



Annual Report 2008



TRANSPARENCY
INTERNATIONAL
SRI LANKA

Building a Nation of Integrity



Vision

To build a Nation of Integrity

Mission

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



Contents

- 01 Corporate Information
- 02 ED's Review
- 04 Our Activities
- 16 Institutional Development
- 19 Activities in Pictures
- 21 Board of Directors
- 23 Looking Ahead
- 26 Financial Statements
- 40 Our Donors

Corporate Information

Name

Transparency International Sri Lanka
Company Registration No - GA 279

Legal Form

Company Limited by Guarantee
Incorporated in Sri Lanka on 23 March 2004
Under the Companies Act No. 7 of 1982
Re-registered under the Companies Act No 07 of 2007

Registered Office

28/1 Bullers Lane, Colombo 07, Sri Lanka
Telephone : 011 2506419
Fax : 011 2592287
E-mail : tisl@tisrilanka.org
Web : www.tisrilanka.org

Company Secretary

Charuni Gunawardana LLB (Hons) LLM

Auditors

Joe Muttupulle & Co
Chartered Accountants
252-A 2nd Floor, Galle Road, Colombo 04

Bankers

The Hongkong & Shanghai Banking Corporation Limited



Executive Director's Review

During 2008, we, at Transparency International Sri Lanka, continued to work towards our Vision of building a nation of integrity amidst many challenges.

We planned our activities based on an internal evaluation leading to major institutional changes. We commenced research studies in several key areas including education, local government, health and foreign employment. Details of our activities appear elsewhere in the Report. We continued with our advocacy work with a view to eradicating corruption on systemic issues.

We strengthened our relationships with several public sector institutions during the year. This resulted in the training of over 1,500 public officials building their capacity to deal with corruption and promoting good governance. We continued to work with over 100 Community Based Organisations (CBOs) in several parts of the country creating awareness on the need to eradicate corruption and enhance integrity at grass-root level. We took the initiative in forming new alliances with the private sector. Two seminars – one on Integrity in the Business Sector and the other on the Global Financial Crisis – organized by TISL were well attended and the response was most encouraging. The issues raised at these seminars are being followed up. We were fortunate in having Jermyn Brooks, TI Director of Global Private Sector Programmes to present the tools of business integrity developed by Transparency International at the first seminar. We were privileged to have Dr Peter Eigen, Founder of Transparency International as chief guest of the National Integrity Award presentation. He was also the keynote speaker at the seminar on global financial crisis.

The anti- NGO sentiment prevalent in the country unfortunately affected our work. The general tendency is to look at all non-government organizations with suspicion and mistrust. However, this attitude has made us continue our efforts with more determination and resolve. The challenging times have often united the anti corruption campaigners together against all odds. On a personal note, I wish to record that the grenade attack on me on 27 September 2008 is an example of the challenging environment in which social activists have to work in this country. I value the concern of the Directors Members, Staff, all our stakeholders and well-wishers, shown on that occasion.

The support and guidance received throughout the year from the Board of Directors in planning our work is greatly appreciated. Our membership, though small in number, is following our work closely. We intend to build up a closer relationship with them in the future.

I am grateful to our donors for their continued support which has helped us to plan and implement a series of programmes for the betterment of the country.

I thank the admirable staff for their unstinted cooperation and willingness to stand up to any challenge in these trying times to take the message of anti-corruption and integrity across the country.

“The anti- NGO sentiment prevalent in the country unfortunately affected our work. The general tendency is to look at all non-government organizations with suspicion and mistrust. However, this attitude has made us continue our efforts with more determination and resolve.”

J.C. Weliamuna, Executive Director





Our Activities

Voice of the people

Helpline to air grievances

Initiatives taken by TISL during the year provided a platform for the voice of the people, particularly the underprivileged and the powerless.

The people voiced their concerns about the education sector, both positive and negative through the telephone helpline set up in August 2007 and continued during 2008. Aimed at creating a better education sector with integrity, the helpline was welcomed by the Ministry of Education. During a period of 14 months (August 2007-October 2008), 89 complaints were received of which 73 were selected for further action. These were forwarded to the Ministry, the Auditor-General's Department and the Commission to Investigate Bribery and Corruption. However, the authorities have been slow to react to the cases and no case had been resolved at the end of 2008.

The helpline offered us an opportunity to maintain a dialogue with the Ministry. Several meetings and workshops were held and a steering committee was formed to verify the complaints. A joint Complaints Committee was set up and even though no action was taken by Ministry officials, at least they got to know what the complainants felt about their activities and the issues involved. A database recording complaint and informant details and follow-up action was also developed.

Although the helpline service was discontinued from 1 November 2008, the response from the public promoted TISL to undertake an in-depth study on the forms and extent of corruption in education in Sri Lanka.





People's Platforms

People's Platforms bring together government officials and members of the general public under one roof to engage in a discussion about governance issues that directly affect the lives of the people, particularly the poor and the marginalized. In keeping with the decision to plan People's Platforms on selected governance issues, the TISL team of researchers identified several problems in the Badulla district through field investigations. A Pocket People's Platform (PPP) was thereafter held at Hali Ela on 8 November 2008 to discuss the role of the public officials in handling a problem relating to water contamination. The participants including representatives of community based organizations (CBOs) and the public got a chance to air their grievances and officials present responded.



Networking at grassroots level

More and more Community Based Organisations (CBOs) have realized the importance of engaging in anti-corruption dialogue at local level because corruption hinders economic and social development and lowers the impact of government's development programmes. CBOs are conscious of the need to address internal governance issues to ensure credibility and public trust.

75 community leaders attended seven awareness programmes conducted by TISL in Anuradhapura, Badulla, Kalutara, Kegalle and Kurunegala. The workshops have helped to strengthen the skills and knowledge of the CBOs to network and bring their collective voice and action to combat corruption.

Partnering Public Sector

Educating the public service

More and more public officials are showing willingness to be educated on anti-corruption measures. TISL works in close collaboration with the Ministry of Public Administration and Sri Lanka Institute of Development Administration (SLIDA) with a view to incorporating anti-corruption education into the curricula of public service institutions.

The accent during the year was on training of trainers (TOT) where selected public officials from the provinces were trained on enhancing integrity in the public service. Thirty six public officials from Kurunegala, Galle, Badulla, Matara, Hambantota, Monaragala, Batticaloa and Trincomalee attended an introductory workshop on 'Enhancing integrity in the Public Service'. A planning workshop to train officials from Divisional Secretariat divisions in the district was held in Kurunegala attended by 166 officials. The main objective was to introduce the training and capacity building programme in the public service at provincial level.

Following a three-day workshop where 22 officials from Galle and Badulla districts participated, trainers conducted ten workshops in Galle and another ten in Badulla for 800 district public officials using the training manual and toolkit prepared by TISL. Reports indicate that the trainees have taken action at their office level to minimize corruption.

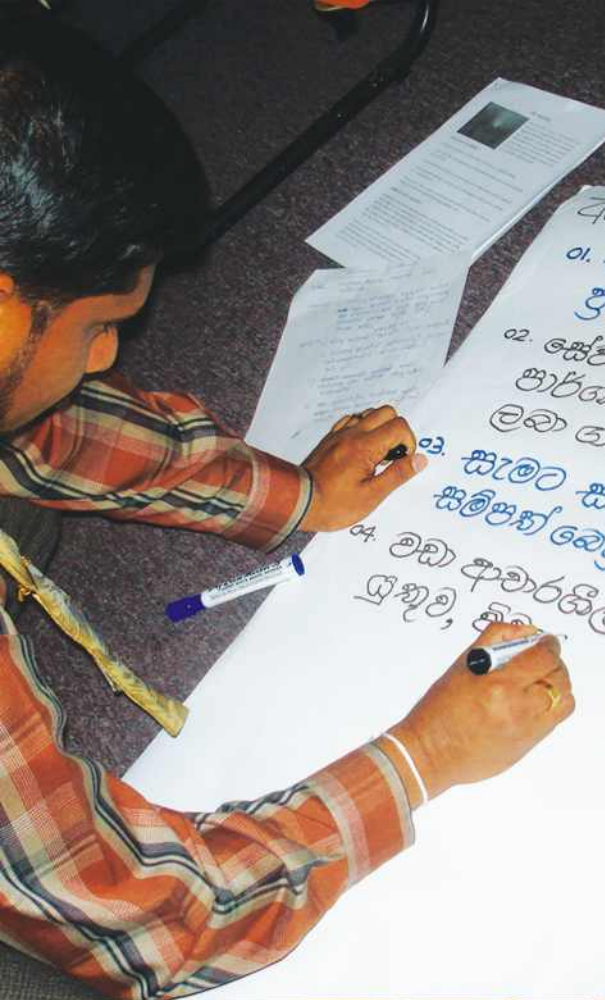
Role model

The Department of Immigration & Emigration has become a role model of an efficient, corrupt-free public institution following the continuous training programmes conducted by TISL. Further to the 2007 programme, another 110 officials were trained at four one-day workshops in 2008.

The officials showed a willingness to be educated on anti-corruption measures and the results were highly appreciated by top officials. Controller of Immigration & Emigration- P B Abeykoon publicly stated that there has been a complete change in the attitudes of the Department officials which has led to the public perception undergoing a radical change.

More and more government departments are showing interest in our awareness programmes.





Good governance workshops

In response to a request by the District Secretary, Badulla in Uva Province which is the second poorest province in Sri Lanka - was selected for TISL's 2008 Regional Programme. Public service officials in the District greatly benefited through seven workshops on good governance conducted by TISL. Five of these were for Grama Niladharis (village administrative officers) - four in the Sinhala medium and one in Tamil. 406 Grama Niladharis attended the workshops.

The balance two-day residential workshops were held for provincial service administrative officials including Secretaries to provincial ministries, Divisional Secretaries, Assistant Divisional Secretaries and Accountants. Positive results of these were evident when the Badulla District Secretariat and five provincial offices won awards at the annual Uva Province Inter-Departmental Productivity Competition.

Acknowledging the usefulness of the workshops, District Secretary - Badulla, Rohana Keerthi Dissanayake wrote: "The success of the Badulla District Secretariat in winning the first place in the Uva Province Inter-Departmental Productivity Competition was due to the conceptual change relating to governance brought about through the workshops conducted by TISL. Productivity Awards symbolizes efficiency and productivity as much as indicating good governance principles which help to curb corruption are practiced by the staff."



At regional level

Political leadership and policymakers at regional level have been made aware of the need to take effective measures against corruption. As a result, elected members and officials of regional administrative institutions show keenness to participate in TISL workshops on anti-corruption.

One hundred and thirty six participants were made aware of measures to counter corruption at five workshops held in Uva (Passara) and North Western (Wariyapola & Chilaw) provinces.

The training focuses on enhancing commitment to address anti-corruption issues and increase the ability of local officials to take counter measures against corruption. The training has resulted in a change of attitude and outlook on the part of the officials.

Trade Unions as whistle-blowers

Trade unions are taking the initiative of playing the role of whistle blowers.

Following discussions with TISL, four trade unions in the health sector – Health Service Trade Union Alliance (HSTUA), Public Service United Nurses Union (PSUNU), Sri Lanka Public Health Inspectors Union (SLPHIU) and Confederation of Public Service Independent Trade Union (COPSITU) - identified the different types of corruption and malpractices in the sector and vowed to fight against them.

Thirty six members from these unions participated at a one-day seminar held with the support of the Friedrich Ebert Stiftung (FES). Six areas of corruption were identified at the group discussions. These related to misuse of financial resources, absenteeism & mismanagement of working time, engaging in private practice, favouritism in treating staff, bribery & nepotism in awarding tenders, and soliciting bribes from patients and clients.

Following these discussions, a research study was undertaken on 'Integrity in government hospitals in the Colombo District'.



Seminar
**Building Integrity and Transparency
in Business Relationships**
03rd September 2008 Cinnamon Grand Hotel



Dialogue with Corporate Sector

Integrity in Business Sector

Corporate sector executives and professionals were exposed to the globally recognized TI Business Principles for Countering Bribery, at a Business Leaders Forum on 'Building Integrity and Transparency in Business Relationships'. They showed keen interest in the presentation by Jermyn Brooks, TI Director of Global Private Sector Programmes.

It was a pioneering effort by TISL to involve the private sector in exploring avenues to discuss issues on corporate governance. The need for a strategic collective action with the participation of Chambers of Commerce, Sector associations of business and professional organizations was voiced at the Forum.

Global financial crisis

TISL was among the first to highlight the need to understand the impact of the global financial crisis on Sri Lanka. 'Governance Dimensions of the Global Financial Crisis' was the theme of a round table discussion held to mark UN Anti-Corruption Day. Dr Sarath Amunugama, Minister of Enterprise & Investment Promotion was guest of honour.

Among the key speakers was Founder of Transparency International- Dr Peter Eigen, who was the chief guest. US Ambassador in Sri Lanka-Robert Blake, Chairman of Finlay PLC- Kumar Jayasuriya, Asian Development Bank Country Director-Dr Richard Vokes and LIRNE Asia Director-Dr Harsha de Silva were the other speakers'.

A lively discussion followed and the participants were appreciative of the opportunity provided by TISL to discuss a crucial issue of the day.

Spreading the message

Website

TISL website www.tisrilanka.org was constantly updated with news and features on corruption both at the local and global level. A weekly news feature titled 'Focus on Corruption' summarises news items and features in newspapers relating to corruption. TISL activities are recorded on a regular basis thereby keeping the viewers abreast of what is going on at TISL.

Newsletter

'Integrity' – TISL's Newsletter appears as a quarterly in English, Sinhala and Tamil to create awareness of TISL activities and to expose corrupt practices following extensive independent research on issues concerning public welfare. The tale of a neglected swimming pool in Badulla town wasting public money and a big racket around Employees Provident Fund (EPF) payments of illiterate estate workers were exposed thereby drawing the attention of the authorities on the need to take action.

Publications

Sri Lanka Governance Report 2008, released for the second successive year, discusses vital areas and key issues relating to the status of governance in Sri Lanka during 2007-08. With the rise in cost of living and an increased emphasis on national security, the year was fraught with governance related issues and many allegations of corruption and mismanagement.

The Report seeks to highlight the issues raised by the public and records both the successes and failures and in some instances comment on possible alternative measures that could have been taken. Main areas of integrity or the lack of it are addressed in the Report which is a vital document to those who research, study, advocate and work in the field of governance.





Cartoon competition

The anti-corruption cartoon competition created a lot of excitement and interest. It was organized with the aim of encouraging the public to propagate anti-corruption messages through the medium of cartoons and to create public interest and dialogue on corruption related issues in society at large. The response from all age groups was most encouraging. In all, 1003 entries were received, of which 437 were from those below 18 years of age and 566 from the adult category.

The entries represented all geographical districts in Sri Lanka except one (Mullaitivu). In spite of the war situation, a high number of entries were received from Jaffna, Batticaloa, Ampara and Trincomalee districts.

Ten prizes were awarded each of the two categories – youth and adult. The presentation of awards took place at a ceremony at the BMICH on 8 December – the UN Anti-Corruption Day. An exhibition of cartoons was also arranged at the venue.

Selected entries were used in a 12-month calendar which was distributed island-wide in collaboration with the Ministry of Public Administration through 'grama niladharis' thus reaching a wide clientele. In all, 20,000 calendars were printed.



National Integrity Award 2008

Continuing its commitment to recognize the courage and determination of individuals fighting corruption, TISL held the presentation of the National Integrity Award for the fifth successive year on 9 December 2008 – UN Anti-Corruption Day. Dr Peter Eigen, Founder of Transparency International was the chief guest.

Investigative journalist Thusitha Pitigala, producer of 'Vimarshana' – a daily programme broadcast over SirasaTV highlighting large scale corruption, and government school teacher and trade union activist S Priyantha Fernando from Raja Rata were the winners while Officer-in-Charge, Potuhera police station, Inspector Deshabandu Senaratne won a Special Mention.

The response for the Award is increasing every year with more and more inquiries flowing in. 73 nominations were received in 2008 from individuals and organizations. An independent panel of judges selected the winners.

An audience of 625 persons with diverse backgrounds representing the Public and Corporate Sectors, Community Based Organisations, NGOs, Trade Unions, Clergy and Media were present at the awards presentation.

Training journalists

Media has an indispensable role to play in preventing corruption. By exposing malpractices and investigating abuse of power, the media provides vital information to the public. In 2008 more and more journalists - both at national and regional levels - were exposed to tools of investigative journalism through TISL workshops.

Forty one national level journalists were trained at two workshops held in collaboration with the Sri Lanka Institute of Journalism and the School of Journalism. Among the subjects discussed were fundamentals of corruption, Sri Lankan status in Corruption Perception Index, methodologies to fight corruption, role of investigative journalism in curbing corruption and journalism ethics.

Ms Annie Zaidi, editor of the Indian magazine 'Tehelka' was the chief trainer at the second workshop. Among the topics discussed were current trends and problems in the field of development journalism, elements of bribery and corruption, nature and sources of motivation for development, peoples' movements and keeping out prejudices and stereotypes in the field.

Twenty seven regional journalists in the Badulla district attended a two-day workshop on investigative journalism held in association with the Regional Journalists Association in Badulla District. It was conducted by Poddala Jayantha, Secretary - Sri Lanka Working Journalists' Association. The participants responded that they gained skills and knowledge to report effectively on good governance and anti-corruption issues. Requests for more workshops were an indication of the success of the workshop.





Studies on vital issues

Education

A team led by Professor Amarasiri de Silva of the University of Peradeniya was commissioned to undertake a study on corruption in the state school system in Sri Lanka. The study was conducted from June – September 2008 using a mixed method of qualitative and quantitative data. Randomly selected 1,000 households, 100 teachers and 100 education officials were interviewed covering six districts – Anuradhapura, Galle, Kandy, Nuwara Eliya, Badulla and Puttalam.

The deterioration of the education system due to politicization, decline of the teaching profession, lack of teacher motivation, corruption in levying fees, acceptance of gifts were among the findings. The final report on the study is to be released in 2009.

Foreign employment

Corruption in recruitment for foreign employment is a key concern to a large number of females seeking employment. In that context, the Sri Lanka Bureau for Foreign Employment (SLBFE) commended TISL's decision to undertake a study on the integrity of such recruitment. The Centre for Women's Research (CENWOR) was commissioned to do the study. The report will be released in 2009.

Integrity in Local Government

'A study on integrity in local authorities was conducted with the objective of understanding the existing forms of corruption and malpractices in the local authorities and to identify the attitudes of their officials and elected members towards corruption. The study was carried out from 30 July to 25 August 2008 in 20 Local authorities representing the districts of Budulla, Monaragala, Kurunegala and Puttalam. The problems highlighted in the survey included unduly delaying the work requesting bribes, inefficiency, negative attitude of the officials & lack of interest in their work, absence of officials during work hours, absences of procedures to hold officials accountable, and political patronage.

Ministerial expenditure

'Tracking Ministerial Expenditure: A quest for the Golden Fleece?' was the title of a research paper released in May 2008. The findings revealed that maintaining a huge body of 107 members comprising 50 Ministers, Non-Cabinet ministers and deputy ministers is unnecessary conserving the numerous overlaps. There are many instances of having two ministers for the same subject.

The research paper created public awareness of the vast burden thrust on the tax-payer in maintaining one of the biggest Cabinets in the world.





Institutional Development

Having identified Institutional Development as a key strategic focus area to enhance the vibrancy of TISL to implement its activities, several initiatives were put in place during 2008.

Progress Reporting

Monthly progress is maintained by each programme area to be fed into the quarterly progress reports and eventually into the annual progress report.

Annual Planning Workshop

The Work Plan and Budget 2009/10 was developed through a participatory process involving all staff of TISL.

Performance Evaluation

A staff performance evaluation was conducted in November 2008 enabling the organization to obtain feedback about the effectiveness of its organization structure and staff performance.

Staff Expansion

TISL staff expanded and the numbers stood at 23 by end October 2008. Most of the recruits are university graduates. In order to maintain smooth functioning and to ensure better utilization of the skills of the staff, the position of Human Resource Manager was created. This will further streamline the recruitment process. A comprehensive HR policy will be developed.

Regular Meetings

Seven Board meetings and regular management meetings were held during the year. The monthly staff meetings provide an opportunity to discuss relevant issues and exchange views.

Staff Training

Several staff training programmes were conducted both in-house and external in order to help in career development.

As part of staff development, an outbound training programme was arranged. The two-day programme held at Belihul Oya in April 2009 was intended to create a more collective team effect among the staff. It helped to strengthen team spirit and the capacity to respond to challenging situations.

Staff Welfare

The Health Insurance Scheme entitles all permanent employees, their spouses and off-spring to medical insurance, whilst the TISL Personal Accident Cover provides coverage for all staff for permanent total and partial disabilities, temporary disablements, riots and strikes and terrorism.





At Global Level

TISL is part of Transparency International (TI), the global network fighting against corruption. Issues relating to corruption and governance issues are discussed at the Annual Membership Meeting and at meetings held at regional level.

TISL participated at the Asia Pacific (TIAP) Regional Conference held in Manila, Philippines in May 2008 where issues relating to challenges and how to overcome them were discussed. Successful programmes within the region were presented and possible collaborative efforts to counter corruption within the region were discussed. Fund raising was another subject that came up for discussion.

Representing TISL at the Manila Conference were Deputy Executive Director Rukshana Nanayakkara and Finance Manager Dilshan Weerasinghe.

The Annual Membership Meeting and International Convention against Corruption held in Athens, Greece in October 2008 was attended by Executive Director J C Weliamuna, Deputy Executive Director Rukshana Nanayakkara, Programme Director T Kalaimagal and Senior Advisor Bettina Meier.

Members' Day

There was a good response for the first-ever TISL Members' Day held at the Galadari Hotel, Colombo on 20 June 2008. There was consensus among members that TISL has been well accepted and people are appreciative of its efforts to eliminate corruption and promote integrity.

At the annual general meeting that followed, the members were briefed on the work done during the year.

Internship Programme

TISL's internship programme is well appreciated. Interns from local and foreign universities and other educational institutions interned at TISL throughout the year. They served for periods between three weeks to three months. The interns were: Kunal Endait, Ayesha Kumararatne, Amodini Palipane, Amali Munasinghe, Thilini Karunaratne, Madhavi Priyanwada, Sandun Gunawardena, Nishandeny Ratnam, Manoja Gunawardena, Gayathri Rajaratnam, Sandamini Bandara, Tashya Gajanayake & Aravinda Rajapaksha.

Infrastructure Development

Plans were finalised for a more efficient work environment for the staff by expanding office space and providing them with better facilities.

Our activities



Divisional Secretaries' workshop at Badulla



Training of Trainers



At Badulla - Field visit Collecting information



Business Leaders' Forum



Staff Planning Retreat - Facilitator : Dr. Gopakumar Thampi from India



in pictures



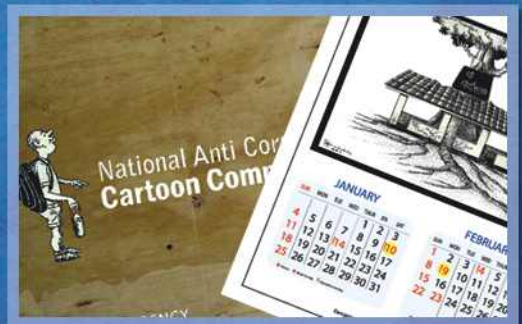
Global Financial Crisis seminar



Anti-corruption cartoon exhibition



Cartoon competition winner receives award



Cartoons book & Calendar



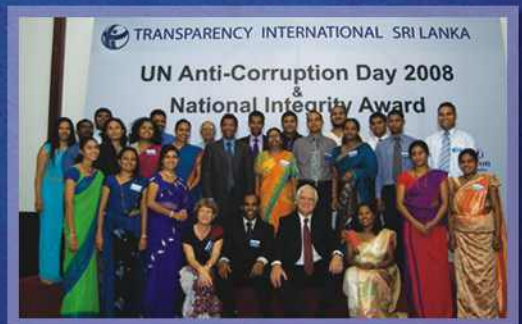
NIA Award Panel member Jezima Ismail addresses the audience



NIA winners with chief guest Peter Eigen



Audience at NIA presentation



Staff with TI Founder Peter Eigen

Board of Directors



M.D.A. Harold - Chairman

Has been serving as Chairman of TISL since December 2004. He is a former Deputy Auditor General with 26 years experience in the Auditor General's Department and a total of 40 years of experience in the Sri Lanka State Services beginning in 1963. He is a Fellow of the Institute of Public Financial and Development Accountancy and a senior member of the Association of the Accounting Technicians of Sri Lanka. He lectures at the Sri Lanka Institute of Development Administration, the Institute of Government Accountancy and Finance, and the Institute of Supply and Material Management. He holds Diplomas in Accountancy from Ceylon Technical College, and Public Financial Management from the Sri Lanka Institute of Development Administration (SLIDA).

Dr. P. Saravanamuttu

The most senior director at TISL, he was involved in its establishment as the National Chapter of the global movement, Transparency International. He obtained his PhD (1986) and Bachelor's (1979) in International Relations from the London School of Economics and Political Science (LSE), University of London. He is currently the Executive Director of Centre for Policy Alternatives. He also lectures at the University of Colombo and the Bandaranaike Centre for International Studies. A regular contributor to the media, he is quoted widely on Sri Lankan issues both in local and international print and electronic media. Dr. Saravanamuttu has contributed to a variety of international conferences organised by academic and policy oriented institutions on subjects ranging from governance and policy reform to ethnicity, international politics and conflict resolution.

Tassie Seneviratne

A retired Senior Superintendent of Police with 37 years of experience as a Law Enforcement Officer. He was the Convenor SASA NET from 2002 to 2003 in the Campaign against Proliferation of Small Arms in South Asia (South Asia Partnership). He was also Director of Investigations in the Programme for the Protection of Public Resources implemented by Institute of Human Rights & TISL

Nelum Gamage

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

Chandra Jayaratne

A Fellow of the Institute of Chartered Accountants of Sri Lanka and the Chartered Institute of Management Accountants. Having extensive cross-functional corporate sector experience since 1965, he has been the Managing Director of Eagle Insurance Company Limited since 1994. He is a former Chairman of the Ceylon Chamber of Commerce. He is a consultant to the World Bank on Regional Planning and Regional Economic Development and to the Asia Pacific Philanthropy Consortium on Civil society. He is a professional Facilitator at the Finance and Banking Commission and a member of the Financial Sector Reforms Committee at the Central Bank of Sri Lanka. He was awarded the Eisenhower Exchange Fellowship USA in 1989 for Mid Career Professional Development. He was 'Sri Lankan of the Year 2001' by LMD Magazine in recognition of being the Voice of Business Promoting 'Vision 2020'.

V. K. Nanayakkara

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

S.K. Liyanage

Winner of the National Integrity Award 2007 when he was recognized for his tireless efforts in fighting corruption. He holds a Bachelor of Arts degree from the Kelaniya University and a LLB from the Open University of Sri Lanka. A Class I Officer of the Sri Lanka Administrative Service, he retired as the Additional Secretary to the Ministry of Provincial Council and Local Government. After retirement, he served as Additional Government Printer in Sri Lanka Printing Department (Government Press). He is well reputed as an investigator in the public service in Sri Lanka.

Anushya Coomaraswamy

A fellow of the Institute of Chartered Accountants of Sri Lanka, the Chartered Institute of Management Accountants of the UK and the Society of Certified Managements Accountants of Sri Lanka. She has worked for more than 20 years in the private sector in senior management positions. After serving as Group Finance Director - John Keells Holdings Limited (1994-2002), she joined the Ministry of Finance in January 2003 as an adviser with particular involvement in fiscal policy and public debt. In addition to being a Non Executive Director on the Boards of two private companies, she is also a member of the Board of Directors of Centre for Policy Alternatives and Consortium of Humanitarian Agencies.



Looking Ahead



TISL Family

Following the mid-term evaluation of TISL's Strategic Plan 2007-2011, certain adjustments and re-orientation of activities were decided upon. Thus it was decided to restructure TISL's activities to achieve greater synergies and to avoid duplication. This is also intended to have a greater impact on TISL's work.

Five new Units – Research, Advocacy, Capacity Building, Communication & Institutional Development were formed to be operative from January 2009.





Financial Statements

JOE MUTTUPULLE & Co.

Chartered Accountants

J.G.D.R. MUTTUPULLE, F.C.A
Mrs. N. MUTTUPULLE, A.C.A, A.C.M.A

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Galle Road,
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Auditors Report

To the members of Transparency International Sri Lanka

We have audited the Balance Sheet of the Transparency International Sri Lanka as at 31st December 2008 and the related Statements of Financial Activities. Changes in Accumulated Fund and Cash Flow for the year then ended together with notes thereto.

Respective Responsibilities of Directors and Auditors

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

Basis of Opinion

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

Option

In our opinion, so far as appears from our examination, the Organisation maintained proper books of account for the year ended 31st December 2008, and to the best of our information and according to the explanations given to us, the said Balance Sheet and related Statements of Financial Activities, Changes in Accumulated Fund and Cash Flow together with the Notes thereto, which are in accordance with the said books and have been prepared and presented in accordance with SL SoRP NPOs, provide the information required by the Companies Act No 7 of 2007, and give a true and fair view of the state of affairs of the Organisation as at 31st December 2008, and of the results of its activities for the year then ended.

Directors Interest in Contracts with the Company

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



CHARTERED ACCOUNTANTS
Colombo
5th June 2009

**BALANCE SHEET
AS AT 31ST DECEMBER**

	NOTE	2008 Rs.	2007 Rs.
Non Current Assets			
Property, Plant and Equipment	1	<u>3,055,405</u>	<u>1,277,869</u>
		<u>3,055,405</u>	<u>1,277,869</u>
Current Assets			
Treasury Bills	2	6,104,392	13,980,303
Project Receivables		-	200,000
Other Receivables	3	1,046,546	50,000
Deposits and Advances	4	1,751,000	1,183,148
Balance at Bank and Cash in Hand	5	<u>115,629</u>	<u>1,251,198</u>
		<u>9,017,567</u>	<u>16,664,649</u>
Less:			
Current Liabilities			
Project Payables	6	-	951,404
Other Payable	7	2,895,028	1,490,430
Restricted Funds	8	3,309,273	13,275,288
Audit Fees Payable		-	51,750
Balance at Bank		-	-
		<u>6,204,301</u>	<u>15,768,872</u>
Net Current Assets		<u>2,813,266</u>	<u>895,777</u>
Net Assets		<u>5,868,671</u>	<u>2,173,646</u>
Funds Employed			
Capital Reserve		4,155,425	607,803
Fund - Transparency International Secretariat			
Balance as on 01.01.2008		5,131,914	5,131,914
Receipts for the Period		-	-
Balance as on 31.12.2008		<u>5,131,914</u>	<u>5,131,914</u>
Accumulated Fund			
Balance as on 01.01.2008		(3,566,071)	(2,513,922)
Excess Of (Expenditure over Income) / Income over Expenditure		<u>147,403</u>	<u>(1,052,149)</u>
Balance as on 31.12.2008		<u>(3,418,668)</u>	<u>(3,566,071)</u>
		<u>5,868,671</u>	<u>2,173,646</u>

Colombo
Dated: 5th June 2009

Director

Director

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31ST DECEMBER**

	NOTE	2008 Rs.	2007 Rs.
Incoming Resources	9	<u>52,296,693</u>	<u>24,274,908</u>
Project Expenditure			
Staff		2,609,753	6,568,628
Other Direct Cost		36,014,617	15,041,644
Other Indirect Expenditure		2,359,478	2,664,637
Total Project Costs		<u>40,983,848</u>	<u>24,274,908</u>
Net Surplus/ Deficit on Projects		11,312,845	-
Revenue Earned	10	<u>963,571</u>	<u>1,355,044</u>
		12,276,416	1,355,044
Administrative Expenses		915,140	1,432,688
Staff Cost		8,703,830	177,030
Establishment Expenses		1,693,875	163,329
		<u>11,312,845</u>	<u>1,773,048</u>
Net Surplus / Deficit on Operating Activities		963,571	(418,004)
Finance Cost		-	(16,833)
Net Surplus/ Deficit Before Tax		963,571	(434,837)
Income Tax Expenses		<u>(816,168)</u>	<u>(154,312)</u>
Net Surplus/Deficit After Tax		<u>147,403</u>	<u>(589,149)</u>

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER

	2008	2007
	Rs.	Rs.
Excess of Income Over Expenditure	963,571	(434,837)
Adjustment For:		
Balances Written Off	(499,295)	(463,000)
Depreciation	1,770,088	520,795
Interest Income	(3,622)	(688,558)
Finance Cost	-	16,833
Operating Cash Flow Before Working Capital Changes	2,230,742	(1,048,766)
(Increase) / Decrease in Project Receivables	200,000	190,294
(Increase) / Decrease in Other Receivables	(996,546)	96,800
(Increase) / Decrease in Deposits and Advances	(567,852)	826,353
Increase /(Decrease) in Project Payables	(951,404)	(138,875)
Increase /(Decrease) in Other Payables	1,291,537	752,125
Increase /(Decrease) in Audit Fees Payables	(51,750)	11,500
	(1,076,015)	1,738,197
Cash Generation from Operations	1,154,727	689,431
Finance cost paid	-	(16,833)
Interest Income	3,622	688,558
Income Tax Paid	(203,814)	(104,785)
Net Cash from Operating Activities	954,535	1,256,371
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of Fixed Assets	-	10,000
Acquisition of Property , Plant & Equipment	-	-
Acquisition / (Disposal) of Treasury Bills	7,875,911	(12,980,303)
Net Cash from Investing Activities	7,875,911	(12,970,303)
CASH FLOWS FROM FINANCING ACTIVITIES		
Restricted Funds Payable	(9,966,015)	12,816,240
Net Cash from Financing Activities	(9,966,015)	12,816,240
Net Increase /(Decrease) in cash & Cash Equivalents	(1,135,569)	1,102,308
Cash and Cash Equivalent at the Beginning of the year	1,251,198	148,891
Cash and Cash Equivalent at the end of the year	115,629	1,251,198

Summary of Significant Accounting Policies

General Policies

Statement of Compliance

The Financial Statements have been prepared in accordance with Sri Lanka Statement of Recommended Practice for Not – For – Profit Organisations (including NGOs), by the Institute of Chartered Accountants of Sri Lanka (ICASL).

Basis of Measurement

The Financial Statements have been prepared on the historical cost basis.

Grants

Grants received on account of specific projects have been credited to the appropriate restricted fund (project fund). These sums are then transferred to income account as and when the relevant expenses are being charged.

Monetary Grants and Donations received without any specific conditions are credited directly to income account to be used against normal unrestricted expenses of the Organisation.

Transactions in Foreign Currency

All other assets and liabilities denominated in foreign currencies at the year end are translated at the exchange rates prevailing at the balance sheet date.

Other normal foreign currency transactions are converted at the exchange rates prevalent on the date of the transaction.

All gains or losses on foreign currency transactions is transferred to Restricted Funds Account.

Property, Plant and Equipment

Cost or Valuation

Property, Plant and Equipment are reflected at cost less accumulated depreciation. Property, Plant and Equipment purchased for projects would be capitalized at the completion of projects at their fair values determined by the Directors.

Depreciation

A full year's depreciation is charged in the year of sale and none in the year of purchase. Fixed assets are depreciated at 25% per annum on a straight line basis.

Summary of Significant Accounting Policies - Continued

Investments – Treasury Bills

Treasury Bills are accounted for at cost plus the relevant proportion of the discount. Investment income is credited to Restricted Fund Account.

Defined Benefit Plan - Gratuity

Full provision has been made in the accounts for retiring gratuities payable under the Payment of Gratuities Act No. 12 of 1983, for all employees, including those who have less than five years of continued service. Gratuities are recognized as project expense in the period during which their services are rendered, in accordance with Sri Lanka Accounting Standards 16 – Retiring Benefits Costs.

Defined Contribution Plans – Employees’ Provident Fund and Employees’ Trust Fund

Employees are eligible for Employees Provident Fund contributions and Employees Trust Fund Contributions in line with the respective Statutes and Regulations. The Company contributes 12% and 3% of the salary of each employee to the Employees’ Provident Fund and the Employees’ Trust Fund respectively.

NOTES TO THE ACCOUNTS

Note 01

Property, Plant and Equipment	Computers Rs	Furniture & Fittings Rs	Office Equipment Rs	Electrical Equipment Rs	Total Rs
Cost / Valuation					
Balance as at					
01.01.2008	616,251	137,897	54,241	1,301,045	2,109,435
Capitalised during the year:					
Projects	918,000	515,953	608,689	646,300	2,688,942
Value for Money Audit	423,250	84,197	117,233	-	624,680
Donations from ARD	81,000	26,000	127,000	-	234,000
Balance as at					
31.12.2008	<u>2,038,501</u>	<u>764,047</u>	<u>907,163</u>	<u>1,947,345</u>	<u>5,657,057</u>
Accumulated Depreciation					
Balance as at					
01.01.2008	428,275	53,128	24,900	325,261	831,564
Charge for the year	872,347	184,115	226,789	486,837	1,770,088
Balance as at					
31.12.2008	<u>1,300,622</u>	<u>237,243</u>	<u>251,689</u>	<u>812,098</u>	<u>2,601,652</u>
Net Book Value					
As at 31.12.2008	<u>737,879</u>	<u>526,804</u>	<u>655,475</u>	<u>1,135,247</u>	<u>3,055,405</u>
As at 31.12.2007	<u>187,976</u>	<u>84,769</u>	<u>29,342</u>	<u>1,301,045</u>	<u>1,277,870</u>

NOTES TO THE ACCOUNTS

Note 2	2008	2007
Treasury Bill	Rs	Rs
TI - General Treasury Bills	1,294,431	-
Benevolent Fund	203,451	203,451
Co - Donor Funding		
Helvetas Treasury Bills	562,580	376,853
NORAD & SLIDA	4,043,930	12,400,000
Treasury Bills VFM	-	1,000,000
Total	6,104,392	13,980,304

Note 3		
Other Receivables		
Value for Money Audit Project - SIDA	-	50,000
Amounts Receivable from Programme - Galle	54,458	-
Amounts Receivable from Programme - Badulla	87,085	-
IACC - CIM, GTZ	233,935	-
IACC - Per diem payment from participants	295,168	-
Damages Recoverable from Insurance	364,150	-
Office Maintenance	11,750	-
	1,046,546	50,000

Note 4		
Deposits and Prepayments		
Hall Charges - BMICH UN Anti-Corruption Day 2008	20,000	30,000
Exigency Advance	20,000	-
Franking Machine Deposit	100,000	-
Thimbirigasyaya Rent Deposit	-	150,000
Hongkong Travel - AHRC	-	2,648
Mobitel Lanka (Pvt) Ltd - Mobile Deposit	3,000	-
Employers' Federation of Ceylon	17,500	-
Advance Payment Taj Lanka	-	69,000
Anti Corruption Tool Kit	-	5,000
Rent Prepayment - 28/1, Bullers Lane	-	841,500
- 28/1, Bullers Lane - New Agreement	990,000	-
- 24 1/1, Bullers Lane	445,500	-
Refundable Rent Deposit - 28/1, Bullers Lane	100,000	85,000
- 24 1/1, Bullers Lane	55,000	-
	1,751,000	1,183,148

NOTES TO THE ACCOUNTS

Note 5

Balance at Bank and Cash in Hand

Balances at Banks	95,629	1,199,354
Cash in Hand	<u>20,000</u>	<u>51,844</u>
	<u>115,629</u>	<u>1,251,198</u>

Note 6

Projects Payable

Value for Money Audit - SIDA	-	951,404
	<u>-</u>	<u>951,404</u>

Note 7

Other Payables

High Post Project - CIDA	-	131,924
Jakarta Expert Meeting - TI Secretariat	-	25,641
Program for Protecting Public Resources (PPPR Project)-CIDA	-	7,511
Strategic Planning - CIDA	99,597	99,597
Value for Money (VFM) - SIDA	-	210,000
Provision For Gratuity	1,047,250	609,250
Regional Meeting Advance	-	3,440
Income Tax Payable	612,354	49,527
Provision for Expenses:		
Education - Health Sector Survey	340,000	-
Advocacy - Chief Guest UN Anti-Corruption Day 2008	558,155	-
Employees Provident Fund	184,350	-
Employees Trust Fund	27,653	-
PAYE	25,669	-
	<u>2,895,028</u>	<u>1,136,890</u>

Note 8

Restricted Fund

Strategic Plan

Co-Donor Funding

SIDA	1,492,261	6,643,394
NORAD	1,492,261	6,643,395
HELVETAS - Sri Lanka	34,751	-
ACILS	-	(23,701)
Private Sector Sponsorship	290,000	-
ARD Rollouts	-	12,200
	<u>3,309,273</u>	<u>13,275,288</u>

NOTES TO THE ACCOUNTS

Note 9

Strategic Plan - Expenses

	2008	2007
	Rs	Rs
Funds Allocated From		
Swedish International Development Agency (SIDA)	23,820,548	9,427,379
Norwegian Ministry of Foreign Affairs (MFA)	23,820,548	9,427,379
Friedrich Ebert Stiftung (FES)	640,000	800,000
HELVETAS SRI LANKA	2,594,377	3,000,000
TI Secretariat	1,421,220	-
Associate for Rural Development (ARD)	-	1,413,875
American Centre for International Labour Solidarity (ACILS)	-	206,276
	52,296,693	24,274,908

Funds Allocated For

Education	5,223,767	2,548,683
Advocacy	10,412,343	2,226,693
Representation	3,585,103	3,852,633
Monitoring	5,755,358	1,733,508
Core Expenses	24,725,745	9,293,239
Helvetas Sri Lanka	2,594,377	3,000,000
Associate for Rural Development (ARD)	-	1,413,875
American Centre for International Labour Solidarity (ACILS)	-	206,276
	52,296,693	24,274,908

Note 10

Revenue Earned from other Activities

Sundry Income	377,358	158,095
Interest Income	3,622	687,530
Long Outstanding Balances Written off	499,295	
Endowment Fund	83,296	509,420
	963,571	1,355,044

NOTES TO THE ACCOUNTS
Schedule 1 - Project Activity Summary

		Transferred from Restricted Funds	Total Amount Expended				Surplus/d eficit on project
Funds Allocated for:	Signed Total Project Cost		Staff	Other Direct Costs		Total	
				Assets	Other		
	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Representation	10,409,410	3,585,103	1,642,403	-	1,942,700	3,585,103	-
Education	8,207,210	6,452,350	1,389,951	-	5,062,399	6,452,350	-
Advocacy	9,649,420	11,778,137	1,472,816	-	10,305,321	11,778,137	-
Monitoring	7,099,620	5,755,358	1,260,974	-	4,494,384	5,755,358	-
Institutional Development	19,781,850	24,929,559	5,547,439	2,359,478	16,818,828	24,725,745	-
Total	55,147,510	52,500,507	11,313,583	2,359,478	38,623,632	52,296,693	-

NOTES TO THE ACCOUNTS
Schedule 2
Movement in Restricted Funds

Name of Donor Organisation	Project	Signed Total Project Cost	Balance Brought forward	Received/ Restricted surplus during the year	Interest Accrued	Total To Date	Transferred to Income and Expenditure	Balance carried forward	Transferred to Revenue Earned
		Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Associate for Rural Development (ARD)	Roll-out Programme of Community Level Awareness Workshops and Action Plan		12,200	-	-	12,200	-	-	12,200
American Centre for International Labour Solidarity (ACILS)	Roll - out Programme		(23,701)	-	-	(23,701)	-	-	(23,701)
SIDA	Programme Activities	19,513,808	6,643,394	17,484,728	1,184,688	25,312,810	23,820,548	1,492,262	-
NORAD	Programme Activities	19,513,808	6,643,394	17,484,727	1,184,687	25,312,808	23,820,548	1,492,260	-
Helvetas Sri Lanka	Programme Activities	2,550,000	-	2,550,000	79,128	2,629,128	2,594,377	34,751	-
FES	Programme Activities	640,000	-	640,000	-	640,000	640,000	-	-
Private Sector Sponsorship		290,000	-	290,000	-	290,000	-	290,000	-
TI Secretariat		1,421,220	-	1,421,220	-	1,421,220	1,421,220	-	-
Total		43,928,836	13,275,287	39,870,675	2,448,503	55,594,465	52,296,693	3,309,273	(11,501)

Project Assets not included in the Balance Sheet

Item	Balance as at 01.01.2008 Rs	Additions During the year Rs	Capitalised Transfer		Balance as at 31.12.2008 Rs
			Rs	Rs	
Computers	1,341,249	386,390	1,341,249	-	386,390
Office Equipment	725,922	1,304,304	725,922	-	1,304,304
Furniture	597,350	281,459	597,350	-	281,459
Electrical Equipment	646,300	-	646,300	-	-
Three Wheeler	-	329,940	-	-	329,940
TVS Champ Bike	-	57,385	-	-	57,385
	3,310,821	2,359,478	3,310,821	-	2,359,478



Our Donors

During the year under review, we received core funding as well as project funding for specific programmes from several donors.

We gratefully acknowledge the assistance given by -

- Swedish International Development Cooperation Agency (SIDA)
- Ministry of Foreign Affairs [MFA] - Norway
- Helvetas Sri Lanka
- Friedrich Ebert Stiftung
- Transparency International Secretariat

In addition, numerous private sector institutions too helped us towards our activities in connection with the annual National Integrity Awards presentation.

FIGHT CORRUPTION

Corruption is the misuse of authority for personal gain. It comes in many forms, from fraud and favoritism to bribery and extortion. The one certainty, is that it will leave a lasting impression, continually affecting one's personal integrity as well as that of his organization and country.

Fight corruption. It only takes one.

