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ANNUAL REPORT .2019

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MISSION

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

VISION

A NATION THAT UPHOLDS INTEGRITY

PURPOSE

CONTRIBUTE TO INCREASE UNDERSTANDING OF CORRUPTION, STRENGTHEN ANTI-CORRUPTION STRUCTURES AND PROCESSES

ANNUAL REPORT 2019

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CHAIRPERSON'S MESSAGE

Sri Lanka has witnessed significant change in 2019. The Easter Sunday bombings and its resultant death and destruction highlighted our national vulnerabilities, which led to the return to a state of emergency and the reemergence of sectarian violence and communalism. The bombings had a profound effect on national political discourse leading up to the presidential elections of November. The clear failings within the previous government have stoked support towards the repeal of the 19th amendment to the Constitution. This indicates a challenge to independent checks and balances, which are cornerstones to accountable governance.

The status of ongoing corruption investigations and the shrinking of civil society space will inevitably be better understood in 2020. Irrespective of political change, TISL's work continues unabated with our focus remaining on the plight of people who face challenges from corruption and poor governance.

TISL's leadership in the Open Government space, ranging from championing citizen's right to information, to being convenors of civil society for the Open Government Partnership continues. Similarly, the commitment to "Name and Fame" honest public officials through the Integrity Icon 2019 has highlighted TISL's continued commitment to recognise those public servants whose efforts frequently go unrecognized.

The work of the Advocacy and Legal Advice Centres based in Vavuniya, Matara and Colombo have also ensured that TISL reaches and coordinates with citizens from around the country with work ranging from anti-corruption focused legal advice to ambitious community level collective action in the appellate courts.

The team at TISL led by Executive Director Asoka Obeyesekere continues to engage with a wide range of stakeholders. This is exemplified by the work being done on new cutting-edge areas such as that on proceeds of crime and victims and witness protection. A testament to the teams resilience is the ability for staff to grow within the organisation, which has ensured limited disruption with the turnover of staff. It has also been encouraging to see staff members receiving prestigious accolades and scholarships, which will enhance the capacity of the organisation into the future. I wish to acknowledge the role of the Executive Director in mentoring and facilitating the development of the young team, which continues to demonstrate creative excellence in outlook and approach under his visionary leadership.

I wish to acknowledge with thanks the services rendered by the Board of Directors, with particular thanks to Mr. K.W. Janaranjana and Mr. Gehan Gunatilleke who left the Board after several years of dedicated service. I am also encouraged by 10 new members joining the TISL membership, which will add further to TISL's knowledge and resource pool, equipping us to tackle the challenges of the future.

Looking ahead TISL foresees many changes that will challenge and strengthen us in new ways. Through this all, TISL remains resolute in its commitment to engaging with the people and our partners in combating corruption in all its forms.



S.C.C. Elankovan
Chairperson

EXECUTIVE DIRECTOR'S MESSAGE

2019 has witnessed TISL deepening its engagement across its diverse anti-corruption and governance mandate. This has ranged from launching pioneering Politically Exposed Person (PEP) online registers to broadening legal aid mobile clinics and RTI hubs to ensure more citizens have protection from corruption and avenues for recourse when facing injustice.

TISL continues to champion emerging governance issues, ranging from alleged multi-billion dollar money laundering schemes in infrastructure investment to pursuing cases in the appellate courts to ensure that citizen's right to information is protected.

The Integrity Icon Sri Lanka has moved from strength to strength, highlighting the significant value that derives from public participation, with winners having a sense of a public mandate, having been selected by the public themselves. Similarly, the historic unilateral publication of asset declarations by a cross-party group of MPs has underscored that there are those who want to shift the political culture and that TISL has been able to convene and support such progressive steps. This is an important space that TISL occupies in supporting and recognising those who seek to serve with integrity, which looks to challenge the proliferating culture of shaming, admonishment and pedaling a despair narrative.

Our Advocacy and Legal Advice Centres (ALAC) also continue to explore new areas such as microfinance exploitation and land rights issues, the latter which continues to be the most prevalent source of ALAC complaints. Likewise the ambitious RTI platform which TISL has occupied is now spread across an entire network of civil society organisations which seek to support citizens on exercising their Right to Information.

Looking ahead there will also be challenges. Government commitment to drive the Open Government Partnership agenda with the collaboration of civil society appears to be diminishing. Similarly bottlenecks in the RTI Commission and the appellate courts also raise concerns over timely justice. Even issues such as sexual bribery remain at large and frequently unmentioned. This underscores the reason why TISL must remain resolute in pushing its mandate, as it is only through the abrasive spirit of perseverance and challenging that long-lasting change is forged.

Going forward TISL will continue to work closely with journalists, with a continued commitment to journalism fellowships, which see young journalists mentored by experienced senior journalists who aid the development of corruption and governance underpinned stories. Similarly TISL will continue to be a repository of knowledge on key technical areas of anti-corruption ranging from work done on the creation of a legislative framework for administering proceeds of crime to understanding and engaging on the shortfalls in Sri Lankan compliance with UN Convention against Corruption (UNCAC) obligations.

It is this range of experience from policy advocacy all the way to citizen level legal representation which sets TISL apart. This has been enabled by a gifted young team of staff, who continue to grow in ability. This has seen many staff take leadership of their work in the public media space and has also witnessed staff being given international scholarships and opportunities to build their subject expertise to once again come and serve TISL and take forward its mandate.

Whilst there is a concern that civic space may shrink, following trends seen both regionally and globally, TISL remains steadfast in its commitment to stand against corruption and take the difficult steps to lead by example. Together with the management of TISL, I would like to thank all our members and other stakeholders for their resounding support and I look forward to collaborating closely in 2020.



S.C. Asoka Obeyesekere
Executive Director

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ENHANCED

CIVIC

MOBILIZATION



1.1 OPEN GOVERNMENT PARTNERSHIP

As the Civil Society Organisations' (CSO) coordinator, TISL has continued to act as a bridge between CSOs and the State. TISL organised CSO input to develop commitments and engagement in monitoring of the commitments set out in the first Open Government Partnership (OGP) National Action Plan (NAP) and the second NAP.

TISL commemorated OGP week from the 11 – 17 March 2019, by hosting a press conference on the second NAP and by creating public awareness of the OGP commitments through social media. TISL together with OGP CSO partners, developed a series of videos explaining Sri Lanka's OGP milestones and the NAP to the public. The thematic areas for the videos were on Anti-Corruption, Health, Education, Gender and Information Technology. Through this innovative approach, TISL was able to simplify the commitments and highlight the practical benefits of implementing the NAP for the average citizen.

Strengthening its collaboration with partners, TISL invited CSO partners to submit proposals on actionable OGP activities. Proposals were received from World Vision Lanka (WVL), Uva Shakthi Foundation (USF) and Sri Lanka Central Federation of the Deaf (SLCFD). Memorandums of Understanding (MOU) were signed with the respective CSO partners and financial support has been provided to carry out activities that include public debates, public awareness meetings, webinars and open forums. Throughout the year, TISL continued to call for proposals to provide financial support for civil society organisations interested in taking forward the relevant commitments under the second NAP of the OGP. TISL provided sub grants to Yeheliya, Total Development Foundation, Institute of Human Rights, Human Development Foundation, Child Vision, World Vision Lanka, Uva Shakthi Foundation and Voice Area Federation. TISL's work with its CSO partners has highlighted that many CSOs outside of Colombo are displaying a growing interest in engaging with the second NAP. TISL held its annual OGP CSO meeting in September 2019 with participants representing 22 organisations, allowing CSOs to connect with one another through a mutual interest in open government.

TISL met with 9 youth leaders representing different organisations in October 2019 to engage on OGP. TISL expects this interaction to be a first step in increasing awareness of OGP initiatives amongst youth networks and to encourage youth leaders to take on active roles in implementing OGP commitments. Amongst the group were 4 youth delegates who represented Sri Lanka at the UN General Assembly.

A major success for 2019 was the ability for OGP to provide a platform for the drafting of the Disabilities Rights Bill. TISL was able to convene regular meetings between CSOs working on disability rights issues and state sector stakeholders in order to ensure civil society input into the drafting process.

In November 2019, TISL collaborated with the Presidential Secretariat in organising a workshop for the CSOs and the government focal points working on OGP commitments. This provided an opportune moment for the CSOs to clarify their concerns with commitments, assess the timeline of relevant commitments and engage with the government focal points.

TISL's Senior Manager Programmes, Ms. Sashee De Mel, attended the OGP Summit in May 2019 and was invited to speak at the Opening Ceremony. The impact story that was presented on the Right to Information was commended by Sanjay Pradhan, CEO of the OGP Secretariat, and used on his 'Ted-style' talk on Democracy Beyond the Ballot Box at Georgetown University.

TISL invited TI Ukraine to share knowledge on the online asset declaration systems that have been established in Ukraine, as part of TISL's work on OGP and connected to longstanding advocacy for public access to asset declarations of public representatives and senior public officials. An expert from TI Ukraine visited TISL to strengthen the capacity of the TISL team to effectively understand methods of implementation and monitoring of the system, which is to be implemented under the OGP second NAP.



DISABILITIES RIGHTS BILL

A major success for 2019 was the drafting of the Disabilities Rights Bill. TISL was able to convene regular meetings between CSOs working on disability rights issues and state sector stakeholders in order to ensure the former's input is taken into consideration.





1.2 INTEGRITY ICON

Following the success of Integrity Idol 2018, TISL continued the tradition of 'Naming and Faming' honest public officials through the re-branded Integrity Icon Sri Lanka 2019. The campaign was launched on 20 June, calling the public to nominate deserving public officials. A widespread media campaign covering the most read newspapers in all three languages and videos calling for the nominations were shared on TISL social media platforms and widely watched media channels.

NAMING AND FAMING

TISL continued the tradition of 'Naming and Faming' honest public officials through the re-branded Integrity Icon Sri Lanka 2019.

In a testament to the public's enthusiasm, TISL received over 140 applications and over 400 calls regarding nominating public officials and enquiring about the process. The highest number of applications were from Colombo while the second highest was from Batticaloa. Applications were reviewed on several criteria and 83 candidates were selected for the second round using the criteria of values, impact, personal cost, role model potential and strategic action. TISL carried out thorough background checks and conducted interviews with key persons with feedback and presented to the panel of judges for any further follow up.

The panel of judges comprised of eminent persons who are recognised for their integrity and contribution to society. The panel comprised of -

- Mr. Lalith Ambanwela – Former Additional Auditor General and past winner of TISL's National Integrity Award
- Ms. Maithreyi Rajasingham AAL –Executive Director, Viluthu
- Mr. Sundara Nihathamani De Mel – Veteran Journalist, Former Editor-in-Chief of Silumina and Lakkbima Newspapers
- Ms. Thewagawry – Senior Journalist and Media Trainer
- Mr. Asoka Gunawardena – Executive Director, Marga Institute and former Additional Secretary to the Ministry of Public Administration and former Director of the Sri Lanka Institute of Development Administration (SLIDA)



The top 10 nominees were shortlisted and interviewed by the panel of judges, with five finalists selected. Short films were produced to depict the story of each finalist. Voting was opened to the public through a dedicated SMS platform to allow the public to vote for their favourite Integrity Icon.

Ms. P.A.C Priyadarshani, the Principal of St. Mary's College, Mathugama, was crowned the winner of Integrity Icon 2019 in a public SMS poll with over 20,000 votes. Ms. Priyadarshani demonstrated her integrity through her zero-tolerance policy against political interference and other attempts to influence Grade 1 admissions to her school. Ms. Priyadarshani has strictly implemented the points system through which to score applications for enrolment at the school and has been able to withstand external pressures in the running of St. Mary's College, Mathugama.



Upon accepting the award, she said, “if public officials are to work with honesty, they must let go of the fear of political authority and reprisals. While officials are often accused of being headstrong and rebellious in carrying out their duties, in my experience I have found that such labels have been attached in instances where I have actually done my duty in line with the law.”

The ceremony was addressed by the Chief Guest Prof. Mohan Munasinghe, the eminent academic and former Vice-Chair of the Nobel prize winning Inter-Governmental Panel on Climate Change (IPCC). The ceremony was attended by approximately 250 distinguished guests including public officials, past winners of Integrity Icon, representatives of civil society organisations and representatives of the private sector.

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SUPPORT

OPEN

GOVERNMENT



2.1. RIGHT TO INFORMATION

TISL has established itself as a key and trusted source for guidance in filing Right to Information (RTI) requests, both at the grassroots level as well as the national level. TISL's Shelter for Integrity offices also known as the Advocacy and Legal Advice Centres (ALAC) were expanded to operate as RTI Hubs. TISL has previously partnered with several CSO organisations to operate RTI hubs in Trincomalee, Ampara and Jaffna and this hub network was expanded in 2019 to include Anuradhapura and Nuwara Eliya. The RTI hub network has proven to be a successful model of ensuring broader citizen reach in RTI request facilitation whilst minimising transactional costs. TISL is also one of the only organisations that supports an RTI requestor all the way to the RTI Commission appeal stage. Since the Commission is permanently based in Colombo, many RTI users from regions outside the capital are dissuaded by the distance and related costs from availing themselves of the Commission appeal procedure. The provision of RTI facilitation by TISL is therefore extremely useful in bridging the gaps between the RTI-using public and the RTI Commission.

RTI SUCCESS STORY FROM JAFFNA

Mrs. Suventhini lives in Nallur, Jaffna and is a mother of a young boy who is schooling. She cooks for a living. The income she receives is not enough for her to manage her daily expenses. Therefore, she had made repeated requests to be included in the Samurdhi welfare programme from the local Samurdhi officer, but she did not receive a response. Last year, she filed an RTI application with the Nallur Divisional Secretariat and asked for the criteria used by the Samurdhi department to select the beneficiaries. After three days, the Divisional Secretary called her over the phone, and said "come to the office, then you can collect your Samurdhi card". She is now receiving her due benefits from the Samurdhi programme.

The Civic Mobilisation Meetings (CMM) conducted by TISL continue to be an important platform that provides the opportunity for the public to interface with officials and raise questions and concerns faced. This has facilitated constructive dialogue while creating mutual understanding of existing challenges. TISL held over 23 CMMs in various districts, harnessing the reach and diversity of the RTI hub network. Issues identified at the grassroots level were taken up and sometimes resolved immediately at follow up town hall meetings. The CMM model has helped to mobilise village communities on the use and relevance of RTI in solving issues they face in interacting with state entities. Most of these issues are linked to important economic, social and human rights issues such as access to health care, social security, public utilities and education. A key highlight of the CMMs has been that the majority of participants have been women.



TISL's work in these communities has resulted in more women being reached, especially in the North and East of Sri Lanka. This could be attributed to the increased number of female headed households following the war, and the ease of access for women to participate in meetings that are conducted in their respective areas. However, in contrast, it was observed that the majority of clients who benefit by visiting the RTI hub offices were men.

CIVIC MOBILISATION MEETING SUCCESS STORY

Gonagala-Kotmale in the Ampara District is a resettlement village for those affected by the war. This village comes under the Uhana Divisional Secretariat. The residents of the village do not have access to many basic needs including access to safe drinking water. When we conducted a civic mobilisation meeting there, the villagers filed an RTI application with the national water supply and drainage board in Uhana and asked about accessing drinking water, but the villagers were not satisfied with the response they received. We then conducted a town hall meeting in Akkaraipattu and invited the relevant authorities to participate in the program. The issue faced by the village of Gonagala-Kotmale was raised at this meeting. One month later, the villagers were provided with access to clean water by the Uhana Water Board.





Celebrating the implementation of the RTI Act, TISL commissioned a research team to conduct an assessment of RTI implementation “RTI One Year On”. A research team from the Institute for Participatory Interaction in Development (IPID) used a methodology developed by the Freedom of Information Advocates Network (FOIANet) to conduct the study.

www.tisrilanka.org/rtia2019

TISL launched the “RTI One Year On” study at a panel discussion in August 2019 with representatives from the Right to Information Commission and the Ministry of Mass Media commenting on the findings of the study and addressing its recommendations. A lively audience raised a number of questions regarding the methodology and the outcome of the study, with suggestions for future assessments that may be carried out.

The citizen focussed RTI outreach work of TISL was complemented by the collaboration TISL had with the Vavuniya Urban Council to establish an RTI compliant website, which was launched in August 2019. Subsequently other Local Government Authorities (LGAs) have approached TISL for similar collaborations, which signifies a positive desire to ensure greater proactive disclosure of information.





2.2. ASSET DECLARATIONS

TISL has been committed to amending the Declaration of Asset and Liabilities Act that empowers any person to obtain the asset declaration of a public servant, with stifling secrecy provisions around the right to share such information when received. In December 2015, TISL presented a draft amendment to then President Sirisena, requesting the removal of the secrecy provisions of the Act. Despite initial traction, the amendment lacked government support, however it initiated an important media dialogue on the need for public Asset Disclosure.

Through continuous sustained advocacy on the issue, on a historic occasion in March 2019, a group of five members of parliament from across party lines came together to unilaterally publish their asset declarations in the public domain. This marked a significant milestone in bringing this information into the public domain, and underscored an important first step towards promoting a culture of transparency and accountability. Since then five more MP's took the step to make their asset declarations publicly available on the TISL website.

www.tisrilanka.org/MPassets

With 30 June 2019 being the deadline for all MPs to submit their Asset Declarations for 2018/19 to the relevant authorities, TISL initiated an 'Asset Declaration Public Awareness Campaign' in June. The press conference convened on 27 June urged all members of parliament to use this opportunity to also make their asset declarations publicly available.

Continuing the work in holding public officials accountable, in September 2019, TISL filed a complaint with the Commission to Investigate Allegations of Bribery or Corruption (CIABOC), citing information obtained through the Right to Information Act, which showed that 8 members of the Cabinet of Ministers had not submitted their Declarations of Assets & Liabilities for 2018/19, as at 20 August 2019. Cabinet Ministers are required to submit their declarations to the Presidential Secretariat under section 4(a)(ii) of the Declaration of Assets and Liabilities Law. Following the TISL complaint, some of the Ministers ensured that the necessary steps were taken and submitted their Declaration of Assets and Liabilities in line with the law.

In May 2019, the Court of Appeal (COA) took up an appeal by the Presidential Secretariat against the order by the Right to Information Commission (RTIC) in December 2018 to provide the Asset declaration of the then Prime Minister Ranil Wickremesinghe to TISL. This followed TISL filing two RTI requests in 2017 requesting the Asset Declarations of the President and the Prime Minister for 2015/16.

TISL views both the unilateral disclosure of MP asset declarations and the order of the RTIC as a watershed moment in changing the country's political culture where elected officials are required to and acknowledge the need to be accountable to the public.



2.3. JOURNALISM FELLOWSHIP

TISL enhanced its journalist training program to create a Fellowship for Investigative Journalists to strengthen accountable governance in Sri Lanka. The fellowship ensures that young and aspiring journalists are trained, supported and mentored to sharpen their investigative journalism skills. The fellows have published stories on public procurement, accountability, asset declarations,

asset recovery and other related topics. The young journalism fellows have the opportunity to work with a mentor who is a respected veteran in the field. Four journalists working in English, Sinhala and Tamil languages were selected in 2019 as fellows. A total of 13 news stories have been published since the inception of the fellowship program.

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**STRENGTHEN
ACCOUNTABLE
GOVERNANCE**



3.1. SHELTER FOR INTEGRITY

TISL's Shelter for Integrity, or Advocacy and Legal Advice Centres (ALACs) as they are also known, continued to build on its foundations of free legal aid services for those members of the public who have been victims of corruption. This has primarily been coordinated through Colombo, Vavuniya and Matara offices. The five most common areas of corruption issues were from lack of transparency, inefficiency, fraudulent/false accounting, misuse of public position and favouritism.

With the intention of taking TISL to the grassroots level where communities who are often excluded from normal complaint-redress mechanisms are provided the opportunity to receive the services of ALAC, TISL conducted several mobile legal clinics throughout 2019.

The most common issues faced by communities, as highlighted in mobile clinics were land issues, Samurdhi issues and micro finance. ALAC also conducted RTI awareness programs and facilitated RTI requests for

those who came for the mobile clinics. The concept of mobile clinics has proven itself to be invaluable in ensuring the voice of marginalised communities are heard and ensuring redress is provided.

Mobile clinics conducted in Anuradhapura, Polonnaruwa and Vavuniya specifically highlighted micro finance related issues faced by the community. Women, who are typically more vulnerable to the negative effects of micro finance, were also sometimes faced with instances of sexual bribery. In addition to assisting clients ALAC conducted awareness programs on micro finance laws and solutions to common challenges. TISL also filed RTI requests with the Central Bank on micro finance registration, blacklisting and information on future micro finance reforms. ALAC will look to work further in the future to propose policy reforms in the micro finance sector.

Lawyers Network

The ALAC also convened two preliminary Lawyers Network meetings during 2019. The initial meeting was conducted in August with the participation of 8 lawyers from Colombo and Negombo. A second meeting was conducted in the Matara district, with the participation of 38 lawyers. Participant lawyers were willing to engage in the discussions initiated by ALAC on a pro-bono basis. The network also suggested awareness raising on anti-corruption for law students and legal clinics for prisoners which will be looked at in the future.



Local Government Engagement

Public procurement has been a new area of work that TISL has commenced in 2019 and will continue to work on in 2020. ALAC conducted capacity building workshops for Local Government Authorities (LGAs) members and officials in Vavuniya district on transparency in public procurement practices, and the importance of gender budgeting within the LGAs. This included exposure visits with the Maskeliya Pradeshiya Sabha and with the Kandy Municipal Council on two separate occasions.

ALAC also worked with the LGA women councillor members, providing capacity building on gender responsive budgeting and leadership skills. By providing this additional support, the intervention aims to ensure more inclusive and representative LGAs, enabling the women councillors to strengthen their constituencies, thereby also strengthening the likelihood of women being elected in the future.

With the support of ALAC, Vavuniya Urban Council launched their RTI compliant official website in August 2019, which seeks to ensure greater proactive disclosure of information.

In 2019, ALAC conducted Capacity Building Trainings on Anti-Corruption Mechanisms for the administrative officials attached to LGAs in the Western Province and an Awareness Raising program on Anti-Corruption for the administrative officials of the Angunakolapelessa Prison, Matara. The engagement with prisons highlights an important avenue for engagement with law enforcement and correctional facilities for the future.



CONDOMINIUM CASE IMPACT STORY

Working together with several residents' associations in the Colombo district, TISL initiated public interest litigation towards tackling the longstanding problem of condominium developers violating building rules and regulations. These illegal constructions have created many issues such as sewage blockages, low pressure water lines and traffic congestion. Illegal constructions have also affected residents with some houses and buildings having developed cracks and other structural infirmities. Most of the affected residents have complained about this matter to the respective authorities, but with no action taken. ALAC also contacted the respective authorities on these matters as an initial step, as there are clear legal provisions on the matter. With no remedy forthcoming from the authorities, TISL filed a Public Interest Litigation (writ case) in order to challenge the authorities failure to follow condominium development regulations, which is essential to ensuring sustainable development.

Transparency Int'l to assist aggrieved residents in battle against illegal constructions



PROPERTY
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Transparency International Sri Lanka is assisting residents of three localities to obtain information pertaining to certain condominium constructions in their areas from the Urban Development Authority (UDA) while conducting a

public awareness campaign on illegal constructions, official say.

"We are helping some residents to obtain information through the Right to Information (RTI) Act. We will be assisting them through RTI and facilitating their requests," Asoka Obeyesekere, Executive Director Transparency International Sri Lanka told the Business Times.

He said that at a recent meeting with the Mt. Lavinia Resident's Association (MLRA), Dehiwela Residents' Association (DRA) and representatives in areas from Colombo 3 and 6, discussions and ideas were exchanged on raising public awareness especially on a 'buyer beware' campaign.

Some residents at the meeting held mid this month said that despite letters written to the Information Officer of the UDA being acknowledged within the stipulated 14 days, there wasn't any further response to the requests.

Complaints by residents were mainly on the pile driving for construction and excavations so close to their properties that will cause structural damage to their houses. "This is a major concern to all of us," one resident said at the meeting.

The residents were concerned about pertinent issues such as under what UDA Regulations and under what category in Form C of the regulation (number of floors) an application is made to build an apartment complex, the one-

space extent that has to be kept on each side of the high-rise structures etc. Permitting high rise constructions without the minimum specified land area and road width and letting condominium developers to routinely exceed the specified number of floors is the worst violation, the resident told the Business Times on the sidelines of the meeting.

The MLRA and the DRA have filed three court cases each against the UDA and certain builders and these were also discussed at this meeting. The residents fear that some of these authorities may be under the influence of cash-rich builders. "We're now collecting evidence on this," one resident said.





3.2. RESEARCH IN ANTI-CORRUPTION LEGISLATION

Proceeds of Crime & Politically Exposed Persons

TISL continued to advocate for the adoption of a Proceeds of Crime Act (POCA) and worked to raise public awareness and build on the body of knowledge within civil society on a need for a mechanism for the repatriation and administration of monies that arise from criminal activity.

TISL created a brief on the proposed Proceeds of Crime Legislative and Policy Framework in Sri Lanka highlighting the need for a comprehensive law on the recovery of stolen assets and key elements that need to be incorporated into any future law. The brief analysed the existing law in Sri Lanka, pertaining to the recovery of stolen assets, highlighting the gaps therein to effectively recover such proceeds of crime. The brief has been created to ensure that any future Proceeds of Crime Bill is informed by previous detailed deliberations.

www.peps.lk

TISL also organised a Proceeds of Crime week from 9 September – 13 September 2019, that focused on raising civil society awareness on the need for a legislative framework on asset recovery and better understanding global illicit financial flows. In addition to civil society sessions, there were pro-bono sessions from acclaimed international experts for legal professionals on real-life asset recovery issues and challenges. This week was coupled with a social media campaign which sought to make Proceeds of Crime more understandable to the public.

Complementing the POCA advocacy, TISL created an online politically exposed persons (PEP) register. This PEP register was launched in November 2019. Currently the register includes more than 2500 profiles including individuals and SOEs (State Owned Enterprises). Developed in line with Financial Action Task Force (FATF) guidelines, this is the first publicly available database in Sri Lanka which has information about politically exposed persons. It also is a vital tool to understand power structures within state entities, with information on directorships and holding structures.

Global Corruption Barometer

TISL also participated in the Global Corruption Barometer (GCB), the largest public opinion survey on views and experiences of corruption conducted under the guidance of the Transparency International Secretariat (TI-S). As a poll of the general public, it provides an indicator as to how corruption is affecting individuals on a national level and how efforts to curb corruption around the world are viewed on the ground. The survey incorporated the views of a stratified sample consisting of 1,300 citizens aged 18 – 80 years across Sri Lanka and the key findings capture the experience and perception of corruption among the Sri Lankan public as well as the willingness to act against corruption. TISL developed the GCB survey questionnaire in collaboration with the TI Secretariat to capture gendered elements of corruption. TISL played a distinct role in including sexual bribery related questions to the GCB questionnaire, which were incorporated in other national GCB questionnaires. The report was published on 9th December 2019 as part of a series of events marking International Anti-Corruption Day.

Among the State institutions assessed in the GCB survey the Courts, the Government and the Police were evaluated. As many as three-fourths of the respondents viewed the courts positively. Opinions were relatively less favourable for the government and the police. While only 9% of those who paid a bribe said that they were overtly asked to do so by government officials, as many as 70% did so voluntarily. 52% said this was due to an implicit understanding that a bribe needed to be given to get their work done or expedited. The GCB has initiated interesting debates amongst the public over corruption and the perception of corruption in Sri Lanka.

GCB 2019 Report

www.tisrilanka.org/works/global-corruption-barometer-2019-sri-lanka/

Shirani Tilakawardene article

www.srilankaguardian.org/2019/12/sextortion-new-name-age-old-crime.html

Local Government Procurement

TISL conducted a cross comparison study of the procurement costs within Local Government Authorities, highlighting the cost of corruption and key risks and vulnerabilities within their procurement processes. The sample for this study consisted of 75 LGAs, which included 3 LGAs per district. Some of the key

findings identified included the failure in providing the successful bid proposal for particular procurements, irregular appointment of Technical Evaluation Committee members, unavailability of an Internal Auditor and Audits and a hesitancy in disclosing the Audits conducted by the Auditor General's Department. Through this study, TISL was able to initiate engagement with LGAs on transparent procurement practices.

Sustainable Development Goals (SDGs)

SDG 16 focuses on Peace, Justice and Strong Institutions. Building on the SDG 16 TI Shadow Report methodology, implemented by TISL in 2018, TISL developed a SDG 16 Tracker - <http://www.sdg16tracker.tisrilanka.org>

A corruption risk assessment was also conducted within four specific SDGs – Health (SDG 3), Education (SDG 4), Gender (SDG 5), Climate Change (SDG 13). The aim of this exercise was to develop local SDG indicators capturing variances based on gender as well as ensuring that all data captured can be gender aggregated.

TI Sri Lanka was recognized as one of the most active TI chapters working in the area of SDG 16 along with TI Chile, TI Nigeria (CISLAC) and the TI Secretariat.





3.3. ELECTORAL INTEGRITY

TISL commenced election monitoring activities for the 2019 Presidential Elections under the Programme for the Protection of Public Resources (PPPR) on 8th October, through the launch of a hotline where the general public could report incidents where public resources are being misused for election campaign purposes. The PPPR team deployed 25 District observers together with 160 Electorate observers at the grassroots level to monitor and verify misuse of public resources. A series of print and social media advertisements invited the general public to report misuse of public resources through hotlines, social media, email and fax.

Press briefings, press releases, field visits, election day monitoring and requesting the asset declarations of the six main candidates from the Election Commission of Sri Lanka were some of the key interventions made by the PPPR team. Numerous cases of election law violations were exposed by TISL, such as those connected to the granting of states, saving state resources that would be otherwise misused. TISL recorded a total of 116 complaints during the election campaign period. For the first time, all verified complaints and responses from the Election Commission were made publicly available online by TISL ensuring the greatest transparency and public engagement.

The complaints and responses can be found at:

<http://www.tisrilanka.org/pppr/>

TISL is a pledged member of the March 12th Movement (M12M) for clean politics. M12M is a group of civil society organisations that advocate for a clean, corruption free political culture in Sri Lanka, with the aim to create public pressure on political parties to ensure election integrity. The movement raises public awareness on the need to elect clean political representatives that uphold the values of good governance, transparency and accountability – values that are integral to the work of TISL. Throughout 2019 the M12M platform has provided an invaluable advocacy space for asset declaration reform and the need for campaign finance regulation.



.04

ENSURE

INCLUSIVE

GOVERNANCE



4.1. VULNERABLE COMMUNITIES

TISL designs its interventions and advocacy to enable access to marginalised and vulnerable communities, both in rural and urban areas. These designs are grounded in the findings and recommendations of the “Study on Vulnerabilities and Corruption in Accessing Local Government Authority Services” conducted in 2017. The study defined ‘vulnerability’ in terms of the levels of economic, cultural and social capital that households were able to utilise in accessing local authority services in the deployment of this tool.

The 2014 Human Development Report stated that people living with some form of disability are disproportionately represented among the world’s poorest and at greater risk of suffering from violence, disaster, catastrophic health expenses and many other hardships. They may face barriers due to attitudinal, physical and financial issues. Having identified this need to enable people living with disabilities to have equal access to public institutions, TISL conducted a series of RTI awareness programs at the Nuffield School for the Deaf and Blind in Jaffna, and in Matara, in collaboration with the Central Federation of the Deaf. Similar programs

were conducted for participants in Vavuniya, Mullativu, Kilinochchi, Trincomalee, Ampara, Batticaloa, Kandy, Nuwara Eliya and Matale.

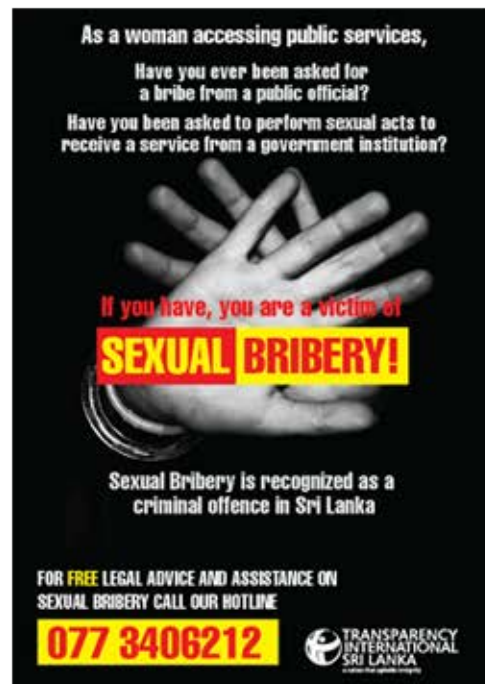




4.2. GENDER AND CORRUPTION

TISL has identified sextortion and sexual bribery to be prevalent issues, especially faced by women coming from marginalised communities, through TISL mobile clinics conducted island-wide. TISL conducted a Sambashana (public forum) on sexual bribery in October 2019 with the participation of Mr. Priyantha Jayakody – DIG Crimes and Organised Crimes, Ms. Shymala Gomez – Executive Director Centre for Equality and Justice and Ms. Shreen Saroor – Women’s Rights Activist. The Sambashana was held with the aim to create awareness on the subject of sexual bribery among communities across the country and to advocate for its recognition in the anti-corruption legal framework in Sri Lanka. The program was streamed live on Facebook with the support of the Women and Media Collective.

To complement the Sambashana a sexual bribery awareness campaign was conducted with trilingual videos disseminated across social media platforms alongside a poster campaign in over 12,000 government institutions.

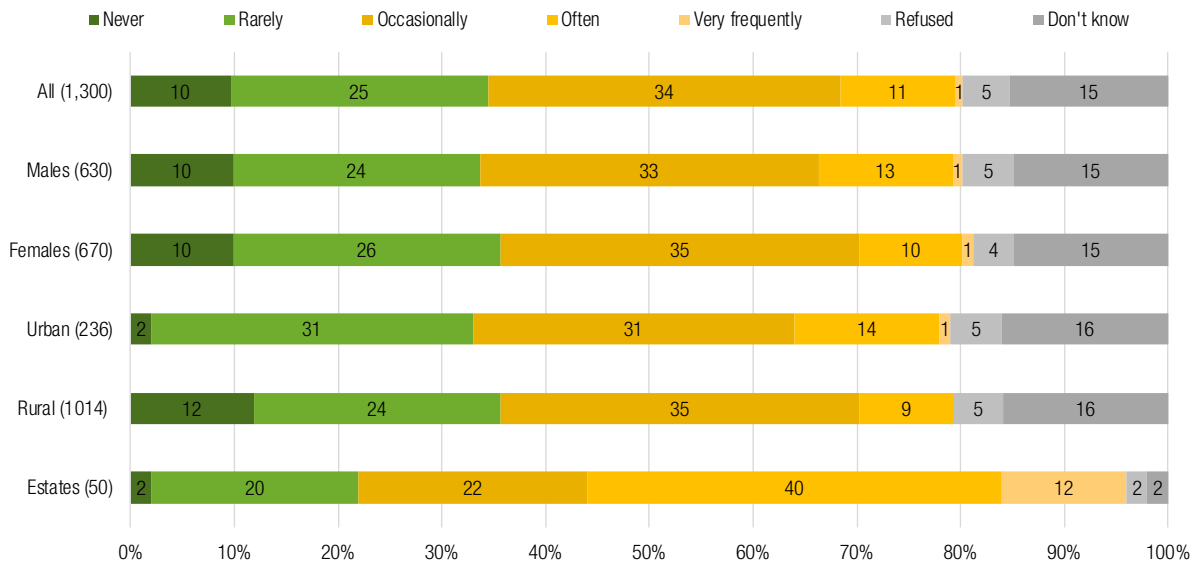




<https://www.facebook.com/tisrilanka/videos/2278329632458206/>

The GCB conducted by TISL revealed that 46% of the respondents believed that sextortion which occurs when a public official indicates the willingness to provide a government benefit in exchange for sexual favours, happens either occasionally, often or frequently. The GCB further illustrated that within rural areas, a greater vulnerability was present amongst those within the estate sector, highlighting the multiple layers of vulnerabilities experienced by these communities, and therefore the need for targeted interventions.

Perceived frequency of occurrence of sextortion



.05

TISL IN
THE MEDIA



The year 2019 was once again an eventful year for TISL in terms of our engagement with the media. Not only were we able to continue our engagement with print and broadcast media, we were also able to expand our social media engagement and reach significantly.

KEY INSIGHTS FROM SOCIAL MEDIA

Facebook – 14,000+ Likes

Twitter – 1,300+ Followers

Instagram – 600+ Followers





Failure to submit Asset Declarations; TISL files complaint against 8 cabinet ministers

A complaint was filed with the Commission to Investigate Allegations of Bribery or Corruption (CIABOC) against 8 cabinet ministers due to their failure to submit their Declarations of Assets and Liabilities as at 20th August 2019. This received wide coverage in the news media contributing to mainstreaming the public discourse on the importance of public disclosure of asset declarations by elected representatives and senior officials. A pledge to publish cabinet ministers' asset declarations was subsequently included in the manifesto of one of the major candidates for the 2019 Presidential election.



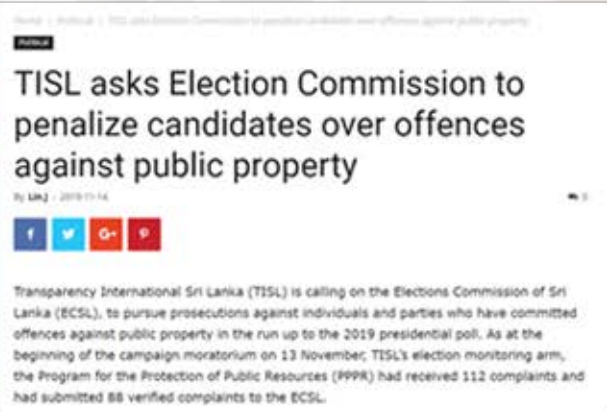
Historic first; Asset Declarations made public by 5 MPs

A historic turning point in Sri Lankan politics was marked in February 2019 when 5 Members of Parliament publicly published their declarations of assets and liabilities. They were followed shortly after by 5 more MPs.



Protecting Public Resources

The Program for the Protection of Public Resources (PPPR) received a great deal of publicity in the lead up to the 2019 Presidential Election. The media attention that was drawn to key complaints lodged by the PPPR with the Elections Commission of Sri Lanka also contributed to increased public awareness on the work carried out by TISL's election monitoring arm.



Know your Rights campaign

Social media has proved to be very useful in communicating complex ideas to a broad audience. The campaign "#KnowYourRights" raised public awareness on the provisions of the Assistance to and Protection of Victims of Crime and Witnesses Act. Through a series of videos, canvases and infographic posts the public were informed of how to differentiate between victims, witnesses and whistleblowers and identify the protections available to them under law.



Highlighting Money Laundering

TISL played a key role in exposing the money laundering risks surrounding a major oil refinery project in Hambantota. Our intervention brought about increased public scrutiny on the \$3.85 billion project and the source of funding.



BOARD OF DIRECTORS

S.C.C. Elankovan (Chairperson)

Mr. S.C.C. Elankovan received degrees in Philosophy and Law, and a Masters in Public Administration from the University of Madras. While a refugee in India for 17 years and pursuing his higher education, Mr. Elankovan worked for an organisation of Refugees working with refugees. He has worked in the NGO sector for the last 26 years, 19 of which have been spent in Sri Lanka working for INGO'S such as ZOA and Oxfam. He has also worked in varied capacities with the Sarvodaya Shramadana movement. A substantial extent of his professional career has been in the areas of rehabilitation and community development, working among refugees, IDPs and war affected communities.

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

Anushika Amarasinghe (Deputy Chairperson)

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

As a freelance consultant in the development sector, Ms. Amarasinghe has worked on several assignments in organisational development, strategic planning and fundraising. She is a director at Sustainable Development Consultants Private Limited, a Project Consultancy and Property Development Company. A member of the Chartered Institute of Management Accountants and of the Bar Association of Sri Lanka.

K. W. Janaranjana

An Attorney-at-Law, Mr. Janaranjana is a senior journalist who is presently Editor of the weekly newspaper 'Anidda'.

He was the founder member and CEO of the Rights Now Collective for Democracy and has previously served as both the assistant secretary and secretary of the Free Media Movement. Mr. Janaranjana is a lecturer of Law and currently serves as a Senior Lecturer at the Centre for Professional Studies (CFPS) Colombo. He holds a diploma in Communication from the University of Sri Jayewardenepura and is a member of the Bar Association of Sri Lanka.

Shyamala Gomez

Shyamala Gomez is a Human Rights Lawyer and a Women's Rights' Activist. She is the Executive Director of the Centre for Equality and Justice (CEJ), a local women's organisation based in Colombo. CEJ's mandate includes the promotion of gender equality. CEJ is the former FOKUS WOMEN, the Country Office for FOKUS, a women's organisation based in Oslo. Ms. Gomez served as the Country Director of FOKUS WOMEN from 2014 to December 2017. Ms. Gomez taught law at the Faculty of Law, University of Colombo for eight years and was also the Gender Advisor to the UN Office of the Resident Coordinator in Colombo from 2006 to 2011. She also ran the Women's Housing Rights Programme at the Centre on Housing Rights and Evictions for over five years.

She has written and published extensively in the areas of violence against women, masculinities, rights of migrant workers, reproductive rights, land rights of women, women, peace and security and more generally on women's rights. These publications include an article on 'Women in Post War Sri Lanka: Linking Policy to Reality' that was published in Gender, Violence and the State in Asia by Routledge Publications in July 2016. She also has a recent publication on conflict related sexual violence in Sri Lanka for UN WOMEN Asia Pacific.

Gehan Gunatilleke

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

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

T. Someswaran

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

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

Shreen Abdul Saroor

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

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

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

Pavithra Kailasapathy

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

Pavithra is an Associate member of Institute of Personnel Management Sri Lanka and was a member of the IPM Council in 2002/3. She was a Director of the Board of Women's Education and Research Centre, Colombo, and Step-by-Step Studio, Colombo. She was also the Treasurer for 3 ½ years in FUTA. Pavithra has conducted training for non-governmental organisations leaders and staff on personal development, organisation development and leadership development.

Tony Senewiratne

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

He was Executive Director of LEADS (Lanka Evangelical Alliance Development Service) 1991- 2000. Mr Senewiratne was instrumental in setting up ESCAPE – an organisation for the Protection and Rehabilitation of Sexually Abused Children. He also set up Y-Gro – a Youth Rehabilitation programme – Vocational training centre & Campsite and was its Director from inception. He has been a Director of the English Language Ministry and presently serves as the Treasurer of Y-Gro.

Pulasthi Hewamanna

He is an Attorney-at-Law engaged in practice relating to Human Rights and Public Law litigation.

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

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

Camena Guneratne

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

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

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

VOTE OF THANKS

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

YOU MAKE OUR WORK POSSIBLE.

A SPECIAL THANKS TO

**BRITISH HIGH COMMISSION
COMMONWEALTH FOUNDATION
DAI
DIAKONIA
EAST-WEST MANAGEMENT INSTITUTE
INTERNATIONAL REPUBLICAN INSTITUTE (IRI)
JOHN KEELLS HOLDINGS
MFA NORWAY
MSI
NEELAN TIRUCHELVAM TRUST
OPEN SOCIETY FOUNDATION
TAIWAN FOUNDATION
TI SECRETARIAT
TI UK**



FINANCIAL STATEMENT

Independent auditor's report To the Shareholders of Transparency International Sri Lanka (Guarantee) Limited

Report on the audit of the financial statements

Our opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Transparency International Sri Lanka (Guarantee) Limited ("the Company") as at December 31, 2019, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Statement of Recommended Practice (SoRP) for Non-Governmental Organisations (NGOs) and Sri Lanka Accounting standards issued by CA Sri Lanka.

What we have audited

The financial statements of the Company, which comprise:

- the statement of financial position as at December 31, 2019;
- the Statement of comprehensive income for the year then ended;
- the statement of changes in funds for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

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

Independence

We are independent of the Company in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics), and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics.

Other information

Management is responsible for the other information. The other information comprises the information presented in the 'Annual report' and the 'Annual return' of the Company to the Registrar of Companies. The Annual report and Annual return is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the Annual Return, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Report on other legal and regulatory requirements

As required by section 163 (2) of the Companies Act, No. 07 of 2007, and we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.



CHARTERED ACCOUNTANTS
COLOMBO

10 September 2020.

Statement of comprehensive income

(All amounts in Sri Lankan Rupees)

Year ended 31 December

	Notes	2019	2018
Incoming resources	4	122,787,918	79,891,714
OPERATING EXPENDITURE			
Project expenses	5	(109,275,527)	(68,166,800)
Administrative expenses	6	(13,610,922)	(10,812,850)
Total operating expenditure		(122,886,449)	(78,979,650)
Net (deficit) / surplus on operating activities		(98,531)	912,064
Non operating income - net	7	(1,424,129)	5,660,292
Net (deficit) / surplus before tax		(1,522,660)	6,572,356
Income tax expenses	8	(1,373,471)	(1,292,962)
Net (deficit) / surplus after tax		(2,896,131)	5,279,394
Total comprehensive (deficit) / surplus for the year		(2,896,131)	5,279,394

The Notes on pages 41 to 59 form an integral part of these financial statements.
Independent Auditor's Report on pages 35-36

Statement of financial position

(All amounts in Sri Lankan Rupees)

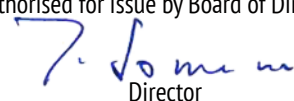
31 December

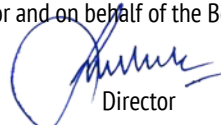
	Note	2019	2018
ASSETS			
Non-Current Assets			
Property, plant and equipment	9	766,443	791,513
Right-of-use asset	10	5,213,609	-
		5,980,052	791,513
Current Assets			
Notes and other receivables	11	5,950,544	5,125,448
Investments	12	20,447,740	4,611,383
Cash and cash equivalents	13	39,909,774	67,088,554
		66,308,058	76,825,385
Total Assets		72,288,110	77,616,898
FUNDING & LIABILITIES			
Accumulated funds			
Restricted funds	14	20,293,782	42,142,534
Unrestricted funds		41,597,784	30,423,208
Capital grants	15	600,533	525,163
		62,492,099	73,090,905
Non-Current Liabilities			
Retirement benefit obligation	16	3,135,800	3,126,133
Lease liabilities	10	3,263,289	-
		6,399,089	3,126,133
Current Liabilities			
Accruals and other payables	17	812,988	1,637,931
Income tax payable	18	532,775	(238,071)
Lease liabilities	10	2,051,159	-
		3,396,922	1,399,860
Total funding and liabilities		72,288,110	77,616,898

I certify that these financial statements have been prepared in compliance with the requirements of the Companies Act, No. 07 of 2007.


Finance Manager

The Board of Directors are responsible for the preparation and presentation of these financial statements. These financial statements were authorised for issue by Board of Directors on 10th September 2020. Signed for and on behalf of the Board by;


Director


Director

The Notes on pages 41 to 59 form an integral part of these financial statements.
Independent Auditor's Report on pages 35-36

Statement of changes in funds

(All amounts in Sri Lankan Rupees)

	Restricted funds	Unrestricted funds	Capital grants	Results for the year	Total
Balance as at 01 January 2018	64,176,167	25,143,814	-	-	89,319,981
Net surplus for the year	-	-	-	5,279,393	5,279,393
Balance before transfer to reserves	64,176,167	25,143,814	-	5,279,393	94,599,374
Total comprehensive surplus for the year	-	5,279,393	-	(5,279,393)	-
Funds received during the year	80,400,198	-	-	-	80,400,198
Adjustment made during the year	(22,542,117)	-	-	-	(22,542,117)
Additions during the year	-	-	700,218	-	700,218
Amortisation made during the year	-	-	(175,055)	-	(175,055)
Funds transferred to statement of comprehensive income	(79,891,714)	-	-	-	(79,891,714)
Balance as at 31 December 2018	42,142,534	30,423,207	525,163	-	73,090,904
Net surplus for the year	-	-	-	(2,896,131)	(2,896,131)
Balance before transfer to reserves	42,142,534	30,423,207	525,163	(2,896,131)	70,194,773
Total comprehensive deficit for the year	-	(2,896,131)	-	2,896,131	-
Funds received during the year	115,581,849	-	-	-	115,581,849
Adjustment made during the year	-	(571,975)	-	-	(571,975)
Addition during the year	-	-	333,900	-	333,900
Amortisation made during the year	-	-	(258,530)	-	(258,530)
Funds transferred to statement of comprehensive income					
- against expenses incurred	(122,787,918)	-	-	-	(122,787,918)
- on completed projects	(14,642,683)	14,642,683	-	-	-
Balance as at 31 December 2019	20,293,782	41,597,784	600,533	-	62,492,099

The Notes on pages 41 to 59 form an integral part of these financial statements.
Independent Auditor's Report on pages 35-36

Statement of cash flows

(All amounts in Sri Lankan Rupees)

Year ended 31 December

	Notes	2019	2018
Cash flows from operating activities			
Net (deficit) / surplus before income tax		(1,522,660)	6,572,355
Adjustments for:			
Depreciation of property, plant and equipment	9.2	416,404	338,610
Depreciation of leased assets	10	1,372,002	-
Provision for gratuity	16	542,485	1,033,812
Amortisation of capital grant		(258,530)	(175,055)
Interest income	7(b)	(4,905,253)	(4,617,722)
Net cash (used in) / generated before working capital changes		(4,355,552)	3,152,000
Changes in working capital:			
Receivables		(825,096)	3,658,056
Payables		(824,943)	(2,206,046)
Cash (used in) / generated from operations		(6,005,591)	4,604,010
Payment of taxes	18	(602,625)	(2,031,754)
Payment of gratuity	16	(532,818)	-
Net cash (used in) / generated from operating activities		(7,141,034)	2,572,256
Cash (used in) / generated from investing activities			
Purchase of property, plant and equipment	9.1	(57,655)	(11,203)
Addition to the capital grants		333,900	700,218
Investment on short term deposits		(16,513,175)	(383,733)
Interest income	7(b)	4,905,253	4,617,722
Net cash (used in) / generated from investing activities		(11,331,677)	4,923,004
Cash used in financing activities			
Funds received from donors and utilised		(7,206,069)	(22,033,633)
Return to donors		(1,500,000)	-
Net cash used in financing activities		(8,706,069)	(22,033,633)
Net decrease in cash and cash equivalents			
		(27,178,780)	(14,538,373)
Cash and cash equivalents at the beginning of the year	13.2	67,088,554	81,626,927
Cash and cash equivalents at the end of the year	13.2	39,909,774	67,088,554

The Notes on pages 41 to 59 form an integral part of these financial statements.
Independent Auditor's Report on pages 35-36

Notes to the financial statements

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

1. Reporting entity

1.1 Corporate information

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

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

1.2 Principle activities of the Company

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

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

The Board of Directors who held office for the year ended 31 December 2019 are as follows:

Name	Date of appointment	Date of resignation
Mr. S. C. C Elankovan (Chairman)	20.02.2015	Not applicable
Ms. Anushika Amarasinghe (Deputy Chairman)	20.06.2013	Not applicable
Ms. Shyamala Gomez	20.06.2013	Not applicable
Mr. K. W. Janaranjana	20.06.2013	30.04.2019
Mr. T. Someswaran	29.07.2014	Not applicable
Mr. Tony Seneviratne	27.07.2015	Not applicable
Ms. Shreen Saroor	08.02.2017	Not applicable
Mr. Pulasthi Hewamanna	08.02.2017	Not applicable
Mr. Gehan Gunatilleke	21.09.2017	28.05.2019
Prof. Camena Guneratne	26.09.2018	Not applicable
Prof. Pavithra Kailasapathy	27.11.2018	Not applicable

Notes to the financial statements (contd)

2. Basis of preparation

2.1 Basis of Preparation

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

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

These financial statements include the following components:

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

2.2 Responsibility for financial statements

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

2.3 Approval of financial statements

The financial statements for the year ended 31 December 2019 were authorised for issue by the Directors on 10th September 2020.

2.4 Materiality and aggregation

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

2.5 Going concern

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

2.6 Basis of measurement

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

Item	Note No.	Measurement basis	Note
Net defined benefit assets / (liabilities)	3.4.2	Actuarially valued and recognised at the present value	Note 16

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

Notes to the financial statements (contd)

2. Basis of preparation (contd)

2.7 Comparative information

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

2.8 Changes in accounting policies and disclosures

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

2.9 Functional and presentation currency

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

2.10 Use of judgments and estimates

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

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

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

Critical accounting estimates / judgments	Disclosure reference	
	Accounting policy	Note
Measurement of defined benefit obligations	3.4.2	Note 16

Notes to the financial statements (contd)

3. Significant accounting policies

3.1 General policies

3.1.1 Translation of foreign currency

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

3.1.2 Taxation

Current taxes

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

3.2 Accounting for the receipts and utilisation of funds

3.2.1 Funds

a) Unrestricted funds

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

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

Contributions received from general public are recognised in the Statement of comprehensive income on a cash basis.

b) Restricted funds

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

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

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

c) Other

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

3.2.2 Capital grants and subsidies

Grants and subsidies related to assets are deferred in the Statement of financial position and recognised as income over the life of depreciable asset by way of a reduced depreciation charge in the Statement of comprehensive income over the useful life of the asset.

Notes to the financial statements (contd)

3. Significant accounting policies (contd)

3.3 Valuation of assets and their measurement bases

3.3.1 Receivables

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

3.3.2 Cash and cash equivalents

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

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

3.3.3 Property, plant and equipment

a) Cost and valuation

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

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

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

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

b) Depreciation

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

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

	Estimated useful life	Rate of depreciation
Furniture and fittings	4 Years	25%
Office equipment	4 Years	25%
Computers	4 Years	25%
Motor vehicles	4 Years	25%

c) Donated asset

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

Notes to the financial statements (contd)

3. Significant accounting policies (contd)

3.3.4 Leases

The Company as a lessee

a) Recognition and measurement

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

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

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

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

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

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

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

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

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

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

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

- right of use for the storage warehouse 2-5 years

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

Notes to the financial statements (contd)

3. Significant accounting policies (contd)

3.3.4 Leases (contd)

b) Lease activities

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

c) Termination and extension option

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

The management has applied judgment that:

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

3.3.5 Investments

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

3.4 Liability and provisions

3.4.1 Provisions

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

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

Notes to the financial statements (contd)

3. Significant accounting policies (contd)

3.4.2 Retirement Benefit Obligations

(a) Provisions

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

(b) Defined benefit plan

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

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

(c) Defined contribution plans

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

3.5 Income and expenditure

3.5.1 Income recognition

(a) Incoming resources

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

(b) Revenue generated from other activities

Interest earned is recognised on an accrual basis.

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

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

Notes to the financial statements (contd)

3. Significant accounting policies (contd)

3.5.2 Expenditure recognition

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

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

3.5.3 Financial income and expenses

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

3.5.4 Non operating income and expenses

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

Year ended 31 December

4.	Incoming resources	2019	2018
	Income recognised for projects carried out (Refer Note 14)	122,787,918	79,891,714
		122,787,918	79,891,714

Year ended 31 December

5.	Project expenses	2019	2018
	Staff cost	25,328,919	17,172,136
	Direct project cost	83,946,608	47,244,257
	Indirect project cost	-	3,750,407
		109,275,527	68,166,800

Notes to the financial statements (contd)

5. Project expenses (contd)

Donor	Name of the project	Staff cost	Project Cost	Total
Ministry of Foreign Affairs - Norway	Stronger democracy through anti corruption, open and inclusive governance	4,178,240	17,460,081	21,638,321
British High Commission	Strengthening electoral processes and democratic practices in Sri Lanka	-	7,844,971	7,844,971
Transparency International e.V. Secretariat - ACA	Implementation of anti corruption agency strengthening initiative	1,143,675	486,116	1,629,791
Transparency International e.V. Secretariat	Implementation of supporting accountable governance through strengthening anti corruption mechanisms	690,255	3,773,909	4,464,164
Diakonia - Sri Lanka	Sri Lanka democracy and justice programme	2,567,299	3,328,931	5,896,230
Open Society Foundation	Strengthening democracy by supporting political representation and freedom of expression	3,981,468	11,791,529	15,772,997
Commonwealth Foundation	Promoting civic state engagement to support effective implementation of the right to information act in Sri Lanka	747,527	2,179,227	2,926,754
The International Republican Institute	Training on the misuse of state resources and transparency in managing public assets and training for resource person	-	3,679,112	3,679,112
Transparency International e.V. Secretariat	Enabling impact	560,208	1,160,564	1,720,772
East West Management Institute	Advancing transparency and accountability and countering corruption in Sri Lanka	1,149,320	994,182	2,143,502
Open Society Foundation	Organizational support and advancing the open government partnership in Sri Lanka 2017 - 2019	3,725,581	5,361,214	9,086,795
DAI Global, LLC	Supporting democratic governance through strengthened civil society collaboration	843,100	2,596,605	3,439,705
Taiwan Foundation (TFD)	Integrity idol Sri Lanka 2019	-	209,684	209,684
Transparency International e.V. Secretariat - Anti Corruption in OGP	Supporting implementation of anti - corruption commitments	-	4,272,475	4,272,475
Neelan Tiruchelvam Trust	Supporting women's voices through transparent and participatory governance at the local level	621,995	1,261,204	1,883,199
Transparency International - Ukraine	Peer learning grants	-	424,538	424,538
Transparency International - United Kingdom	National advocacy to advance Sri Lanka's anti corruption summit commitments	1,146,118	7,619,686	8,765,804
IDEA (Management Systems International)	Strengthened civil society advocacy for comprehensive anti-corruption mechanisms	3,974,133	7,904,051	11,878,184
John Keels Holdings	Integrity idol	-	250,000	250,000
Transparency International Sri Lanka	Project expenses incurred through organisation's funds	-	1,348,529	1,348,529
Total		25,328,919	83,946,608	109,275,527

Notes to the financial statements (contd)

6. Administrative expenses

Year ended 31 December

	2019	2018
Salaries	4,723,616	4,616,655
Office rent	450,000	1,037,280
Lease rentals	1,500,000	-
Security	909,134	758,498
Exgratia payment	-	600,000
Telephone / internet charges	615,867	477,827
Insurance	612,685	435,809
Electricity	805,380	430,002
Janitorial charges	488,050	391,300
Office maintenance	377,684	278,453
Audit fees	454,435	231,000
IT maintenance	262,560	228,557
Recruitment cost	229,308	220,477
Travelling	228,702	144,874
AGM expenses	146,701	138,932
Staff welfare	436,608	136,321
Printing and stationery	311,144	124,450
Secretarial fees	183,622	116,368
News papers	144,370	90,965
Write off of long outstanding other receivable balances	-	96,475
Rates	194,450	76,225
Tax consultancy	85,050	71,854
Water rates	48,398	39,759
Meeting expenses	-	21,610
Equipment maintenance	73,002	19,210
Postage, stamps and courier charges	16,515	8,975
Board meeting expenses	6,490	7,739
Fuel	-	6,990
Vehicle maintenance	1,325	6,245
Accounting package maintenance	17,366	-
Legal expenses	253,460	-
Stamp duty	35,000	-
	13,610,922	10,812,850

Notes to the financial statements (contd)

7. Non operating income

Year ended 31 December

	2019	2018
(a) Other gains and losses		
Sundry income	357,602	2,011,209
Write off of long outstanding payable balances	-	254,603
Amortisation of capital grant	258,530	175,055
Depreciation	(416,404)	(338,610)
Bank charges	(143,048)	(25,875)
Provision for impairment of other receivables	(4,242,738)	-
Depreciation buildings (right-of-use asset)	(1,372,002)	-
Gratuity	(542,485)	(1,033,812)
	(6,100,545)	1,042,570
(b) Financial income and expenses		
Interest income	4,905,253	4,617,722
Interest expenses on lease liabilities	(228,837)	-
	4,676,416	4,617,722
Non operating income and expenses - net	(1,424,129)	5,660,292

8. Income tax expenses

Current income tax

Year ended 31 December

	2019	2018
Current income tax charge	1,373,471	1,292,962
Income tax expense reported in the statement of comprehensive income	1,373,471	1,292,962

As per the Inland Revenue act No. 24 of 2017, Company is liable for Income tax at 28% on taxable income. Taxable income of the Company solely consists of interest earned on bank balances and fixed deposits.

Notes to the financial statements (contd)

9. Property, plant and equipment

	Balance as at 1 January 2019	Additions	Disposals	Balance as at 31 December 2019
9.1 Gross carrying amounts				
Furniture and fittings	1,713,969	39,000	116,685	1,636,284
Office equipment	4,798,723	18,290	3,276,152	1,540,861
Computers	2,945,655	333,900	1,810,124	1,469,431
Motor vehicles	78,000	-	-	78,000
Total gross carrying amount	9,536,347	391,190	5,202,961	4,724,576

9.2 Depreciation

	Balance as at 1 January 2019	Charge for the period	Transferred for disposed assets	Balance as at 31 December 2019
Furniture and fittings	1,678,506	25,012	116,685	1,586,833
Office equipment	4,534,396	130,755	3,276,296	1,388,855
Computers	2,453,932	260,637	1,810,124	904,445
Motor vehicles	78,000	-	-	78,000
Total depreciation	8,744,834	416,404	5,203,105	3,958,133

9.3 Net book values

	As at 31 December	
	2019	2018
Total carrying value of property, plant and equipment	766,443	791,513

Notes to the financial statements (contd)

10. Right-of-use asset

(i) Right-of-use asset	Building
Cost	
Balance as at 1 January 2019	-
Additions during the year	6,585,611
Balance as at 31 December 2019	6,585,611
Accumulated depreciation and impairment losses	
Balance as at 1 January	-
Depreciation for the year	1,372,002
Balance as at 31 December 2019	1,372,002
Carrying value as at 31 December 2019	5,213,609

(ii) Lease liabilities

Non current	3,263,289
Current	2,051,159
	5,314,448

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

Depreciation charge for the right-of-use assets by class of assets	
Building	1,372,002
Total depreciation charge	1,372,002
Interest expense on lease liabilities	228,837
Total expenses related to leases	228,837

11. Notes and other receivables

a. Deposits, advances and prepayments

As at 31 December

	2019	2018
Advance given to project staff	1,829,446	971,919
Deposits and prepayments	3,977,191	3,920,163
	5,806,637	4,892,082

b. Other receivables

As at 31 December

	2019	2018
Receivable from Mr T R U Priyankara	4,242,738	-
Less: provision for impairment	(4,242,738)	-
	-	-
Reimbursable expenses	143,907	233,366
	143,907	233,366
Total notes and other receivables	5,950,544	5,125,448

Notes to the financial statements (contd)

12. Financial investments

	As at 31 December	
	2019	2018
Fixed deposits	20,447,740	4,611,383
	20,447,740	4,611,383

13. Cash and cash equivalents

13.1 Favorable cash and cash equivalents balance

	As at 31 December	
	2019	2018
Balance at bank	48,831,743	67,731,917
Cash in hand	152,621	94,566
	48,984,364	67,826,483

13.2 Unfavorable cash and cash equivalent balances

	2019	2018
Balance at bank	(9,074,590)	(737,929)
	(9,074,590)	(737,929)
	39,909,774	67,088,554

Notes to the financial statements (contd)

14. Restricted funds

As at 31 December

	2019	2018
Balance at the beginning of the year	42,142,534	64,176,167
Funds received during the year	115,581,849	80,400,198
Funds transferred to statement of comprehensive income	-	(79,891,714)
Funds transferred to statement of comprehensive income against expenses incurred	(122,787,918)	(22,542,117)
Excess funds transferred to statement of comprehensive income on completed projects	(14,642,683)	-
Balance at the end of the year	20,293,782	42,142,534

Movements in restricted funds

Name of Donor Organisations	Budget for the period	Balance as at 01.01.2019		Cash Received / paid during the year	Income Recognised		Balance as at 31.12.2019	Of which	
		Accrued	Deferred		Restricted	Unrestricted		Accrued	Deferred
		A			B	C		D=A+B+C	
Ministry of Foreign Affairs - Norway	30,192,030	-	5,642,632	29,244,850	30,279,910	-	4,607,572	-	4,607,572
USAID / Spice	-	-	1,045,764	-	-	1,045,764	-	-	-
Transparency International e.V. Secretariat - ACA	2,565,450	-	1,714,206	1,492,235	1,629,791	-	1,576,650	-	1,576,650
Transparency International e.V. Secretariat - TIS	2,814,272	-	3,975,930	2,870,384	4,490,401	-	2,355,913	-	2,355,913
Diakonia - Sri Lanka	6,400,000	-	-	7,364,531	6,840,754	-	523,777	-	523,777
Commonwealth Foundation	3,286,007	(236,553)	-	2,957,089	3,061,172	-	(340,636)	(340,636)	-
The Asia Foundation	-	-	559,888	-	-	559,888	-	-	-
Transparency International e.V. Secretariat - Enabling Impact	2,000,695	-	745,003	377,135	1,781,271	-	(659,133)	(659,133)	-
East West Management Institute	2,375,556	(84,511)	-	1,722,163	2,220,971	-	(583,319)	(583,319)	-
Open Society Institute	9,912,375	-	18,557,386	-	16,834,967	1,722,419	-	-	-
DAI Global, LLC	-	-	8,837,912	1,352,052	3,790,731	6,399,233	-	-	-
Neelan Tiruchelvam Trust	1,625,676	-	460,936	1,463,109	2,053,596	-	(129,551)	(129,551)	-
DAI Global, LLC - SDG	5,529,697	(2,644,870)	-	5,529,697	-	2,884,827	-	-	-
Transparency International - United Kingdom	7,920,000	-	2,162,334	12,920,921	10,162,903	-	4,920,352	-	4,920,352
IDEA (Management Systems International)	15,152,766	-	1,434,100	13,600,000	12,785,828	-	2,248,272	-	2,248,272

Notes to the financial statements (contd)

14. Restricted funds

Movements in restricted funds (contd)

Name of Donor Organisations	Budget for the period	Balance as at 01.01.2019		Cash Received / paid during the year	Income Recognised		Balance as at 31.12.2019	Of which	
		Accrued	Deferred		Restricted	Unrestricted		Accrued	Deferred
		A			B	C		D=A+B+C	
British High Commission	7,847,120	-	-	7,845,007	7,844,971	36	-	-	-
The Taiwan Foundation	543,000	-	-	222,806	209,684	13,122	-	-	-
Transparency International - Ukraine	981,175	-	-	426,782	424,538	2,244	-	-	-
Open Society Policy Center	9,931,500	-	-	19,687,500	10,407,813	-	9,279,687	-	9,279,687
Transparency International - Anti Corruption in OGP	4,613,252	-	-	2,732,196	4,272,475	-	(1,540,279)	(1,540,279)	-
Transparency International e.V. Secretariat - TIS	-	(27,623)	-	-	-	-	(27,623)	(27,623)	-
The International Republican Institute	3,802,550	-	-	1,758,242	3,696,142	-	(1,937,900)	(1,937,900)	-
Coffey International Development Limited	965,000	-	-	965,000	-	965,000	-	-	-
John Keels Holdings	250,000	-	-	250,000	-	250,000	-	-	-
NED Washington 2	-	-	-	800,150	-	800,150	-	-	-
Total for ongoing project	118,708,121	(2,993,557)	45,136,091	115,581,849	122,787,918	14,642,683	20,293,782	(5,218,441)	25,512,223

Notes to the financial statements (contd)

15. Capital grants

	As at 31 December	
	2019	2018
Balance at the beginning of year	525,163	-
Addition during the year	333,900	700,218
Amortisation during the year	(258,530)	(175,055)
Balance at the end of year	600,533	525,163

16. Retirement benefit obligations

	As at 31 December	
	2019	2018
Balance at the beginning of year	3,126,133	2,092,321
Charge for the year	542,485	1,033,812
Payment made during the year	(532,818)	-
Balance at the end of year	3,135,800	3,126,133

17. Accruals and other payables

	As at 31 December	
	2019	2018
EPF	1,210	628,399
Medical insurance	260,518	330,423
Audit fees	400,000	231,000
Printing charges	147,050	147,050
PAYE	-	108,753
ETF	810	95,159
Salary control	(308,668)	20,547
WHT payable	55,440	7,600
Payable to programme	11,719	-
Others	244,909	69,000
	812,988	1,637,931

Notes to the financial statements (contd)

18. Income tax payable

Income tax payable / (receivable)	As at 31 December	
	2019	2018
Taxable income	4,905,254	4,617,722
	4,905,254	4,617,722
Tax liability @ 28%	1,373,471	1,292,962
Balance at beginning of year	(238,071)	500,721
WHT paid on interest	(202,999)	(296,153)
Self assessment tax payments	(399,626)	(1,735,601)
Balance at the end of year	532,775	(238,071)

19. Capital commitments

There are no capital commitments as at 31 December 2019.

20. Contingent liabilities

The Company does not have significant contingent liabilities as at the 31 December 2019.

21. Events after the reporting period

The existence of novel coronavirus (Covid-19) was confirmed in early 2020 and has spread across the globe, causing disruptions to businesses and economic activity. The Company considers this outbreak to be a non-adjusting post balance sheet event. As the situation is fluid and rapidly evolving, we do not consider it practicable to provide a quantitative estimate of the potential impact of this outbreak on the Company.

22. Related party disclosures

22.1 Transactions with key management personnel of the Company

The key management personnel are the members of the senior management committee being responsible for project management, general management and implementation of policy decisions. None of these key personnel are members of the Board of Directors of the Company. No member of the Board of Directors receives any salary or other compensation.

Key management personnel compensation

	Year ended 31 December	
	2019	2018
Short - term employee benefits	10,829,478	9,594,924
Retirement benefit obligations	1,487,841	1,004,000
	12,317,319	10,598,924

CORPORATE INFORMATION

NAME

Transparency International Sri Lanka
Company Registration No - GA 279

LEGAL STATUS

Company Limited by Guarantee incorporated in Sri Lanka

DATE OF INCORPORATION

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

REGISTERED OFFICE

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

Telephone : 011 4369781

Fax : 011 2 501 707

E-mail : tisl@tisrilanka.org

Web : www.tisrilanka.org

COMPANY SECRETARY

Charuni Gunawardana LLB (Hons) LLM

AUDITORS

PwC

Chartered Accountants

BANKERS

Commercial Bank of Ceylon PLC

