

ANNUAL REPORT

2021



YEARS IN THE
**FIGHT AGAINST
CORRUPTION**



a nation that upholds integrity



MISSION

TO SUPPORT THE COLLECTIVE EFFORT TO
ERADICATE CORRUPTION IN ORDER TO BUILD
A FUTURE SRI LANKA WHICH IS PEACEFUL,
EQUITABLE AND JUST

VISION

A NATION THAT UPHOLDS INTEGRITY

ANNUAL REPORT 2021

CONTENTS

CHAIRPERSON'S MESSAGE	02
EXECUTIVE DIRECTOR'S MESSAGE	04
ADVOCACY	06
POLITICAL SECTOR	12
PUBLIC SECTOR	18
PRIVATE SECTOR	24
COMMUNITY SECTOR	30
CROSS-PILLAR COLLABORATION	40
COMMUNICATIONS	44
FINANCE AND OPERATIONS	48
HUMAN RESOURCES	50
BOARD OF DIRECTORS	52
VOTE OF THANKS	54
DIRECTORS' REPORT	55
FINANCIAL STATEMENTS	58
NOTICE OF ANNUAL GENERAL MEETING	59
FORM OF PROXY	60

CHAIRPERSON'S MESSAGE

Reflecting upon 2021 and the significance of the year for Sri Lanka and for Transparency International Sri Lanka, it is evident that addressing the nexus between corruption, development and poverty has never been more critical. This year the journey of building a nation of integrity has become increasingly challenging in a culture of rapidly deteriorating values, impunity and a breakdown of rule of law and accountability measures. Sri Lanka witnessed a continued consolidation of power in the center, strategic militarization and exposés and allegations of large-scale fraud, malpractice and scams. Corruption lies at the core of the precarious economic situation we as Sri Lankans find ourselves in today.

In 2021, TISL with all our partners continued to create significant impacts in the areas of coalition building, creating a culture of information, building a strong and credible evidence base for advocacy and activating citizenry to demand accountability from duty-bearers. Against all odds, it is civil society, independent journalists and whistleblowers who have been driving change and holding power to account. The culture of information and transparency, has been driven by the Right to Information Act and contributed to by the tireless efforts of TISL capacitating and mobilizing stakeholders to demand that information. In an era of information,

digitalization, alternative media and activism, people have a hunger for information, and realize the importance of gathering credible information in a participatory and inclusive manner.

Transparency International Sri Lanka forged ahead despite the multitude of challenges and nuanced constraints posed in the context of the pandemic, economic deterioration and political uncertainty. TISL's management demonstrated their adaptability and agility in engaging stakeholders virtually, training stakeholders and not losing momentum despite lockdowns and related operational challenges.

TISL continued to focus on strategically strengthening the organization's relationships across the political parties and solidifying our engagement with the private sector. At the same time, recognising the renewed need for assistance for the marginalised, we ensured our Advocacy and Legal Advice Center (ALAC) services were advertised and available on the phone. TISL also started our work on the Pandora Papers, filed the Supreme Court challenge on the Port City Economic Commission Bill highlighting the corruption risks around the initiative, training hundreds of stakeholders even during lockdown, all while continuing to act as a watchdog on national corruption issues.

Transparency International Sri Lanka remains committed to our mission and true to our values and core principles in strengthening accountability, transparency and good governance which is vital and in fact a prerequisite to development, inclusivity and to make gains towards sustainable development. I commend the efforts, resilience and perseverance of the only organization in Sri Lanka exclusively dedicated to working in anti-corruption, transparency and for integrity. On behalf of the Board of TISL and the members, colleagues and Directors that have served

TISL in the past, I salute our team – I salute their professionalism, commitment and relentless energy that it takes to build a nation of integrity and to fight corruption. We look forward to continued engagement with our stakeholders and also look forward to active citizen contribution in our collaborative journey. As history is being written in Sri Lanka, the long and collective journey of fighting against corruption has never been more vital.

This year the journey of building a nation of integrity has become increasingly challenging in a culture of rapidly deteriorating values, impunity and a breakdown of rule of law and accountability measures. Sri Lanka witnessed a continued consolidation of power in the center, strategic militarization and exposés and allegations of large-scale fraud, malpractice and scams. Corruption lies at the core of the precarious economic situation we as Sri Lankans find ourselves in today.



Anushika Amarasinghe

Chairperson - TISL

EXECUTIVE DIRECTOR'S MESSAGE

The year 2021 was one with major transformations for Transparency International Sri Lanka's (TISL) staff members, program, structure and operations. It was also the year in which the TISL team began implementing the 2021 – 2025 Strategic Plan that ushered in key changes to organizational priorities and program approach.

2021 was a year that presented a complex and challenging context within which TISL had to operate, such as the dismantling of accountability structures in governance, curtailment of civic space, impunity with seeming weakening of law enforcement, subtle and overt suppression of dissent and freedom of expression, lack of accountability in governance and increasing economic and social pressures with the continuation of the pandemic.

Adapting to be responsive to this context by seeking the opportunities and managing the threats, TISL chose to further strengthen its role of being a watchdog on corruption and of being an advocate for essential anti-corruption reform. TISL also strived to enhance its engagement at the grassroots by forging relationships with diverse stakeholders, spreading anti-corruption awareness through grounded

communications and making our services of legal advice and Right to Information facilitation accessible to more communities. Understanding that eradication of corruption requires a strong, collective, long-term and sustainable effort, TISL continued to create strategic partnerships across sectors, engaging them in the fight against corruption.

Pursuing these goals, TISL took special effort to strengthen organizational communications. Through initiatives such as developing and implementing a Communications Strategy, creating simplified and attractive content in the vernacular and enhancing the use of digital media platforms, we were able to considerably increase the popularity and citizen engagement on TISL's social-media platforms. TISL also prioritized the strengthening of organizational advocacy, by creating an advocacy unit to function as a cross-cutting sector and lead the creation and implementation of a dynamic advocacy strategy.

Among the critical changes brought in through the new Strategic Plan were the new program sectors that ensured a holistic approach towards our mission to “contribute to the collective effort to eradicate corruption in Sri Lanka”. Understanding the systemic,

multisectoral and interconnected nature of corruption in the country, TISL designed a strategy that would work concurrently with the stakeholders of different sectors to break the vicious cycle of corruption. Therefore, the political sector, public service sector, private sector and the community sector were identified as the four stakeholder groups through whom the anti-corruption work needs to be done. TISL was therefore engaged in promoting and facilitating transparency and accountability within the people, systems and structures of these four sectors, working across the nation directly and through the partners such as the Right to Information Hubs in each district, investigative journalists, Integrity Icons and youth networks.

Other areas of critical transformations in 2021 were in Human Resources and Finance. Appreciating the fact that staff members were the main and most important resource TISL has, the Strategic Plan envisaged to focus on investing in developing, caring for and managing human resources in a professional manner. These efforts led to the strengthening of a positive, organizational values-based culture where staff are treated equally, with dignity and care and decision making is participatory and transparent. It gives me much contentment to see how far the Finance function has come during 2021. With a strong will and commitment to achieve the strategic objective of strengthening internal controls and the efficiency and accuracy of the finance function, the team forged ahead, making radical changes to the systems.

These changes were supplemented with staff coaching, training and open discussions about the need to tighten financial and operational controls. Change is never easy. Yet, I am deeply grateful to and proud of the TISL team for embracing and shining through these multiple changes with the right attitude of focusing on the vision and continuous learning. I wish to thank each staff member for contributing to the mission of TISL with passion and commitment, working tirelessly during a year that kept us on our toes. I consider it a great blessing to be able to lead such a dedicated, talented and vibrant team.

I am deeply grateful to our donors who continued to trust us and stand by us during challenging times and for the much-valued understanding and flexibility demonstrated during the changing context, which ensured that we were adequately resourced to vigorously pursue our mandate. TISL's journey was greatly strengthened by our partners and other stakeholders who worked with us and joined the fight against corruption in their respective spheres of influence and I wish to convey my sincere gratitude to them. I am also grateful to the Board of Directors which acted as a rock for the team and provided much needed guidance, perspective and support at all times. Last but not least, I thank our members and all well-wishers for all the support given whenever we reached out to you.

As TISL marks its 20th year of operations in 2022, we have much to look back and be glad about, as we have persevered through many storms in the nation and even within the organization, not giving up the fight against corruption, but learning and forging ahead with dedication and hope towards our vision of “a nation that upholds integrity”.

Our story inspires us to keep going, marking the big and small milestones along the way and inspiring others across our country to join hands to eradicate the virus of corruption from our motherland.

Among the critical changes brought in through the new Strategic Plan were the new program sectors that ensured a holistic approach towards our mission to “contribute to the collective effort to eradicate corruption in Sri Lanka”. Understanding the systemic, multisectoral and interconnected nature of corruption in the country, TISL designed a strategy that would work concurrently with the stakeholders of different sectors to break the vicious cycle of corruption.



Nadishani Perera

Executive Director - TISL





Advocacy for TISL is the process of identifying and reaching the key stakeholders related to TISL's mission and influencing them in a manner that would secure their support to the mission. The Advocacy and Research team was established under the new 2021-2025 strategic plan as a cross-cutting team supporting the advocacy interventions of the programs as well as organizational advocacy.

In 2021, the team designed the Advocacy Strategy of the organization. This prioritized facilitating staff to become advocates for TISL's values and mission, identifying key stakeholders and devising initiatives to influence them positively in a manner that supports our mission. The team has also been continuously monitoring emerging corruption issues in the country to design advocacy interventions to respond to such instances including 29 press releases and 14 Right to Information applications filed in the public interest during the year.

TISL was also able to reach out to critical stakeholders including the Commission to Investigate Allegations of Bribery or Corruption, Ministry of Justice, Ministry of Health, Legal Aid Commission and the Bar Association of Sri Lanka. TISL led a campaign including a social media campaign highlighting the importance of appointing an independent RTI Commission without delay, with the term of the first Commission running out.

In 2021, with the conversation around the Colombo Port City Economic Commission Bill, TISL raised concerns through a Bill Challenge in the Supreme Court highlighting the risk of allowing the establishment of offshore banks and companies that could open pathways for money laundering and illicit financial flows. It is an achievement that the Supreme Court determination has eased some of these concerns by expressly acknowledging that the Convention on the Suppression of Terrorist Financing Act No. 25 of 2005, Prevention of Money Laundering Act No. 5 of 2006 and the Financial Transactions Reporting Act No. 6 of 2006 apply within the Area of Authority of the Colombo Port City. Along with the petition filed against the Colombo Port City Economic Commission Bill, TISL started a public conversation around the concept of "Beneficial Ownership Transparency" in Sri Lanka.

THE PANDORA'S BOX

In October 2021, the International Consortium of Investigative Journalists (ICIJ) exposed information on the secret financial dealings of over 300 politicians and about 130 Forbes billionaires including Presidents, Prime Ministers, ministers, public officials, drug dealers and members of influential families across the world, as part of the "Pandora Papers" leak. The investigation exposed that these individuals have been using offshore companies to buy real estate, artworks and luxury vehicles, having dirty money laundered and flown into many secrecy jurisdictions through their corrupt enablers.

The Pandora Papers highlighted the secret dealings of three Sri Lankan nationals: Nirupama Rajapaksa, niece of the current President Gotabhaya Rajapaksa and former Prime Minister Mahinda Rajapaksa (former Member of Parliament, 2005-2015 and a former Deputy Minister of Water Supply and Drainage, 2010-2015), her spouse Thirukumar Nadesan and Ramalingam Paskaralingam (the Economic Advisor to former Prime Minister Ranil Wickremesinghe and a member of the Cabinet Committee on Economic Management during the 2015-2019 administration).

TISL's initial statement responding to the exposé called on the Sri Lankan authorities to ensure that independent investigations are carried out expeditiously into the revealed extensive assets held offshore by these individuals. It was given wide coverage in the mainstream media since the topic was very much in the public eye.

Following this statement, TISL made two complaints to the Commission to Investigate Allegations of Bribery or Corruption (CIABOC) requesting investigations into the unexplained wealth exposed by the Pandora Papers. The complaints highlighted that the amount of wealth exposed could not be accounted for through the monthly salary of a Member of Parliament, a Deputy Minister or a public servant. The complaint further requested CIABOC to investigate whether any public funds have been looted and laundered elsewhere during the tenure of Ms. Rajapaksa and Mr. Paskaralingam. The concept of a "Politically Exposed Person (PEP)" was also explained, as defined by the Financial Action Task Force, identifying these three individuals as PEPs who are more vulnerable to bribery and corruption based on their access to public funds and resources during their tenure.

The Commission informed TISL that it had decided to carry out further investigations into these two complaints.

TISL also filed three Right to Information (RTI) requests to obtain the declarations of assets and liabilities of Mrs Nirupama Rajapaksa as a Member of Parliament, Deputy Minister and an electoral candidate. Since the information was not provided, TISL has appealed to the RTI Commission on these appeals. These asset declarations were also requested under the Declaration of Assets and Liabilities Law No. 01 of 1975.

Concurrently, TISL also wrote to the Financial Intelligence Unit (FIU) of the Central Bank of Sri Lanka, requesting coordination with the relevant law enforcement authorities to investigate potential money laundering, which the FIU acknowledged.

TISL's swift action to respond and file action with the CIABOC was recognized by the TI Secretariat. The approach to publicize the actions taken was successful since it created much public pressure on the CIABOC also to act swiftly and initiate investigations.



HINDSIGHT 2021

TISL diligently tracked emerging anti-corruption issues during the year, both through open sources and RTI requests. Towards the end of the year, TISL published an e-publication titled “Hindsight 2021” providing a summary of key corruption allegations, scandals and incidents that had a significant impact on the accountability structure of the country, within the period between 1st January and 30th November of 2021.

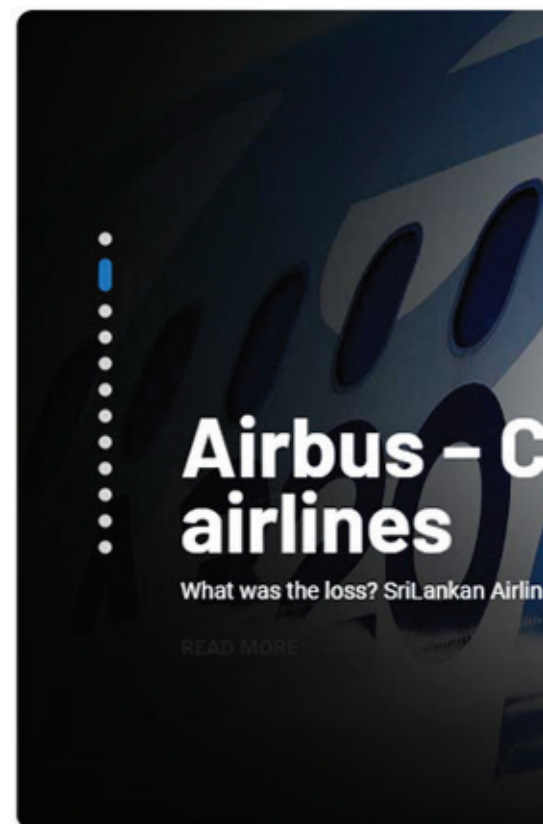
The publication covers 12 such instances, namely; Gin-Nilwala Diversion Project, Airbus – claim made by SriLankan Airlines, Sugar Scam, Colombo Port City Economic Commission Bill, Presidential Commission of Inquiry on Political Victimization, the presidential pardon granted to Duminda Silva, the passage of the Finance Act No. 18 of 2021, the Data Scam that breached the National Medicines Regulatory Authority's database, the Garlic Scam, the Pandora Papers, the fertilizer issue and a list of discontinued corruption cases in 2021.

This trilingual e-publication was intended to raise awareness about grand corruption scandals in the country in simple language for public consumption.

On each incident, Hindsight 2021 has a brief description, the corruption angle and the type of corruption (or potential corruption risks), the amount involved (if any), types of victims (if any), what steps have been taken so far, and what more can be done. It also provides the sources of the information and this is kept up-to-date along with any developments related to these incidents.

It serves as a one-stop-shop which is easily accessible and available for anyone including journalists, anti-corruption activists, ordinary citizens or any other interested party who wants to know such information.

www.hindsight.tisrilanka.org



This e-publication provides a summary of key corruption cases during the period between 1st January and 30th November of 2021.



Gin- Nilwala Diversion Project

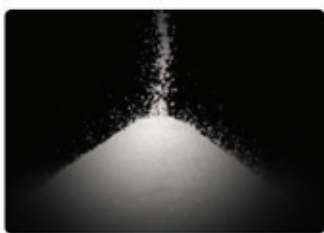
Claim made by SriLankan

es entered into a contract with Airbus SE as a result of bribery, and later

corruption allegations, scandals and incidents that had a significant impact on the accountability structure of the country, within
in the 1st of January to 30th of November 2021. The events are recorded in chronological order.



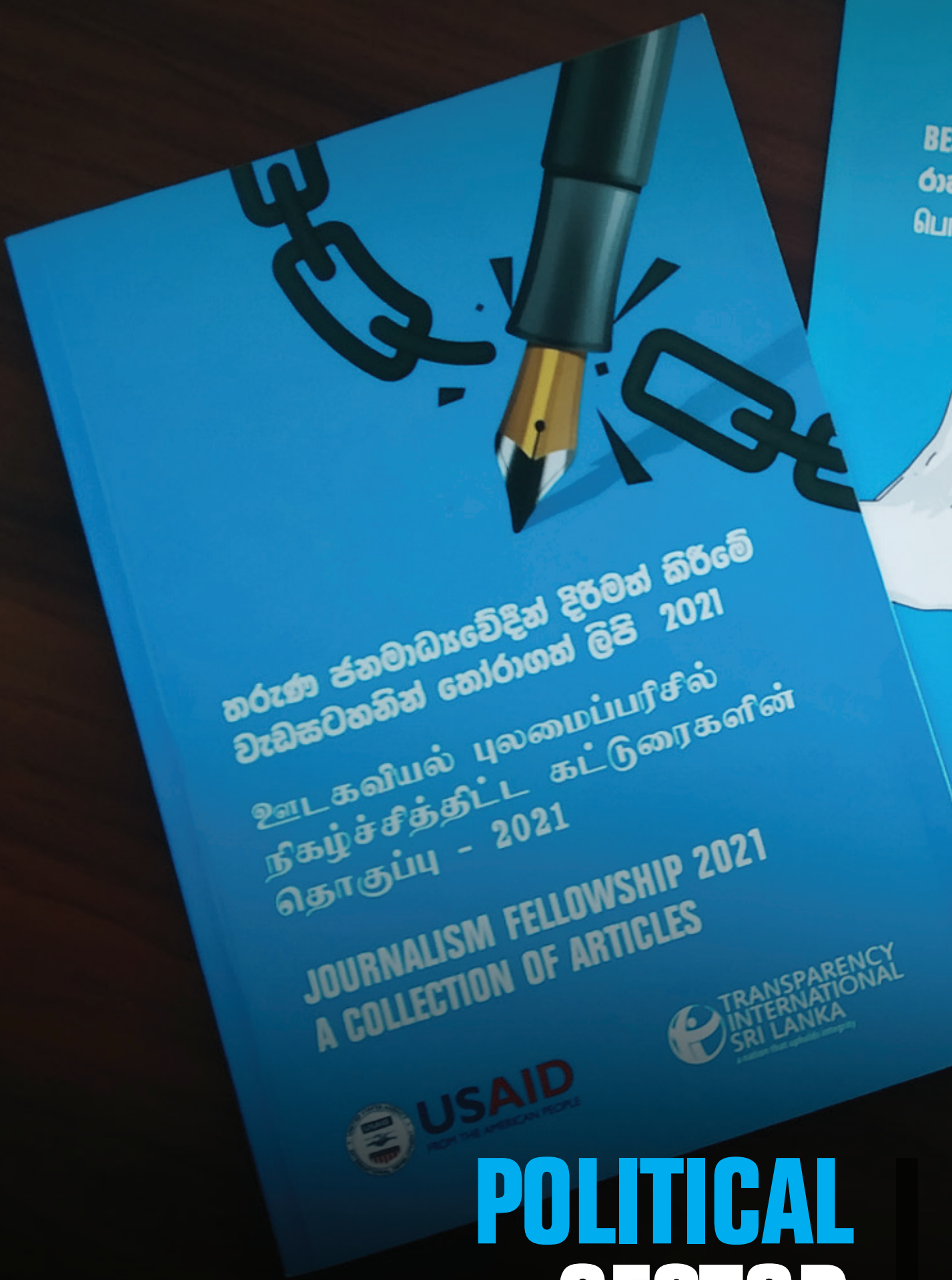
Airbus – Claim made by
SriLankan airlines



Sugar Scam



Colombo Port City
Economic Commission
Bill



POLITICAL SECTOR

ST PRACTICES IN PUBLIC PROCUREMENT
ප්‍රජා ප්‍රතිපාදනයේ ප්‍රවේශන පරිච්ඡේදය
ප්‍රජා කොන්සොර්සියම් සිහිපත් කළ යුතු
නොවන නොවන



 **TRANSPARENCY
INTERNATIONAL
SRI LANKA**
a nation that upholds integrity

The Political Sector of TISL is a new strategic pillar created during this reporting period. The Political Sector team focuses on advocating for accountability systems that minimize the abuse of political power. The sector mainly focused on the Increased Demand and Engagement for Accountability (IDEA) project during 2021 in addition to regular advocacy for political integrity through proactive disclosure and other accountability mechanisms.

Throughout the year, the team approached Members of Parliament to advocate for a Proceeds of Crime Act, asset declaration transparency, the need for a campaign finance regulatory framework and other anti-corruption mechanisms that require political will, to be implemented.

Some of the major activities conducted in 2021 included strengthening the capacity of local authorities such as the development of websites for three Local Government Authorities (LGAs) to facilitate them to comply with proactive disclosure requirements of the Right to Information law.

Tissamaharama Pradeshiya Sabha

<https://www.tissamaharama.ps.gov.lk>



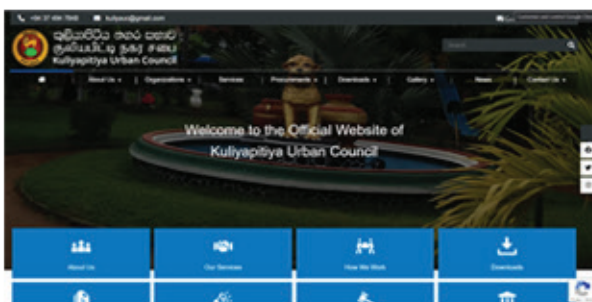
Maskeliya Pradeshiya Sabha

<https://maskeliya.ps.gov.lk>



Kuliyapitiya Urban Council

<https://kuliyapitiya.uc.gov.lk/en/home>



These LGAs were selected after conducting a research study with the participation of 75 LGAs. The websites included work carried out by the LGAs, information related to RTI, procurement, information about their officials and various forms needed to obtain public services. This was especially useful amidst the lockdowns and challenges during the height of Covid-19. Through the websites people in the area could monitor how their tax money was being used.

TISL conducted a social media campaign on the Politically Exposed Persons (PEP) Database in March 2021. This was TISL's most successful social media campaign at the time and the campaign reached a large number of citizens. The objective of the campaign was to raise awareness of PEPs amongst the general public and to encourage them to use and contribute to the database. There has been a total of 24,100 clicks to access the database during the project time period from May 2020 to September 2021.

In the year 2021 the Political Pillar paid extensive attention to creating a discussion on public procurement. Therefore, knowledge-sharing sessions were conducted with members of 15 LGAs and Civil Society Organizations. A booklet was also published on public procurement which was distributed among Local Government Authorities, Civil Society Organizations and journalists.

INVESTIGATIVE JOURNALISM FELLOWSHIP

Amongst the programs TISL conducts, the Investigative Journalism Fellowship offered to young journalists is commended by many. The Fellowship program starts with intensive training and is aimed at developing the capacity of young journalists to seek out and expose corruption in an ethical, balanced manner. The journalists are expected to streamline their writing and investigating methodology based on this training and contribute to newspapers and online platforms regularly during the period of their Fellowship. Using techniques that the Fellows learnt in their training, they were able to write various articles focusing on corruption. These topics included prevention of crimes, stories of corruption incidents and right to information.

They were educated on various topics such as anti-corruption, laws on proceeds of crimes, right to information, investigative journalism and data collection tools. The journalists were mentored by three eminent journalists. They published articles monthly in newspapers and online platforms. Altogether 72 articles were published on timely, corruption-related issues in national newspapers which had island wide circulation, except in very rare instances. Consequently, a trilingual journalism fellowship book was published.

“As a freelance journalist, the Fellowship given by Transparency International (Sri Lanka) allowed me to work on in-depth investigative stories with the guidance of a fantastic mentor. During the fellowship period, I reported on a variety of topics ranging from cyber crimes on digital

platforms to the status of child abuse cases pending in courts for years and ‘debt trap’ microfinance loan sharks targeting war-affected women in the country.

Looking back at the reporting I did during this period, I’m glad that I pursued some of the best stories I’m proud of as a young journalist.” –
Rubatheesan, Fellow.

“Throughout the last 24 months TISL has been genuine, competent, understanding, and supportive in its effort to take forward and successfully complete the Fellowship. I’m confident this great learning experience will contribute to timely, progressive and practical programmes that will seek to actively bridge gaps and improve professionalism in the industry”.

- Uditha Jayasinghe, Fellowship Mentor, Reuters Correspondent for Sri Lanka and Maldives, former Deputy News Editor, Daily Financial Times

Sundara Nihathamani De Mel, a Fellowship Mentor who was the Directing Editor at the Aruna Newspaper since 2019, having also served as the chief editor at the Silumina Irida News Paper and the Chief Editor Weekend and Weekday Lakbima newspapers, said that the transformation he saw in his mentees made him believe that the future of journalism of Sri Lanka is in safe hands.

The journalists continued to work and support the Fellowship program while developing their knowledge and practice in investigative journalism in spite of the continuous curfews, inability to do fieldwork etc due to COVID 19. Some newspapers shut down due to low profits and some journalists had to find alternative ways to get their stories published. As a result of their commitment and self-development, Fellowship recipient Prasanna Kumar was able to secure an award at the Annual Journalism Awards hosted by the Editor's Guild of Sri Lanka. Furthermore, Fellowship recipient Rubatheensan who joined as a trainee journalist to The Sunday Times Newspaper was made a permanent employee after seeing the progress he made. During his Fellowship, he was shortlisted for a Thomson Reuters young journalist award as well.



Journalism Fellowship on Promoting Transparency and Accountability





PUBLIC SECTOR



With the ultimate goal of supporting a transparent and accountable public service sector in Sri Lanka, the team carried out many activities during the year 2021. With the launch of Apesalli.lk, a massive media campaign was launched in the last quarter of the year. This included a web banner campaign, TV advertisements etc through which, TISL was able to reach a large audience. For example, close to 7 million people have viewed our advertisement from the web banner campaign alone. Some of the video campaigns on Facebook such as the viral Apesalli video were very successful and attracted millions of views on social media. This helped the public sector to reach different audiences and groups of social media and to educate people on types of corruption and popularize the Apesalli platform.

Other advocacy campaigns on topics like proactive disclosure launched by the public sector team helped to reach the key stakeholder group of the pillar i.e. public sector officials. Another way that the team used to connect with this stakeholder group was through Right to Information and Proactive Disclosure Trainings. During the year 2021, with the help of the Community sector team and Matara branch, the public sector team conducted four Right to Information and Proactive Disclosure Trainings and two “Meet the Icons” sessions. In the former, 3 trainings were conducted online and one was in-person with 83 participants in total. In the latter, one session was organized between Ms. Himali Rathnaweera, former Integrity Icon People's Choice Award winner and TISL staff and the other session was conducted between 4 former Icons who were working on the frontline in preventing Covid 19 and TISL's stakeholders like Right to Information Hubs, Donors etc. Through this engagement, the team was able to provide a platform to the Integrity Icon winners to speak about their ideas about anti-corruption, challenges that they face in their career and take forward the idea that certain honest officials are making every effort for the development of the public service. In a year full of challenges due to the Covid 19 situation in the country, the Public Sector team managed to maintain a good relationship with most of the stakeholders of the pillar.

The Public Sector team continued its work on Elections, submitting a proposal to the Select Committee of Parliament to identify appropriate reforms for election laws. This included for the first time in TISL's long history of engaging in election monitoring, a new legal framework to prevent the misuse of public property during elections.





integrity
icon
Sri Lanka



TRANSPARENCY
INTERNATIONAL
SRI LANKA
a nation that upholds integrity



accountabilitylab

Integrity icon 2021



RECOGNIZING HONEST FRONTLINERS

INTEGRITY ICON (COVID HEROES EDITION)



“Honesty is the first chapter in the book of wisdom”

– Thomas Jefferson

The 5th Integrity Icon Sri Lanka (IISL) was a special edition dedicated to ‘COVID19 Heroes’. Thus, only public sector officials working on the frontline on combatting COVID19 could apply or be nominated and their contributions made to combatting COVID19 was specifically considered. TISL received over 300 nominations and 80 completed applications from all over the country. It was encouraging that this number of nominations were received despite a lockdown while Covid cases were rising. The Ministry of Health also recognized Integrity Icon 2022 by giving it visibility to reach a higher number of public officials.

The applications considered for this year ranged from grassroot level officials to high ranks of the public service. After a two-month long selection process by a panel of five judges, 10 finalists and 5 Integrity Icon winners were chosen.

The winners this year included Dr. Hasitha Attanayake, who played an integral role in the fight against Covid as the Director of IDH hospital and Mr. K. G. Geethananda, an ambulance driver who has transported over 5000 patients and bodies in the two covid-ridden years since 2020. Icon Ms. Nishari Anuruddhika De Silva is the Grama

Sewaka in Dambadhuraya, Sigiriya, who has taken great initiative to establish a network of entrepreneurs, to organise vaccinations, quarantine and flood relief, going beyond the call of duty. Ms. Nimmi Jayasekara is a nurse who took steps to create PPE kits of her own volition in response to the pandemic, organizing distribution to regional hospitals as well. Mr. Shanmugaraja Shivasri, Divisional Secretary of Thellippalai is an Icon who has focused his energies on resettlement, women’s empowerment and community development.

These stories were shared on social media and broadcast on TV. The finalists have become role models for their colleagues in the public service, as well as for those who wish to join the public service. Some received special recognition from their work place, from their senior officers and some even were appreciated and recognized by Ministers.

Appreciation and the level of recognition received by the Icons and the finalists and their amazing stories encourages the TISL team to continue the work on Integrity Icon.

LAUNCHING APESALLI.LK

“A CITIZEN-DRIVEN PLATFORM FOR ACTIVISM AND ADVOCACY ON ANTI-CORRUPTION”



“Integrity, transparency and the fight against corruption have to be part of the culture. They have to be taught as fundamental values.”

– Angel Gurría,
OECD secretary general

The idea of apesalli.lk started with the parliamentary election 2020. This platform which was originally designed and tested to receive incidents of misuse of public resources during the election period was later redesigned to report various types of corruption.

Apesalli.lk is unique in its purpose and design. The platform operates with the purpose that civic minded people in this country should have an opportunity to raise their voices, becoming a watchdog against corruption.

The platform offers unique and advanced features to its users. The website has three main functions – it allows people to report incidents of bribery and corruption, share their stories relating to bribery and corruption and finally, during election time, to report incidents of misuse of public property, annexing any type of evidence such as photos, videos and documents. Available in any of local languages (Sinhala or Tamil)

or English, the website has two other main features, namely the News section and Statistics. These allow users to read bribery and corruption-related news and get data on reported incidents and stories. The backend of the website has an advanced filtering system where the backend users can see gender, age, authority involved, type of corruption, districts from which complaints has have been received, etc.

After launching apesalli.lk on 9th December 2021, the team has received 20 cases through the website. While some cases were handled by the Advocacy and Legal Advice Centre, other cases relating to misuse of public property were taken forward by the public sector team. The data collected through apesalli.lk gives us the opportunity to identify patterns and trends of corruption and design advocacy campaigns and find solutions accordingly.



PRIVATE SECTOR



The ultimate goal of the Private Sector pillar is to engage the private sector in the fight against corruption in Sri Lanka by promoting values of transparency, accountability and integrity in the business environment they operate in. The Transparency in Corporate Reporting (TRAC) Assessment conducted in 2020, was used as the foundation to build relationships with the private sector, as this is a stakeholder TISL had not previously prioritised or engaged much with.

These relationships were built by conducting a total of 23 one-on-one meetings during 2021 with companies where we discussed their TRAC scores. All meetings were held online due to the lockdowns and curfews. The team met with Access Engineering PLC, Asiri Hospital Holdings PLC, Cargills (Ceylon) PLC, Commercial Bank of Ceylon PLC, Dialog Axiata PLC, Distilleries Company of Sri Lanka PLC, John Keells Holdings PLC, Melstacorp PLC, National Development Bank PLC, Seylan Bank PLC, Softlogic Holdings PLC, Softlogic Life Insurance PLC, Teejay Lanka PLC, Union Bank of Colombo PLC, Hemas Holdings PLC, John Keells Hotels PLC, Aitken Spence Holdings PLC, Asian Hotels & Properties PLC, Sampath Bank PLC, Dilmah Ceylon Tea Company PLC, People's Leasing & Finance PLC, DFCC Bank and Union Assurance PLC.

The meetings were also used as an opportunity to introduce other initiatives that the team was planning where we could potentially work with these companies, engaging them in the fight against corruption. Most companies were thankful to TISL and were keen to engage in discussions on anti-bribery and corruption through potential collaborations, trainings and discussions. A few of the companies had even recognised and mentioned TISL and the TRAC assessment in their latest annual reports.

Through the discussions held with companies, it was decided to conduct an anonymous survey on corruption in the private sector to obtain an in-depth understanding of how the private sector perceives and experiences corruption in Sri Lanka. The survey would enable TISL to identify corruption risk areas in the private sector and enable TISL to curate its

approaches accordingly on how to mitigate these risks.

In addition to the corporate sector, the pillar also aims to build and maintain relationships with other stakeholders in the private sector such as chambers of commerce, business associations and small and medium enterprises. This pillar also focuses on bringing this wide group of stakeholders together, facilitating discussions among them in order to develop the necessary tools and mechanisms needed to formulate networks and forums that champion values of transparency and accountability. To achieve this goal, the pillar initially reached out to the Ceylon Chamber of Commerce (CCC), one of the most well-known and respected business associations in the country, to discuss the possibility of a continuous collaboration regarding transparency and accountability.

On meeting them, it was decided to conduct an event together as a partnership between the two organisations and to then discuss the possibility of a continued collaboration. On discussion, TISL decided to conduct an online panel discussion on "The Right to Information (RTI) and the Private Sector" as a collaboration with the CCC, to offer companies insights into the benefits of RTI, including how the private sector can proactively utilise it and enhance positive public perception as entities committed to high standards of corporate disclosure and integrity. Working with the CCC also opens up avenues to interact with other business associations and chambers as well. The event was held on 18th January 2022.

Acknowledging that the private sector is often seen as an enabler of corruption, the pillar also focuses on advocating for greater

legal accountability of the sector. This includes advocating for legislative change and working with relevant authorities to implement mechanisms that would hold the sector accountable.

TISL also established a partnership with the Center for International Private Enterprises (CIPE) which has been recognised for its work on the intersection of democracy with the economy, leading certain successful business integrity initiatives in Thailand and elsewhere.

With the private sector being the newest stakeholder group in TISL's strategic plan, the team started off the year without any sources of funding and therefore, much time and effort was spent this year actively pursuing potential donors.

TRACKING PRIVATE SECTOR INTEGRITY



The private sector in Sri Lanka is usually seen as an enabler of corruption. This notion is further exacerbated by the fact that there is no mandatory requirement for the private sector to publish information on their community contributions, corruption

mitigation strategies or their organizational structures. Committing to be fully transparent in the disclosure of key information is an important step that demonstrates a company's level of accountability and social responsibility, which is why the Transparency

in Corporate Reporting (TRAC) assessment aims to ascertain, recognize, guide and encourage transparency in corporate reporting.

The TRAC Assessment is an independent assessment of corporate disclosure practices among the top Public Limited Companies in Sri Lanka. TISL conducted the assessment and launched a research report in 2020 for the first time in Sri Lanka involving the top 50 PLCs in Sri Lanka (based on market capitalisation on the Colombo Stock Exchange), to assess each company's reporting practices in three areas that are crucial to fighting corruption: reporting on their anti-corruption mitigation procedures, organisational structures and the key financial data disclosed on their domestic operations. The purpose of conducting the research is to encourage companies to be more transparent in their corporate reporting by proactively disclosing information and to make such information publicly available.

In 2021, TISL conducted the assessment for the second time, expanding the scope of the research to 75 companies. The research found that companies on average are Moderately Transparent in corporate reporting, with a score of 6.93 out of 10, where 0 is the Least Transparent and 10 is Fully Transparent. The average score of 6.93 is slightly higher than the score obtained in the previous assessment (6.73) conducted in 2020. John Keells Holdings, Commercial Bank and Dialog Axiata are the companies which recorded the highest overall scores in the assessment. Companies were scored and ranked based on publicly available information pertaining to the company such as company websites and other publicly available company documents. The TRAC

report does not assess the implementation of companies' anti-corruption policies or programmes. Therefore, a low score does not necessarily mean that a company does not have strong anti-corruption programmes nor does it indicate any wrongdoing on the part of the company. Likewise, while a high score may illustrate strong disclosure systems, it may not necessarily reflect operational and implementation success. The report also highlights the importance of regulatory change with recommendations to the government on amending the relevant laws and regulations.

During the assessment period, TISL conducted a total of 23 one-on-one meetings with the assessed companies where TISL discussed how they can improve their corporate disclosure practices which would result in a better score and rank for future assessments. TISL also shared its future plans on assisting the private sector through these meetings. The companies were grateful to TISL for reaching out to them to share knowledge and recommendations and have pledged to be more transparent in their disclosure practices. The improvement in scores in the 2021 report in contrast to the 2020 report, is a testament to this.

HIGHLIGHTS

6.93/10

OVERALL, THE COMPANIES
CONSIDERED IN THE REPORT ARE
MODERATELY TRANSPARENT.

16%

INCREASE IN THE AVERAGE SCORE FOR
TRANSPARENCY IN ANTI-CORRUPTION
REPORTING, FROM 27% TO 43%

ONLY 22/63¹³

COMPANIES HAVE FULL
SCORES IN ORGANISATIONAL
TRANSPARENCY.

51/75

COMPANIES HAVE OBTAINED FULL SCORES
IN DOMESTIC FINANCIAL REPORTING.

THE OVERALL AVERAGE
SCORE OF THE 49
COMPANIES ASSESSED
IN BOTH 2020 AND
2021 TRAC REPORTS
HAS INCREASED FROM

6.73 TO 7.25

13. Only 61 out of 75 companies have either fully consolidated subsidiaries or non-fully consolidated holdings.



COMMUNITY SECTOR



The Community Sector pillar and team's overall goal is to empower citizens to understand and resist corruption. With this in mind, the team focused on enhancing the understanding of the public on the subject of corruption as well as the importance of integrity, citizen engagements and involvement on the issues of corruption within communities. TISL supported victims and witnesses of corruption by providing free legal advice and carried out awareness-creation on the Right to Information Act and facilitated the filing and appeals of RTI requests by citizens.

Due to the spread of COVID-19 and subsequent measures taken by the Sri Lankan Government to contain the outbreak, including lockdowns, limits on population movements and public gatherings, project activities within the districts were paused from mid-March 2020. Implementation recommenced in March 2021, and we have successfully made up for the gaps and completed most of our planned work. Pursuing the objective of taking anti-corruption tools such as the Right to Information (RTI) to the grassroots, we were able to initiate partnerships with 17 Civil Society Organizations (CSOs) representing 17 districts, whereby RTI facilitation hubs were established in each organization. A new Investigative Journalism Fellowship program was commenced with the guidance of 3 veteran journalists who continue to mentor the Fellows to produce articles monthly.

Though we could not make the planned field visits and meet the communities directly due to continuous lockdowns, we reached them online and by organizing several “Sambhashana” (public discussion) and webinars. The programs focused on International Right to Know Day with the participation of over 600 youth. A series of RTI capacity-building physical and virtual training programs (24 sessions) were conducted through the RTI hubs for community leaders, religious leaders, private sector officials, students, teachers, CSO/NGOs representatives, journalists, women leaders, and youth.





There were 1693 community members reached during the year consisting of 950 females and 743 males with the percentages of 56% and 44%, respectively.

COMMUNITY MEMBERS 1693

56% FEMALE

44% MALE

We are encouraged to note that there has been over a 10% increase in women's participation in RTI training programs. 495 RTI cases were filed in 2021, with 237 by males, 171 by females, and 21 by groups.* In addition, 115 first appeals and 23 commission appeals were facilitated by the teams.

FILED RTI CASES 495

MALE 237

FEMALE 171

GROUP 21



TISL RTI youth forums were established in 10 districts. In total, 322 youth (147 Boys/175 Girls) were trained on RTI, and they continue to file RTIs and support their communities to file RTIs.

* In certain instances, the same person has filed multiple RTI requests.

ASSISTING VICTIMS OF CORRUPTION

During the year 2021 TISL's Advocacy and Legal Advice Centre (ALAC) received 689 cases out of which 150 cases were related to bribery and corruption. 199, i.e. 29% of these were complaints by women and 43 cases were from youth.

Importantly, ALAC has initiated and continued its work with 2 vulnerable groups – victims of the Uma Oya project and micro finance credit victims. For the year 2021, we received 53 new complaints from Uma Oya project victims.

Nearly 20 new cases on micro finance credit were reported, including updates from existing cases. One case was reported with evidence of the victim being exposed to sextortion, which remains a key focus area for TISL, in dealing with this issue. Finding evidence on instances of sextortion has been a major challenge for ALAC. Over the years, ALAC managed to build trust with the victims to open up on sextortion issues. This has been a great achievement for TISL.

During 2021, ALAC also managed to have a long-awaited meeting with the Central Bank which is the supervision authority of all microfinance institutes.

TISL had the opportunity to make its recommendations and the Central Bank committed to cooperate and to take necessary action. In order to provide more widespread and sustainable support to microfinance victims, ALAC initiated a partnership with the Legal Aid Commission in early 2021 and as a result, the Legal Aid Commission provided ALAC an opportunity to share legal knowledge on microfinance on television to reach a large audience.

In spite of the country being in lockdown for nearly 7 months, the ALAC managed to conduct a few mobile clinics, awarenessraising programs, capacity-building programs and a certificate course for youth on anti-corruption. By taking its awarenessraising programs to new locations which ALAC did not cover earlier, TISL received 262 new cases from rural areas in the country.

Just before the lockdown began, the ALAC also expanded its Lawyers Network to the Vavuniya District with a view to connecting them to TISL's clients, litigation and mandate.



RTI – MORE THAN JUST INFORMATION

Therapuththa is a national school located in the Hambantota District. Although a school with 3000 children should have at least 3 Deputy Principals in the school, for years it was only the Principal Mr. R. P. Sirimal who managed and headed the school. He found this very difficult to manage.

With the support of TISL's Matara branch, he then decided to file a Right to Information (RTI) request to the Ministry of Education on 6th December 2021 requesting reasons for not appointing Deputy Principals, as his school fulfilled all the requirements to be entitled to them.

Receiving no response, Mr. Sirimal filed an appeal to the Designated Officer of the Ministry. Soon after the RTI 10 application, a new Deputy Principal was appointed and the school is now functioning with improved efficiency.

This story demonstrates the importance of using RTI as active citizens, the use of RTI by the public sector as a tool to address public sector issues and the potential for RTI to be more than just about information but can also lead to solutions. It also highlights the importance of the work TISL does to assist people, to persist in the use of RTI without stopping with the first application.

UNDUE INFLUENCE IN THE TEA BOARD

A client contacted the ALAC in 2016 regarding the then Minister's direct interference in appointing the members of the Tea Boards. The client is a PhD holder who had fulfilled the requirements to be selected as a member of the said Board but was not selected due to political influence. The client pointed out that as per the relevant law, it is mandatory to appoint a person from the trade union in order to represent employees and workers, which the Minister had failed to follow.

In 2016, the ALAC drafted the initial complaint on behalf of the client to the Human Rights Commission (HRC). After many reminders, the HRC broke their long silence in 2019 and the ALAC represented the client and assisted the client to draft written submissions. On 26th of March 2021 ALAC received a positive reply from the HRC stating that the Minister has used undue influence and therefore recommended them to dissolve the existing Board and re-appoint a new Board of Members.



A FAIR PLAYING FIELD

A playground in Alayadivembu in Ampara is frequently used by sports clubs for practice purposes by the youth of the area. Although two new auditoriums were built in the place, an abandoned old auditorium which was nearing collapse, prevented the youth from using the new auditoriums. In spite of the various requests submitted for the removal of the old building it was not given due importance. Eventually, permission to demolish the old building was granted, but the work was not carried out.

The coordinator of the Ampara RTI Hub then filed an RTI request and an appeal with the Pradeshiya Sabha to follow up on the status of the demolition plan, which was allegedly being blocked due to political interests. Immediately thereafter, the old building was demolished preventing any accidents and paving the way for the playground to be expanded and used by an increased number of youth. It has also led to better communication and understanding between the youth of the area and members of the Pradeshiya Sabha.



TURNING THE TIDE ON SRI LANKAN CORRUPTION

BY CHALLENGING FAVOURITISM IN SRI LANKA'S LAND DEPARTMENT, A RESIDENT IS UNDERMINING PUBLIC OFFICIALS' CORRUPTION THAT DAMAGES MANY PEOPLE'S LIVES



On his daughter's wedding day in 2019, retired naval officer Keerthi Bulathsinhala looked with dismay at swirling brown floodwater filling his street. "I had to put my daughter on a chair and carry her to the main road with the support of relatives," he says. "Our road was flooded up to my knees, so the wedding car couldn't drive to the house and my daughter couldn't walk through the water in her wedding sari."

The flooding started after builders began developing marshland in Mr Bulathsinhala's town of Nugegoda. The Sri Lanka Land Development Corporation had granted permission on condition that the developers take specific steps to manage wastewater and rainwater in the area. But the corporation made no site visits to check whether these conditions were being met.

When the rainy season began, the entire area, including Mr Bulathsinhala's property, started to flood.

Uncovering official favouritism

With the surface water cutting off access and threatening disease, Mr Bulathsinhala complained to the authorities. He visited Maharagama Urban Council, responsible for maintaining the local drainage system, and the Sri Lanka Land Development Corporation.

There he noticed a woman who he'd seen frequently visiting the property developers. She was working as the officer in charge of preparing permits to develop marshland. She admitted to being a relative of the developer, Mr Bulathsinhala has revealed, and this family relationship is clearly a conflict

of interest. It raises questions about why corporation officials allowed the developer to ignore the regulations.

Mr Bulathsinhala also found out from urban council officials that the Land Development Corporation was planning to grant another permit to the developer, to expand his building on the marshland – including closing a vital drainage canal. This would make the flooding even worse, threatening the soil structure and risking cracks in the local houses.

Despite Mr Bulathsinhala's complaints, neither authority took action, so he reported the case to Shelter for Integrity –Transparency International Sri Lanka's Advocacy and Legal Advice Centre (ALAC). These centres provide a confidential way for victims and witnesses to report corruption, offering expert advice, free of charge.

A common scenario

Sadly, cases like Mr Bulathsinhala's – where personal connections mean regulations are bypassed – are common in Sri Lankan daily life.

According to the latest Global Corruption Barometer (GCB) – Asia, which surveyed more than 20,000 people in 17 nations about their day-to-day experiences of corruption, 30 per cent of citizens think local government officials are corrupt. In Sri Lanka, the figure is even higher, at 40 per cent, with many citizens affected – even when the consequences are as obvious as flooding.

Taking action to ensure rules are kept

After Mr Bulathsinhala got in touch, the ALAC wrote to the local urban council, the provincial Department of Local Government, the Land Development Corporation and

the Department of Agrarian Development, highlighting the corrupt land development. But these letters received no response.

ALAC staff then wrote to the heads of all the departments. This prompted a reply from the Maharagama Urban Council that it had blocked the plan to close the canal and was going to renovate it instead.

Holding officials accountable

The ALAC is closely monitoring the situation to ensure that officials at the urban council and the Land Development Corporation keep their word, and Nugegoda's residents can live free from harmful flood waters.

This forms part of Transparency International Sri Lanka's work to ensure government officials are held fully accountable for their actions. Staff encourage people like Mr Bulathsinhala to speak out when they face corruption, and provide them with safe, accessible support through the ALAC when they do.

Each time someone challenges an individual case of wrongdoing, they're making it harder for corruption to hide. The GCB shows that 57 per cent of Sri Lankans think ordinary people can help stop corruption. By challenging officials who bend the rules in favour of relatives and friends, the country's people are helping build a lasting culture of fairness.

Source: <https://www.transparency.org/en/blog/turning-the-tide-on-sri-lankan-corruption>

This article was written as part of the Global Corruption Barometer – Asia 2020, the largest, most detailed survey of citizens' views on corruption and their direct experiences of bribery in Asia.

THE PRIVATE SECTOR AS A BULWARK AGAINST POLITICAL CORRUPTION

TRACING POLITICALLY EXPOSED PERSONS

On 26th November 2019, with the support of the previous IDEA grant, Transparency International Sri Lanka (TISL) launched an online database with information on Politically Exposed Persons.

A Politically Exposed Person (PEP) is defined by the Financial Action Task Force (FATF) as an individual who is or has been entrusted with a prominent public function. Due to their position and influence, it is recognised that many PEPs are in positions that can be potentially abused for the purpose of committing corruption and money laundering offences (see also, “The Pandora’s Box”, p. 08 for a related story). As Sri Lanka’s first publicly accessible database on PEPs, it serves as an important tool in mapping out the network of political power in the country. TISL is the only civil society organisation in the world that has developed and currently maintains on its own, a publicly accessible database of this nature and this database is the first of its kind in Sri Lanka.

The database is consistently updated by the teams led by the Political Sector, and includes information on domestic PEPs such as well-known senior politicians and senior government officials to name a few, and additionally, contains information on Senior Executives of State-Owned Enterprises (SOEs). This is a unique feature of the database as there is very little information available on SOEs, which are often used as vehicles of corruption. TISL gathered information on SOEs by filing Right to Information (RTI) requests, through several

stakeholder discussions and by conducting research. The information collected maps out Senior Executives and Board Members of 254 State Owned Enterprises (SOE’s) and their subsidiaries in Sri Lanka. The database is an effective accountability and advocacy tool which can allow for more effective enhanced scrutiny by financial institutions, the general public, Civil Society and investigative journalists. The database also allows one to map out potential conflicts of interest.

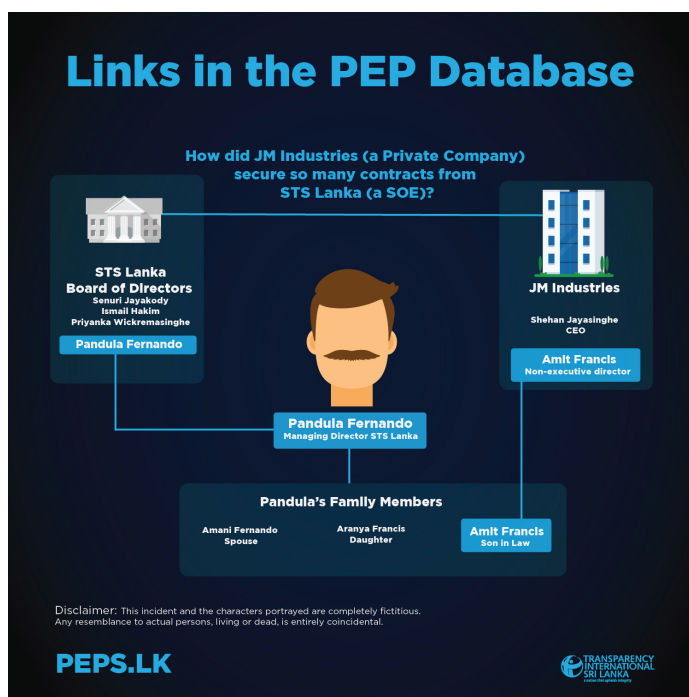
While the database was launched two years ago, its usefulness became fully evident in 2021, particularly to the private sector, having identified this sector as a key stakeholder in the fight against corruption. As the database was created to be freely accessible, several banks and financial institutions have been benefiting from the database since its launch even without TISL’s recommendation, while others reached out to TISL inquiring about the Database as it is a useful tool for them to conduct their Customer Due Diligence (CDD) checks as mandated by the Financial Intelligence Unit (FIU) of the Central Bank of Sri Lanka. Although companies are required to conduct CDD checks, other than TISL’s PEP Database, there is no other publicly accessible database currently in Sri Lanka. TISL therefore bridges that gap, providing an effective tool to ensure enhanced scrutiny is carried out on these individuals. The interest in the PEP database was evident when TISL temporarily halted public access to the database for maintenance

and received several calls where one person mentioned “As your website will be under construction for a period of three months, we will be facing some problems in order to carry out our compliance procedure in relation to PEPs.” This shows how the private sector is relying on this database.

In 2021, under TISL's new strategic plan which identified the private sector as a key stakeholder, TISL began building relationships with several private sector companies, introducing and promoting the PEP database to them during these discussions. TISL then conducted a knowledge-sharing session for interested Banks and Financial Institutions on TISL's PEP Database on 11th November 2021. Union Assurance, People's Leasing & Finance, Commercial Bank of Ceylon, National Development Bank, Seylan Bank and DFCC Bank were among the 12 companies that joined the session. After demonstrating to the participants how to use the database, each company shared how they obtain information by conducting due diligence on their customers in order to identify and monitor PEPs. This was an extremely valuable discussion as the companies were able to learn from each other as, in addition to TISL learning about what methods are followed. Additionally, during this session, companies spoke about what databases they currently subscribe to in order to identify and monitor PEPs. Several financial institutions and banks thanked TISL for the initiative and also proposed that TISL should introduce a feature which allows peps.lk to integrate with their own internal databases.

Highlighting the seminal importance of the PEP database to their day-to-day functions, all companies welcomed the idea of integrating the database as it would make the monitoring and identifying of PEPs much easier for them. The companies also discussed the challenges they face in identifying PEPs and made suggestions for improvement of the database. This was the first time that TISL had managed to gather a group of private sector stakeholders who were interested in learning from TISL and their peers.

Considering the amount of interest and requests regarding the PEP database, TISL will be working with those institutions to enable the integration feature for interested financial institutions in the coming year. This will ensure that the database will be fully utilised by our targeted stakeholders.



PUBLIC SECTOR TRANSPARENCY

The Community Sector team supported the Public Sector team to conduct 4 capacity-building training sessions for public officers attached to a certain divisional secretariat. The sessions aimed to enhance the capacity of public officials about Right to Information and anti-corruption mechanisms.

An awareness campaign aimed at simplifying proactive disclosure to the public through videos, infographics etc, was also launched concurrently. This campaign was initiated in light of research conducted by Verité Research on the effectiveness of proactive disclosure in Sri Lanka.



DATA PROTECTION BILL

The team also reviewed the Personal Data Protection Bill in light of Sri Lanka's RTI law and produced and distributed a legislative brief with recommendations for further improvement. TISL issued a press release on the same subject and created awareness among the professional

bodies (Sri Lanka Press Institute and Bar Association of Sri Lanka, The Editors' Guild of Sri Lanka, etc.), sent the legislative brief to all 225 parliamentarians and organized briefing sessions with selected Members of Parliament.



YEARS IN THE FIGHT AGAINST

කාර්යක්ෂම පාලනයක්

සිවිල් සංවිතා ගුණරත්න මහත්මිය
 නියෝජ්‍ය විධායක අධ්‍යක්ෂ
 මුත්ස්‍යජනන ද්‍රව්‍ය නිෂ්පාදන
 (ශ්‍රී ලංකා) ආයතනය

සුභාර්ථ
සජීවී සංවාද මණ්ඩපය

සෙ.ව. 07.00
සිට 08.00 දක්වා

වත්කම් හෙළි කරනවාද?



නීතිඥ නදීනානි පෙරේරා
විධායක අධ්‍යක්ෂ - TISL

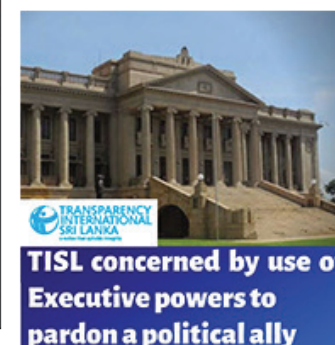
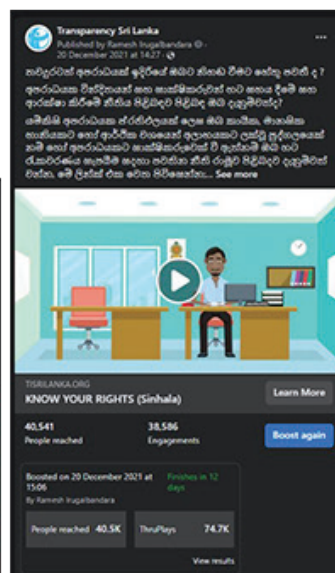
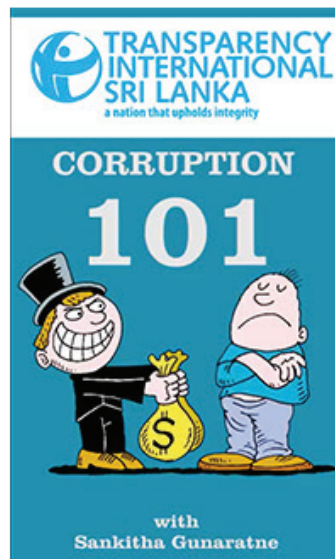
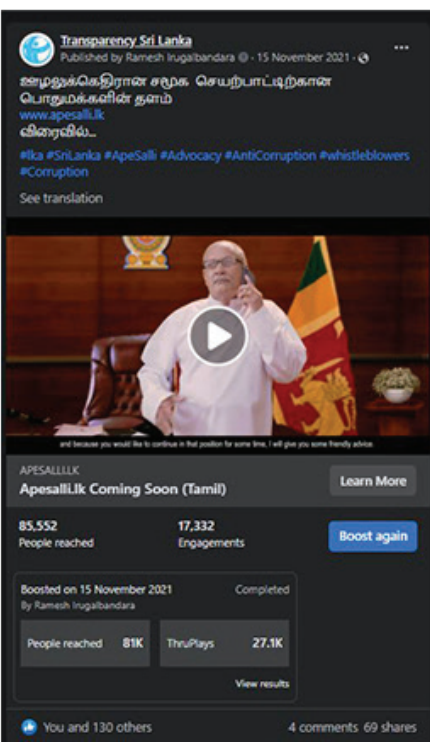
କରିବେ ଝିଅପତ୍ର ଚଢ଼ାଇବା 6 7.39

රේ.ලි.ක
2021 -
බඩරා ලිපි වලින් හෙළිවන ධනය සැලවිම් සහ වත්කම්
ප්‍රකාශනය
සංවාදය - <https://youtu.be/gTO8PktgKd4>

**කම් හෙළි කර
හැරගියේ
සෙල්ලම !**

TISL විධායක අධ්‍යක්ෂ

අග. 6 AM  7.30 AM 





Shelter for Integrity



366



FINANCE AND OPERATIONS

Significant improvements were made in the areas of Finance and Operations, even though staff had to work from home for several months of the year. Staff adapted to varying conditions to support ongoing programs, while at the same time achieving the strategic objectives of strengthening financial controls, improved reporting and greater oversight of projects to ensure the maximum utilization of funds. This was done through the strengthening of the finance unit to have adequate segregation of duties, the detailed implementation of audit recommendations and the streamlining of operations and financial systems, all coupled with a clear tone from the top that initiated the necessary cultural change to adopt these changes to processes. These initiatives included the online submission and approval of documents during lockdown, a transition to digital banking and the digital storage of records.

In addition, much effort also went into training all staff on maximizing information technology to enhance efficiency and effectiveness of program delivery and on building staff capacity on digital security to equip staff to withstand the prevailing threats in the virtual world.

In August 2021, TISL also moved into a more spacious office building at 366, Nawala Road, Nawala, Rajagiriya, and the new work environment had a positive impact on staff well-being and program delivery.

HUMAN RESOURCES

2021 was a transformation year for Human Resources. In line with the 2021 – 2025 strategy, which recognized the importance of investing in staff development and wellbeing, a separate Human Resources unit was established to achieve the human resources objectives of the organization and a Senior Manager who is a specialist on Human Resources was recruited. A priority for the Human Resources unit this year was to streamline the processes, existing policies and introduce new policies where necessary, ensuring equity, transparency and consistency. Policies such as mandatory policies, benefits policy, performance management policy and general guidelines were reviewed, streamlined and new procedures were introduced where applicable to ensure the values of the organization.

Further during this year, the Human Resources unit focused on promoting staff wellbeing, facilitating staff development and strengthening the organizational culture, thereby setting the foundation to be a developing organization. Staff members have given positive feedback on the support provided under staff well-being activities. The caring culture that has been created has also had a significant contribution to establish a performing culture within the organization.





BOARD OF DIRECTORS

Anushika Amarasinghe (Chairperson)

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. She received her first degree in Law and thereafter an LL.M. at the University of Colombo.

As a freelance consultant in the development sector, Ms. Amarasinghe has worked on several assignments in organisational 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.

Pulasthi Hewamanna (Deputy Chairperson)

He is 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 LL.M (with distinction) from Kings College London specialising 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.

S.C.C. Elankovan

Mr. S.C.C. Elankovan received degrees in Philosophy and Law, and a Masters in Public Administration from the University of Madras. While a refugee in India for 17 years and pursuing his higher education, Mr. Elankovan worked for an organisation of Refugees working with refugees. He has worked in the NGO sector for the last 26 years, 19 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. 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.

Mr. Elankovan is presently a freelance consultant having undertaken recent assignments for the International Centre for Transitional Justice, Helvitaz, Habitat for Humanity, Diakonia and GiZ's FLICT project in Sri Lanka. He is particularly interested in citizen engagement for social action, refugee rights, peace and reconciliation, and sustainable community development, which includes education and skills development of war-affected vulnerable groups. He continues to engage in advocacy initiatives on the same.

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 programme' 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 postgraduate area of specialty is in Feminist Studies. She is also an Ashoka Fellow.

Camena Guneratne

Camena Guneratne has an LL.B from the University of Colombo, an LL.M from Harvard Law School and a PhD from the University of Waikato, New Zealand. She is currently a Professor in the Dept. of Legal Studies of the Open University of Sri Lanka.

Her areas of interest are environment and development, human rights and gender and women's rights. She has taught Environmental Law at several universities in Sri Lanka at both undergraduate and graduate level, and also teaches in the area of women's rights. She has been involved with non-governmental organisations working in the fields of both gender and environment, serving on the Board of Directors of the Environmental Foundation Ltd and the Centre for Women's Studies and is currently on the Board of the Women's Education and Research Centre. She has served on many government committees on environmental law, human rights, women's issues and legal education, and is presently a member of the Law Commission of Sri Lanka. She has done consultancies for the World Food Programme, the International Labour Organisation, and the Center for Environmental Research, Training and Information.

She is a Fulbright scholar and recipient of the Smuts Visiting Fellowship in Commonwealth Studies at the University of Cambridge.

Jeanne Samuel

Over the past 40 years Jeanne has worked in the field of humanitarian aid and development in Sri Lanka and Vietnam with local and international NGOs, bilateral aid agency and the United Nations High Commission for Refugees. She has managed and directed programs and projects in varied fields. She graduated at the London South Bank University, UK in Applied Biology and has a Master's degree in conflict, security and development from the University of Bradford, UK. She has spent her working life with the physically challenged, children, affected by armed conflict, internally displaced persons, women headed-households in addition to community development, livelihood initiatives and building capacities of local grass roots organizations. She served as a Consultant to The Asia Foundation on the implementation of the Language Policy in Sri Lanka and to the SPICE Project funded by USAID. She was a Board Member at the Centre for Policy Alternatives and a Trustee at the Neelan Tiruchelvam Trust.

Sandun Thudugala

Sandun Thudugala holds a BSC on Management Information Systems from University of Dublin and a BA on Sociology from Open University of Sri Lanka. He has 20 years of experiences working with national and International NGOs and local civil society movements in Sri Lanka.

Sandun is one of the founding members of People's Alliance for Right to Land (PARL). Currently he is serving as the Director Programs and Operations of Law and Society Trust (LST). In LST he leads current programs on land and labour rights, minority rights, governance reforms and women's economic empowerment.

He is also serving as an Executive Committee member of Movement for Land and Agriculture Reforms (MONLAR) and Devasarana Development Centre.

Pavithra Kailasapathy

Pavithra Kailasapathy is a Professor in the Department of Human Resources Management at the Faculty of Management & Finance, University of Colombo. She graduated from the University of Colombo with BBA degree and has Master's degrees from the New School for Social Research, New York and the University of Massachusetts, Amherst, USA and PhD from the University of Melbourne, Australia. From 2013 Pavithra was an Associate Editor of the South Asian Journal of Human Resources Management (Sage Publishers) and from 2021 is the Editor-in-Chief. Pavithra's area of interest for research is gender issues in organisations.

Pavithra is an Associate member of the Chartered Institute of Personnel Management Sri Lanka and was a member of the IPM Council in 2002/3. She was a Director of the Board of Women's Education and Research Centre, Colombo, and Step-by-Step Studio, Colombo. She was also the Treasurer for 3 1/2 years in FUTA. Pavithra has conducted training for non-governmental organisations leaders and staff on personal development, organisation development and leadership development.

Hana Ibrahim

Hana Ibrahim is the Editor in Chief of the Daily Express/Weekend Express, published by Express Newspapers Ceylon Ltd and Turning Points, an annual New York Times/Weekend Express co-branded magazine. A journalist by profession, she has a MS in Journalism and over 25 years local and international experience in the media industry. She is founder editor of Ceylon Today (Daily and Sunday) and the former editor of Sunday Standard; Senior Associate Editor, Sunday Observer and 'friday', a weekly tabloid, conceived and launched by her. She also worked as a journalist for a short period in the United States and for a longer period in the United Arab Emirates, for the Gulf News, covering a wide range of international issues, from the wars in Somalia and Bosnia to the Iraqi invasion of Kuwait and the subsequent war on Iraq. She has also interviewed a number of world leaders.

She is a co-convenor of South Asian Women in Media -SAWM and founder member of South Asia Media Solidarity Network – SAMSN; an Executive member of the Free Media Movement, and sits on the boards of the Sri Lanka College of Journalism and the Board of Media Law Forum.

Her areas of interest include ethical and professional journalism, responsible journalism, empowering women journalists, good newsroom practices, improving language skills and training young journalists.

Farhaz Farouk

A Sri Lankan finance and management professional, possessing full professional memberships in leading management and accounting bodies in the United Kingdom and Sri Lanka, and holding a Master of Business Administration degree from the University of Essex, United Kingdom. Has served in Sri Lanka and in Bahrain, with short stints in Singapore, the Maldives and the United Kingdom, during his almost 3 decades of progressive and extensive work experience, from entry level to senior management levels. A significant component of work experience has been in banking, finance, investment and energy sectors.

Farhaz is well versed in setting and driving strategy and change; management of internal and external stakeholders; and regulator, vendor and customer relationship management. Recent successes at work include spearheading an overall transformation and change management process encompassing a number of functions and operations, including finance, accounting, IT, human resources, administration, and investments at the holding company for oil and gas assets in Bahrain. During this tenure, a new corporate strategy was formulated and implemented. This culminated with the Company raising over USD3 billion of funding for its various diversification and modernization projects.

Prior to that, he spent over a decade at an investment bank, joining it when it was a fledgling start up and being a part of its growth to the largest financial institution in Bahrain at its peak, serving in the accounting, reporting, planning, controlling, compliance, system changeovers and integrations teams. His duties also included setting up functions and teams from scratch, designing policies and procedures, recruitment and training of staff and guiding them until these new teams are capable and self-sustaining.

VOTE OF THANKS

A BIG THANK YOU TO OUR PARTNERS, DONORS AND WELL-WISHERS.

YOU MAKE OUR WORK POSSIBLE.

OUR DONORS IN 2021

**FOUNDATION OPEN SOCIETY POLICY CENTER
MANAGEMENT SYSTEMS INTERNATIONAL - USAID**

THE ASIA FOUNDATION

EUROPEAN COMMISSION

HIGH COMMISSION OF CANADA

TRANSPARENCY INTERNATIONAL UNITED KINGDOM

TRANSPARENCY INTERNATIONAL E.V. SECRETARIAT

FRIEDRICH NAUMANN FOUNDATION

THE INTERNATIONAL REPUBLICAN INSTITUTE

TAIWAN FOUNDATION FOR DEMOCRACY

NEELAN TIRUCHELVAM TRUST

DIRECTORS' REPORT

To: Members of TISL

The Directors of Transparency International Sri Lanka are pleased to present the Audited Statement of Accounts with Auditors' Report for the financial year ended 31st December 2021.

Financial Results

The Audited Financial Statements are contained from pages 58 to 88 of the Annual Report.

Directors

The changes in the Directorate during the period under review and upto the date of this report are as follows. Ms. Hana Ibrahim and Mr. Farhaz Farouk were appointed as Directors on 20.01.2021 and 30.06.2021 respectively. Mr. T. Someswaran and Mr. Tony Senewiratne resigned on 08.06.2021 and 01.07.2021 respectively.

Directors' Attendance

Name	Date of Appointment	Meetings held during tenure*	Meetings Attended
Ms. Anushika Amarasinghe	20.06.2013	08	07
Mr. T. Someswaran	29.07.2014	05	05
Mr. S. C. C Elankovan	20.02.2015	08	08
Mr. Tony Senewiratne	27.07.2015	05	03
Ms. Shreen Saroor	08.02.2017	08	07
Mr. Pulasthi Hewamanna	08.02.2017	08	07
Prof. Camena Guneratne	26.09.2018	08	08
Prof. Pavithra Kailasapathy	27.11.2018	08	08
Mr. Sandun Thudugala	25.11.2020	08	06
Ms. Jeanne Samuel	18.12.2020	08	08
Ms. Hana Ibrahim	20.01.2021	07	07
Mr. Farhaz Farouk	30.06.2021	03	03

*08 Board Meetings were held during the year under review.

In terms of Article 32 (5) of the Articles of Association, at each Annual General Meeting one-third of the Directors for the time being are due to retire from office and the maximum period of service of a Director is a consecutive period of nine years. Accordingly, after having served as a Director for 9 years, Ms. Anushika Amarasinghe retires at this AGM and Ms. Shreen Saroor and Mr. Pulasthi Hewamanna are due to retire by rotation and have offered themselves for re-election with the consent of the Board.

Directors' Interests

An Interests Register is being maintained in accordance with the Companies Act No. 07 of 2007.

The Directors have declared their interests in contracts of the Organization at meetings of the Board. The Directors have no direct or indirect interest in any contract or proposed contract with the Organization and they serve on the Board in an honorary capacity.

Directors' Responsibility Statement:

Your Directors hereby report:

- a. that in the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b. that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st December 2021 and of the income statement for the year ended 31st December 2021;
- c. that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. that the directors have prepared the annual accounts on a going concern basis.

Litigation

There are ongoing civil and criminal proceedings against the Former Finance Manager.

Board Sub Committees

The Board Sub Committees as at the date of this report are as follows:

Sub Committee	Members
Finance & Audit	Mr. Farouk (Head), Ms. Amarasinghe, Mr. Elankovan
Nomination	Mr. Elankovan (Head), Mr. Hewamanna, Ms. Saroor, Mr. Thudugala
Strategy, Fundraising & Media	Ms. Saroor (Head), Mr. Hewamanna, Mr. Elankovan, Ms. Samuel, Mr. Thudugala, Ms. Ibrahim, Mr. Farouk
Governance & Internal Ethics	Prof. Guneratne (Head), Ms. Amarasinghe, Prof. Kailasapathy, Ms. Samuel (On Invitation – Mr. Hewamanna)

Donations

TISL has not made any donations during the year under review.

Auditors

A resolution to appoint Messrs. PricewaterhouseCoopers, Chartered Accountants, as Auditors of the Organization until the conclusion of the Eighteenth Annual General Meeting and to authorize the Directors to determine their remuneration will be placed before the members at the Seventeenth Annual General Meeting.

Auditors' Report

The observations of auditors are self-explanatory and therefore, in the opinion of the Directors, do not call for further comments.

Acknowledgements

Your Directors wish to place on record their gratitude for the continuing support of the members, donors, TI Secretariat, TISL staff and the bankers.

By Order of the Board Transparency International Sri Lanka

Charuni Gunawardana

Company Secretary
Colombo
June 10, 2022

FINANCIAL STATEMENTS

[Confidential]

TRANSPARENCY INTERNATIONAL SRI LANKA

FINANCIAL STATEMENTS - 31 DECEMBER 2021

CONTENTS

	PAGE
Independent auditor's report	1 - 4
Statement of comprehensive income	5
Statement of financial position	6
Statement of changes in equity	7
Statement of cash flows	8
Notes to the financial statements	9 - 29



Independent auditor's report

To the Shareholders of Transparency International Sri Lanka

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Transparency International Sri Lanka ("the Company") as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Statement of Recommended Practice (SoRP) for Non-Governmental Organisations (NGOs) and Sri Lanka Accounting Standards issued by CA Sri Lanka.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2021;
- the statement of comprehensive income for the year then ended;
- the statement of changes in funds for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

We are independent of the Company in accordance with the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka ("CA Sri Lanka Code of Ethics"). We have fulfilled our other ethical responsibilities in accordance with the CA Sri Lanka Code of Ethics.

Other information

Management is responsible for the other information. The other information comprises the information presented in the Annual report of the board. The annual report of the board is expected to be made available to us after the date of this auditor's report.

PricewaterhouseCoopers, P. O. Box 918, 100 Braybrooke Place, Colombo 2, Sri Lanka
T: +94 (11) 771 9700, 771 9838, F: +94 (11) 230 7237, www.pwc.com/lk

Partners D T S H Mudalige FCA, C S Manoharan FCA, Ms S Hadgie FCA, Ms S Perera ACA, N R Gunasekera FCA
 T U Jayasinghe FCA, H P V Lakdeva FCA, M D B Boyagoda FCA, Ms W D A S U Perera ACA

PricewaterhouseCoopers is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity.



Independent auditor's report

To the Shareholders of Transparency International Sri Lanka

Report on the audit of the financial statements (Contd.)

Other information (Contd.)

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report of the board, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with in accordance with Sri Lanka Statement of Recommended Practice (SoRP) for Non-Governmental Organisations (NGOs) and Sri Lanka Accounting Standards issued by CA Sri Lanka and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.



Independent auditor's report

To the Shareholders of Transparency International Sri Lanka

Report on the audit of the financial statements (Contd.)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



Independent auditor's report

To the Shareholders of Transparency International Sri Lanka

Auditor's responsibilities for the audit of the financial statements (Contd)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

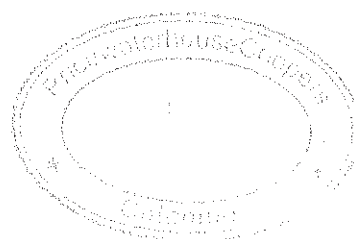
Report on other legal and regulatory requirements

As required by section 163 (2) of the Companies Act, No. 07 of 2007, 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.

Price Waterhouse Coopers
CHARTERED ACCOUNTANTS

COLOMBO

10th June 2022



TRANSPARENCY INTERNATIONAL SRI LANKA

Statement of comprehensive income

(All amounts in Sri Lankan Rupees)

	Notes	Year ended 31 December	
		2021	2020
Incoming resources	4	86,366,981	75,478,897
Operating expenditure			
Project expenses	5	(58,665,855)	(50,820,385)
Administrative expenses	6	(27,750,718)	(23,122,153)
Total operating expenditure		(86,416,573)	(73,942,538)
Net (deficit) / surplus on operating activities		(49,592)	1,536,359
Net financial income	7	4,000,239	4,260,420
Other gains and losses - net	8	(2,997,020)	(5,813,706)
Net surplus / (deficit) before tax		953,627	(16,927)
Income tax expenses	9	(1,098,543)	(1,287,197)
Net deficit after tax		(144,916)	(1,304,124)
Total comprehensive deficit for the year		(144,916)	(1,304,124)



The Notes on pages 8 to 29 form an integral part of these financial statements.

Independent Auditor's Report on pages 1 - 4.

TRANSPARENCY INTERNATIONAL SRI LANKA

Statement of financial position

(All amounts in Sri Lankan Rupees)


ASSETS	Notes	31 December 2021	
		2021	2020
Non-current assets			
Property, plant and equipment	10	590,554	1,581,349
Right-of-use asset	11	20,269,670	1,920,803
		<u>20,860,224</u>	<u>3,502,152</u>
Current assets			
Notes and other receivables	12	6,972,334	4,568,771
Investments	13	29,000,377	27,418,566
Cash and cash equivalents	14	64,831,951	89,329,501
		<u>100,804,662</u>	<u>121,316,838</u>
Total assets		<u>121,664,886</u>	<u>124,818,990</u>
FUNDING and LIABILITIES			
Accumulated funds			
Restricted funds	15	47,894,848	69,840,305
Unrestricted funds		45,745,548	46,432,145
Capital grants	16	684,072	1,469,135
		<u>94,324,468</u>	<u>117,741,585</u>
Non-current liabilities			
Retirement benefit obligation	17	3,602,425	3,488,613
Lease liabilities	11	16,955,558	-
		<u>20,557,983</u>	<u>3,488,613</u>
Current liabilities			
Accruals and other payables	18	2,684,065	1,144,021
Income tax payable	19	412,587	393,612
Lease liabilities	11	3,685,783	2,051,159
		<u>6,782,435</u>	<u>3,588,792</u>
Total funding and liabilities		<u>121,664,886</u>	<u>124,818,990</u>

I certify that these financial statements have been prepared 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. These financial statements were authorised for issue by Board of Directors on... 10th June 2022.


Director


Director

The Notes on pages 8 to 29 form an integral part of these financial statements.

Independent Auditor's Report on pages 1 - 4.

TRANSPARENCY INTERNATIONAL SRI LANKA

Statement of changes in funds

(All amounts in Sri Lankan Rupees)

	Restricted funds	Unrestricted funds	Capital grants	Results for the year	Total
Balance as at 01 January 2020	20,293,782	41,597,784	600,533	-	62,492,099
Net deficit for the year	-	-	-	(1,304,124)	(1,304,124)
Balance before transfer to reserves	20,293,782	41,597,784	600,533	(1,304,124)	61,187,975
Total comprehensive surplus for the year	-	(1,304,124)	-	1,304,124	-
Funds received during the year	130,433,630	-	-	-	130,433,630
Adjustment made during the year	-	730,275	-	-	730,275
Additions during the year	-	-	1,927,409	-	1,927,409
Amortisation made during the year	-	-	(1,058,807)	-	(1,058,807)
Funds transferred to statement of comprehensive income					
against expenses incurred	(75,478,897)	-	-	-	(75,478,897)
on completed projects	(5,408,210)	5,408,210	-	-	-
Balance as at 31 December 2020	69,840,305	46,432,145	1,469,135	-	117,741,585
Net deficit for the year	-	-	-	(144,916)	(144,916)
Balance before transfer to reserves	69,840,305	46,432,145	1,469,135	(144,916)	117,596,669
Total comprehensive surplus for the year	-	(144,916)	-	144,916	-
Funds received during the year	64,508,207	-	-	-	64,508,207
Adjustment made during the year	-	(541,681)	-	-	(541,681)
Addition during the year	-	-	402,340	-	402,340
Amortisation made during the year	-	-	(1,187,403)	-	(1,187,403)
Funds transferred to statement of comprehensive income					
- against expenses incurred	(86,366,981)	-	-	-	(86,366,981)
- on completed projects	(86,683)	-	-	-	(86,683)
Balance as at 31 December 2021	47,894,848	45,745,548	684,072	-	94,324,468

The Notes on pages 8 to 29 form an integral part of these financial statements.

Independent Auditor's Report on pages 1 - 4.



TRANSPARENCY INTERNATIONAL SRI LANKA

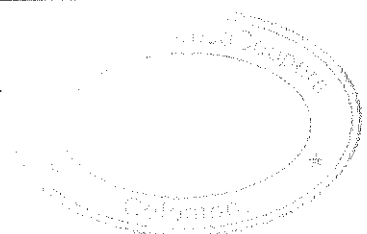
Statement of cash flows

(All amounts in Sri Lankan Rupees)

		Year ended 31 December	
	Notes	2021	2020
Cash flows from operating activities			
Net surplus / (deficit) before income tax		953,627	(16,927)
Adjustments for:			
Depreciation of property, plant and equipment	10.2	770,678	678,664
Depreciation of leased assets	11	3,564,290	3,292,806
Provision for gratuity	17	912,001	1,067,813
Amortisation of capital grant		(1,187,403)	(1,058,807)
Interest on leases	7	577,025	336,711
Interest income	7	(4,577,264)	(4,597,131)
Net cash generated / (used) before working capital changes		1,012,954	(296,871)
Changes in working capital:			
Receivables		(2,403,563)	1,381,773
Payables		1,540,042	331,033
Cash generated from operations		149,433	1,415,935
Payment of taxes	19	(1,079,568)	(1,426,360)
Payment of gratuity	17	(798,189)	(715,000)
Net cash used in operating activities		(1,728,324)	(725,425)
Cash flows from investing activities			
Purchase of property, plant and equipment	10.1	(402,337)	(1,493,826)
Addition to the capital grants		402,340	1,927,409
Investment on short term deposits		(1,581,811)	(5,000,000)
Interest income	7	4,577,264	4,597,131
Net cash generated from investing activities		2,995,456	30,714
Cash flows from financing activities			
Funds received from donors and utilised		(21,864,682)	53,714,438
Repayments of leases		(3,900,000)	(3,600,000)
Net cash (used in) / generated from financing activities		(25,764,682)	50,114,438
Net (decrease) / increase in cash and cash equivalents		(24,497,550)	49,419,727
Cash and cash equivalents at the beginning of the year	14.2	89,329,501	39,909,774
Cash and cash equivalents at the end of the year	14.2	64,831,951	89,329,501

The Notes on pages 8 to 29 form an integral part of these financial statements.

Independent Auditor's Report on pages 1 - 4.



TRANSPARENCY INTERNATIONAL SRI LANKA

Notes to the financial statements

(In the notes all amounts are shown in Sri Lankan Rupees unless otherwise stated)

1 Reporting entity

1.1 Corporate information

Transparency International Sri Lanka ('The Company') 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. 366, Nawala Road, Nawala Rajagiriya.

1.2 Principle activities of the Company

Transparency International Sri Lanka (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.

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.

The Board of Directors who held office for the year ended 31 December 2021 are as follows:

Name	Date of appointment	Date of resignation
Ms. M. A. Amarasinghe	20.06.2013	Not applicable
Mr. P. R. K. Hewamanna	08.02.2017	Not applicable
Mr. S. C. C Elankovan	20.02.2015	Not applicable
Ms. S. S. A. Saroor	08.02.2017	Not applicable
Prof. C. E. Guneratne	26.09.2018	Not applicable
Prof. P. Kailasapathy	27.11.2018	Not applicable
Ms. B. H. Ibrahim	20.01.2021	Not applicable
Mr. A.F. Farouk	30.06.2021	Not applicable
Ms. J. Samuel	18.12.2020	Not applicable
Mr. T. M. B. S. Thudugala	25.11.2020	Not applicable
Mr. T. Someswaran	29.07.2014	08.06.2021
Mr. A. L. M. Senewiratne	27.07.2015	01.07.2021

TRANSPARENCY INTERNATIONAL SRI LANKA

Notes to the financial statements (contd)

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) and Sri Lanka Accounting standards 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.

These financial statements include the following components:

- Statement of comprehensive income providing the information on the financial performance of the Company for the year under review;
- Statement of financial position providing the information on the financial position of the Company as at the year-end;
- Statement of changes in funds depicting all changes in shareholders' funds during the year under review of the Company;
- Statement of cash flows providing the information to the users, on the ability of the Company to generate cash and cash equivalents and the needs of the Company to utilise those cash flows; and
- Notes to the financial statements comprising accounting policies and other explanatory information which details of the Company's accounting policies, including changes during the year, are included in Note 3.

2.2 Responsibility for financial statements

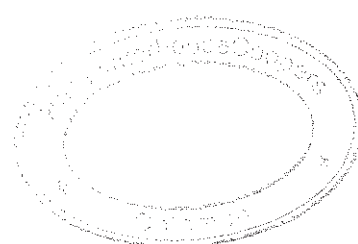
The Board of Directors is responsible for preparation and presentation of the financial statements of the Company as per the provisions of the Companies Act No. 07 of 2007, the Sri Lanka Statement of Recommended Practice (SoRP) for Non-Governmental Organisations (NGOs) and Sri Lanka Accounting standards issued by the Institute of Chartered Accountants of Sri Lanka.

2.3 Approval of financial statements

The financial statements for the year ended 31 December 2021 were authorised for issue by the Directors on 10th June 2022.

2.4 Materiality and aggregation

Each item which is similar in nature is presented separately if material. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard LKAS 1 on 'Presentation of financial statements'.



TRANSPARENCY INTERNATIONAL SRI LANKA

Notes to the financial statements (contd)

2 Basis of preparation (contd)

2.5 Going concern

The Directors have made an assessment of the Company's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

2.6 Basis of measurement

These financial statements have been prepared on a historical cost basis except for the following material items, which are measured on an alternative basis on each reporting date:

Item	Note No.	Measurement basis	Note
Net defined benefit assets / (liabilities)	3.4.2	Actuarially valued and recognised at the present value	Note 17

No adjustments have been made for inflationary factors affecting the financial statements.

2.7 Comparative information

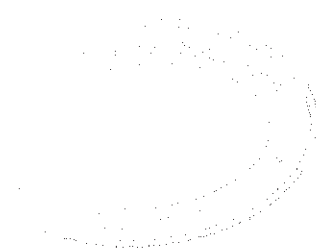
The accounting policies have been consistently applied by the Company are unless otherwise stated is consistent with those used in the previous year.

2.8 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.

2.9 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Sri Lankan Rupees (LKR), which is the Company's functional and presentation currency since the entity use LKR in majority of these transactions and reflects the economic substance of the underlying events and circumstances relevant to the Company.



TRANSPARENCY INTERNATIONAL SRI LANKA

Notes to the financial statements (contd)

2 Basis of preparation (contd)**2.10 Use of judgments and estimates**

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included as follows:

Critical accounting estimates / judgments	Disclosure reference	
	Accounting policy	Note
Measurement of defined benefit obligations	3.4.2	Note 17

3 Significant accounting policies**3.1 General policies****3.1.1 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.

3.1.2 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 Organisation's (NGOs) as being a limited by Guarantee Company. Accordingly the grants and donations received by the Company are not liable for income tax. Interest Income is taxed at 28%.



TRANSPARENCY INTERNATIONAL SRI LANKA

Notes to the financial statements (contd)

3 Significant accounting policies (contd)

3.2 Accounting for the receipts and utilisation of funds

3.2.1 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 recognised 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. Unutilised 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 recognised through debtors in the Statement of financial position.

c) Other

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

3.2.2 Capital grants and subsidies

Grants and subsidies related to assets are deferred in the Statement of financial position and recognised 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.

3.3 Valuation of assets and their measurement bases

3.3.1 Receivables

Advances, deposits and other receivables are stated at cost less impairment (if any). These amounts generally arise from transactions outside the usual operating activities of the Company. Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained.



TRANSPARENCY INTERNATIONAL SRI LANKA

Notes to the financial statements (contd)

3 Significant accounting policies (contd)

3.2 Accounting for the receipts and utilisation of funds

3.2.1 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 recognised 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. Unutilised 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 recognised through debtors in the Statement of financial position.

c) Other

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

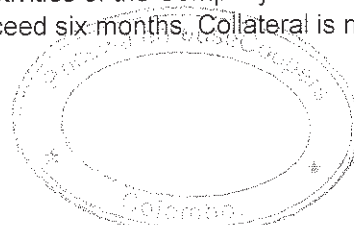
3.2.2 Capital grants and subsidies

Grants and subsidies related to assets are deferred in the Statement of financial position and recognised 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.

3.3 Valuation of assets and their measurement bases

3.3.1 Receivables

Advances, deposits and other receivables are stated at cost less impairment (if any). These amounts generally arise from transactions outside the usual operating activities of the Company. Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained.



TRANSPARENCY INTERNATIONAL SRI LANKA

Notes to the financial statements (contd)

3 Significant accounting policies (contd)

3.3.2 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

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.

3.3.3 Property, plant and equipment

a) Cost and valuation

Property, plant and equipment is stated at cost excluding the cost of day to day servicing less accumulated depreciation and accumulated impairment in value. All items of property, plant and equipment are initially recorded at cost.

Where any item of property, plant and equipment subsequently revalued, the entire class of such asset is revalued. Revaluation is carried out with sufficient regularity to ensure that their carrying amounts do not differ materially from their fair values as at the balance sheet date.

Subsequent to the initial recognition of an asset, property plant and equipment are carried at historical cost or, if revalued, at the revalued amounts less any subsequent depreciation. Additions subsequent to the last revaluation is carried at cost less any subsequent depreciation.

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

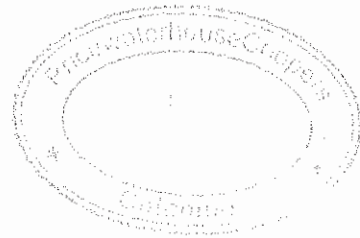
Depreciation is provided for on all assets on the straight line basis and is calculated on the cost or revalued amount of all property, plant and equipment less any terminal value in order to write off such amounts over the estimated useful lives of such assets. Depreciation is provided on assets commencing 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 amortisation of this capital grant.

The economic useful lives of assets are estimated below for depreciation purpose:

	Estimated useful life	Rate of depreciation
Furniture and fittings	4 Years	0.25
Office equipment	4 Years	0.25
Computers	4 Years	0.25
Motor vehicles	4 Years	0.25

c) Donated asset

When 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 plant and equipment identified as such in the financial statements. Depreciation is not provided on such assets.



TRANSPARENCY INTERNATIONAL SRI LANKA

Notes to the financial statements (contd)

3 Significant accounting policies (contd)

3.3.4 Leases

The Company as a lessee

a) Recognition and measurement

Leases are recognised as right-of-use assets and corresponding liabilities as at the date at which the leased assets are available for use by the Company.

The right-of-use assets are presented separately in the statement of financial position.

At the commencement date, lease liabilities are measured at an amount equal to the present value of the following lease payments for the underlying right-of-use assets during the lease term:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the Company under residual value guarantees;
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option;
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising

The lease payments are discounted using the interest rate implicit in the lease, if that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Each lease payment is allocated between the liability and interest cost. Lease liabilities are subsequently measured using the effective interest method. The carrying amount of liability is re-measured to reflect any reassessment, lease modification or revised in-substance fixed payments.

The lease term is a non-cancellable period of a lease; periods covered by options to extend and terminate the lease are only included in the lease term if it is reasonably certain that the lease will be extended or not terminated.

Right-of-use assets are measured initially at cost comprising the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs;
- restoration costs.

Subsequently, the right-of-use assets, are measured at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for re-measurement of the lease liability due to reassessment or lease modifications.

The right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The amortisation periods for the right-of-use assets are as follows:

- right of use for the Office Blding 2-5 years

Payments associated with all short-term leases and certain leases of all low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

TRANSPARENCY INTERNATIONAL SRI LANKA

Notes to the financial statements (contd)

3 Significant accounting policies (contd)

3.3.4 Leases (contd)

b) Lease activities

The Company in general leases properties such as office buildings which contains a wide range of different terms and conditions. Lease agreements do not impose any covenants, but lease assets may not be used as security for borrowing purposes.

c) Termination and extension option

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (extension option) or not terminated (termination option). The assessment of whether the Company is reasonably certain to exercise an extension option, or not to exercise a termination option is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and is within the control of the Company.

The management has applied judgment that:

- For the office building the extension option was not included as it is not reasonably certain that the Company will continue the lease beyond the 5 year period.
- For the office vehicles the extension option was not included as the alternative assets are easily available and there are no economic incentives to continue beyond the basic period of 5 years.

3.3.5 Investments

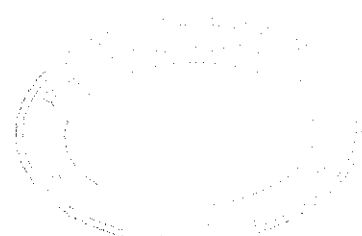
Fixed deposits and other interest bearing securities held for resale in the near future to benefit from short term market movements are accounted for at cost plus the relevant proportion of the discounts or premium.

3.4 Liability and provisions

3.4.1 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.



TRANSPARENCY INTERNATIONAL SRI LANKA

Notes to the financial statements (contd)

3 Significant accounting policies (contd)

3.4.2 Retirement Benefit Obligations

(a) Provisions

Provision are recognised when the organisation 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 organisation expects some or all of a provision to be reimbursed, the reimbursement is recognised 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

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 (EPF) and the Employees Trust Fund (ETF) 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.

3.5 Income and expenditure

3.5.1 Income recognition

(a) Incoming resources

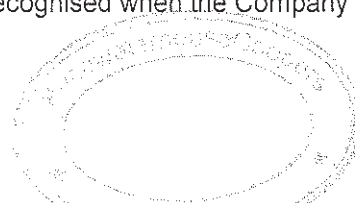
Income realised from restricted funds is recognised in the Statement of comprehensive income only when there is a certainty that all conditions for receipt of funds have been complied with and the relevant expenditure that it is expected to compensate has been incurred and charged to the Statement of comprehensive income. Unutilised funds are carried forward as such in the Statement of financial position.

(b) Revenue generated from other activities

Interest earned is recognised on an accrual basis.

Revenue earned on services rendered is recognised in the accounting period in which the services are rendered.

Other income is recognised on an accrual basis. All other income is recognised when the Company is legally entitled to the use of such funds and the amount can be quantified.



TRANSPARENCY INTERNATIONAL SRI LANKA

Notes to the financial statements (contd)

3 Significant accounting policies (contd)

3.5.2 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 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 Statement 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.

3.5.3 Financial income and expenses

Interest income / expenses is calculated by applying the effective interest rate to the gross carrying amount of a financial asset / liability except for financial assets that subsequently become credit-impaired.

3.5.4 Non operating income and expenses

Gains / (losses) arising from the activities outside the normal course of business are calculated and recorded at the fair value.

4 Incoming resources

	Year ended 31 December	
	2021	2020
Income recognised for projects carried out [Refer Note 15]	86,366,981	75,478,897
	86,366,981	75,478,897

5 Project expenses

	Year ended 31 December	
	2021	2020
Staff cost	24,952,352	17,848,302
Direct project cost	33,713,503	32,972,083
	58,665,855	50,820,385



TRANSPARENCY INTERNATIONAL SRI LANKA

Notes to the financial statements (contd)

Donor	Name of the project	Staff cost	Project Cost	Total
Neelan Tiruchelvam Trust - NTT	Supporting Women's Voices Through Transparent and Participatory Governance at the Local Level.	-	200,000	200,000
Transparency International United Kingdom - TIUK	National Advocacy to advance Sri Lanka's Anti Corruption Summit commitments.	70,000	1,210,602	1,280,602
Open Society Policy Center - OSF	Organizational support and advancing the Open Government Partnership in Sri Lanka 2019.	1,160,755	4,114,745	5,275,500
Transparency International e.V. Secretariat - GACC	Airbus corruption and asset recovery for Sri Lanka - Global anti-corruption consortium project 2020-21.	865,122	1,901,064	2,766,186
Management Systems International - IDEA	Strengthened civil society - TISL Follow on Increased Demand and Engagement for Accountability (IDEA).	1,451,155	3,606,968	5,058,123
The Asia Foundation - TAF	Using technology to track the abuse of state property.	3,882,544	4,521,360	8,403,904
Transparency International e.V. Secretariat - STRONGG	Indo - Pacific partnership for strong, Transparent, Responsive and open Networks for Good Governance.	4,851,201	2,995,403	7,846,604
European Commission - EIDHR	Stronger Media through enhanced freedom of expression and Right to Information.	6,596,216	8,364,433	14,960,649
Transparency International e.V. Secretariat - SANCUS	Strengthening accountability networks among civil society: Regional Coordination of AP countries and in-country action.	2,309,769	897,140	3,206,909
High Commission of Canada - CFLI	Strengthening Accountability Mechanisms across Sectors in Sri Lanka to Combat Corruption.	894,774	1,237,447	2,132,221
The International Republican Institute - IRI	Research Consultancy on grand corruption in Sri Lanka.	1,375,207	73,531	1,448,738
Taiwan Foundation for Democracy - TFD	Integrity Idol Sri Lanka 2021.	-	320,080	320,080
Foundation Open Society Policy Center - OSF new (FOSI)	To support Grantee to tie-off work on promoting the Right to Information.	1,210,040	1,213,280	2,423,320
Friedrich Naumann Foundation FNF	Integrity Icon Programme.	-	1,955,000	1,955,000
Transparency International Sri Lanka - TISL		285,569	1,102,450	1,388,019
Total		24,952,352	33,713,503	58,665,855



TRANSPARENCY INTERNATIONAL SRI LANKA

Notes to the financial statements (contd)

6 Administrative expenses

	Year ended 31 December	
	2021	2020
Salaries	17,137,126	11,531,416
Office rent	1,276,750	2,610,000
Security	1,108,080	855,360
Telephone / internet charges	528,097	291,559
Insurance	148,172	766,145
Electricity	574,705	566,509
Janitorial charges	398,850	426,780
Office maintenance	1,735,583	374,227
IT maintenance	675,592	479,598
Recruitment cost	-	81,000
Travelling	364,118	195,939
AGM expenses	-	153,210
Staff welfare	272,441	554,603
Printing and stationery	212,747	168,198
Secretarial fees	230,120	157,016
Water rates	30,105	96,581
Equipment maintenance	50,201	73,835
Postage, stamps and courier charges	2,910	6,476
Board meeting expenses	27,260	16,790
Vehicle maintenance	18,800	11,876
Accounting package maintenance	-	56,376
Legal expenses	702,970	526,640
Stamp duty	283,430	28,400
Audit fees - institutional	842,213	446,351
Audit fees - other	-	1,971,018
Strategic Planning	222,721	676,250
Office shifting Expenses	11,000	-
Rates	578,620	-
Tax consultancy	168,107	-
Other Expenses	150,000	-
	27,750,718	23,122,153

TRANSPARENCY INTERNATIONAL SRI LANKA

Notes to the financial statements (contd)

7 Net financial income

	Year ended 31 December	
	2021	2020
Interest income	4,577,264	4,597,131
Interest expenses on lease liabilities	(577,025)	(336,711)
	4,000,239	4,260,420

8 Other gains and losses - net

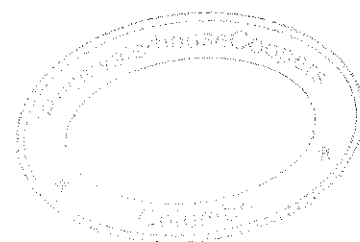
	Year ended 31 December	
	2021	2020
Sundry income	1,649,407	47,545
Amortisation of capital grant	1,187,403	1,058,807
Depreciation	(770,678)	(1,112,248)
Bank charges	(198,261)	(233,191)
Provision for impairment of other receivables	(388,600)	(1,214,000)
Depreciation buildings (right-of-use asset)	(3,564,290)	(3,292,806)
Gratuity	(912,001)	(1,067,813)
	(2,997,020)	(5,813,706)

9 Income tax expenses

Current income tax

	Year ended 31 December	
	2021	2020
Current income tax charge [Note 19]	1,098,543	1,287,197
Income tax expense reported in the statement of comprehensive income	1,098,543	1,287,197

As per the Inland Revenue act No. 24 of 2017, Company is liable for Income tax at 24% on taxable income. Taxable income of the Company solely consists of interest earned on bank balances and fixed deposits.



TRANSPARENCY INTERNATIONAL SRI LANKA

Notes to the financial statements (contd)

10 Property, plant and equipment

10.1 Gross carrying amounts

	Balance as at 1 January 2021	Additions	Disposals	Balance as at 31 December 2021
Furniture and fittings	1,870,667	66,187	(195,271)	1,741,583
Office equipment	2,071,850	-	(336,574)	1,735,276
Computers	2,197,893	336,150	(446,631)	2,087,412
Motor vehicles	78,000	-	-	78,000
Total gross carrying amount	6,218,410	402,337	(978,476)	5,642,271

10.2 Depreciation

	Balance as at 1 January 2021	Charge for the period	Transferred for disposed assets	Balance as at 31 December 2021
Furniture and fittings	1,752,395	95,132	(195,253)	1,652,274
Office equipment	1,737,811	193,749	(336,568)	1,594,992
Computers	1,666,402	481,797	(421,748)	1,726,451
Motor vehicles	78,000	-	-	78,000
Total depreciation	5,234,608	770,678	(953,569)	5,051,717

10.3 Net book values

	As at 31 December	
	2021	2020
Total carrying value of property, plant and equipment	590,554	983,802



TRANSPARENCY INTERNATIONAL SRI LANKA

Notes to the financial statements (contd)

11 Right-of-use asset

Building

(i) Right-of-use asset

Cost

	As at 31 December	
	2021	2020
Balance as at 1 January	6,585,611	6,585,611
Write off value	(6,585,611)	-
Additions during the year	21,913,157	-
Balance as at 31 December	21,913,157	6,585,611

Accumulated depreciation and impairment losses

Balance as at 1 January	4,664,808	1,372,002
Write off value	(6,585,611)	-
Depreciation for the year	3,564,290	3,292,806
Balance as at 31 December 2021	1,643,487	4,664,808

Carrying value as at 31 December 2021

20,269,670	1,920,803
-------------------	------------------

(ii) Lease liabilities

Non current	16,955,558	-
Current	3,685,783	2,051,159
	<u>20,641,341</u>	<u>2,051,159</u>

(iii) Amounts relating to leases recognised in the statement of income

Depreciation charge for the right-of-use assets by class of assets

Building	3,564,290	3,292,806
Total depreciation charge	3,564,290	3,292,806

Interest expense on lease liabilities	577,025	336,711
Total expenses related to leases	577,025	336,711



TRANSPARENCY INTERNATIONAL SRI LANKA

Notes to the financial statements (contd)

12 Notes and other receivables

(a) Deposits, advances and prepayments

	As at 31 December	
	2021	2020
Advance given to project staff	1,072,368	226,116
Deposits and prepayments	5,718,016	3,531,284
	6,790,384	3,757,400

(b) Other receivables

	As at 31 December	
	2021	2020
Receivable from Mr. T R U Priyankara (i)		
Balance as at 01 January	5,456,738	4,242,738
Additions during the year	388,600	1,214,000
Balance as at 31 December	5,845,338	5,456,738
Less: provision for impairment	(5,845,338)	(5,456,738)
	-	-
Reimbursable expenses	181,950	811,371
	181,950	811,371
Total notes and other receivables	6,972,334	4,568,771

(i) This amount is a discovered fraud, which is under due legal process.

13 Financial investments

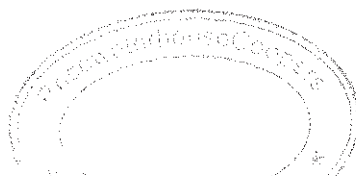
	As at 31 December	
	2021	2020
Fixed deposits	29,000,377	27,418,566
	29,000,377	27,418,566

14 Cash and cash equivalents

	As at 31 December	
	2021	2020
14.1 Favorable cash and cash equivalents balance		
Balance at bank	71,810,976	91,708,557
Cash in hand	155,000	152,621
	71,965,976	91,861,178

14.2 Unfavorable cash and cash equivalent balances

Balance at bank	(7,134,025)	(2,531,677)
	(7,134,025)	(2,531,677)
	64,831,951	89,329,501



Notes to the Financial Statements (Contd)

15 Restricted funds

	As at 31 December	
	2021	2020
Balance at the beginning of the year	69,840,305	20,293,782
Funds received during the year	64,508,207	130,433,630
Funds transferred to statement of comprehensive income against expenses incurred	(86,366,981)	(75,478,897)
Excess funds transferred to statement of comprehensive income on completed projects	(86,683)	(5,408,210)
Balance at the end of the year	47,894,848	69,840,305

Movements in restricted funds

Name of Donor Organisations	Budget for the period	Balance as at 01.01.2021		Cash Received / paid during the year	Income Recognised		Balance as at 31.12.2021	Of which	
		Accrued	Deferred		Restricted	Unrestricted		Accrued	Deferred
		A		B	C		D = A + B - C		
Diakonia Country Office - Sri Lanka	-	-	483,484	-	-	-	483,484	-	483,484
Neelan Tiruchelvam Trust - NTT	200,000	-	200,000	-	200,000	-	-	-	-
Transparency International United Kingdom - TIUK	1,320,602	-	1,320,602	-	1,320,602	-	-	-	-
Open Society Policy Center - OSF	8,460,284	-	9,389,424	-	9,389,424	-	-	-	-
Transparency International e.V. Secretariat - GACC	3,333,259	-	799,409	2,425,870	3,138,596	86,683	-	-	-
Management Systems International - IDEA (New)	7,596,834	(2,276,719)	-	4,289,389	6,375,365	-	(4,362,695)	(4,362,694)	-
The Asia Foundation - TAF	26,666,468	-	12,702,656	13,587,658	13,290,060	-	13,000,254	-	13,000,253
Transparency International e.V. Secretariat - STRONGG	13,262,982	-	6,817,083	4,847,750	10,284,281	-	1,380,552	-	1,380,551
European Commission - EIDHR	38,876,763	-	40,404,366	-	21,551,843	-	18,852,523	-	18,852,523

TRANSPARENCY INTERNATIONAL SRI LANKA

Notes to the Financial Statements (Contd)

15 Restricted funds (contd)

Movements in restricted funds (contd)

Name of Donor Organisations	Budget for the period	Balance as at 01.01.2021		Cash Received / Paid during the year	Income Recognised		Balance as at 31.12.2021	Of which	
		Accrued	Deferred		Restricted	Unrestricted		Accrued	Deferred
		A		B	C		D = A + B - C		
Transparency International e.V. Secretariat - SANCUS	8,523,813	-	-	15,724,837	5,566,407	-	10,158,430	-	10,158,430
High Commission of Canada - CFLI	3,089,296	-	-	3,402,236	2,192,853	-	1,209,383	-	1,209,383
The International Republican Institute - IRI	5,000,000	-	-	5,289,893	5,028,076	-	261,817	-	261,817
Taiwan Foundation for Democracy- TFD	780,000	-	-	392,124	320,080	-	72,044	-	72,044
Foundation Open Society Policy Center - OSF new (FOSI)	5,609,684	-	-	12,593,450	5,754,394	-	6,839,056	-	6,839,056
Friedrich Naumann Foundation - FNF	1,955,000	-	-	1,955,000	1,955,000	-	-	-	-
Total for ongoing project	124,674,985	(2,276,719)	72,117,024	64,508,207	86,366,981	86,683	47,894,848	(4,362,694)	52,257,541



TRANSPARENCY INTERNATIONAL SRI LANKA

Notes to the financial statements (contd)

16 Capital grants

	As at 31 December	
	2021	2020
Balance at the beginning of year	1,469,135	600,533
Addition during the year	402,340	1,927,409
Amortisation during the year	(1,187,403)	(1,058,807)
Balance at the end of year	684,072	1,469,135

17 Retirement benefit obligations

	As at 31 December	
	2021	2020
Balance at the beginning of year	3,488,613	3,135,800
Charge for the year	912,001	1,067,813
Payment made during the year	(798,189)	(715,000)
Balance at the end of year	3,602,425	3,488,613

18 Accruals and other payables

	As at 31 December	
	2021	2020
EPF	618,927	532,850
ETF	92,839	80,556
Audit fees	747,360	420,000
Advance - FNF	1,013,200	-
Payable to Royal Norwegian Embassy [Refer Note (i) below]	175,000	-
Others	36,739	-
Medical insurance	-	260,518
Printing charges	-	147,050
Salary control	-	(308,668)
Payable to programme	-	11,715
	2,684,065	1,144,021

(i) Remaining utilised funds payable to Royal Norwegian Embassy.



TRANSPARENCY INTERNATIONAL SRI LANKA

Notes to the financial statements (contd)

19 Income tax payable

Income tax payable	As at 31 December	
	2021	2020
Taxable income	4,577,264	4,597,131
	4,577,264	4,597,131
Tax liability at 24%	1,098,543	1,287,197
Balance at beginning of year	393,612	532,775
Self assessment tax payments	(1,079,568)	(1,426,360)
Balance at the end of year	412,587	393,612

20 Capital commitments

There are no capital commitments as at 31 December 2021.

21 Contingent liabilities

The Company does not have significant contingent liabilities as at the 31 December 2021.

22 Events after the reporting period

No events have occurred after the reporting date which would require adjustments to, or disclosure in the financial statements.

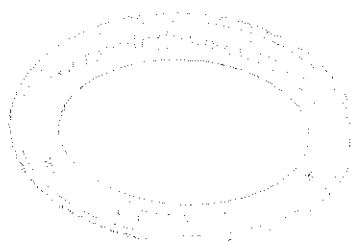
22 Related party disclosures

22.1 Transactions with key management personnel of the Company

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.

Key management personnel compensation

	Year ended 31 December	
	2021	2020
Short - term employee benefits	11,329,456	9,307,500
Retirement benefit obligations	665,926	984,917
	11,995,382	10,292,417

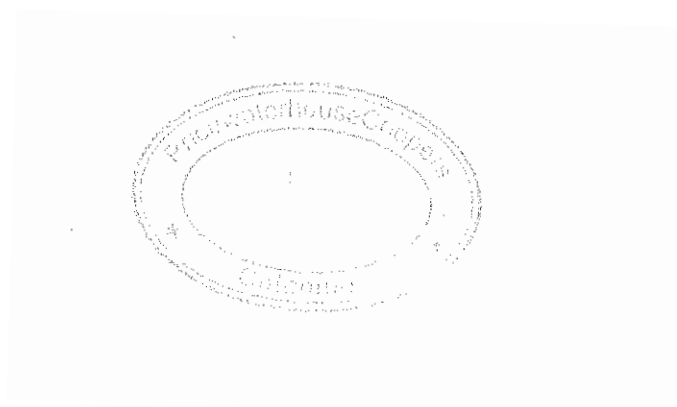


TRANSPARENCY INTERNATIONAL SRI LANKA

Notes to the financial statements (contd)

23 Management's assessment of the impact of COVID 19 outbreak

The existence of novel coronavirus (Covid-19) was confirmed in early 2020 and has spread across the globe, causing disruptions to businesses and economic activity. The Company considers this outbreak to be a non-adjusting post balance sheet event. As the situation is fluid and rapidly evolving, the management do not consider it practicable to provide a quantitative estimate of the potential impact of this outbreak on the Company. While there was no impact on the funding, there were some impacts on field-based project activities, where they were delayed and rescheduled with the understanding of the donors. Funding allocated to certain activities were reallocated. Staff continued to work remotely through work from home arrangements, where certain activities were conducted online as well. However the overall pandemic did not have a significant impact on entity's operations in year 2021.



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventeenth Annual General Meeting of Transparency International Sri Lanka will be held at the Registered Office of TISL, No. 366, Nawala Road, Nawala, Rajagiriya on Thursday, 30th June 2022 at 5.00 p.m.

Agenda

1. To receive, consider and adopt the Directors' Report and the Statement of Accounts for the financial year ended 31st December 2021 with the report of the Auditors thereon.
2. To re-elect Ms. Shreen Saroor who retires by rotation at the Annual General Meeting in terms of Article 32 (5) of the Articles of Association of TISL, as a Director.
3. To re-elect Mr. Pulasthi Hewamanna who retires by rotation at the Annual General Meeting in terms of Article 32 (5) of the Articles of Association of TISL, as a Director.
4. To re-appoint Messrs. PricewaterhouseCoopers, Chartered Accountants, as Auditors of the Organization and to authorize the Directors to determine their remuneration.

By Order of the Board

Charuni Gunawardana
Company Secretary

June 10, 2022

Notes:

1. A member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote instead of him/her. A Proxy need not be a member of TISL. A Form of Proxy is enclosed for this purpose.
2. The completed Form of Proxy should be deposited at the registered office of the Organization, No. 366, Nawala Road, Nawala, Rajagiriya, Sri Lanka not less than 48 hours before the time appointed for the Meeting. A scanned copy of the signed Proxy Form may be emailed to the Company Secretary, charuni@c-g-associates.com.
3. Please bring your National Identity Card to the Meeting.
4. The Board of Directors, having taken note of the fuel issue, has decided to make available the option of joining the AGM through an online virtual platform by using audio-visual tools in conformity with the applicable legal provisions. However, attending in person is strongly encouraged.
5. Members who are compelled to participate in the Annual General Meeting through the online platform are kindly requested to confirm their attendance to the email address charuni@c-g-associates.com with the email subject title "TISL AGM 2022" or post a confirmation letter to the registered address mentioned above to be received not less than 48 hours before the date of the meeting. Members are requested to provide their email address in order to forward the weblink if they wish to participate in the meeting through the online platform.

FORM OF PROXY

I/We (NIC No.)
of being a

member/s* of Transparency International Sri Lanka, hereby appoint:

Mr. P. R.K. Hewamanna	of Colombo or failing him*
Mr. S. C. C. Elankovan	of Colombo or failing him*
Ms. S. S. A. Saroor	of Colombo or failing her*
Prof. C. Guneratne	of Colombo or failing her*
Prof. P. Kailasapathy	of Colombo or failing her*
Mr. T.M.P.S. Thudugala	of Colombo or failing him*
Ms. J. Samuel	of Colombo or failing her*
Ms. B.H. Ibrahim	of Colombo or failing her*
Mr. A.F. Farouk	of Colombo or failing him*

..... of (Email address:) as my/our* proxy to represent me/us* and to vote as indicated hereunder for me/us* and on my/our* behalf at the Seventeenth Annual General Meeting of the Organization to be held on 30th June 2022 to be held at No. 366, Nawala Road, Nawala, Rajagiriya and at every poll which may be taken in consequence of the aforesaid Meeting at any adjournment thereof.

	For	Against
1. To receive, consider and adopt the Directors' Report and the Statement of Accounts for the financial year ended 31st December 2021 with the report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect Ms. Shreen Saroor who retires at the Annual General Meeting in terms of Article 32 (5) of the Articles of Association of TISL, as a Director.	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Mr. Pulasthi Hewamanna who retires at the Annual General Meeting in terms of Article 32 (5) of the Articles of Association of TISL, as a Director.	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-appoint Messrs. PricewaterhouseCoopers Chartered Accountants as Auditors of the Company and to authorize the Directors to determine their remuneration	<input type="checkbox"/>	<input type="checkbox"/>

In witness we place my/our* hands hereunto this day of June Two Thousand and Twenty Two.

.....
Signature

Notes: *Please delete inappropriate word/s.

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

366, Nawala Road, Nawala, Rajagiriya, Sri Lanka.

Telephone : 011 4369781

Fax : 011 2 865 777

E-mail : tisl@tisrilanka.org

Web : www.tisrilanka.org

COMPANY SECRETARY

Charuni Gunawardana FCG

AUDITORS

PwC

Chartered Accountants

BANKERS

Commercial Bank of Ceylon PLC

