



TRANSPARENCY
INTERNATIONAL
SRI LANKA

Building a Nation of Integrity

Annual Report 2007

About us

Transparency International (TI) is a global network leading the fight against corruption through more than 100 locally-established national chapters and chapters in formation. TI challenges the inevitability of corruption, and offers hope to its victims. Since its founding in 1993, TI has played a lead role in improving the lives of millions around the world by building momentum for the anti-corruption movement. TI raises awareness and diminishes apathy and tolerance of corruption, and devises and implements practical actions to address it. The TI International Secretariat is in Berlin, Germany.

Transparency International Sri Lanka (TISL) commenced active operations at the end of 2002. Since then, it has progressively escalated the fight against corruption in Sri Lanka. TISL now functions as a self-financing, autonomous chapter focusing on its own local strategic direction.

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Message from the Executive Director



Organisations engaged in fighting corruption have an uphill task in today's world where corruption seems to be the rule rather than the exception. Transparency International Sri Lanka, an independent civil society organisation and part of the global coalition against corruption, has its work cut out for it. Corruption is an insidious evil that threatens the very fabric of society and democracy. Power corruption can be found in the lack of governance, in the indifference among institutions that ostensibly are set up to uphold integrity, and in the fear of a people inured to generations of lost values. However, fighting corruption cannot be done by using one formula alone. It is for this reason that TISL has engaged on a very challenging programme for 2007-2011 that cuts across sectors, in the hope that there will indeed be a reawakening of integrity while mainstreaming the anti-corruption discourse in Sri Lanka.

This annual report sets out our achievements, and I am proud to say that we have made some inroads, not least in terms of partnerships forged with several key public institutions and community-based organisations, and operating in many parts of the country.

But we have "promises to keep, and miles to go before we sleep". We are indeed fortunate to have an excellent board of integrity and a dedicated, hard-working and professional staff who give teeth to our mission. I am confident that with their continued commitment, we will be able to contribute to the dual challenge of upholding integrity while combating corruption in order to realise our vision and mission.

J.C. Weliamuna

A photograph of a white lotus flower in full bloom, rising from a pond. The flower is surrounded by large, green lily pads and tall, thin reeds. The water is dark and reflects the surrounding greenery. The text is overlaid on the right side of the image.

*Our Vision
To build a
nation
of integrity*

Our Mission

To lead and support the collective effort to enhance integrity and eradicate corruption by generating knowledge and stimulating action.

The TISL Mission Explained

The goal of TISL is to be an organisation that contributes effectively to the creation of a nation with integrity. Accordingly, programmes have been designed to take the message of anti-corruption and integrity across all sectors, in order that it becomes a part and parcel of public and private discourse.

TISL creates benchmarks to encourage institutions to follow good governance practices. It recognises its role as a catalyst in fostering civil society mobilisation in the anti-corruption arena by:

- safeguarding individuals and the collective interest against corruption and giving a voice to the marginalised through effective modes of communication;
- defeating public ignorance through education and training;
- building coalitions of influence and critical awareness on anti-corruption through informed advocacy;
- monitoring institutions and processes and enhancing institutional integrity and capacity.

This strategy is reflected in TISL's core programme of REAM, which offers a set of integrated, cross-cutting activities while focusing on distinct issue-based components.

REAM - TISL Strategic Focus Areas

The product of extensive internal deliberations and external stakeholder consultations, REAM (Representation, Education, Advocacy and Monitoring) encapsulates TISL's strategic focus areas during 2007-2011. In defining REAM, TISL adopted a constructive, proactive and positive approach to respond to corruption as opposed to a negative, reactionary approach. It attempts to motivate people and institutions to enhance integrity while reducing corrupt practices. TISL's challenge is to maintain a balance between two approaches: that of addressing governance issues from the macro level, and anti-corruption issues from the micro level.

Representation

This component of REAM seeks to provide advice, guidance and follow-up on people's complaints relating to corruption issues in identified sectors; organise people's forums, platforms and integrity exhibitions; motivate silent yet influential partners in the anti-corruption discourse; and a number of other activities.

Advocacy

Advocacy involves engaging the public in anti-corruption issues; supporting individuals and institutions in their initiatives against corruption; and influencing the political leadership and policy makers to exert strong political will and commitment to anti-corruption issues.

Education

The Education component of REAM focuses on the incorporation of anti-corruption issues into the curricula of public administration and public service institutions; legal and moral literacy programmes for civil society; as well as education programmes for schools and universities.

Monitoring

This focus area aims to strengthen transparency and accountability by profiling the abuse of power, authority and resources in identified sectors; monitoring the function of democratic institutions and processes; and building capacity in anti-corruption institutions.

Our Key Achievements

- TISL has pioneered the concept of **People's Platforms** that bring together, under one roof, experts, government officials and people from grassroot level. This aims at magnifying the voice of the people, particularly of the poor and the marginalised. In the two forums held in 2007 in Kurunegala and Anuradhapura, TISL was able to enhance dialogue between the general public and government officials on governance issues.
- The **Integrity Exhibitions** organised alongside the People's Platforms garnered the attention of the visitors to aspects related to integrity. Many commended the event through their written remarks on signature banners and signature books that were available at the exhibition.
- **Strategic Partnerships** were established with the Ministry of Public Administration, Ministry of Education, Sri Lanka Institute of Development Administration (SLIDA), Sri Lanka Institute of Local Government (SLILG), Department of Immigration and Emigration and Committee on Public Enterprises (COPE).
- Over 200 public officials at national, provincial and district levels were **trained** through TISL programme activities.
- **Linkages** were forged with more than 60 community-based organisations (CBOs) in several districts.
- An educational programme to introduce the concept of '**Integrity Laboratories**' in selected schools was initiated.
- For the fourth consecutive year, TISL organised the high-profile annual commemoration on UN Anti-Corruption Day, honouring anti-corruption heroes through **Integrity Awards** and building momentum against corruption.
- A '**National Integrity Oath**' was developed based on submissions from the public, a symbolic commitment of all Sri Lankans towards integrity.
- A constructive, open and democratic working atmosphere has always existed and continues to be encouraged in TISL. **Staff development** is a key priority in institutional development and 16 staff members were sent for local and international training programmes in 2007.
- TISL formulated and adopted a set of principles called "**Golden Principles**" which provides guidelines for a transparent and accountable governance structure for NGOs and INGOs.
- TISL adopted **management best practices** and promoted **internal governance** through regular Board meetings (5 in 2007), consistent reporting to the TISL Board by the Management, formation of a management committee; and monthly staff meetings.

TISL IN ACTION

Helpline Service

A helpline service was launched on 8 August to channel people's complaints in the education sector, after conducting a public opinion survey to rank different sectors according to the perceived level of corruption/integrity.

Seventy seven complaints were received, screened by the TISL steering committee and forwarded to the relevant authorities for action. Under advice of the committee, some complainants were invited to participate in face-to-face discussions with the committee.



Helpline operator

People's Platforms and Integrity Exhibitions

A new concept in people's representation in Sri Lanka, this forum brings together, under one roof, government officials and members of the general public in order to engage in a public discussion about governance issues that directly affect the lives of people, particularly the poor and the marginalised.

People's Platforms were held in tandem with Integrity Exhibitions in order to stimulate widespread interest in anti-corruption issues. The first 'Dushanayata Weta' or 'Voice Corruption' exhibition and People's Platform was held in Kurunegala on 23 September, following a pre-publicity campaign held on 16 September.



Integrity exhibition in Kurunegala

Eleven stalls were set up on the day of the event, along with an art exhibition which attracted a number of school children. The citizens of the area were able to interact with participants from governmental and non-governmental institutions that deliver public services, paving the way to enhance public awareness on various subjects such as anti-corruption, legal aid, children's and women's rights, social services, good governance, etc.

Mr. Piyasena Ranasinghe, Director General of the Commission to Investigate Allegations of Bribery or Corruption (CIABOC), Mr. Nimal Bandara, Chief Secretary of the North Western Province, Mrs. Jayantha Bulumulla, District Secretary of Kurunegala, and several Divisional Secretaries of the region were among the public officials present at the event.



TISL stall at the Anuradhapura Integrity Exhibition

The second People's Platform and *Dushanayata Weta* exhibition was organized in Anuradhapura on 5-6 November. Thirteen stalls were set up which attracted more than 1300 people, while 250 participants attended the People's Platform.

Mr. A. Thalihakotunage, Chief Secretary, North Central Province, Ms. M.A. Anula Indrani, Additional District Secretary, Anuradhapura, Mr. L. Kannangara, Assistant Director (Legal) of CIABOC, officials from the Foreign Employment Bureau (FEB) and the National Child Protection Authority (NCPA), as well as clergy of major religions of the area were present at the event along with the TISL officials who answered queries raised by the public.



Another stall at the exhibition

Integrating the perspectives of children and youth in the anti-corruption discourse



In order to fight corruption right from a young age, a pilot programme was launched to promote anti-corruption education through the establishment of integrity laboratories in five rural schools from Moneragala, Nuwara Eliya, Batticaloa, Vavuniya and Puttalam, each school representing a different socio, cultural and ethnic background.

As a precursor to this activity, one-day workshops on integrity were held at the school premises, with the participation of around 200 students aged 12-18 from each school who had some exposure to subjects in social science and civic education. The programme included lectures, group work, brainstorming ideas, and developing poems, songs and skits on integrity.



Two national-level workshops were also held in November and December with 56 child and youth leaders of these five schools, who analysed the responses of the 750 students who took part in the school workshops.



Signature Campaign



A signature campaign was launched to establish partnerships with CBOs to work on governance issues and to create commitment among them against anti-corruption, and to link them with anti-corruption agencies such as the Auditor General's Department, CIABOC, and the Public Accounts Committee (PAC).

Thirty one CBOs worked with TISL on this campaign to advocate for the movement to build a nation of integrity. Additionally, three district-level workshops on "Awareness on Anti-Corruption Issues" for CBOs in Anuradhapura, Badulla and Ambalangoda and one national-level workshop were held for 220 CBO leaders working at district level. The themes covered were: Understanding corruption-causes and effects; Nation of integrity; Corruption-related issues; Measures in combating corruption; and Follow-up plan.



Campaign slogan

I place my signature because I stand against corruption, I stand against giving and taking bribes, I work towards building a nation of integrity.

- 1,000 signatures were obtained at the National Anti-Corruption Exhibition held on 27-29 July in Kurunegala
- 45,000 signatures were obtained as of UN Anti-Corruption Day, 9 December 2007



Integrity Pledge

An island-wide competition to develop an integrity pledge was launched inviting submissions from adults and youth in all three languages (Sinhala, Tamil and English). An independent panel of judges received 386 entries from which the 10 best entries from each language were selected to formulate the oath. The pledge was read out for the first time by the 540 participants at the National Integrity Award function held on 9 December 2007.

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நேர்மைத்திறன் சத்தியப் பிரமாணம்
நான்

.....
நேர்மைத்திறன் மிகு தேசமொன்றை
நாளைய சந்ததிக்கு உரித்தாக்கும்
உயரிய நோக்குடன் ஜனநாயக
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எந்தவொரு ஆதிக்க சக்திக்கு
அடிபணியாமல் தனிப்பட்ட வாழ்விலும்
தொழில் வாழ்விலும் சிறந்த
வெளிப்படைத் தன்மையுடனும்
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பகர்கின்றேன்.

I,

.....,
with great determination
pledge to live and serve as
an honourable and incorruptible
Sri Lankan with a deep sense
of accountability, responsibility
and transparency in my personal,
professional and occupational life
with the noble purpose of passing
on to future
generations a nation
ennobled by Integrity,
dedicating myself as a pioneer
in upholding democratic values,
human rights and duties
unsullied by forces that
impede human
and national progress.



The event was attended by a large gathering of 540 persons from diverse backgrounds representing the public and private sectors, media, CBOs, NGOs, trade unions and the clergy

United Nations Anti-Corruption Day

For the fourth consecutive year, TISL organized the National Integrity Award (NIA), which recognizes the courage and determination of individuals fighting corruption and which provides visibility to the anti-corruption movement. Fifty three nominations were received and put through a selection process conducted by an independent panel of judges.

Dr Kiran Bedi, India's first woman police officer to become the Inspector General of Prisons, was the chief guest at this ceremony. The guest of honour was Justice Amir Ismail, Chairperson of CIABOC.

The NIA Award went to Mr. S K Liyanage for his commitment in fighting corruption during his 33 years in civil service. A Special Award was presented to Mrs. Shamala Dharshani Fernando for her fight against corruption in the Sri Lanka Ports Authority.



Voices of Integrity

A national-level consultation called "Voices of Integrity" between children, youth and adults was held to mark UN Anti-Corruption Day. Fifty six child and youth leaders presented their vision of families, communities and a country without corruption in front of a panel of distinguished invitees. These participants also shared their ideas and perceptions of integrity through inspirational drama at the NIA Ceremony.

The intuitive and enlightened responses of the child and youth participants helped TISL immensely in planning for the next year and is being used as the basis for forthcoming work with the Ministry of Education in establishing Integrity Laboratories in schools throughout the country.



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Research Studies and Publications

Status of Good Governance Report 2007



This maiden report was launched on 9 December 2007, UN Anti-Corruption Day, and contains articles in Sinhala, Tamil and English on society and good governance in Sri Lanka. Some of the major theme areas include the current status of governance in the country, the extent of corruption and its effects on socio-economic and political development, and the role of associations and civil societies. Topical issues such as post-tsunami operations; abductions and kidnappings in the country; lack of proper water governance and its consequences; and corruption in the public sector including the judiciary have been critically dealt with.

Anti-Corruption Toolkit and Manual



These two publications were drafted by TISL at the request of the Sri Lanka Institute of Development Administration (SLIDA) and are being used as a toolkit to empower officials to promote integrity within the public sector. The manual benefited from the valuable inputs of many respected individuals from the public sector.

Position Papers

On the Transparency in Borrowing US\$ 500 Million

A serious political debate arose with regard to the government's decision to borrow US\$ 500 million facilitated by selected private international banks. The debate has thrown up several governance issues, including the transparency of borrowing procedures. The position paper issued by TISL is justified for more than one reason, not least of which is that future generations of Sri Lankans will have to settle the borrowed funds at commercial interest rates.

On occasion of the third anniversary of the Tsunami

Based on research information from several field visits, this paper highlights the inequalities in the tsunami reconstruction process and its contribution to an acute governance crisis in the country. The document was released on 26 December and attracted wide local and international attention especially that of the media.

Awareness and Training Workshops



Panelists at the Consultative Council meeting on Water and Integrity



Anti-corruption awareness programme in progress

Seminar on anti-corruption: TISL, in tandem with the Retired Senior Police Officers Association (RSPOA), organised a seminar on 23 August on anti-corruption issues for participants from business, the professions, media and the public. The seminar fielded an eminent panel of speakers from the areas of anti-corruption, finance, law and law enforcement, as well as the public and private sectors.

Consultative Council Meetings: The Consultative Council, which formed an integral part of the Sri Lanka Anti-Corruption Programme supported by USAID-ARD which ended in September, is now part of REAM activities. Two meetings were held in 2007: the first on Water and Integrity on 22 October and the second on Environment and Integrity on 22 November, both in Colombo. The meetings targeted participants from the ministries, public institutions related to water and environment, the private sector, academia, trade unions and NGOs working in these two sectors.

Immigration and Emigration Department (IED) Training Workshops: A series of workshops on anti-corruption issues were organized by TISL for the IED on 14, 21 & 22 November for around 260 officials. These were followed by a residential workshop for 21 senior officials on 23 & 24 November covering issues such as Major Challenges and Corruption can be Rolled Back; Law and Practices relating to Bribery and Corruption; and Building Institutional Integrity.

Training for local government representatives: In collaboration with the SLILG, TISL organized a workshop on 27 and 28 November in Kandy for 39 local government representatives on issues such as element of corruption; financial discipline and procurement procedures; and legal framework for combating corruption.

An anti-corruption awareness programme with a special focus on right to information for CBOs was held in Colombo on 10 December.

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Institutional Development

Improving Internal Effectiveness and Efficiency

Institutional Development has been identified as a key area to enhance the effectiveness and efficiency of TISL to implement REAM activities. TISL will optimise utilisation of resources by strengthening personnel and other resources, and introduce a well-designed sustainability strategy to ensure the uninterrupted presence of TISL in the country.

As an organisation established to sensitise communities and institutions on the evils of corruption and the necessity for good governance and accountability, it is equally imperative that these practices be a core part of TISL's own functioning at board and organisational levels. With this in mind a number of initiatives were undertaken:

- Operational policies on lobbying, media, institutional good practices and gender have been developed and will be put to use in the course of 2008.
- Staff training programmes: a number of in-house as well as external training programmes (both local and overseas) were organised for staff to enhance their capacity, skills and knowledge.
- Annual planning workshop: this exercise was conducted in December for the forthcoming year, and included a number of team-building activities in addition to drawing up a strategic plan for 2008.
- Internal review system: TISL's chartered accountants and tax consultants, SJMS Associates, conducted an internal review system in June following which a number of measures were adopted to ensure smooth operational functioning.
- Endowment Fund: TISL has embarked on a plan to develop an Endowment Fund for which strategies have been formulated to ensure that the institution is self-sufficient in the future.
- Health Insurance Scheme: All permanent employees are entitled to his scheme which includes their spouses and off-spring.



The TISL Family



Board of Directors

Mr M. D. A. Harold - Chairman

Mr Harold has been serving as Chairman of the TISL Board of Directors since December 2004. He is a former Deputy Auditor General with 26 years experience in the Auditor General's Department and a total of 40 years of experience in the Sri Lanka State Services beginning in 1963. He is a Fellow Member of the Institute of Public, Financial and Development Accountancy and a Senior Member of the Association of Accounting Technicians of Sri Lanka. He was involved with the Anti-Corruption Programme for Sri Lanka, funded by USAID and implemented by ARD Inc. He lectures at Sri Lank Institute of Development Administration, Institute of Government Accountancy and Finance, and Institute of Supply and Material Management. Mr Harold holds diplomas in Accountancy from the Ceylon Technical College, and Public Financial Management from the Sri Lanka Institute of Development Administration.

Dr Paikiasothy Saravanamuttu

Dr Saravanamuttu was involved in the establishment of TISL as a National Chapter of the global movement. He received his PhD (1986) and Bachelors (1979) in International Relations from the London School of Economics and Political Science (LSE), University of London. He is currently the Executive Director of Centre for Policy Alternatives. He also lectures at the University of Colombo and the Bandaranaike Centre for International Studies. He contributed to a political column in the Sunday Leader and is quoted widely on Sri Lankan issues both in local and international print and electronic media. Dr Saravanamuttu has contributed to a variety of international conferences organised by academic and policy-oriented institutions on subjects ranging from governance and policy reform to ethnicity, international politics and conflict resolution.

Mr Tassie Seneviratne

A retired Senior Superintendant of Police with 37 years of experience as a Law Enforcement Officer. He was the Convenor SASA NET from 2002 to 2003 in the Campaign Against Proliferation of Small Arms in South Asia. Mr Seneviratne was also the Director of Investigations in the Programme for the Protection of Public Resources during the Times of Elections conducted Institute of Human Rights, Centre for Monitoring Election Violence and TISL.

Mrs Nelum Gamage

An Attorney at Law currently serving as a consultant to the Legal Aid Commission of Sri Lanka, Mrs Gamage served the government of Sri Lanka for over 30 years prior to retiring as the Additional Secretary, Ministry of Justice and Legal Reforms. Her service in the Bribery Commissioner's Department since 1975 culminated with her becoming the first female Bribery Commissioner, a position she held from 1989 to 1994. Mrs Gamage also served as the Director General of the Commission to Investigate Allegations of Bribery and Corruption from 1994 to 1997.

Mr Chandra Jayaratne

Fellow of the Institute of Chartered Accountants of Sri Lanka and of the Chartered Institute of Management Accountants. Having extensive cross-functional corporate sector experience since 1965, he has been the Managing Director of Eagle Insurance Company Limited since 1994. He is a former Chairman of the Ceylon Chamber of Commerce. He was awarded the Eisenhower Exchange Fellowship USA in 1989 for Mid Career Professional Development. He was also awarded the title of "Sri Lankan of the Year" in 2001 by LMD Magazine in recognition of being the Voice of Business promoting "Vision 2020".

Board of Directors

New board members

Mr V. K. Nanayakkara

The former Secretary to the Prime Minister and the Secretary to the Ministry of Education, and presently the Director of the Hector Kobbekaduwa Agrarian Research Institute. At the time of his retirement, he was a Class I officer of the Sri Lankan Administrative Service.

Ms Anushya Coomaraswamy

A fellow of the Institute of Chartered Accountants of Sri Lanka, the Chartered Institute of Management Accountants of the UK and the Society of Certified Management Accountants of Sri Lanka. Ms Coomaraswamy worked for more than 20 years in the private sector in senior management positions. From 1994 till 2002, she was the Group Finance Director of John Keells Holdings Limited. Having left John Keells in 2002 she joined the Ministry of Finance in January 2003 as an adviser with particular involvement in fiscal policy and public debt. She is currently a Non-Executive Director on the boards of two private companies. Ms Coomaraswamy is also a member of the Board of Directors of Centre for Policy Alternatives.

Mr S. K. Liyanage

The winner of TISL's National Integrity Award 2007, Mr Liyanage was honoured for his tireless effort in fighting corruption which was especially highlighted in the number of disciplinary inquiries he conducted. Mr. Liyanage holds a BA from Kelaniya University and a LLB from Open University of Sri Lanka. He was a class I Officer of the Sri Lanka Administrative Service. At the time of his retirement he was the additional Secretary to the Ministry of Provincial Councils and Local Government. After retirement he worked as the Additional Government Printer in the Sri Lanka Printing Department. He is well-reputed as an investigator in the public service in Sri Lanka.

Outgoing members

Ms Kishali E Pinto Jayawardena (retired)

Dr B.J.P. De Almeida Gunaratne (retired)

Mr Nalin Attygalle (retired)

Mr Achilles Joseph (deceased)

Ms Charuni Gunawardana - Company Secretary

An Associate of the Institute of Chartered Secretaries & Administrators, UK, Ms. Gunawardana has an LLB (Hons.) degree from the University of Colombo and an LLM in Commercial Law. She is the Senior Attorney of the law firm C G Associates and a Director of C G Corporate Consultants (Pvt) Ltd. She has been the Company Secretary of TISL from its inception.

Membership and Internship

MEMBERSHIP

TISL commenced its membership programme in 2007 inviting individuals with proven integrity to support TISL's vision and

- Each member shall have the right to vote and participate at the Annual General Meeting of TISL, in accordance with the Memorandum and Articles of Association.
- Members may submit to the Board or any Committees thereof, suggestions, recommendations and proposals to improve the integrity of all sectors in Sri Lanka.
- Annual Membership Certificate for members.
- Members will be entitled to participate in Seminars, Workshops and Discussions organized by TISL.
- Members will receive free copies of all publications and newsletters published and issued by TISL.

INTERN WITH TISL

TISL boasts of an excellent internship and volunteer programme and fields interns from local and overseas universities and institutions. Internships are available for durations of three weeks to three months.

If you are studying or working in the field of transparency and anti-corruption, and are looking to strengthen your academic qualifications with work experience, mail or email your CV to:

Deputy Executive Director
Transparency International Sri Lanka
28/1, Bullers Lane, Colombo 07
rukshana@tisrilanka.org

INTERNS FOR THE YEAR 2007

Lahiru Jayatilaka
Dhanukshi Jayawickreme
Dashen Kamalanathan
Sasha Wickramaratne
Sadun Gunawardana
Udani Gunawardana
Andrew Choksy
Amali Munasingha
Darasha Benjamin

Funding And Financials



TISL received core funding from the Norwegian Agency for Development (NORAD), Swedish International Development Agency (SIDA) and Helvetas. Further, American Centre for International Labor Solidarity (ACILS), Friedrich Ebert Stiftung (FES), USAID/ARD, Sri Lanka Institute of Development Administration (SLIDA), Capacity Development for Recovery Program (CADREP) and several corporate bodies financially supported TISL's activities in 2007. To learn more about TISL's funding please visit our website - www.tisrilanka.org

JOE MUTTUPULLE & CO.

Chartered Accountants

J.G.D.R. MUTTUPULLE, F.C.A

Mrs. N. MUTTUPULLE, A.C.A A.C.M.A

252-A, 2nd Floor,

Galle Road

Colombo - 4

Telephone: 2501130

Tele / Fax: 5337072

AUDITORS REPORT

TO THE MEMBERS OF TRANSPARENCY INTERNATIONAL SRI LANKA

We have audited the Balance Sheet of the Transparency International Sri Lanka as at 31st December 2007 and the related Statement of Financial Activities, Changes in Accumulated Fund and Cash Flow for the year then ended together with the notes thereto.

Respective Responsibilities of Directors and Auditors

The Directors are responsible for preparing and presenting these financial statement in accordance with Sri Lanka Statement of Recommended Practice for Not-For-Profit Organizations (SL SoRP NPOs). Our responsibility is to express an opinion on the financial statement based on our audit.

Basis of Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards. These Standard requires that we plan and perform the audit to obtain reasonable assurance about whether the said financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the said financial statements, assessing the accounting policies used and significant estimates made by the Directors, evaluating the overall presentation of the financial statement, and determining whether the said financial statement are prepared and presented in accordance with SL So RP NPOs. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, so far as appears from our examination, the Organisation maintained proper books of account for the year ended 31st December 2007, and to the best of our information and according to the explanation given to us, the said Balance Sheet and related Statements of Financial Activities, Changes in Accumulated Fund and Cash Flow together with the Notes thereto, which are in accordance with the said books and have been prepared and presented in accordance with SL SORP NPOs, provide the information required by the Companied Act No 7 of 2007, and give a true and fair view of the state of affairs of the Organisation as at 31st December 2007, and of the results of its activities for the year then ended

Directors Interest in Contracts with the Company

According to the information made available to us, the Directors of the Organisation were not directly or indirectly interested in contracts with the organization.



CHARTERED ACCOUNTANTS

COLOMBO

8th June 2008

TRANSPARENCY INTERNATIONAL SRI LANKA
28/1, BULLERS LANE, COLOMBO 07

BALANCE SHEET
AS AT 31st DECEMBER

NOTE

2007
Rs.

2006
Rs.

Non Current Assets

Property, Plant and Equipment	2	1,277,869.39	1,808,664.49
		1,277,869.39	1,808,664.49

Current Assets

Treasury Bills	3	13,980,303.43	1,000,000.00
Project Receivables		200,000.00	390,294.45
Other Receivables	4	230,000.00	326,800.41
Deposits and Advances	5	1,003,147.50	1,829,500.00
Balance at Bank and Cash in Hand	6	1,251,198.24	281,398.87
		16,664,649.17	3,827,993.73

Less

Current Liabilities

Project Payables	7	951,403.69	1,090,278.98
Other Payable	8	1,490,430.98	688,778.89
Funds Payable	9	13,275,287.96	459,047.55
Audit Fees Payable		51,750.00	40,250.00
Balance at Bank		-	132,508.18
		15,768,872.63	2,410,863.60

Net Current Assets

Net Assets		2,173,645.93	3,225,794.62
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TRANSPARENCY INTERNATIONAL SRI LANKA
28/1, BULLERS LANE, COLOMBO 07

BALANCE SHEET
AS AT 31st DECEMBER (Continue)

NOTE

Capital Reserve	607,803.31	607,803.31
Fund - Transparency International Sri Lanka		
Balance as on 01.01.2007	5,131,913.50	5,131,913.50
Receipts for the Period	—	—
Balance as on 31.12.2007	5,131,913.50	5,131,913.50
Accumulated Fund		
Balance as on 01.01.2007	(2,513,922.19)	(5,893,707.97)
Excess Of (Expenditure over Income) / Income over Expenditure	(1,052,148.69)	3,379,785.78
Balance as on 31.12.2007	(3,566,070.88)	(2,513,922.19)
	2,173,645.93	3,225,794.62

Director



Colombo
Dated: 8th June 2008

Director



TRANSPARENCY INTERNATIONAL SRI LANKA
28/1, BULLERS LANE, COLOMBO -07

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31ST DECEMBER	NOTE	2007 Rs.	2006 Rs.
Incoming Resources	11	24,274,908.19	
Projected Expenditure			
Staff		6,568,627.97	
Other Direct Cost		15,041,643.66	
Other Indirect Expenditure		2,664,636.56	
Total Project Costs		24,274,908.19	
Net Surplus/ Deficit on Projects		—	—
 Revenue Earned	 12	 1,355,044.22	 4,978,543.71
		1,355,044.22	4,978,543.71
Administrative Expenses		1,432,688.45	922,032.83
Staff Cost		177,030.00	338,250.05
Establishment Expenses		163,329.24	323,714.48
		1,773,047.69	1,583,997.36
Net Surplus/ Deficit on Operating Activities		(418,003.47)	3,394,546.35
Finance cost		(16,833.22)	(14,760.09)
Net Surplus/ Deficit Before Tax		(434,836.69)	3,379,786.26
Income Tax Expenses		(154,312.00)	
Net Surplus/ Deficit After Tax		(589,148.69)	3,379,786.26

TRANSPARENCY INTERNATIONAL SRI LANKA
28/1, BULLERS LANE, COLOMBO - 07

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER

	2007	2006
	Rs.	Rs.
Excess of Income Over Expenditure	(434,836.69)	3,379,785.78
Adjustment for:		
Balances written off	(463,000.00)	-
Depreciation	520,795.09	17,756.88
Interest Income	(688,557.86)	-
Finance Cost	16,833.22	14,760.09
Operating Cash Flow Before Working Capital Changes	(1,048,766.24)	3,412,302.75
Changes in Working Capital		
(Increase) / Decrease in Project Receivables	190,294.45	(390,294.45)
(Increase) / Decrease in Other Receivables	96,800.41	(174,047.97)
(Increase) / Decrease in Deposit and Advance	826,352.50	(1,829,500.00)
(Increase) / Decrease in Project Payables	(138,875.29)	(11,391,136.51)
(Increase) / Decrease in Other Payables	752,125.09	432,806.58
(Increase) / Decrease in Audit Fees Payables	11,500.00	5,750.00
	1,738,197.16	(13,346,422.35)
Cash Generation From Operations	689,430.92	(9,934,119.60)
Finance cost paid	(16,833.22)	(14,760.09)
Interest Income	688,557.86	-
Income Tax paid	(104,785.00)	-
Net Cash from Operating Activities	1,256,370.56	(9,948,879.69)

CASH FLOW FROM INVESTIVE ACTIVITIES

Proceeds from sale of fixed Assets	10,000.00	-
Acquisition of Property, Plant and Equipment	-	(1,301,045.00)
Acquisition/ (Disposal) of Treasury Bills	(12,980,303.43)	9,500,00.00
Net Cash from Investing Activities	(12,970,303.43)	8,198,955.00

CASH FLOWS FROM FINANCING ACTIVITIES

Fund Payable	12,816,240.41	-
Net Cash from Financing Activities	12,816,240.41	-

Net Increase/ (Decrease) in cash and Cash Equivalents	1,102,307.54	(1,749,924.69)
Cash and Cash Equivalent at the beginning of the year	148,890.70	1,898,815.39
Cash and Cash Equivalent at the end of the year	1,251,198.24	148,890.70

TRANSPARENCY INTERNATIONAL SRI LANKA
28/1, BULLERS LANE, COLOMBO 07

Notes to the Accounts

Note 1

Accounting policy

The accounts of Transparency International Sri Lanka have been prepared on an accruals basis

Note 2

Property, Plant and Equipment	Computers Rs.	Furniture and Fittings Rs.	Office Equipment Rs.	Electrical Equipment Rs.	Total Rs.
Cost/Valuation					
Balance as at 01.01.2007	616,251.00	157,897.36	54,241.25	1,301,045.00	2,129,434.61
Disposal	-	(20,000.00)	-	-	(20,000.00)
Balance as at 31.12.2007	<u>616,251.00</u>	<u>137,897.36</u>	<u>54,241.25</u>	<u>1,301,045.00</u>	<u>2,109,434.61</u>
Accumulated Depreciation					
Balance as at 01.01.2007	285,775.00	23,655.13	11,340.00	-	320,770.13
Charge for the month	142,500.00	39,474.34	13,559.50	325,261.25	520,795.09
Disposal		(10,000.00)			(10,000.00)
Balance as at 31.12.2007	<u>428,275.00</u>	<u>53,129.47</u>	<u>24,899.50</u>	<u>325,261.25</u>	<u>831,565.22</u>
Net Book Value					
As at 31.12.2007	<u>187,976.00</u>	<u>84,767.89</u>	<u>29,341.75</u>	<u>975,783.75</u>	<u>1,277,869.39</u>
As at 31.12.2006	<u>330,476.00</u>	<u>134,242.23</u>	<u>42,901.25</u>	<u>1,301,045.00</u>	<u>1,808,664.48</u>

Notes to the Accounts**Note 3****Treasury Bills****REAM**

	2007 Rs.	2006 Rs.
Benevolent Fund	203,451.14	-
Helvetas Treasury Bills	376,852.50	-
NORAD and SLIDA	12,399,999.79	-

Transparency

Treasury Bills VFM	1,000,000.00	1,000,000.00
Total	13,980,303.43	1,000,000.00

Note 4

Other Receivables		
Thimbrigasyaya Other	150,000.00	-
VFM	50,000.00	-
NIS Report	-	5,204.41
BMICH Refundable Deposit	30,000.00	-
Anti Corruption Day 2005	-	491.00
Anti Corruption Slogan Competition	-	321,105.00
	230,000.00	326,800.41

Note 5**Deposit and Advances**

Hong Kong Travel	2,647.50	-
Rent Advance	841,500.00	1,205,00.00
Anti Corruption Day 2006	-	230,000.00
Police Project	-	233,000.00
SLIDA Project	-	56,500.00
Advance Payment Taj Lanka	69,000.00	-
Arpico interior	-	20,000.00
Advance School Programme	5,000.00	-
Refundable Rent Deposit	85,000.00	85,000.00
	1,003,147.50	1,829,500.00

Notes to the Accounts**Notes 6****Balance at Bank and Cash in Hand**

	2007 Rs.	2006 Rs.
Balance at Bank	1,199,354.04	214,710.62
Cash in Hand	51,844.20	66,688.25
	1,251,198.24	281,398.87

Note 7**Projects Payable**

Awareness and Study Appointment to High Post	-	131,923.86
Programme for the Protection of Public Resources (PPPR Project)	-	7,511.43
Value for Money Audit	951,403.69	950,843.69
	951,403.69	1,090,278.98

Note 8**Other Payables**

Donor Meeting	19,707.15	19,707.15
High Post Project	131,923.86	-
Idea Competition	3,867.00	3,867.00
Jakarta Expert Meeting	25,641.16	25,641.16
Program for Protecting Public Resources (PPPR Project)	7,511.43	-
Training for Trainers	3,785.00	3,785.00
Strategic Planning	99,597.20	99,597.20
UN Anti Corruption Day	325,870.38	325,870.38
Value for Money	210,000.00	210,000.00
Tsunami Media Report	311.00	311.00
Provision For Gratuity	609,250.00	-
Regional Meeting Advance	3,439.80	-
Income tax Payable	49,527.00	-
	1,490,430.98	688,778.89

Notes to the Accounts

Note 9

Funds Payable

	2007 Rs.	2006 Rs.
SIDA	6,643,394.49	-
NORAD	6,643,394.50	-
ACILS	(23,701.07)	26,775.00
ARD Rollouts	12,200.05	432,272.55
	13,275,287.96	459,047.55

Note 10

Excess of Expenditure	(589,148.69)
Prior year Adjustment:	
Written off Anti Corruption Day 2006	(230,000.00)
Police Project	(233,000.00)
Balance C/forward	(1,052,148.69)

Note 11

Strategic Plan 2007-2008 Expenses

Funds Allocated From	2007 Rs	2006 Rs.
Swedish International Development Agency (SIDA)	9,427,378.83	-
Norwegian Ministry of Foreign Affairs (NORAD)	9,427,378.79	-
Fredrich Ebert Stiftung (FES)	800,000.00	-
HELVETAS Sri Lanka	3,000,000.00	-
Associate for Rural Development (ARD)	1,413,874.50	-
American Centre for International Labor Solidarity (ACILS)	206,276.07	-
	24,274,908.19	-

TRANSPARENCY INTERNATIONAL SRI LANKA
28/1, BULLERS LANE, COLOMBO 07

	2007 Rs	2006 Rs.
Funds Allocated From		
Education	2,548,683.43	
Advocacy	2,226,693.23	
Representation	3,852,633.21	
Monitoring	1,733,508.49	
Institutional Development	9,293,239.26	
Helvetas Sri Lanka	3,000,000.00	
Associate for Rural Development (ARD)	1,413,874.50	
American Centre for International Labour Solidarity (A CILS)	206,276.07	
	<u>24,274,908.19</u>	
Note 12		
Revenue Earned form other Activities		
Sundry Income	158,094.86	4,978,543.71
Interest Income	687,529.85	-
Endowment Fund	509,419.51	-
	<u>1,355,044.22</u>	<u>4,978,543.71</u>

TRANSPARENCY INTERNATIONAL SRI LANKA
28/1, BULLERS LANE, COLOMBO 07

Transferred from Restricted Fund		Received during the year from	Total Amount expended					Surplus/ deficit on project
Organisation	Amount	unrestricted funds & other sources	Staff	other Direct		Other Indirect	Total	
				Assets	other			
SIDA	16,070,773.15	343,764.92	3,154,713.98	1,155,918.43	5,116,746.41	Nil	9,427,378.82	6,987,159.26
NORAD	16,070,773.15	343,764.92	3,154,713.98	1,155,918.43	5,116,746.40	Nil	9,427,378.81	6,987,159.27
Helvetas	3,000,000.00	Nil	Nil	Nil	3,000,000.00	Nil	3,000,000.00	
FES	800,000.00	Nil	Nil	Nil	800,000.00	Nil	800,000.00	
Association for Rural Development (ARD)	1,426,074.55	Nil	206,000.00	352,800.00	855,074.50	Nil	1,413,874.50	12,200.05
American Centre for International Labour Solidarity (ACILS)	182,575.00	Nil	53,200.00	Nil	153,076.07	Nil	206,276.07	(23,701.07)
Total	37,550,195.85	687,529.84	6,568,627.96	2,664,636.86	15,041,643.38	-	24,274,908.19	13,962,817.50

Less: Treasury Bills Interest

Transfer to Balance Sheet

(687,529.84)

13,275,287.66

TRANSPARENCY INTERNATIONAL SRI LANKA
28/1, BULLERS LANE, COLOMBO 07

Transferred from Restricted Fund		Received during the year from	Total Amount expended					Surplus/ deficit on project
Organisation	Amount	unrestricted funds & other sources	Staff	other Direct		Other Indirect	Total	
				Assets	other			
SIDA	16,070,773.15	343,764.92	3,154,713.98	1,155,918.43	5,116,746.41	Nil	9,427,378.82	6,987,159.26
NORAD	16,070,773.15	343,764.92	3,154,713.98	1,155,918.43	5,116,746.40	Nil	9,427,378.81	6,987,159.27
Helvetas	3,000,000.00	Nil	Nil	Nil	3,000,000.00	Nil	3,000,000.00	
FES	800,000.00	Nil	Nil	Nil	800,000.00	Nil	800,000.00	
Association for Rural Development (ARD)	1,426,074.55	Nil	206,000.00	352,800.00	855,074.50	Nil	1,413,874.50	12,200.05
American Centre for International Labour Solidarity (ACILS)	182,575.00	Nil	53,200.00	Nil	153,076.07	Nil	206,276.07	(23,701.07)
Total	37,550,195.85	687,529.84	6,568,627.96	2,664,636.86	15,041,643.38	-	24,274,908.19	13,962,817.50

Less: Treasury Bills Interest

(687,529.84)

Transfer to Balance Sheet

13,275,287.66

TRANSPARENCY INTERNATIONAL SRIL LANKA
28/1, BULLERS LANE,
COLOMBO - 07

Project-wise allocation and movement in Restricted fund

Name of Donor Organisation	Project	Balance brought forward	Received/ restricted surplus during the year	Transfer to income and expenditure	Balance carried forward
Associate for Rural Development (ARD)	Roll-out programme of community level awareness workshops and action plan	432,272.55	993,802.00	1,413,874.50	12,200.05
American Centre for International Labour Solidarity (ACILS)	Roll - Out Programme	26,775.00	155,800.00	206,276.07	(23,701.07)
SLIDA / CADREP	Strategic Planing		16,070,773.15	9,427,378.82	6,643,394.33
NORAD	Strategic Planing	-	16,070,773.15	9,427,378.81	6,643,394.34
Helvetas	Anti - Corruption Day	-	3,000,000.00	3,000,000.00	-
FES	Anti - Corruption Day		800,000.00	800,000.00	-
TOTAL		459,047.55	37,091,148.30	24,274,908.20	13,275,287.65

TRANSPARENCY INTERNATIONAL SRI LANKA

**28/1, BULLERS
LANE, COLOMBO- 07**

Project Assets not included in Balance Sheet

Item	Balance as at 01.01.2008	Addition During the year	Capitalise during the year	Transfer	Balance as at 30.06.2008
	Rs	Rs	Rs	Rs	Rs
Computers		884,750.00	-	-	884,750.00
Office Equipments		1,016,257.89	-	-	1,016,257.89
Furnitures		410,828.97	-	-	410,828.97
Audio Visual		352,800.00	-	-	352,800.00
		2,664,636.86	-	-	2,664,636.86

TRANSPARENCY INTERNATIONAL SRI LANKA

**28/1, BULLERS
LANE, COLOMBO- 07**

Project Assets not included in Balance Sheet

Item	Balance as at 01.01.2008	Addition During the year	Capitalise during the year	Transfer	Balance as at 30.06.2008
	Rs	Rs	Rs	Rs	Rs
Computers		884,750.00	-	-	884,750.00
Office Equipments		1,016,257.89	-	-	1,016,257.89
Furnitures		410,828.97	-	-	410,828.97
Audio Visual		352,800.00	-	-	352,800.00
		2,664,636.86	-	-	2,664,636.86

Partners in Action



- Auditor-General's Department
- Child Rights Law International (CLRI)
- Clean Hands Campaign
- Community-based organisations
- Commission to Investigate Allegations of Bribery or Corruption (CIABOC)
- Department of Immigration and Emigration
- Friedrich Ebert Stiftung
- Helvetas
- Media
- Ministry of Public Administration and Home Affairs
- Ministry of Education
- Ministry of Constitutional Affairs
- Norwegian Ministry of Foreign Affairs (NORAD)
- Sri Lanka Institute of Development Administration (SLIDA)
- Sri Lanka Institute of Local Governance (SLILG)
- Swedish International Development Cooperation Agency (SIDA)
- The private sector

TISL and media

TISL has built up cordial relations with the media which has enabled it to increase institutional visibility and outreach. A number of press conferences were organised prior to important seminars and workshops, and particularly on occasion of the launch of the People's Platforms and Integrity Exhibitions. The media has also been invited to take part in TISL events as active participants, so that they not only serve as a channel of communication, but can also be active advocates of anti-corruption and transparency issues.

TRANSPARENCY INTERNATIONAL SRI LANKA

28/1, BULLERS LANE

COLOMBO 07

TEL : 011-2592287, 0112501474

FAX : 011-2506419

E-MAIL : tisl@sltnet.lk

WEBSITE : www.tisrilanka.org

Corruption is infectious!
Vaccinate your children!

