

Annual Report 2011

Transparency International Sri Lanka (TISL) is a National Chapter of Transparency International (TI), the leading global movement against corruption. TISL operates as an autonomous chapter that defines its own strategies and interventions and is responsible for mobilizing resources for these programmes.

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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

6 37th Lane, Queen's Road
Colombo 3, Sri Lanka
Telephone : 011 4369781
Fax : 011 2506419
E-mail : tisl@tisrilanka.org
Web : www.tisrilanka.org

COMPANY SECRETARY

Charuni Gunawardana LLB (Hons) LLM

AUDITORS

Ernst & Young
Chartered Accountants

BANKERS

Hongkong and Shanghai Banking Corporation Ltd.
Commercial Bank of Ceylon PLC

OUR VISION:

A nation that upholds Integrity

OUR MISSION:

Support the collective effort to
eradicate corruption in order to
build a future Sri Lanka which
is equitable, peaceful and just

PURPOSE:

Contribute to increase
understanding of corruption,
strengthen anti-corruption
structures and processes and
to appreciate upholding of
integrity build a future Sri Lanka
which is equitable, peaceful
and just



Chairman's Message

Year 2011 was relatively a quiet one for TISL compared to the preceding couple of years.

In March 2011 TISL moved to more spacious premises at 37th Lane off Queen's Road, Colombo 3.

A 5-year Strategic Plan covering the period 2011-15 was finalised after detailed discussions. New thematic areas were identified and a new organizational structure was developed. These are dealt with in detail in the Report.

Continuing our association with Freidrich Ebert Stiftung (FES), TISL continued the programme on Investigative Journalism (IJ). Two knowledge products – a Handbook and a Resource Book - on IJ were launched. A Training Manual is also being developed for use at future training programmes.

During the year, TISL released the 'Sri Lanka National Integrity System' (NIS) Assessment 2010 dealing with the anti-corruption mechanisms that are in place and their effectiveness. The year-long research is the first of its kind and it examined integrity mechanisms in 13 specific sectors.

In 2011, the Governance Reports for 2010 and 2011 were released in October and December respectively.

'Sambhashana' - a new fortnightly outreach programme discussed vital issues of governance and anti-corruption based on topical themes. Film forums were also held to promote concepts of integrity among the public.

'Civic responsibility in Governance' was the theme of this year's NIA ceremony held for the eighth successive year. Although over sixty nominations were received, the Panel of Judges unanimously decided not to present the Award due to the absence of a person with highest integrity.

An Award of Excellence was presented posthumously to the highly respected member of the judiciary, Justice Mark Fernando. The service rendered by human rights lawyer J C Weliamuna, Director of Transparency International and former Executive Director of TISL was also recognized.

We are most grateful to our donors whose cooperation has made it possible for TISL to continue with the planned programme of work.

We are happy that our members continue to show interest in the activities of TISL. More active participation by the members will help to make these even more meaningful.

The Board deeply appreciates the commitment of the TISL team working towards its goals.

We look forward to the coming year to move forward in keeping with our vision to build a nation of integrity.

M D A Harold
15 May 2012

Strategising for the future

Considerable time was spent in the early part of the year to finalise a 5-year Strategic Plan outlining the path TISL intends taking during the period 2011-15.

Three thematic areas were identified and TISL's annual Work Plan was prepared based on them. The areas are –
i National and Local Governance
ii Private Enterprises and Civil Society Organizations
iii Citizenry

Knowledge Generation, Capacity Building, Networking and Advocacy along with Institutional Development will be the strategic approaches connecting the main themes.

Five districts - Ampara, Anuradhapura, Galle, Kurunegala and Polonnaruwa - were earmarked for TISL activities.

A new organizational structure was developed with each thematic area having a sub-group with cross cutting responsibilities.

A system of monitoring and evaluation was put in place to ensure that the intended results were being achieved as planned while identifying necessary corrective action to be taken in a timely manner.

Framework

The following topics and partners were identified as focal points:

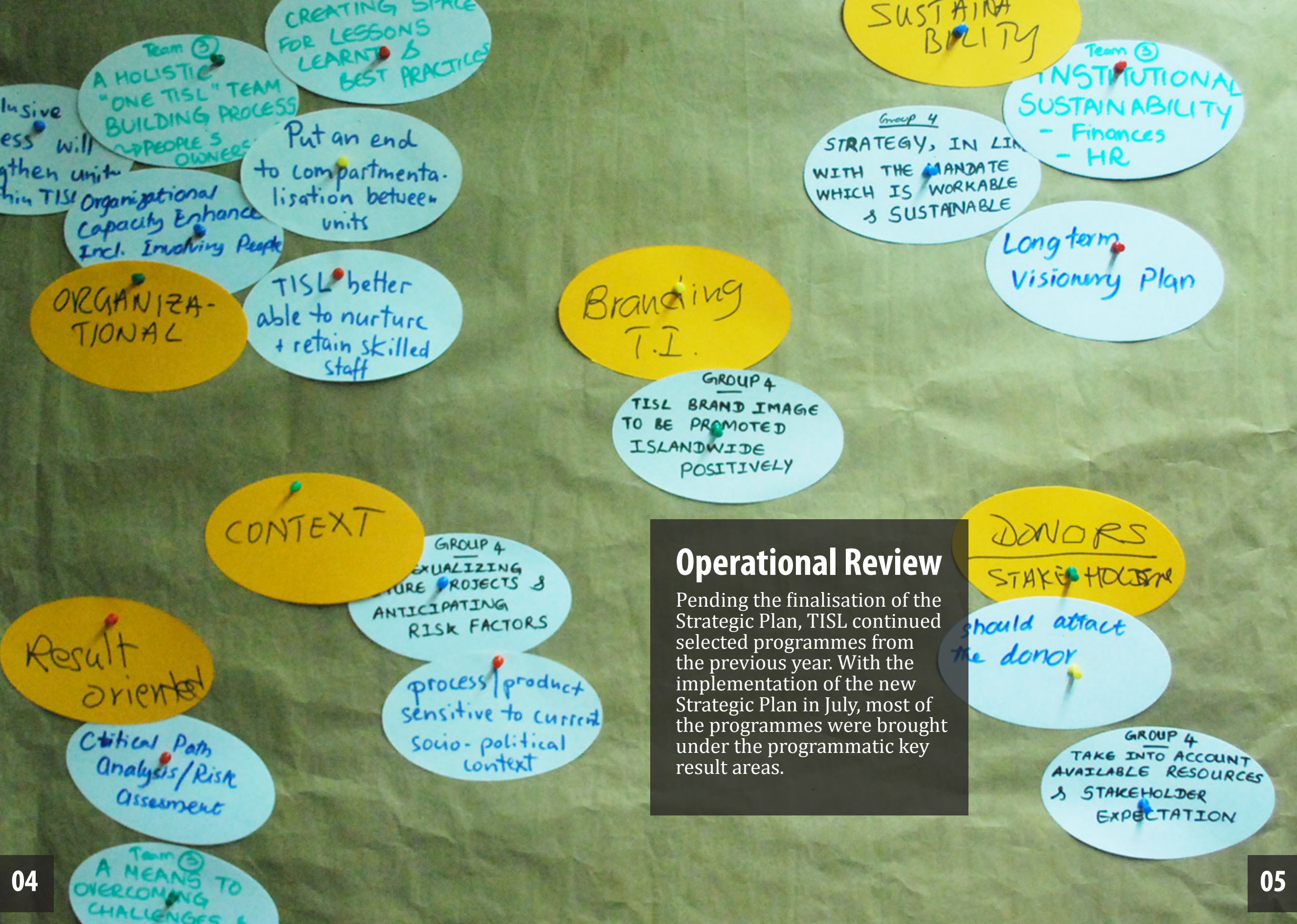
- Legislature - national, provincial and local. Strengthen capacities and enhance transparency and public access to information on decision-making.
- Women & youth - strengthen participation and representation.

- Producing independent verifiable information - through regular publications (Annual Governance Report, Newsletters, Position Papers, Pamphlets in easy-to-read language) provide sound information on the cost, magnitude, consequences and forms of corruption, to enable a constructive debate

- Enhancing access to information and engagement - through discussion forums, internet and a resource centre etc provide avenue for engagement and informed decision-making.

- Advocacy: TISL undertakes evidence-based advocacy and builds coalitions to promote anti-corruption and integrity at national and local level, in the private and civil society sectors as well as the individual level. TISL's influences change and promote integrity through the engagement of strategic partners by building coalitions and by empowering citizens.

- Institutional reform and capacity building - producing tailor-made knowledge packs and training for local and national institutions, both private and public sectors, and civil society.



Operational Review

Pending the finalisation of the Strategic Plan, TISL continued selected programmes from the previous year. With the implementation of the new Strategic Plan in July, most of the programmes were brought under the programmatic key result areas.



Right to Information

The campaign on Right to Information (RTI) was a thematic focus area at TISL and is now integrated into all three programmatic areas of work under the new Strategic Plan. New initiatives are undertaken to generate awareness about information needs of people and to promote access to information.

TISL supported a RTI-focused radio programme series broadcast over Uva Community Radio (UCR) since 2010 which reached new heights in 2011.

UCR managed to create significant awareness on the need for information and the modes of accessing information. The 2011 radio programmes resulted in positive outcomes. Listeners started requesting for specific information with regard to service delivery and financial accountability by the respective local bodies. Over 30 listeners shared vital information about ongoing development projects with direct listener engagement with the development of citizen-focused radio programmes. As TISL's partner organisation, UCR decided to sustain the jointly created radio magazine titled '*Jana Nada*' given its social relevance and the popularity among listeners. The emergence of whistleblowers among the listener community is considered a key outcome of the rights- awareness created through the radio magazine.

TISL played a lead role in 2011 to ensure that the English RTI knowledgebase is made accessible to a wider public in the local languages. In May 2011, TISL launched the

Sinhala and Tamil translations of a highly popular RTI-based series of publications titled '*Open Sesame*' developed by Delhi-based Commonwealth Human Rights Initiative (CHRI). The Sinhala and Tamil products were launched with the Five Media Alliance and CHRI with a discussion aimed at generating public awareness on the significance of information as a right. The discussion was attended by a wide cross section of stakeholders and an eminent panel presented varying dimensions of the right to information.

A community-based RTI advocacy initiative was undertaken by TISL together with Practical Action to encourage rural citizens in Bolatta in the Kalutara District to demand for information relevant to their lives from authorities and to create awareness on information as an empowerment tool.

The programme participants included farmers, artistes, tea-pickers, retired public officials, housewives, native doctors, labourers and youth. Through a local newspaper titled '*Gemi Suwanda*', the diverse and enthusiastic group had started to draw the attention of public officials on common issues in the area and to create awareness on citizens' rights.

Investigative Journalism

TISL concluded an important process of developing two knowledge products in Investigative Journalism (IJ) last year to be accompanied by a training manual this year.

Together with Freidrich Ebert Stiftung (FES), TISL continued training programmes for investigative journalists at the national and local level. Based on demand, two high quality products, a Resource Book and a Handbook for practitioners were developed.

The first of its kind to be developed in Sri Lanka aimed at enhancing professionalism among practitioners, the products were researched and authored by Ralph Frammalino, internationally acclaimed investigative journalist formerly attached to Los Angeles Times, 2006 Pulitzer Prize finalist and one time investigative journalism lecturer - University of California. Inputs for the development of products were obtained from local senior media personnel and a rigorous process was put in place to ensure the quality and relevance of products.

A Training Manual will accompany the above products, developed by Prof. Thiruvengatgaswami Satyaseelan in consultation with senior Sri Lankan journalism trainers.

Some 40 local journalists in Ampara, Polonnaruwa and Anuradhapura were trained in May and June in basics of IJ in a bid to enhance the quality of their journalism.

The Resource Book and Handbook were introduced to a 20-member pool of trainers culled from among journalism trainers and academics at a five-day Training of Trainers (TOT) in August. These have been introduced to three institutes of higher learning to be used as course material.

In 2011, TISL expanded its pool of trainers and resource persons who are able to undertake training and advocacy on anti-corruption and integrity.





National Integrity System (NIS) Assessment

In 2011, TISL launched a comprehensive sectoral integrity assessment, the 'Sri Lanka National Integrity System' (NIS) Assessment 2010.

A comprehensive analysis of the anti-corruption mechanism that are in place both in law and practice were assessed to diagnose the systemic weaknesses that prevent Sri Lanka from effectively curbing corruption. The year-long research is the first of its kind and offers a comprehensive understanding of the integrity mechanisms in 13 specific sectors.

The sectors, identified as key pillars of a functional democracy and assessed were: - The Legislature, the Executive, the Judiciary, the Public Sector, Law Enforcement Agencies, the Election Commission, the Human Rights Commission/ Ombudsman, the Auditor General, the Anti-Corruption Commission, Political Parties, Media, Civil Society Organisations and the Business sector. Each pillar was carefully evaluated using a scoring system on its ability to combat corruption and enhance sectoral governance.

The assessment report demonstrates with evidence that most pillars only possessed moderate capacity to counter corruption and oversight bodies such as Parliamentary Commissions, the Human Rights and Bribery Commission, Media and Civil Society Organisations do not, and in some cases were unable to carry out their oversight function effectively thereby breeding corruption.

The NIS Assessment also rated the Business sector as the sector with the potential to curb corruption, while Media, Bribery Commission, Human Rights Commission/ Ombudsman and law Enforcement Agencies were identified as the weakest in terms of mechanisms to fight corruption.



Governance Reports 2010 & 2011

The TISL annual publication, the Governance Report was for the first time, developed in-house last year. The Report seeks to stimulate public debate on governance issues that came under scrutiny within the year of review.

In 2011, the Governance Reports for 2010 and 2011 were both released- in October and December.

The 2010 Report was compiled in the backdrop of a series of governance issues that came up as a result of the concentration of power on a particular entity or state agency. Each chapter concentrated on the decision-making power among a diminutive group of persons rendering decision-making the preserve of a select few.

Experts from diverse sectors analyzed the core subject area in relation to the predominant trends towards the centralization of power in 2010 and analyzed the adverse effects of the centralization on the economic, political and administrative spheres.

The 2011 Report differed from the previous years and looked at nine key sectors. The chapter writers were exclusively from TISL and looked at the regulatory mechanisms within each sector and analyzed their effectiveness. The sectors covered were- Civil society organizations, Environment/Disaster Management, Education, Health, International aid, Judicial independence, International aid, Tourism and Transportation.

The Report also included key recommendations and included advocacy positions that could be adopted by the sector itself, the citizens, media and civil society.



Sambhashana outreach programme

‘Sambhashana’ is a new fortnightly outreach programme presented by TISL aimed at stimulating public discussion on vital issues of governance and anti-corruption.

Through discussions and film forums, TISL seeks to promote concepts of integrity among the public and to generate a discussion on vital issues of governance that have an impact on the daily life of people.

Prior to formalising these discussions under the ‘Sambhashana’ theme, TISL held a lively discussion on the 18th Amendment to the Constitution of Sri Lanka, which was passed as an urgent bill and sparked off debate in the light of changes it sought to bring to the 17th Amendment through which a Constitutional Council was appointed with powers to make public sector key appointments. The panel comprising eminent persons examined the socio-political and legal consequences of the new amendment and its impact on society and democratic systems.

The popular discussion programs held in 2011 included ‘People’s participation in local governance’ and ‘Assets, Liabilities & Politics’ and ‘How urgent are urgent bills’.

‘Sambhashana’ seeks to create a regular platform or space for citizens to discuss, debate and attempt consensus-building on current topics relating to corruption and governance.

The other component of this programme is the Film Forum. In 2011, TISL screened two films with integrity messages. They were- ‘The Whistle Blower’ and ‘All the President’s Men’.



Awareness building

The ripple effect of TISL interventions could be captured from the many requests and demands for expansion of work into new geographic areas and invitations to conduct awareness-raising and training programmes.

On the invitation of the Public Security Committee (PSC) at Polpithigama in the Kurunegala District, an awareness building programme on anti-corruption and tools that could be used to combat it was conducted by TISL early this year.

The formation of the PSC itself was the direct outcome of capacity building activities conducted by TISL over a period of time in the area. It was highlighted in the programme that lack of space for civil society in Sri Lanka has curtailed the liberties of the civil society to challenge the malpractices in the post-war period. The need for civil society members to be more vigilant on corruption and malpractices at local level was stressed.

'*Puravesi Athwela*' – the Citizen's Handbook outlining the services provided by local authorities produced and released by TISL has proved to be a very effective tool and requests are being constantly made for additional copies from over 10 districts. The Sinhala version was validated and updated with the participation of officers from Horowpothana Divisional Secretariat (DS) and a Tamil version was also printed with input from Kalmunai DS officials and made available for distribution in the Tamil speaking areas. This handbook is an attempt to fill the existing information gap on public service delivery among the grassroots as found in the three Citizen Report Card Surveys conducted in 2010.



People's Platforms and Exhibitions

At three People's Platforms (PP) and outreach exhibitions organised by TISL at Kalmunai, Addalachchenai, Nuwaragampalatha East and Thamankaduwa in association with the respective Divisional Secretariats, the public raised governance issues and highlighted shortcomings in the services provided to them by the Secretariats. There were positive responses from the public officials present.

On a request made by the public, the Divisional Secretariat of Kalmunai Tamil division agreed to conduct a joint investigation with the Commission to Investigate Allegations of Bribery or Corruption (CIABOC) and TISL to look into the malpractices alleged to have taken place in the Tsunami housing projects in the area. The residents of the area charged that houses built for Tsunami victims were given to other people who were either supporters or friends of the politicians on the recommendation of Government officials.

Another issue raised at the PP was corruption in road development. The work is done through rural developments societies where

corruption is rampant and contracts were issued to several politicians and officers, they complained. The CIABOC official present requested the public to make complaints to CIABOC so that action could be taken.

A positive step taken at the PP at Thamankaduwa was the joint proposal initiated by public officials that a network be established to curb corruption in the Public Sector. This was endorsed by all the officials present including several senior executives from a number of departments based in Colombo. A request was made to TISL to take the lead role in establishing the network.

cont.....



People's Platforms and Exhibitions ..

At the outreach exhibitions held at each of the three venues prior to the PPs, the efforts of TISL to combat corruption and promote integrity and good governance were highlighted.

On the invitation of TISL, CIABOC, Department of Registration of Persons, Department of Immigration and Emigration, Foreign Employment Bureau and the Department of Pensions participated in the outreach exhibitions where the officials present explained and discussed the procedures of obtaining services from these agencies.

Local Governance

Enhancing accountability

Different strategies of engagement were employed to enhance demand for accountability in local governance in the districts of Anuradhapura, Polonnaruwa and Ampara which continued to yield positive results. This has contributed much to the enhancing of knowledge and citizen participation in local governance. While there was positive response from the local officials for the findings presented after an exhaustive study in six Divisional Secretariat Division Offices (DSD's), they acknowledged that there were shortcomings in the system and agreed to draw an action plan to address the issues highlighted. The findings were

also shared among CBO's from the three districts who are forming into vigilant bodies that will monitor the outputs of the DS offices.

Social mobilisations on a weekly basis were carried out to different stakeholders by the Field Coordinators in the six DSDs. One of the most innovative focus' of these mobilisations is the engagement of the participants in a calculation of corruption from their monthly/ annual household budgets. The primary basis to the corruption cost calculation is based on (TISL) Citizen's Report Card Survey (CRCS) 2010 findings.

It was found in this survey that the impact of corruption on the public service delivery recipients from the selected Divisional Secretariat Divisions (DSDs) of the Districts of Ampara, Anuradhapura and Polonnaruwa was significantly high. The corruption cost calculation is set to demonstrate some of the negative and disproportionate impact of corruption on the poor. To quote an example, while there was a significant increase of the corruption leakage in the months from October – February due to school admissions, there was a 35-40% income loss on a regular basis in accessing basic services.

Citizen participation

TISL facilitated the drawing up of a participatory development plan for Rideemaliyadda Pradesheeya Sabha (PS) in the Badulla District as a continuation of our interaction with its elected members. They appreciated TISL's proposal to include the voice of the people in a development plan and requested TISL to facilitate same.

TISL sought the services of the Sri Lanka Institute of Governance to take it forward.

TISL had previously held focus group discussions and conducted a Citizen Report Card (CRC) in the Rideemaliyadda PS to assess the level of satisfaction on services rendered by the Pradesheeya Sabha. A capacity building workshop had also been carried out at the request of the PS.



Local Governance ..

Improving governance

Three local government institutions were identified in the Galle District to conduct programmes with a view to improving the governance in these. Two are Pradesheeya Sabhas – Yakkalamulla & Amblangoda - and the other is Ambalangoda Urban Council. The initial response from the elected heads of the institutions has been positive.

After assessing the current governance practices and identifying the shortcomings, several workshops were organised to discuss improvements to the system. TISL has begun working with civil society organizations in the areas to create an effective mechanism.

A new publication on local governance titled '*Pradeshiya yaha Palana Athpotha*' was finalised. Targeted mainly at Pradesheeya Sabha level, the Handbook deals with good governance with effective people's participation. Plans are underway to launch the handbook at Yakkalamulla Pradeshiya Sabha in early 2012 and translate it into Tamil.





Dr. Jayantha Dhanapala hands over the 'Award of Excellence 2011' to Malik Fernando, son of the late Justice Mark Fernando

National Integrity Award 2011

'Civic responsibility in Governance' was the theme of this year's NIA ceremony held for the eighth successive year to commemorate UN Anti-Corruption Day falling on 9 December.

A representative gathering participated. The chief guest was former Sri Lankan diplomat and a former United Nations Under-Secretary-General for Disarmament Affairs, Dr Jayantha Dhanapala.

For the first time since its inception, the National Integrity Award was not presented this year. Although over sixty nominations had been received and extensive investigations had been made, the Panel of Judges had unanimously decided not to present the Award due to the absence of a person with highest integrity.

Special guest, Ms Sithara Shreen, the founder of Mannar Women's Development Federation urged the need for everyone to know that it isn't realistic to expect everyone to start challenging the policies of the state and trying to repair its broken institutions. "Perhaps we could acknowledge this and say that everyone can at least begin by informing themselves better about what is happening to their society and to their fellow citizens – especially those in other regions of the country and from other classes, ethnic groups and communities."

Delivering the keynote address, Dr Dhanapala said that in Sri Lanka, the institutions of democracy such as an independent judiciary; a free press; the rule of law; a Right to Information Act; the unfettered practice of human rights and freedoms need to be revitalized. "Legislation drafted in secret, rushed through the Supreme Court as being in the national interest and rammed through Parliament with a steamroller majority is not good governance. The seeds of discontent sowed now will eventually germinate as political protest," he stressed.

Following a decision by TISL this year to recognize persons of impeccable integrity, who inspire others as role models and have stretched the narrow confines of their professional boundaries imaginatively and creatively to promote the cause of integrity and anti-corruption, who invariably will not seek recognition or awards, an Award of Excellence was presented posthumously to the highly respected member of the judiciary, Justice Mark Fernando.

The service rendered by human rights lawyer J C Weliamuna, Director of Transparency International and former Executive Director of TISL was also recognized. He was guest of honour at the NIA presentation.

Publications

Civic Responsibilities in Governance

Speeches delivered at National Integrity Award 2011 presentation

Local governance

Handbook in Sinhala dealing with good governance with effective public participation

Newsletter

Keeping the public informed of our activities

Investigative Journalism

Resource Book & Handbook for practitioners in English, Sinhala & Tamil

Right to Information

Sinhala & Tamil publications based on 'Open Sesame' developed by Commonwealth Human Rights Initiative (CHRI), Delhi

Institutional Development

TISL continued its work as a non-profit company while some key changes occurred.



Staff changes

Dr. Wijaya Jayatilaka joined the team as the Executive Director in January 2011. He has a long career as an academic of the University of Peradeniya, worked for the Commonwealth Youth Programme of the Commonwealth Secretariat based in North India and was the Director of the Sri Lanka Foundation Institute and later the Director of Facilitating Local Initiatives for Conflict Transformation (FLICT).

Rutherford Hubbard, MMP Kulathunga, GS Teleson and Thoriq Hamid, FK Exchange Fellow joined the TISL team.

Kiruthika Thurairajah, Sanjendran Vignarajah, Prabhashini Liyanaarachchi and Saruja Sivanesan joined the team as short term interns adding much vigour and energy to the team.

We bid farewell to our colleagues who left us for new career opportunities, namely Vivien Thalayasingham, Zameena Swangsa, Samantha Kapila Kumara, Gareesha Wirithamulla and Duleeka Vidanapathirana. We wish them well in their future.

New Premises

In March 2011 the organization moved to more spacious premises at Queens Road, Colombo 3. The team found the new home to be more convenient and conducive to work. The modular office design has enhanced interaction and communication among the staff and enables greater team work.

Working Groups & Redefined Roles

With the implementation of the Strategic Plan from July 2011, several changes were instituted. The team adopted a matrix management structure. The staff found the new multi-tasked roles challenging to adjust to. Each of the four result areas were headed by a coordinator while the key strategic or cross cutting work areas were the responsibility of “focal points”.

The use of office technology was up-scaled by introducing an intranet communication system supported by a new server. TISL was fortunate to get a grant from the TI Secretariat to improve its IT system. We now have internal communications and information management on an intranet and server. A new electronic filing system has been introduced.

The financial reporting and information management system was improved with the assistance of a consultant, Strategic Inspirations Ltd. The use of quick-books software was optimized during the course of the year for improved financial reporting.

The team undertook the task of revising the Operational Manual to be in line with the new Strategic Plan as well as to streamline internal procedures.

A new performance appraisal system was introduced with the implementation of the Strategic Plan with higher levels of shared responsibilities towards achieving results and impact.

TISL moved to be results -oriented with the implementation of the Strategic Plan in July 2011. For effective planning and implementation a results-based Monitoring and Evaluation (M&E) was planned. A manual on M&E captures the essential knowledge to adopt and implement the proposed M&E approach.

The year was a relatively peaceful period for TISL as an organization, with no serious breach of security.

Board of Directors

M.D.A. HAROLD - CHAIRMAN

Chairman of TISL since December 2004. A former Deputy Auditor General he has been in public service for 40 years. 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 holds Diplomas in Accountancy from Ceylon Technical College, and Public Financial Management from the Sri Lanka Institute of Development Administration (SLIDA).

V. K. NANAYAKKARA

Former Secretary to the Prime Minister and Secretary to the Ministry of Education, he was later 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.

TASSIE SENEVIRATNE

A retired Senior Superintendent of Police with 37 years of experience as a Law Enforcement Officer. He was the Convenor SASA NET 2002/03 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 the Institute of Human Rights & TISL.

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 served in senior management positions in the private sector. 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. A Non- Executive Director of two private companies, she is also a member of the Board of Directors of Centre for Policy Alternatives and Consortium of Humanitarian Agencies.

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 (1989-94) and later served as the Director-General of the Commission to Investigate Allegations of Bribery and Corruption (1994-97).

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. He is well reputed as an investigator in the public service in Sri Lanka.

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 was the Managing Director of Eagle Insurance Company Limited (1994-2005). He was awarded the Eisenhower Exchange Fellowship USA in 1989 for Mid Career Professional Development. A former Chairman of the Ceylon Chamber of Commerce, he was named 'Sri Lankan of the Year 2001' by LMD Magazine in recognition of being the Voice of Business promoting 'Vision 2020'.

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BW/SKS/GNR

AUDITOR'S REPORT TO THE BOARD OF GOVERNORS OF TRANSPARENCY INTERNATIONAL SRI LANKA (GUARANTEE) LIMITED

We have audited the accompanying financial statements of Transparency International Sri Lanka (Guarantee) Limited, which comprise the Balance Sheet as at 31 December 2011, and the Statement of Financial Activities, Statement of Changes in Accumulated Funds and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Sri Lanka Statement of Recommended Practice (SoRP) for Non-Governmental Organisations (NGOs) issued by the Institute of Chartered Accountants of Sri Lanka. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Scope of Audit and Basis of Opinion

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, So far as appears from our examination, the Organisation has maintained proper accounting records for the year ended 31 December 2011 and the financial statements presents fairly in all material respects, the Organisation's state of affairs as at 31 December 2011 and its financial activities and cash flows for the year then ended in accordance with the Sri Lanka Statement of Recommended Practice (SoRP) for Non-Governmental Organisations (NGOs) issued by the Institute of Chartered Accountants of Sri Lanka.

Report on Other Legal and Regulatory Requirements

These financial statements also comply with the requirements of Section 151(2) of the Companies Act No. 07 of 2007.

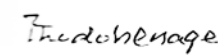


20 April 2012
Colombo


Balance Sheet

As at 31 December 2011

ASSETS	Note	2011	2010
		Rs.	Rs.
Non-Current Assets			Restated
Property, Plant & Equipment	4	2,444,489	3,654,607
		2,444,489	3,654,607
Current Assets			
Short Term Deposits	5	2,633,033	2,488,984
Receivables	6	2,112,347	2,253,413
Cash & Bank Balances	16	28,014,024	18,916,911
		32,759,404	23,659,308
Total Assets		35,203,893	27,313,915
FUNDING & LIABILITIES			
Accumulated Funds			
Restricted Funds	7	23,727,806	16,602,298
Unrestricted Funds	8	3,394,252	2,430,561
Capital Grants	9	4,420,941	3,904,080
Total Accumulated Funds		31,542,999	22,936,939
Non-Current Liabilities			
Retirement Benefit Liability	10	1,653,724	1,589,111
		1,653,724	1,589,111
Current Liabilities			
Income Tax Payable		156,276	-
Creditors	11	1,211,048	1,615,246
Bank Overdraft	16	639,846	1,172,619
		2,007,170	2,787,865
Total Accumulated Funds and Liabilities		35,203,893	27,313,915


Finance Officer

The Management is responsible for the preparation and presentation of these financial statements. Signed for and on behalf of the Organization by;


Director


Director

The accounting policies and notes on pages 40 through 53 form an integral of the finance statements.
20 April 2012
Colombo

Statement of Financial Activities

Year ended 31 December 2011

	Note	2011	2010
		Rs.	Rs.
Incoming Resources	3	54,117,446	73,990,205
Project Expenditure	12	(34,159,097)	(50,785,297)
Net Surplus on Projects		19,958,349	23,204,908
Revenue Earned from Other Activities	14	963,691	838,118
Administrative Expenses	15	(19,709,100)	(22,959,800)
Net Surplus / (Deficit) Before Tax		1,212,940	1,083,226
Income Tax (Expenses) / Reversal		(249,249)	(245,108)
Net Surplus / (Deficit) After Tax		963,691	838,118

The accounting policies and notes on pages 40 through 53 form an integral part of the financial statements.

Statement of Changes in Accumulated Funds

Year ended 31 December 2011

	Restricted Funds	Unrestricted Funds (Restated)	Transparency International Secretariat	Capital Grants (Restated)	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 1 January 2010 (Restated)	29,697,916	(1,757,471)	5,131,914	5,125,016	38,197,375
Balance Transferred to Equity (Restated-Note 13)	-	3,349,914	-	-	3,349,914
Funds Transferred from Transparency International Secretariat to Restricted Funds	5,131,914	-	(5,131,914)	-	-
Funds Received During the Year	58,653,567	-	-	-	58,653,567
Funds Transferred to Statement of Financial Activities	(73,815,611)	-	-	(1,581,596)	(75,397,207)
Accrued Interest	964,029	-	-	-	964,029
Returned to Donor	(679,603)	-	-	-	(679,603)
Capitalize during the Year	-	-	-	360,660	360,660
Net Surplus / (Deficit) for the Year	-	838,118	-	-	838,118
Funds Transferred from Transparency International Secretariat to Restricted Funds	(3,349,914)	-	-	-	(3,349,914)
Balance as at 31 December 2010	16,602,298	2,430,561	-	3,904,080	22,936,939
Funds Received During the Year	60,922,584	-	-	-	60,922,584
Funds Transferred to Statement of Financial Activities	(54,117,446)	-	-	-	(54,117,446)
Accrued Interest	320,370	-	-	-	320,370
Returned to Donor	-	-	-	-	-
Capitalised During the year	-	-	-	516,861	516,861
Net Surplus / (Deficit) for the Year	-	963,691	-	-	963,691
Balance as at 31 December 2011	23,727,806	3,394,252	-	4,420,941	31,542,999

The accounting policies and notes on pages 40 through 53 form an integral part of the financial statements.

Cash Flow Statement

Year ended 31 December 2011

	Note	2011	2010
Cash Flows from Operating Activities		Rs.	Rs.
Net Surplus/(Deficit) before Taxation		1,212,940	1,083,226
Adjustments for			
Depreciation	4	1,674,690	2,217,774
Provision for Gratuity	10	385,645	607,325
(Profit)/Loss on sale of Property, Plant & Equipment		2,295	32,321
Amortization		-	(1,581,596)
Interest Income		(823,640)	(466,623)
Net cash flow before Working Capital Changes		2,451,930	1,892,427
(Increase)/ Decrease in Receivables	6	141,066	821,492
Increase/(Decrease) in Creditors	11	(247,922)	1,122,298
Cash Generated from Operations		2,345,074	3,836,217
Payment of Taxes		(249,249)	(326,959)
Net Cash from Project Activities		2,095,825	3,509,258
Cash Flows from/(Used in) Investing Activities			
Purchase of Property, Plant & Equipment	4	-	(662,787)
Proceeds from sale of Property, Plant & Equipment		50,000	67,680
Proceeds from/(Investment on) Short Term Deposits		(144,049)	26,745,548
Interest Income	13	822,972	466,623
Net Cash from/(used in) Investing Activities		728,923	26,617,064
Cash Flows from/(Used in) Financing Activities			
Cash received from Donors not used		6,805,138	(15,842,047)
Net Cash from/(used in) Financing Activities		6,805,138	(15,842,047)
Net Increase/(Decrease) in Cash and Cash Equivalents		9,629,886	14,284,275
Cash and Cash Equivalents at the beginning of the year	15	17,744,292	3,460,017
Cash and Cash Equivalents at the end of the year	15	27,374,178	17,744,292

The accounting policies and notes on pages 40 through 53 form an integral part of the financial statements.

Notes to the Financial Statements

Year ended 31 December 2011

1. BACKGROUND INFORMATION

1.1 General

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

Transparency International Sri Lanka is domiciled in the Democratic Republic of Sri Lanka. The registered office and the principal place of the Company is located at No. 06, 37th Lane, Off Queens Road, Colombo 03. Its programs are carried out throughout the country.

1.2 Principle activities of the organization

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

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

1.3 Date of Authorization for Issue

The Financial Statements of Transparency International Sri Lanka (Guarantee) Limited, for the year ended 31 December 2011 was authorized for issue in accordance with a resolution of the board of directors on 20 April 2012.

Notes to the Financial Statements

Year ended 31 December 2011

2. BASIS OF PREPARATION

2.1 General Policies

2.1.1 Basis of Preparation

The Financial Statements have been prepared on a historical cost basis. The Financial Statements are presented in Sri Lankan Rupees. The Preparation and Presentation of these financial statements is in compliance with the Companies Act No. 07 of 2007.

2.1.2 Statement of compliance

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

2.1.3 Comparative Information

Previous year's figures and phrases have been re-arranged wherever necessary to confirm to the current presentation.

2.1.4 Translation of Foreign Currency

The Financial Statements are presented in Sri Lanka Rupees, which is the Trust'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 balance sheet 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 financial activities except for gains or losses relating to items adjusted through the Accumulated Fund which are reflected therein.

2.1.5 Taxation

Current Taxes

Board of Directors of the Organization is of the view that it does not come under the definition of a Non Governmental Organizations (NGOs) as being a limited by Guarantee Company. Accordingly the grants and donations received by TISL are not liable for income tax. Interest income on Treasury bill is taxed at 30%.

Notes to the Financial Statements

Year ended 31 December 2011

2.2 Accounting for the Receipts & Utilization of Funds

2.2.1 Funds

a) Unrestricted Funds

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

Contributions received from the general public are recognized in the statement of Financial Activities 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 Financial Activities Account to match with expenses incurred in respect of that identified project. Unutilized funds are held in their respective fund accounts and included under Accumulated Fund in the Balance Sheet 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 amount is recognized through debtors in the Balance Sheet.

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

c) Endowment Funds

Where assets are received as an endowment which are not exhausted, only the income earned from such assets may be recognized and used as income

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

2.2.2 Grants and Subsidies

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

Notes to the Financial Statements

Year ended 31 December 2011

2.3 Valuation of Assets and their Measurement Bases

2.3.1 Receivables

Receivables are stated at the amounts they are estimated to realize net of allowances for bad and doubtful receivables.

2.3.2 Cash & Cash Equivalents

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

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

2.3.3 Property Plant & Equipment

2.3.3.1 Cost and Valuation

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

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

2.3.3.2 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 month assets are available for use. Where project assets are subsequently transferred to property, plant & equipment a corresponding amount is credited to capital grant account. Depreciation charged on these assets are set off against the amortization of this capital grant.

2.3.3.3 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.

2.3.3.4 Donated Asset

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

Notes to the Financial Statements

Year ended 31 December 2011

2.4 Liability and Provisions

2.4.1 Retirement Benefit obligations

(a) Defined Benefit Plan- Gratuity

Retirement Gratuity is a Defined Benefit Plan. The organization is liable to pay gratuity in terms of the relevant statute. In order to meet this liability, a provision is carried in the Balance Sheet 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 Financial Activities.

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.

(b) Defined Contribution Plans

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

2.5 Statement of Income

2.5.1 Income Recognition

(a) Incoming Resources

Income realized from restricted funds is recognized in the Statement of Financial Activities 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 Financial Activities. Unutilized funds are carried forward as such in the Balance Sheet.

All other income is recognized when the organization is legally entitled to the use of such funds and the amount can be quantified.

(b) Revenue Earned from Other Activities

Interest earned is recognized on an accrual basis.

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

Other income is recognized on an accrual basis.

2.5.2 Expenditure Recognition

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

(b) For the purpose of presentation, of the statements of financial activities, the Management is of the opinion that the function of expenses method, presents fairly the elements of the Organisation's performance, and hence such a presentation method is adopted.

Notes to the Financial Statements

Year ended 31 December 2011

3.	INCOMING RESOURCES			2011	2010
				Rs.	Rs.
	Restricted Funding			54,117,446	73,815,611
	Income from Private Sponsorships			-	174,594
				54,117,446	73,990,205

4.	PROPERTY, PLANT & EQUIPMENT	Balance As at	Additions	Disposals	Balance As at
4.1	Gross Carrying Amounts	01.01.2011			31.12.2011
	At Cost	Rs.	Rs.	Rs.	Rs.
	Furniture & Fittings	1,651,546	-	(22,610)	1,628,936
	Office Equipment	4,577,750	304,861	(282,476)	4,600,135
	Computer	2,605,810	212,000	(10,000)	2,807,810
	Motor Vehicle	465,325	-	(57,385)	407,940
		9,300,431	516,861	(372,471)	9,444,821
	Total Gross Carrying Amount	9,300,431	516,861	(372,471)	9,444,821

4.2	Depreciation	As at 01.01.2011	Charge for the Year	Disposals	As at 31.12.2011
	At Cost	Rs.	Rs.	Rs.	Rs.
	Furniture & Fittings	810,229	379,723	(22,612)	1,167,340
	Office Equipment	2,836,729	883,996	(258,878)	3,461,847
	Computer	1,890,660	294,640	(10,000)	2,175,300
	Motor Vehicle	108,206	116,331	(28,692)	195,845
		5,645,824	1,674,690	(320,182)	7,000,332
	Total Depreciation	5,645,824	1,674,690	(320,182)	7,000,332

4.3	Net Book Values	As at 01.01.2011			As at 31.12.2011
		Rs.	Rs.	Rs.	Rs.
	Total Carrying Value of Property, Plant & Equipment	3,654,607			2,444,489

4.4	During the financial period, the Company acquired Property, Plant & Equipment to the aggregate value NIL and capitalised Property, Plant & Equipment which has been categorised under "Project Assets Not Included in the Balance Sheet" to the aggregate value of Rs.516861/-
4.5	Property, Plant and Equipment includes fully depreciated assets having a gross carrying amount of Rs.4,921,106 (2009 -Rs. 3,357,536/-).

Notes to the Financial Statements

Year ended 31 December 2011

4.6	The useful lives of the assets are estimated as follows;			2011	2010
	Furniture & Fittings			Over 4 Years	Over 4 Years
	Office Equipment			Over 4 Years	Over 4 Years
	Computer			Over 4 Years	Over 4 Years
	Motor Vehicle			Over 4 Years	Over 4 Years

4.7	Project Assets not Included in Balance Sheet	Balance As at	Additions During the year	Capitalised During the year	Balance As at
	At Cost	01.01.2011			31.12.2011
	Furniture & Fittings	169,575	-	-	169,575
	Office Equipment	38,575	154,611	(193,186)	-
	Computer	-	267,000	(212,000)	55,000
	Air Conditioners	111,675	-	(111,675)	-
		319,825	421,611	(516,861)	224,575

5.	SHORT TERM DEPOSITS			2011	2010
				Rs.	Rs.
	Fixed Deposits			2,633,033	2,488,984
				2,633,033	2,488,984

6.	RECEIVABLES			2011	2010
				Rs.	Rs.
	Deposits & Prepayments			44,000	1,758,767
	Advances			1,766,958	19,900
	Other Receivables			301,389	474,746
				2,112,347	2,253,413

7.	RESTRICTED FUNDS			2011	2010
				Rs.	Rs.
					Restated
	Balance as at Beginning of the Year			16,602,298	29,697,916
				-	(3,349,914)
				16,602,298	26,348,002
	Fund Transferred from Transparency International Secretariat				5,131,914
	Funds Received During the Year (7.1)			60,922,584	58,653,567
	Accrued Interest			320,370	964,029
	Transfer to Statement of Financial Activities (7.1)			(54,117,446)	(73,815,611)
	Returned to Donor			-	(679,603)
	Balance at End of the Year			23,727,806	16,602,298

Notes to the Financial Statements

Year ended 31 December 2011

7. RESTRICTED FUNDS (Contd...)

7.1 Movements in Restricted Funds - 1 January to 31st December 2011

Name of Donor Organisation	Project	Project Budget 2011	(A) Balance Brought forward	(B) Transferred from TI Secretariat	(C) Received/ during the year	(D) Interest Accrued	E=(A)+(B) + (C)+(D) Total available in current Year	(F) Transferred to statement of financial activities for Project Cost	(G) Transferred to statement of financial activities for Administrative and Tax Expense	(H)=(F)+(G) Total Transferred to statement of financial activities	(I) Surplus Returned to Donor / Transferred to/(from) Co-donor	(J)=(E)-(H)-(I) Balance carried forward
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
SIDA / MFA	From Co-donors	46,746,529	3,982,806	-	32,080,707	11,307	36,074,820	10,811,141	19,958,349	30,769,490	-	5,305,330
FES	Investigative Journalism Workshop	1,656,296	(257,000)	-	2,041,575	-	1,784,575	1,798,886	-	1,798,886	-	(14,311)
TI Secretariat	3 Position Paper Translations	55,587	55,087	-	-	-	55,087	-	-	-	-	55,087
TI Secretariat	Security Grant 2010 - Enhance Security Measures	960,000	12,284	-	-	-	12,284	-	-	-	-	12,284
Stromme Foundation	Civil Society for Accountable Governance - CBO Network	895,550	98,188	-	-	-	98,188	-	-	-	-	98,188
TI Secretariat	National Integrity Study	1,049,096	321,218	-	646,026	2,025	969,269	608,231	-	608,231	-	361,038
FK	Exchange Programme - TI South Asian Chapters	1,402,031	293,330	-	-	-	293,330	-	-	-	-	293,330
FK-2010/11	Exchange Programme - TI South Asian Chapters	2,091,900	467,986	-	4,605,337	-	5,073,323	3,135,170	-	3,135,170	-	1,938,153
TI Secretariat	Seed Funding - Website , Newsletter & Annual Report	919,900	(47,252)	-	-	-	(47,252)	228,263	-	228,263	-	(275,515)
Helvetas Sri Lanka	Programme Activities	1,000,000	(100,000)	-	100,000	-	(0)	-	-	0	-	(0)
Helvetas Sri Lanka - Ampara	Public Officials Capacity Development	12,500	12,500	-	-	-	12,500	-	-	-	-	12,500
Helvetas Kalmunai	Public Officials Capacity Development	23,549	23,548	-	-	-	23,548	-	-	-	-	23,548
SAHR	Parliament Watch	584,000	(22,033)	-	257,500	-	235,467	458,522	-	458,522	-	(223,055)
NED Washington D C USA	Kurunegala Capacity Building Project-2 DS Divisions	4,206,542	(870,744)	-	2,330,828	-	1,460,084	443,283	-	443,283	-	1,016,801
Royal Netherlands Embassy	Governance Report 2010	2,416,060	2,150,182	-	-	11,225.00	2,161,407	1,817,660	-	1,817,660	-	343,747
European Union	Enhancing Demand for Accountability in Local Governance- Anurdhapura, Polonnaruwa and Ampara Districts	15,535,677	8,667,198	-	9,746,810	295,813	18,709,821	11,931,847	-	11,931,847	-	6,777,974
PTF	Financial Accountability in 2 Pradeshiya Sabhas-Badulla	3,956,146	(61,731)	-	1,322,116	-	1,260,385	786,057	-	786,057	-	474,328
Federation of Chambers of Commerce	FCCISL Seminar-Regional Chamber Awareness Seminar	37,111	37,111	-	-	-	37,111	-	-	-	-	37,111
TI Secretariat	Global Corruption Report	483,000	52,756	-	-	-	52,756	236,700	-	236,700	-	(183,944)
CHRI	Right to Information	172,110	4,865	-	1,189,035	-	1,193,900	1,211,200	-	1,211,200	-	(17,300)
ARD		3,969,228			-	-		27,955	-	27,955	-	(27,955)
TIS - ALAC		26,217,450			6,602,650	-	6,602,650	624,182	-	624,182	-	5,978,468
SAFMA		40,000			-	-		40,000	-	40,000	-	(40,000)
TI Secretariat		-	5,131,914	(3,349,914)	-	-	1,782,000	-	-	-	-	1,782,000
Interest Income		1,500,000	-	-	-	-	-	-	-	-	-	-
TOTAL		115,930,262	19,952,212	(3,349,914)	60,922,584	320,370	77,845,252	34,159,097	19,958,349	54,117,446	-	23,727,806

Notes to the Financial Statements

Year ended 31 December 2011

8.	UNRESTRICTED FUNDS			2011	2010
				Rs.	Rs.
					Restated
	Balance as at the Beginning of the Year			2,430,561	(1,757,471)
	Transferred from Restricted Funds			-	3,349,914
	Net Surplus / (Deficit) for the Year			963,691	838,118
	Balance as at the End of the Year			3,394,252	2,430,561

9.	CAPITAL GRANTS			2011	2010
				Rs.	Rs.
	Balance as at the Beginning of the Year			3,904,080	5,125,016
	Transfer to Statement of Income & Expenditure			-	(1,581,596)
	Capitalise During the Year			516,861	360,660
	Balance as at the End of the Year			4,420,941	3,904,080

10.	RETIREMENT BENEFIT LIABILITY			2011	2010
				Rs.	Rs.
	Retirement Benefits Obligation-Gratuity				
	As at 1 January 2011			1,589,111	1,528,907
	Charge for the Year			385,645	607,325
	Payments Made During the Year			(321,032)	(547,121)
	As at 31 December 2011			1,653,724	1,589,111

11.	CREDITORS			2011	2010
				Rs.	Rs.
	Accrued Expenses			952,994	1,568,972
	Other Payables			258,054	46,274
				1,211,048	1,615,246

12.	PROJECT EXPENDITURE			2011	2010
				Rs.	Rs.
	Staff (12.1)			11,665,283	26,250,242
	Direct Cost (12.1)			17,603,118	23,206,513
	Indirect Cost (12.1)			4,890,696	1,328,542
				34,159,097	50,785,297

Notes to the Financial Statements

Year ended 31 December 2011

12. PROJECT EXPENDITURE (Contd.)

12.1 Project Activity Summary For the year ended 31st December 2010

Activity/Project	Donor Organization	Project Budget Year 2011	Transferred From Restricted Fund	Total Amount Expended			Total Expenses	Net Surplus /Deficit
				Staff Cost	DIRECT Project COST	Indirect Project COST		
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
NIS Study	TI Secretariat	1,838,311	942,845	741,420	201,425	-	942,845	-
Position Papers & Short Publications	SIDA/MFA	879,331	5,400	-	5,400	-	5,400	-
Governance Report 2010	Royal Netherland Embassy	2,416,060	642,393	180,000	462,393	-	642,393	-
Enhancing Demand for Local Accountability	NED	7,663,797	808,716	494,676	314,040	-	808,716	-
Campaign for Right to Information	SIDA/MFA	1,610,728	892,878	782,364	110,514	-	892,878	-
Parliamentary Watch	SAHR	980,102	135,190	66,010	69,180	-	135,190	-
Enhancing demand for local Accountability	EU	17,249,932	5,625,557	2,395,496	2,441,733	788,327	5,625,557	-
Investigative Journalism Training & Tool Kit	FES/SIDA/MFA	2,857,386	1,000,467	215,778	784,689	-	1,000,467	-
CHRI	CHRI	172,110	1,375,881	80,500	1,295,381	-	1,375,881	-
		35,667,757	11,429,327	4,956,244	5,684,755	788,327	11,429,327	-

Notes to the Financial Statements

Year ended 31 December 2011

12. PROJECT EXPENDITURE (Contd..)

12.1 Project Activity Summary For the year ended 31st December 2010 (Contd..)

Activity/Project	Donor Organization	Project Budget Year 2011	Transferred From Restricted Fund	Total Amount Expended			Total Expenses	Net Surplus /Deficit
				Staff Cost	DIRECT Project COST	Indirect Project COST		
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Total brought forward		35,667,757	11,429,327	4,956,244	5,684,755	788,327	11,429,327	-
ACI Reserch			1,092,367	838,414	1,554	252,399	1,092,367	-
Anti Corruption Monitoring		78,996	252,594	-	195	252,399	252,594	-
Transparent Reg.PSDI		6,186,877	4,441,603	791,824	3,397,380	252,399	4,441,603	-
ACI Research & Teach. Mat.		4,637,365	3,822,056	294,307	3,275,350	252,399	3,822,056	-
Increased CIABOC		809,737	1,171,524	918,414	711	252,399	1,171,524	-
ACT of Integrity Recg.		2,103,997	1,934,746	-	1,682,347	252,399	1,934,746	-
Private Sector & Civil Society Organisation								
ACI Evident Reserch & Integrity		1,836,641	725,894	202,169	300	523,425	725,894	-
ACI Dimensions in CSO's		1,421,856	819,910	196,335	100,750	522,825	819,910	-
ACT of Integrity & Best Practice		1,421,856	731,661	196,336	12,500	522,825	731,661	-
Citizenry								
Public Space for Corruption and Integrity		2,780,666	889,367	304,125	450,029	135,213	889,367	-
Develop of PG to Influence SDSO		4,050,654	2,438,856	534,125	1,767,869	136,862	2,438,856	-
PR Strategy Implemented to Prom Int		771,626	841,168	559,128	146,828	135,212	841,168	-
Acts of Int. and Best Practices		624,824	439,338	304,125	-	135,213	439,338	-
Exchange Programme - TI South Asian Chapters	FK	1,968,030	3,128,687	1,569,737	1,082,550	476,400	3,128,687	-
TOTAL		64,360,882	34,159,098	11,665,283	17,603,118	4,890,696	34,159,098	-

Notes to the Financial Statements

Year ended 31 December 2011

13.	RETROSPECTIVE RESTATEMENT OF ERRORS			
	The Grant that had been received in 2003-2005 were erroneously included in the restricted Funds during the period.The Financial Statements of 2011 have been restated to correct this error.The effect of the restatement on those financial statements is summarised below. There is no effect from 2006 -2011.			

	Equity Statement			Year ended 31 December 2011
	Increase in Revenue			Rs.
	2003			1,204,964
	2004			877,250
	2005			1,267,700
	Increase in Equity			3,349,914

14.	SHORT TERM DEPOSITS			2011	2010
				Rs.	Rs.
	Sundry Income			8,969	344,528
	Interest Income			822,972	466,623
	Partition Sales			128,000	-
	Resoure Persanal Income			3,750	-
	Exchange Gain			-	1,506
	CBO Payment NIA			-	5,000
	Old Newspaper Sale			-	6,500
	Photocopy Charges			-	3,671
	Supilipanna Books to EU			-	10,290
				963,691	838,118

Notes to the Financial Statements

Year ended 31 December 2011

15.	ADMINISTRATIVE EXPENSES	2011	2010
		Rs.	Rs.
	Salaries	11,232,693	11,247,758
	Consultancy Fees	52,000	632,296
	Audit Fee	156,128	100,000
	Staff Welfare	221,565	566,606
	Staff Training and Development	-	37,748
	Gratuity	385,645	607,325
	Travelling	60,362	152,147
	Foreign Travel	14,750	303,850
	Insurance -Business Guard	36,328	84,715
	Insurance -Life	64,280	176,717
	Insurance -Cash in Transit	-	1,029
	Printing and Stationery	420,917	1,063,207
	Postage, Stamps and Courier Charges	3,822	8,308
	Telephone/Internet charges	130,168	361,639
	Internet and E-mail Charges	-	17,410
	Water Rates	10,826	48,470
	Electricity	454,493	735,160
	Office Rent	1,682,396	825,119
	Equipment Maintenance	90,476	1,072,566
	Office Maintenance	677,282	395,748
	Security	547,733	1,496,647
	IT Maintenance	350,207	63,448
	CMC Rate and Tax	-	34,477
	Translation and Typesetting	98,250	194,720
	Vehicle Maintenance	4,813	28,766
	Fuel	52,211	59,847
	Depreciation	632,293	636,183
	Bank Charges	175,816	76,948
	Work Shops	-	994,847
	Loss on Disposal of Assets	2,295	32,321
	PAYE + EPF Surcharge	8,719	10,515
	Memberships	108,528	103,824
	IACC Registration	55,000	294,743
	Secretarial fees	14,548	55,527
	Miscellaneous Expenses	92,403	439,169
	Office Reallocation	994,190	-
	Recruitment	32,618	-
	Communication Strategy	142,500	-
	Financial System & Control	587,360	-
	AGM Expenses	67,345	-
	News Papers	48,140	-
		19,709,100	22,959,800

Notes to the Financial Statements

Year ended 31 December 2011

	TISL received grants from certain donors to be used to subsidise rent, rates & electricity expenses. The amounts received have been credited against those expenses as follows;		
		Rs.	
	Rent	137,691	
	Utility	103,230	
16.	CASH & BANK BALANCES	2011	2010
	Favorable Balances	Rs.	Rs.
	Balance at Bank	27,985,217	18,895,682
	Cash in Hand	28,807	21,229
		28,014,024	18,916,911
	Unfavorable Balances	(639,846)	(1,172,619)
	Balance at Bank	27,374,178	17,744,292
17.	CAPITAL COMMITMENTS		
	There are no capital commitments as at 31 December 2011.		
18.	CONTINGENT LIABILITIES		
	There are no contingent liabilities as at 31 December 2011.		
19.	EVENTS OCCURRING AFTER THE BALANCE SHEET DATE		
	There have been no material events occurring after the Balance Sheet date that require adjustments to or disclosure in the financial statements.		
20.	RELATED PARTY DISCLOSURES		
20.1	Transactions with Key Management Personnel of the organization		
	The key management personnel are the members of the executive 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 TISL. No member of the board of directors receives any salary or other compensation.		
		2011	2010
a)	Key Management Personnel Compensation		
	Short - term employee benefits	7,568,448	7,526,774

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