparency International Secretariat	389,340	1,499,179	-	1,888,519
Sri Lanka Democracy and Justice Programm	DIAKONIA	1,928,924	449,024	1,785,052	4,163,000
Strengthening Democracy by Supporing Political Representation & Freedom of Expression	Open Society Foundation	-	18,443	-	18,443
Effective & Accountable Governance	Transparency International Secretariat	885,500	95,163	-	980,663
Facilitating Civil Society Engagement in the Development and Monitoring of the Open Government Partnership 2 year Action Plan	Spice Project- USAID	-	1,369,192	-	1,369,192
Promoting Civic state Engagement to support effective implementations of the Right to information Act in Sri lanka	Common Wealth	-	130,133	-	130,133
Enabling Impact	Transparency International Secretariat	-	157,500	-	157,500
<b>TOTAL PROGRAM COST</b>		24,968,415	40,605,550	5,271,530	70,845,495
<b>Administration Expenses</b>		6,870,684	-	3,997,486	10,868,170
<b>Total Expenses</b>		31,839,099	40,605,550	9,269,016	81,713,665



## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

14.	INCOME TAX EXPENSES		
	As per the Inland Revenue act No. 10 of 2006 and subsequently amendments there to, all Non Government Organizations are liable for Income tax 3% of all grants received during the year and are taxable at 28%. Other income are taxable at the rate of 28%. The Company has not provided NGO tax for the year ended 31 December 2016.		
14.1	Current Income Tax	2016	2015
		Rs.	Rs.
	Current Income Tax Charge	1,579,311	849,070
	<b>Income Tax Expense Reported in the Income Statement</b>	<b>1,579,311</b>	<b>849,070</b>
14.2	Income Tax Payable on Interest Income	2016	2015
		Rs.	Rs.
	Interest Income	5,640,395	3,030,513
		5,640,395	3,030,513
	<b>Tax Liability</b>	<b>1,579,311</b>	<b>849,070</b>
	<b>Less:</b>		
	WHT Paid on Interest	(564,570)	(275,195)
	Self Assessment Payments	(140,153)	(80,144)
	Balance Payable	874,588	493,731
15.	REVENUE EARNED FROM OTHER ACTIVITIES	2016	2015
		Rs.	Rs.
	Sundry Income	298,246	46,910
	Interest Income	5,647,735	3,030,513
	Amounts Write Off	640,700	54,177
		<b>6,586,681</b>	<b>3,131,600</b>

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

16.	ADMINISTRATIVE EXPENSES	2016	2015
		Rs.	Rs.
	Salaries	6,870,684	7,684,641
	Exgratia Payment	700,000	-
	Gratuity	553,668	294,628
	Office Rent	357,500	831,802
	Insurance	354,605	464,217
	Audit Fees	323,690	205,456
	Annual Leave Payment	201,891	-
	Security	180,225	634,193
	Janitorial Charges	155,750	246,300
	Telephone/Internet charges	144,426	381,651
	Staff Welfare	133,851	263,452
	Secretarial Fees	107,375	48,038
	Equipment Maintenance	106,720	21,450
	Consultancy Charges	80,000	164,931
	Bank Charges	73,308	36,854
	Depreciation	70,711	29,423
	Board Meeting Expenses	60,900	90,587
	Printing and Stationery	59,852	118,400
	Travelling	58,713	138,900
	Recruitment cost	51,668	5,935
	Legal Charges	41,211	40,500
	News Papers	37,685	27,960
	EFC Subscription Charges	28,203	-
	PAYE Tax	26,695	-
	AGM Expenses	20,525	292,466
	Accounting Package Maintenance	16,983	-
	IT Maintenance	16,955	311,955
	Vehicle Maintenance	10,755	5,780
	Web Maintenance	8,761	21,568
	Miscellaneous Expenses	5,320	-
	Postage , Stamps and Courier charges	4,378	60,485
	Rates	4,052	-
	Office Maintenance	1,110	18,565
	Water Rates	-	22,157
	Electricity	-	241,181
	Fuel	-	3,150
	Office Reallocation	-	1,461,139
	Planning Meeting	-	52,910
	Professional charges	-	38,000
	Litigation	-	1,225,000
		<b>10,868,170</b>	<b>15,483,674</b>

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

17.	CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS	2016	2015
	Components of Cash and Cash Equivalents	Rs.	Rs.
<b>17.1</b>	<b>Favourable Cash &amp; Cash Equivalent Balance</b>		
	Balance at Bank	88,420,190	103,741,502
	Cash in Hand	128,399	79,520
		88,548,589	103,821,022
<b>17.2</b>	<b>Unfavourable Cash &amp; Cash Equivalents Balance</b>		
	Balance at Bank	(1,213,987)	(4,917,012)
		(1,213,987)	(4,917,012)
		87,334,602	98,904,010
<b>18.</b>	<b>CAPITAL COMMITMENTS</b>		
	There are no capital commitments as at 31 December 2016.		
<b>19.</b>	<b>CONTINGENT LIABILITIES</b>		
	The Company does not have significant contingent liabilities as at the 31 December 2016.		
<b>20.</b>	<b>EVENTS OCCURRING AFTER THE BALANCE SHEET DATE</b>		
	There have been no material events occurring after the Balance Sheet date that require adjustments to or disclosure in the Financial Statements.		
<b>21.</b>	<b>RELATED PARTY DISCLOSURES</b>		
<b>21.1</b>	<b>Transactions with Key Management Personnel of the Organization</b>		
	The key management personnel are the members of the senior management committee being responsible for project management, General management and implementation of policy decisions. None of these key personnel are members of the board of directors of the Company. No member of the Board of Directors receives any salary or other compensation.		
		2016	2015
a)	Key Management Personnel Compensation	Rs.	Rs.
	Short - Term Employee Benefits	5,506,200	4,342,742
		5,506,200	4,342,742

## CORPORATE INFORMATION

### NAME

Transparency International Sri Lanka  
Company Registration No - GA 279

### LEGAL STATUS

Company Limited by Guarantee incorporated in Sri Lanka

### DATE OF INCORPORATION

23 March 2004 under the Companies Act No.7 of 1982  
Re-registered under the Companies Act No.7 of 2007

### REGISTERED OFFICE

No 5/1, Elibank Road, Colombo 5, Sri Lanka

Telephone : 011 4369781

Fax : 011 2 501 507

E-mail : [tisl@tisrilanka.org](mailto:tisl@tisrilanka.org)

Web : [www.tisrilanka.org](http://www.tisrilanka.org)

### COMPANY SECRETARY

Charuni Gunawardana LLB (Hons) LLM

### AUDITORS

Ernst & Young

Chartered Accountants

### BANKERS

Commercial Bank of Ceylon PLC

**[www.tisrilanka.org](http://www.tisrilanka.org)**

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