Information and Communication Technology Agency of Sri Lanka

Annual Report | 2011

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Information and Communication Technology Agency of Sri Lanka
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ABOUT ICTA

The Information and Communication Technology Agency (ICTA) of Sri Lanka functions under the Ministry of Telecommunication and Information Technology. ICTA functioned under the Presidential Secretariat previously for many years.

ICTA is the apex ICT institution of the Government. In terms of the Information and Communication Technology Act No. 27 of 2003, (ICT Act) ICTA has been mandated to take all necessary measures to implement the Government's Policy and Action Plan in relation to ICT. In terms of Section 6 of the ICT Act, ICTA is required to assist the Cabinet of Ministers in the formulation of the National Policy on ICT and provide all information necessary for its formulation.

The eSri Lanka Development Project which is administered by the Presidential Secretariat is implemented by ICTA.

In October 2004, the Cabinet of Ministers granted approval for the following mandates for ICTA in the context of the eSri Lanka Development Project.

- Authorization and mandate for ICTA to implement the program components of the *eSri Lanka* project.
- Authorize ICTA to recommend to the Cabinet of Ministers the appropriate policy and regulatory framework required for the implementation of the eSri Lanka project and to support ICT development in Sri Lanka.
- Authorize ICTA to periodically review the above program components and make such modifications as may be required from time to time in keeping with the Policy as approved by the Government.

The projects under ICTA are categorized into the following six interdependent programs, each designed to address a key area in the eSri Lanka Development project:

- ICT policy, Leadership and Institutional Development
- Information Infrastructure
- Re-engineering Government
- ICT Human Resources Capacity Building
- ICT Investment and Private Sector Development
- eSociety.

Chairman’s message

This has been another year of satisfactory performance. The culmination of the first phase of the eSri Lanka Development Project indicates that project objectives have been achieved and the project has obtained major results. Specifically, milestones achieved during the year are given below.

The ICT framework in the country has been transformed as evinced by Sri Lanka’s NRI index ranking, in particular in the category “Laws relating to ICT”, which rose from 87th to 48th position from 2006 to 2011; thus the progress made is significant. The website of the Court of Appeal (www.courtofappeal.lk or www.courtofappeal.gov.lk) has been installed and short judgments and bench orders are being issued electronically, immediately after pronouncement. The Sri Lanka Computer Emergency Readiness Team (Sri Lanka CERT) was appointed to Global Response Center (GRC) of IMPACT, the security arm of the ITU-T, (Telecommunication Standardization Sector).

ICTA developed the draft Sri Lanka Standard Sinhala Character Code for Information Interchange, SLS 1134 which includes encoding for (the newly discovered) Sinhala numerals, which the Sri Lanka Standards Institution approved as a Sri Lanka Standard, SLS 1134 : 2011, in July 2011.

Overall 30 Nenasalas were established during the year. The first Nenasala overseas was implemented in the United Arab Emirates at the premises of the Embassy of Sri Lanka. The ICT literacy in Sri Lanka has increased from 9.7% in 2004 to over 20% in 2009, and is estimated to be over 30% in 2011, contributed to greatly by the establishment of 633 Nenasalas throughout the country.

475 Government organizations are now connected to the Lanka Government Network. ICTA established a subsidiary “Lanka Government Information Infrastructure Pvt. Ltd.” to manage LGN Operations. Lanka Government Cloud which is a flexible and affordable eGovernment service infrastructure will provide virtual servers and storage for hosting eGovernment applications. ICTA will offer the cloud service to Government organizations in 2012. The HealthNet website was launched in November under the aegis of the Hon. Minister of Health.

2000 Government officers in the Puttalam, Kurunegala, Ampara, Polonnaruwa, Jaffna and Batticaloa districts were trained on acquiring ICT skills. A project on improving the ICT literacy of citizens commenced in October and 50,000 citizens from among Samurdhi beneficiaries and rural school children were selected as beneficiaries.

A series of business promotion events were organized in Australia in May/June 2011. Workshops were held under the "spiralation" project which is designed for promoting new entrepreneurial ideas for the ICT industry and provides seed capital for start-ups to develop their businesses. The ICT/BPO industry is the 5th largest foreign exchange earner in the country.

The e-Society Project "Wiki Goviya" won a World Summit Award in the eLearning and Education Category and was among the 40 award winning products from across the world. ICTA hosted the 2nd mBillonth Award Grand Jury and the South Asian Mobile Conference for the second successive year contributing towards building Sri Lanka as a regional knowledge hub.

The progress made is also underpinned through the surveys that were conducted on evaluating the outcomes of the ICT Capacity Building Program; the eSociety Development Initiative; the Local Language Initiative; the Human Resources Capacity Building program; and the Strategic Communications program. These surveys indicate that the progress under these areas has been satisfactory. Some highlights are as follows:

The Government officers who responded have stated that they have gained knowledge and competence in using computers. The Government officers in the Eastern Province and Northern Province, where the training programs are ongoing, are eager to learn and use ICT in the delivery of services which they provide to the public.

The satisfaction of the general public on services provided by the Government Information Center was found to be high, which shows an increasing reliance on the information provided by the center. It was also found that there is an increase in the use of standards based (Unicode) Sinhala and Tamil fonts and an increased number of local language websites; both Government sites and others.

Evaluation of the Strategic Communications Program revealed the fact that most people are satisfied with the TV and radio programs and this is especially so with the ICTA newsletters Nenapatha, Arivedu and Catalyst.

I thank my colleagues on the Board for their valuable advice and assistance in ensuring that ICTA continues to be an effective delivery based organization. I also wish to state that it is a privilege to lead such highly motivated and talented staff, led by the CEO and Program Directors.

Prof. P W. Epasinghe

Chairman, ICTA

Executive Summary

The ICT sector has acquired national importance, mainly as a result of the implementation of the eSri Lanka initiative. Today there is enhanced access to ICT and local language content even in rural areas. The ICT/BPO industry became the 5th largest foreign exchange earner in the country[1]. ICT literacy has increased from 9.7% in 2004 to over 20% in 2009[2], and estimated to be over 30% in 2011, contributed to greatly by the establishment of the 633 Nenasalas. Several eGovernment initiatives have resulted in enhanced delivery of public services on-line, with overall 15,000 Government officials having being trained and skilled in ICT. 10,000 citizens have been trained under ICTA's eLiteracy project.

A comprehensive ICT enabling legal infrastructure is in place. The overall effect of ICT development in Sri Lanka since 2006 is manifested in the significant improvement in Sri Lanka's Network Readiness Index (NRI) ranking published by the World Economic Forum: the NRI has increased from 86th position out of 122 in 2006/07 to 66th out of 138 in 2010/2011[3].

ICTA's performance has contributed significantly towards the above achievements, highlights of which are given below:

- Increased affordable access to ICT for citizens across the country - Nenasala: 30 Nenasalas were established during in 2011, and the total number of Nenasalas established is 633.

- Connecting Government - Lanka Government Network (LGN): 325 Government organizations (Ministries, Departments, District and Divisional Secretariats), etc were connected earlier under Phase 1 to create a single Government information backbone infrastructure. Under Phase 2, an additional 150 Government organizations were connected. "Lanka Government Information Infrastructure Pvt. Ltd." (LGII), an ICTA subsidiary was set up to manage LGN Operations.

1 Export Value Survey 2007 – Export Development Board

2 Source: Dept. of Census and Statistics

3 2010-2011 Global Information Technology Report

- Information on Government processes, services and applications – Government Information Center: GIC is a centralized location for providing Government information: through the website, www.gic.gov.lk and through 1919. The Annual GIC Conference was held in 2011, and a commemorative stamp was issued.

- Civil Registration (Birth, Marriage, Death (BMD) certificates etc.) availability of documents within minutes: The BMD project has been completed in the Kegalle District during the period. Digitization of BMD certificates in the Anuradhapura District has commenced.

- Single-window, multi-channel access to e-services - Lanka Gate: To enable transactional services, the existing Financial Regulations circular was amended: the FR Circular for acceptance of money through electronic payment cards by Government organizations has been issued by the Ministry of Finance and Planning.

- Web: over 300 Unicode compliant tri-lingual Government organizations are available on the web. A website was also created for the Supreme Court of Sri Lanka. It is also possible now to register and use web addresses in Sinhala and Tamil under Sri Lanka's two top level domains .ලංකා(.lanka) and .இலங்கை(.ilangei).

- Chief Innovation Officers (CIOs) of Government organizations have been empowered through the provision of ICT Skills Training and workshops held on e-Government policy.

- A project for improving the ICT literacy of citizens commenced in October. 50,000 citizens from among Samurdhi beneficiaries and rural school children were selected as beneficiaries. ICTA established three computer training centers in the North, the East and the North central provinces. Training commenced in 172 training centers island-wide.

- Provision of relevant Unicode compliant local language content, applications: The local language content portal www.danuma.lk has approximately 10,000 articles.

- Sri Lanka Standards Institution (SLSI) approved the Sri Lanka Sinhala Character Code for Information Interchange, SLS 1134 : 2011, as a Sri Lanka Standard.

- The 'Spiralation' project has been designed for promoting new entrepreneurial ideas for the domestic ICT Industry. The grant provides seed capital for start-ups to develop their businesses, and is aimed at developing the business skills necessary to secure business and penetrate markets.

- Business Linkages promote international exposure for the ICT Industry in designated countries. Business promotion activities were organized in 2011 targeting Australia, UK, Africa and Bangladesh.

- ITES Training Grants (which provide financial assistance for initial training to new recruits in ITES Companies), In-house Training Incentives grants and Train the Trainer Grants and Technology Start-up Grant etc have been provided during the year under the ICT Investment and private sector development program.

- ICTA uses monitoring and evaluation as a critical tool and process to measure the effectiveness and impact of the eSri Lanka initiative, leading to redesign if necessary and implementation of new strategies. Evaluation of several program areas and program components was carried out in 2011.

- Through ICTA's Strategic Communication Program broad awareness of the eSri Lanka initiative and ICTA's projects and programs is created and communication is carried through events, publications, and the media about the critical role of ICT in Government, business and society.

ACHIEVEMENTS IN 2011

ICTA's main objectives are to provide an enabling and facilitating environment for ICT, provide secure accessibility of Government information and services for citizens, businesses and other Government organizations; provide affordable access to citizens; harness private and public organization's special expertise and infrastructure, and community based organization's knowledge to take the benefits of ICT to citizens; to provide standards-based, relevant local language content; equip Government employees with the required ICT, technical, management skills and competencies, develop eLeadership capability and to enhance the competitiveness of the private sector. In achieving the above objectives ICTA progressed well in its program areas in 2011, as described in the following pages.

1.0 ICT POLICY, LEADERSHIP & DEVELOPMENT

This program focuses on developing the facilitating environment necessary for achieving the objectives of “eSri Lanka”. Its goal is to create a proactive policy and enabling environment that is supportive of ICT-based development, to develop ICT leadership and capacity, and to communicate these initiatives and policies to the wider stakeholder audience.

1.1 Security and eLaws

ICTA has been addressing the issue of formulating and incorporating into the country's legal system suitable measures relating to ICT, for promoting the development of ICT, and creating a facilitating legal environment. ICTA has also addressed issues relating to protecting Sri Lanka's information infrastructure.

eLaws:

- ICTA continues to serve on the Cabinet appointed Task Force on Cyber Crime, to strengthen the implementation of the Computer Crimes Act of 2007.

- ICTA also continues the collaboration it initiated with the Council of Europe. ICTA and the Council of Europe co-hosted the first ever Cyber Crime Regional Workshop in South Asia, in association with the Ministries of Justice and External Affairs. There was extensive participation from the Attorney General's Department and the Judicial Services.

- *Automation of the registry of the Supreme Court:* The main objective is to expedite cases in Courts. Initially the project will comprise a simple data collection system with an integrated reporting engine. The system will be initially deployed as a pilot in Colombo and Hambantota districts. Procurement of the case monitoring system for the Supreme Court and the Judicial Services Commission has commenced.

- *Court of Appeal:* The website of the Court of Appeal (www.courtofappeal.lk or www.courtofappeal.gov.lk) has been installed. Short judgments and bench orders are being issued electronically, immediately after pronouncement. This project was launched at Court House 303 on a pilot basis. It is being rolled in all the court houses in the Court of Appeal.

- *LawNet:* LawNet, the property of the Ministry of Justice is the largest legal database and has recently been inaccessible. ICTA made the database accessible, and at present it is being updated with Law Reports.

- *LGN Certificate Authority:* The Lanka Government Network Certification Authority (LGN CA) continues to issue server and user certifications to Government applications and users.

Information Security:

Sri Lanka Computer Emergency Readiness Team | Coordination Center (SLCERT|CC)] has been mandated to protect Sri Lanka's information infrastructure. Sri Lanka CERT carried out the following activities during the year:

- Incident handling and consultancies carried out included Facebook and email compromise incidents. Sri Lanka CERT also worked with law enforcement to disable malicious sites hosting obscene or offensive content; assessed vulnerabilities; disabled phishing sites; resolved denial of service attacks; and conducted forensics investigations.

- Sri Lanka CERT is in the process of establishing several sector based Computer Security Incident Response Teams (CSIRTs). The establishment of the National Certification Authority has also been initiated.

- Awareness programs, conferences and workshops held during the year included the following: workshops on information security policy development; presentations on information security at various forums including presentations on online safety awareness for schools and a presentation on cyber warfare at the Internet Society (ISOC) Conference; and participation in TV and radio programs. The Cyber Guardian Newsletter which supplements the ongoing train the trainer program on "safe use of online services" was released via SchoolNet.

- Computer Security Week 2011 was held for the 4th consecutive year, at which the following events were successfully conducted;
    - Hacking challenge for students in tertiary education.
    - Security quiz for school children.
    - 4th Annual National Cyber Security Conference.
    - Workshop on Virtualization Cloud Computing and Next Gen Enterprise Architecture.

- Sri Lanka CERT participated in the FIRST (Forum of Incident Response and Security Teams) Annual National Conference, stood for steering committee position, participated and made a presentation at the National CSIRT Meeting.

- Sri Lanka CERT was appointed to Global Response Center (GRC) of IMPACT, the security arm of the ITU-T, (Telecommunication Standardization Sector) to contribute to the global CSIRT initiative.

- International Collaboration: Sri Lanka CERT receives regular threat information feeds from Shadowserver; Hosting of first honeypot with Dragon Research Group, Brazil; Collaboration with Facebook, Google and US-CERT to remove fake accounts and disable phishing sites. Active participation in Asia Pacific CERT (APCERT) Cyber Security Drills.

1.2 Local Languages Initiative (LLI)

The objective is to ensure that ICT can be used in Sinhala and Tamil, based on national and international standards, and to ensure that ICT in local languages is easy to use.

- *Sinhala keypad layout for mobiles*: a Sinhala keypad layout and keying-in sequences were defined and developed for key-based tactile input, for the QWERTY keypad and for touch screen input, with a view to standardizing.

- *Mac - Sinhala and Tamil keyboard driver for Mac Operating System:* A Sinhala / Tamil keyboard driver (input) and a Sinhala Unicode font and a Tamil Unicode font which display correctly, were developed for Mac OS X and made available free for users.

- *Stylized Unicode Tamil fonts*: Six stylized Tamil fonts were developed and made available free for users. These are able to generate the full complement of characters and symbols encoded in the Unicode standard.

- *Standardization – Sri Lanka Standards (SLS):*

    - ICTA developed the draft *Sri Lanka Standard Sinhala Character Code for Information Interchange, SLS 1134* which includes encoding for Sinhala numerals, and forwarded it to the Sri Lanka Standards Institution (SLSI) for approval. SLSI approved the draft standard as a Sri Lanka Standard, SLS 1134 : 2011, in July 2011.

    - *Test Method for Tamil ICT products:* With this standard in place it is possible to test Tamil ICT products against the Tamil ICT standard SLS 1326 : 2008, which will lead to Tamil ICT products being given SLS certification. The Sri Lanka Standards Institution has approved the draft standard as a Sri Lanka Standard – viz., as Part 2 of SLS 1326 : 2008.

- *User interfaces:*

    - *User interfaces for Windows 7 and Office 2010 in Sinhala:* Localization of Office 2010 was completed during the year; user interfaces in Sinhala are available for Windows 7 and Office 2010.

    - *Linux – localizing Ubuntu interface into Tamil Sri Lanka (Ta_LK)* : since Sri Lanka Tamil is distinct from Tamil used in India, the project objective was to localize the Ubuntu interfaces to Tamil Sri Lanka.

- *Standardizing country names and country codes into Sinhala:* the official long names and short names for the 246 countries and the territories given in English in the standard ISO 3166 were defined in Sinhala. The output of this project was included in the Sinhala section of Unicode's Common Locale Data Repository site. (locale information).

- Locale information: Locale information is needed for companies to localize their software and to adapt the software to the conventions of different countries and different languages. This information was defined for Sri Lanka - for Sinhala and Tamil and the information was uploaded onto the Unicode Common Locale Data Repository site.

1.3 Monitoring and Evaluation (M&E)

ICTA uses M&E as a critical tool and process to measure the effectiveness and impact of the eSri Lanka initiative, leading to redesign if necessary and implementation of new strategies.

- *Outcome Evaluation surveys:* the following evaluations were completed; the final evaluation reports were prepared and presented to the relevant stakeholders.

  - *ICT Capacity Building Program (ICBP), Outcome evaluation*: the evaluation was completed and the final report was prepared. The main findings indicate that through this program it has been possible to achieve the expected outcomes to a great extent.

  - *eSociety Development Initiative, Outcome Evaluation and Baseline Survey for the North and the Eastern Provinces:* positive outcomes have been achieved through this program.

  - *Survey on Software Usage*: it was evinced through the survey that there is a significant improvement in using licensed software and that there is awareness on this issue among businesses and government.

  - *Human Resources Capacity Building (HRCB) Program, Outcome Evaluation*: The survey yielded the information that ICT skills in government have significantly improved, and ICT is being used to improve the efficiency and effectiveness of government organizations.

  - *Local Language Initiative, Evaluation*: The main findings indicated that this program has been able to achieve the expected outcomes to a great extent.

- *Strategic Communication Program, Outcome Evaluation*: it was evinced from the evaluation that this program has been successful to a great extent.

- *Launch of the ICT Workforce Survey Report:* a media event was organized to present the findings. The event was very effective and the key findings of the survey were presented in several print and electronic media.

- *Field visits*: Field visits were made with respect to the surveys, evaluations and analytical reports. Specific field visits included visiting Nenasalas in the Kurunegala district, Ratnapura district and the Gampaha district in relation to the Strategic Communication Outcome Evaluation survey. A monitoring visit was made in connection with the newly developed Hospital Health Information Management System running at the Dompe Hospital.

- *National Statistics:*
    - Inputs were provided to the Department of Census and Statistics on the 2011 Census.
    - ICTA was represented as a member at the committee appointed to upgrade health statistics.

- *International Indices:*
    - ICTA coordinated with the Institute of Policy Studies in conducting an executive Opinion Survey in relation to the Networked Readiness Index (NRI).
    - The eSri Lanka achievements reflected in the NRI were presented at several forums including the Subharathi weekly radio program.

- *Deyata Kirula, National Exhibition:* ICTA participated and contributed significantly in meetings with the Ministry of Telecommunications and IT and in work relating to monitoring and evaluation of the Deyata Kirula National Exhibition.

- *M&E Instruments*: M&E instruments were developed for monitoring and evaluating ICTA initiative.

1.4 Strategic Communication

The objective is to create broad awareness of the critical role of ICT in Government, business and society, and to communicate to the country and beyond what eSri Lanka is all about.

Summary: the summation of events covered, activities carried out and publications during the year is as follows: Events 73; press releases 516; advertisements 133; publications 9; media programs 225; and Deyata Kirula 2012. The details are explained below:

- *Events:*
    - o *Nenasala events:* Nenasala openings at the following locations were covered during the year: Kekirigoda Kotavehera Raja Maha Viharaya; Bulathkohupitiya Pradeshiya Sabha Library; Al-Badre Academy, Uyanwatte; Mudalakkuliya Sanasa, Mudalakkuliya; Welfare Society, Avissawella; Sri Sujanakantharamaya, Udugama; Dhamunupola Welfare Society; Udovita, Sri Bimbaramaya; Namal Uyana, Dambulla; Kulliyathul Nooriyya Arabic School in Kannattota; Kurupetta Nikawalamulla; Imbulpitiya Samagi Gamaneguma Society; Polpitiya Diriya Gamaneguma; Boralankada; Kosgahakanda Hathkeela Gamaneguma Society; Sri Sobitharamaya, Kotiyakumbura; Kilinochchi Town; Dudley Senanayakaramaya, Mahahenagama, Warakapola; Ruwanwella; and Kurunegala.
    - o *Nenasala forums:* Nenasala forums were held in Hambantota, in Galle and in Anuradhapura.
    - o Birth, Marriage, and Death (BMD) certificate digitization project was launched at the following locations: the Divisional Secretariats in Kegalle, Galigamuwa, Rambukkana, Aranayake, Deraniyagala, Mawanella, Warakapola, Kegalle, Ruwanwella, Mawathagama, Polonnaruwa, and in the Yatiyantota Divisional Secretariat and in Anuradhapura.
    - o Other events that were covered are as follows: "eSwabhimani 2011" and the "eDiriya". The South Asian Mobile Conference 2011 and the FutureGov Forum 2011. Launch of the "Nenasara" Mobile Digital Content Library; eSociety road-shows in Anuradhapura and in Matara. eHealth launched at the Karawanella Base Hospital and at the Mawanella Base Hospital, launch of the Fund Management System at the Panagoda Army Camp and the 5th Anniversary conference of GIC 1919 at Temple Trees. Workshops were held for journalists on Basic ICT Skills and on Free & Open Source Software.

- o The cooperation against Cybercrime in South Asia International Workshop was held in April and the Cyber Security Week was held in October. Commonwealth Association of Legislation Council 2011, Asian Region Conference on 2011-09-30.

- o The website of the Court of Appeal was launched in June.

- o "Infotel 2011" exhibition was covered in December and the National Best Quality ICT Awards in October. Deyata Kirula' National Development Exhibition held in Monaragala from 4th to 10th February 2011.

- *Publications: Advertisements and supplements:* 127 advertisements and supplements in Sinhala, Tamil and in English were published during the year. A newsletter in Sinhala, Tamil and English – Nenapatha, Arivaham and Catalyst respectively – was each published twice in 2011. Two books were also published; one was on how to develop Unicode local language fonts.

- *TV, radio*: The TV program Nenapiyasa was telecast 53 times over Rupavahini in 2011. The Sinhala radio program Nenapiyasa was broadcast 52 times on Thursdays; the Arivodayam Tamil radio program was broadcast 53 times on Saturdays. The Sinhala radio program Subarathi was broadcast 52 times on Tuesdays.

2.0 INFORMATION INFRASTRUCTURE

The objective was to create a user-friendly environment and technology infrastructure throughout Sri Lanka which enables citizens to have ready access to information, modern communications and electronic services and content which will result in improvements in the quality of life.

2.1 Nenasala Centers

- *Implementing Nenasala Centers:*

Overall 30 Nenasalas were established during the year. Nenasalas are also being implemented in 18 Divisional Secretariat regions, to coincide with the Deyata Kirula National Development Exhibition in the Anuradhapura district. These will be operational in early 2012.

The first Nenasala overseas was implemented in the United Arab Emirates (UAE) at the premises of Embassy of Sri Lanka in UAE. This Nenasala will cater to over 200,000 Sri Lankan migrant workers in UAE, will provide IT education and also fulfill communication needs.

- Six Regional Impact Teams which have been contracted with are developing, supporting and monitoring Nenasalas in the North Central, Uva, Western, Southern, Sabaragamuwa and North Western Provinces.

- Two additional personal computers each have been supplied and installed in 120 Nenasalas which have been performing well. Under this program some Nenasalas affected by natural disasters where PCs were damaged have also been provided with two additional personal computers.

- *Training Nenasala Operators:* 500 Nenasala operators were trained on Computer Hardware Maintenance, Local Area Networking, Cabling & Maintenance, and on using Content & Services. The latter mainly covers applications developed under the eSociety grants program.

- ICTA and the Vocational Training Authority (VTA) of Sri Lanka discussed how to collaborate on delivering government recognized IT training at Nenasalas and issue authentic certificates to students. VTA is expected to invest in Nenasala centers which are performing well, for further enhancement. ICTA and VTA are to sign an MoU in early 2012.

- *Nenasala Forums:* Two Regional Nenasala Forums were held for Nenasala owners and operators to review progress. The districts covered in these two forums were Hambantota, Monaragala, Matara, Kandy, Kegalle and Gampaha. The 3rd Regional Nenasala Forum was held in Anuradhapura with the participation of Nenasala owners and operators. The districts covered in this forum were Anuradhapura, Polonnaruwa, Matale, Kurunegala and Puttalam districts.

- *Book on Nenasalas*: A book on "Sri Lanka Telecenter Experience" was completed and reviewed. The book is about experiences of Nenasalas in relation to international Telecenters. The book is an international publication to be made available to ICT enthusiasts and researchers. Steps are being taken to translate the book into Sinhala and Tamil.

- The Director Information and Communication Technology and Disaster Risk Reduction Division at UNESCAP carried out a case study visit to Nenasalas in Kandy, Anuradhapura and Gampaha districts from 18^{th} to 20^{th} July. A report based on his findings and experiences during the visits will be produced.

3.0
RE-ENGINEERING GOVERNMENT

This program pursues major and sustainable improvements in government organization's efficiency, effectiveness, and quality of services. For this purpose, it reinforces and expands fundamental governance and public management reforms.

- *eGovernment Policy*:

ICTA has conducted over 100 eGovernment policy workshops for creating awareness on the eGovernment policy (which has been approved by the Cabinet of Ministers) within Government organizations. ICTA has assessed the policy compliance levels and the compliance report has been published in the ICTA website. The policy will be reviewed in 2012.

- *Lanka Government Network (LGN):* The objective was to connect Government organizations and provide the facilities necessary to enable a more efficient government and to avoid duplication of resources.

  LGN Stage 1: 325 Government organizations were connected earlier to LGN, under stage 1 of the project. International Internet bandwidth for the LGN was upgraded during the year from 20 MB to 30 MB, because Internet utilization exceeded 20 MB capacity.

  LGN Stage 2: 150 Government organizations were successfully connected to the LGN. Maintenance is provided for these sites.

  LGN Certification Authority: This has already provided digital signatures for over 200 Government organizations to ensure secure communication between government organizations.

- *Lanka Government Information Infrastructure Pvt. Ltd, (LGII)*: ICTA established a subsidiary "Lanka Government Information Infrastructure Pvt. Ltd." (LGII) to manage LGN Operations. LGII is fully owned by ICTA.

- *Lanka Government Cloud (LGC)*: LGC is a flexible and affordable eGovernment service infrastructure. LGC can provide virtual servers and storage for hosting eGovernment applications. All necessary hardware has been purchased. ICTA will offer the cloud service to Government organizations in 2012.

- *Government Internet Data Center (GIDC):* GIDC which is located in the LGN hub provides web hosting facilities free of charge to 300 Government organizations.

- *eHuman Resource Management (eHRM) for Ministry of Public Administration and Home Affairs (MPA&HA):* This solution was launched in 2009. The maintenance period has been completed and 90% of the system functionalities are used. ICTA will ensure future assistance by providing post warranty support.

- *Common Human Resource Management (Common HRM):* This solution is currently being used by ICTA and the Ministry of Telecommunication and IT. ICTA is in the process of broad-basing the usage by assisting more Government organizations to install and run this Free and Open Source Solution.

- *eLocal Government (eLG):* ICTA has initiated the procurement process and intends to sign the contracts for software development and software quality assurance in mid 2012.

- *Government Information Center (GIC):* GIC is a centralized location for providing Government information. The GIC project comprises two components: GIC 1919 and the GIC website. The GIC 1919 annual conference was held during the year and a commemorative stamp was issued. GIC currently provides information related to services offered by 290 Government organizations. GIC offers web based interactive services such as railway schedules and foreign employment opportunities to the citizens.

- *Digitizing Birth, Marriage, and Death (BMD) certificates*: The objective is to enable citizens to access birth, marriage and death certificates quickly and efficiently. BMD certificates in Anuradhapura, Polonnaruwa and Puttalam districts were digitized. 90% of the procurement of hardware for implementation of the BMD project has been completed.

- *ePopulation Register and eCivil Registration System (Registrar General's Department):* The objective is to create and maintain a source of consolidated citizen information, through which it will be possible for Government organizations to retrieve the citizens verified information to authenticate the identity of those requesting Government services. The eCivil Registration system is in the maintenance phase. The pilot implementation was completed in Colombo Divisional Secretariat.

- *eDivisional Secretariats (eDS):* The eDivisional Secretariat Pilot Project is presently in maintenance.

- *Geographic Information System (GIS) for eDS.* The contract has been awarded for developing the system. Software development, customization and incorporation of the base map are in progress.

- *ePensions project roll out :* After successfully completing the ePensions Pilot project, island-wide rollout is being planned. The Army, Navy, Air Force, Police, Health Ministry, Education Ministry and the zonal offices in the Western Province and Divisional Secretariats in the Western Province are included for initially going live with ePensions software.

- *Web:*

    - *Domain name registrations*: ICTA provides registrations for domains under .gov.lk free of charge and has already registered over 500 domain names.

    - *New website development*: 23 websites were completed during the year, of which 14 websites were launched.

- o *Revamping of Government websites:* 28 websites were revamped during the year; out of which 24 websites were launched.

- o *HealthNet:* The website was launched on 2011-11-02 under the aegis of the Hon. Minister of Health.

- o *Web portals:* Provincial Council (PC) Portal:

    - DS Web Portal: The contract was signed for developing the new DS portal and 30 web templates for District and Divisional Secretariats.

    - The Uva PC Portal comprises 33 websites which include the websites of five Ministries, 17 Departments and seven other organizations, and also the websites of the Governor's office, the Chief Minister's office, the Council Secretariat and the Chief Secretariat. The websites developed will be used for replication in other provinces.

    - The Uva PC Portal was replicated in the Southern PC Portal.

    - The Central Province and the North Central Province (NCP) initiated setting up provincial portals with their funds and with ICTA's assistance. The content is being uploaded.

- ▪ *Land MIS:* Developing software for the Land Management Information System of the Western Provincial Council is in the final stages.

- ▪ *eSamurdhi Project*

    - o Software quality assurance (SQA) is in the final stages with respect to the eSamurdhi Project. The Samurdhi solution is scheduled to be launched in August 2012.

    - o Samurdhi Beneficiary Registration System: Developing a proof of concept and architecture design is in progress; system architecture is completed; SQA contract is signed.

- ▪ *Sahana, Deployment of Sahana for the National Disaster Relief Services Center:* Development and production deployment has been completed. The system is ready to be launched in July 2012.

- ▪ *eRevenue License (Phase II)*: the development of phase II of the revenue license issuing system has been successfully completed. This enables users in the Western Province (WP) to obtain their vehicle revenue licenses from any Divisional Secretariat (DS) within the Western Province. This system replaces the non-integrated standalone license issuing systems at the DS offices.

- *eServices Projects*:

  - o Functional testing is being carried out in preparation for launching eServices of the Department of Examinations, National Water Supply and Drainage Board, the Department of Immigration & Emigration and the Foreign Employment Bureau.

  - o Development is completed and testing is being done for the eServices of the Department of Motor Traffic (DMT), Department of Labor (EPF) and National Transport Medical Institute.

  - o Lanka Gate eServices: Functional testing has been done and deployment into the production environment is being carried out, for the launch of eServices for the Mahaweli Authority of Sri Lanka and the Merchant Shipping Division.

  - o eServices Quick-Win: Functional testing has been completed and deployment into the production environment is being carried for launching the eServices of Sri Lanka Railways and the Sri Lanka Government Factory.

  - o A contract has been awarded for carrying out an awareness campaign with respect to Lanka Gate and the new eServices which are scheduled to be launched in July 2012.

  - o Internet Payment Gateway (IPG) service providers for Lanka Gate:

    - Sampath Bank IPG (VISA and MASTERCARD): contract management is ongoing.
    - Nations Trust Bank IPG (AMEX): the contract has been awarded.
    - 3rd IPG (VISA and MasterCard): procurement is ongoing.

  - o Mobile Payments: ICTA is working with mobile phone service providers and solution providers to enable mobile payment facilities for government eServices.

- *Provision of key support for eGovernment projects implemented by other organizations:*

  - o *Medical Supply Management Information System*: the software development is in the final stages. ICTA provides Project Management and procurement support.

  - o *Electronic Travel Authority (ETA):* ICTA played a major role during the procurement and quality assurance processes by providing technical guidance and information security resources. ICTA also provided its Internet Payment Gateway free of charge to ETA which has become a significant source of income to the Government of Sri Lanka.

- *eRegistration of Companies*: ICTA is providing project management, procurement support and technical advice to the Department of Registration of Companies. The contract for software development is ready to be signed.

- *Providing Technical support for Technical Evaluation Committees (TECs):* ICTA staff who have been nominated as members of TECs appointed by Government have served in over 150 TECs for eGovernment projects.

- *Lanka Co-op Net Project*: ICTA is providing project management support and technical advisory services.

- *Geological Survey & Mines Bureau:* ICTA provided procurement and project management support for procuring the services of a Government Process Reengineering (GPR) consultant. Currently the GPR consultancy has been completed.

- *Email server for Ministry of Education:* ICTA provided technical and financial support for setting up and maintaining a Zimbra email server and providing training for the Ministry of Education.

- *Rubber Development Department:* ICTA assisted the Rubber Development Department to develop a new ICT solution for the Department.

- *National Archives Department:* ICTA assists National Archives Department to digitize their documents by providing project management, procurement support and technical advice.

- *National Spatial Data Infrastructure (NSDI):* ICTA is working with Ministry of Lands and the Survey Department for setting up the NSDI.

4.0 ICT HUMAN RESOURCES DEVELOPMENT

The objectives are to develop a trained pool of professionals in Government with ICT leadership skills and capacity; to equip Government employees with the required ICT, management, and technical skills including eGovernment competencies; and to provide learning opportunities for all citizens.

- Basic ICT Skills for Government Officers: ICT skills training for 2000 Government officers working in the Puttalam, Kurunegala, Ampara, Polonnaruwa, Jaffna and Batticaloa districts was successfully completed in 2011 The participants who were trained were selected from the above 6 district secretariats and 116 divisional secretariats within these districts.

- *Workshops on eGovernment Policy for CIOs*: 11 workshops on the eGovernment Policy were conducted in 2011. Altogether 670 participants including Chief Innovation Officers (CIOs) and heads of Government organizations in 11 districts participated in these workshops. The organizations included district administrations and provincial councils.

- *Training in web development (Joomla) for Government Officers*: 180 have completed training in web development.

- *ICT Technical Training (database management skills and system administration skills for Government officers):* ICTA trained 30 Government officers in database management (PHP and MySQL). Training on Systems Administration skills for 150 Government officers who are administering the LGN, in Government organizations in the North Central, North Western and the Eastern Provinces, was completed.

- *Diploma Course in eGovernment for CIOs, conducted by the Postgraduate Institute of Management (PIM):* The objective of this training is to provide the knowledge and skills required for CIOs to initiate, lead and manage eGovernment projects within their organizations. The Diploma comprises seven modules that provide a wide array of subjects covering the knowledge and skills requirements for the contextual aspects of the CIO's workplace. 134 CIOs successfully completed the Diploma course in 2011.

- *Computer Literacy for citizens*: A project for improving the ICT literacy of citizens commenced in October 2011. 50,000 citizens from among Samurdhi beneficiaries and rural school children were selected as beneficiaries. As part of the project ICTA established three fully equipped computer training centers in the North, the East and the North central provinces. Training commenced in 172 training centers island-wide. Over 18,000 participants had successfully completed the training by end December 2011.

5.0 ICT INVESTMENT AND PRIVATE SECTOR DEVELOPMENT

This program is geared towards catalyzing the development of the domestic ICT Industry, creating an enabling environment for ICT Industry growth, industry promotion and development, and developing business linkages and country promotion. Progress for ICBP during 2011 for each strategy is as follows;

- *Domestic ICT Learning Seminars*: these are a series of short training courses for staff employed in the ICT industry at the pre-management / junior management level. Thirteen workshops were held in 2011 under this strategy: Two training programs were held on Project Management – "Managing IT Projects for Software Managers", and "Software Effort Estimation and Agile Testing Strategies and Management".

  The following training programs were also carried out; 'Certified Manager in Software Testing'; 'Brand Marketing'; ITIL v3 Foundation Qualification in IT Service Management; 'Inventing Innovation and Patenting'; Android Boot Camp – Introduction; and Android Boot Camp Advance and on the 7 Habits for Managers. A total of 326 industry professionals were trained in 2011.

- *ICBP Training Voucher scheme*: Through this scheme, a student can go through a selected industry certification and get reimbursement for exam expenses.

  329 Training Vouchers were approved for reimbursement in 2011, which includes 147 training vouchers for Microsoft Certifications, 65 training vouchers for SUN Certifications, 68 training vouchers for CISCO Certifications, 44 training vouchers for Oracle Certifications and 5 training vouchers for Red Hat Certifications.

- *ITES Training Grants:* these provide financial assistance for initial training to new recruits in IT Enabled Services (ITES) companies and provide follow-up training for new recruits already trained and have claimed from this grant, subject to a maximum of 7 months from the day of recruitment. Three companies benefited from the grant in 2011 and 88 new recruits were trained.

- *In-house Training Incentive grants and Train the Trainer Grants*: one round each of In-house Training Incentives grants and Train the Trainer Grants were launched in 2011. 24 grants under the "In house training" and 5 grants under the "Train the Trainer" were awarded to companies in 2011.

- *Company Accreditation Grants:* these grants are provided for companies to meet the costs of accreditations. 15 companies benefited through this initiative in 2011 with companies pursuing Carbon Neutral Certification for the first time in the country, aiming to position Sri Lanka as a sustainable souring destination.

- *Business Linkages:* these promote international exposure for the ICT Industry in designated countries. 15 Business promotion activities were organized in 2011 targeting Australia, UK, Africa and Bangladesh as given below:

    - o Business Promotion Mission to Australia: A series of business promotion events were organized in Australia from 30th May to 3rd June 2011. 15 out of 26 companies were selected for the delegation and the activities covered are as follows:

        - Sri Lankan Pavilion at CeBIT Australia 2011 at which 8 companies exhibited.

        - Two Business Networking Events for New South Wales and Victoria held in Sydney and Melbourne. These events were targeted at *potential business clients/partners* in Australia and provided networking opportunities for the participating companies

        - Two Sri Lanka Expatriate Networking Events for New South Wales and Victoria held in Sydney and Melbourne: These events were targeted at Sri Lankan Expatriates in Australia who could partner with the Sri Lankan Industry to promote business.

    - o Gartner Outsourcing and IT Services Summit, UK, September 2011: A country business promotion activity was organized as a Platinum Sponsor of the summit which included 10 one to one meetings with Gartner Analysts, an exclusive Board Room session for CIOs, a Solution Provider Session and a Sri Lankan booth at the exhibition floor. Creating awareness of the country's capabilities among the Gartner Analyst community is expected to help establish the country as a viable off-shoring destination.

    - o Two Sri Lanka Expatriate Networking Events were held in September and November 2011 in London, UK targeting Sri Lankan expatriates in senior management positions in the UK who have the potential to partner Sri Lankan Industry to promote business.

    - o Business Promotion Mission to Australia October 2011: This was a follow up mission to Australia based on the success of the activities conducted in May/June 2011. Eleven ICT companies participated.

        - Business Networking Meeting Event, Sydney: this event targeted potential Australian business contacts.

        - Country presentation opportunity at the ISACA Sydney Chapter Summit in Sydney.

- Two Sri Lanka Expatriate Networking Events for New South Wales and Victoria held in Sydney and Melbourne. These events were targeted at Sri Lankan expatriates in senior management positions in Australia who could partner Sri Lankan Industry for promoting business.

o AITEC East Africa ICT Summit, November 2011, in Nairobi, Kenya: ICTA took part as the summit's Principle Strategic Partner which included a Sri Lankan pavilion for the showcasing products and services of 4 Sri Lankan companies, a keynote address at the inauguration and a country specific panel discussion. This was the first effort by ICTA to directly promote business in this region.

o NOA Sourcing Summit and Awards 2011, UK: Funding assistance was extended for a sponsorship of this event for the Industry. Seven Sri Lankan ICT companies took part in this event which is a highlight in the outsourcing calendar of the UK with over 500 delegates. The event creates opportunities for companies to meet potential clients and partners and to establish Sri Lanka as an outsourcing destination.

o eAsia 2011, Dhaka, Bangladesh: ICTA supported 6 companies to be a part of a Sri Lankan Pavilion at eAsia 2011 held in Dhaka, Bangladesh. This event is a platform to engage with and explore opportunities for companies within the region.

▪ *Technology Start-up Grants***:** (also known as the "*spiralation*" project). This is designed for promoting new entrepreneurial ideas for the ICT Industry. It provides seed capital for start-ups to develop their businesses, and is aimed at developing the business skills for securing business and penetrating markets. 8 such workshops with experts were held in 2011.

▪ *Consultancy Grants:* these provide an award to assist companies to explore international markets by linking international expertise on business development to domestic ICT Companies which are export oriented. 16 grants were awarded in 2011. 27 companies have taken up the grant and markets explored include UK, USA, Australia, South Africa, Bahrain, Malaysia, Maldives, India and Canada.

▪ *Country Competitiveness Study for IT/BPO and Knowledge Services Industries in Sri Lanka:* ICTA commissioned AT Kearney to conduct this study. The report is titled 'Competitive Benchmarking: Sri Lanka Knowledge Services'. Among the findings are information on the low costs, which is one of the key advantages of the country, Sri Lanka's infrastructure superior to most other 'low cost' countries, the literacy and secondary enrollment rates on par with developed countries, the tertiary education system, the niche capabilities in technical and professional services etc.. The AT Kearny study is to be used extensively when promoting the industry and is expected to attract more attention to the country as an outsourcing destination.

- *IT-BPO Career Fairs*: this program is focused on the future workforce of the IT-BPO (Business Process Outsourcing) industry and targets students from grade 9 upwards, including school leavers and university students. The aim is to provide participants with information on the ICT industry, specifically employment opportunities and the skills, knowledge and attitudes required to enter those positions and prepare for an ICT career. In 2011 ICTA updated the seminar content in all 3 languages and shared this content with INFOTEL and IBM which carried out their own career guidance programs.

6.0 CREATING AN EMPOWERED KNOWLEDGE BASED SOCIETY

(eSociety)

The objective is to take a bottom-up, collaborative approach to ICT for Development, harnessing both private and public sector's special expertise and infrastructure, and the grassroots knowledge and presence of community based organizations to accomplish ICTA's vision of taking the benefits of ICT to every citizen.

- *National Best Content Awards:* the eSwabhimani jury was held in September and the Awards ceremony was held in November 2011. Evaluation software used this year was developed locally along the lines of the software used at the World Summit Award.

- *Manthan Awards South Asia 2011*: ICTA was represented in the Grand Jury. 18 projects from Sri Lanka entered the final round of evaluation of which 5 were adjudged winners.

- *World Summit Award:* The eSociety Project "Wiki Goviya" won a World Summit Award in the eLearning and Education Category. It is among the 40 award winning products from across the world.

- *South Asian Mobile Conference 2011 & mBillionth Grand Jury:* ICTA hosted the 2nd mBillonth Award Grand Jury and the South Asian Mobile Conference for the second successive year contributing towards building Sri Lanka as a regional knowledge hub. (*The mBillionth Award recognizes innovation and creativity in mobile applications and content and is open to developers in South Asia.)*

- Community Assistance Program, CAP: The CAP provided assistance to community based organizations through capacity building programs and small grants for implementing ICT based projects for benefitting grass root communities. A bottom up approach was adopted. The target was 140 projects, but 143 projects have been successfully completed.

- *Partnership Assistance Program, PAP*: The PAP sought to leverage on technical, financial and managerial capacity of bigger organizations in executing innovative, replicable ICT projects which would benefit society. 35 projects under this program have been successfully completed, against a target of 30. An open source electronic patient record system was also implemented in the Karawanella and Mawanella hospitals.

- *Replication Assistance Program, RAP*: The objective of this program is to replicate the outputs of the CAP and PAP programs in new geographic locations and amongst other communities. The Hospital Health Information Management System originally implemented at the Karawanella and Mawanella Hospitals was replicated at the Dompe Hospital.

- *English Learning Software*: This software is for self-learning and targeted to A' Level students and school leavers. This was demonstrated to the Ministry of Higher Education, the National Distance Learning Center and the Kelaniya University. A pilot run was conducted at the University of Kelaniya.

- *eSociety Road Show*: Following the first program in Jaffna four more programs were implemented in Ratnapura, Anuradhapura, Batticaloa and Matara. The Ratnapura event involved showcasing eSociety products at the IT Exhibition held at the Ruwanpura National College of Education. The Road Show in Anuradhapura was held in conjunction with the convention for Nenasala Operators. The Mobile Library for Digital Content equipped with computers and disseminating digital content was also at the site attracting children. Through these two events 2000 DVD/CDs on wide ranging subjects were distributed selectively.

- *Content Deployment, Mobile Library for Digital Content*: This project seeks to take digital content to rural communities. Content was developed through ICTA's Partnership Assistance and Community Assistance Programs and content was collected from Government and Non-Government Organizations. The Mobile Library visited all 25 districts and conducted training programs on installing and using content, followed by the distribution of CDs/DVDs. Around 115,000 CDs/ DVDs were distributed to CBOs, schools, Nenasala centers, provincial government bodies and libraries through this project.

- Content Repository: A platform has been developed to host and share digital content from all sources.

7.0 Sri Lanka CERT 2011 Report

7.1 About Sri Lanka CERT

Introduction

The Sri Lanka Computer Emergency Readiness Team | Coordination Center (Sri Lanka CERT|CC) is the center for cyber security in Sri Lanka, mandated to protect the nation's information infrastructure and to coordinate protective measures against, and responses to cyber security threats and vulnerabilities.

Establishment

As the national CERT of Sri Lanka, Sri Lanka CERT acts as the focal point for cyber security for the nation. It is the single trusted source of advice about the latest threats and vulnerabilities affecting computer systems and networks, and a source of expertise to assist the nation and member organizations, in responding to and recovering from Cyber attacks.

It was anticipated that cyber security incidents in Sri Lanka would increase dramatically due to IT infrastructure growth as a result of the National ICT Policy related activities, primarily, the eSri Lanka initiative and ICT revenue generation activities. Sri Lanka CERT therefore was established on 1st July 2006 as Sri Lanka's National CERT, by the ICT Agency of Sri Lanka (ICTA). ICTA is the Government Agency responsible for the development of IT Infrastructure and Policy in Sri Lanka. Sri Lanka CERT is registered as a Private Limited Liability Company, and is a fully owned subsidiary of the ICTA, which in turn is fully owned by the Government of Sri Lanka.

In early 2011, Sri Lanka CERT | CC, along with its parent body, the ICTA was brought under the purview of the newly formed Ministry of Telecommunications and ICT.

Workforce

Sri Lanka CERT currently has a total strength of ten team members consisting of the Chief Operating Officer, a Manager Operations, an Administrative Officer, a Senior Information Security Engineer and six Information Security Engineers. All the staff are highly skilled and experienced in different areas of information security and have achieved corresponding Information security certifications which are widely recognized in the industry, such as SANS GCIH, Microsoft MCSE, EC-Council Certified Ethical Hacker (CEH) and Certified Hacking Forensics Investigator (CHFI), Cisco CCNA and CCSP and (ISC)2 CISSP.

Constituency

Sri Lanka CERT's Constituency encompasses the whole of the cyber community of Sri Lanka (private & public sector organizations, and the general public). Sri Lanka CERT maintains a good rapport with government and private sector establishments, and extends assistance to the general public as permitted by available resources. In accordance with its mandate, Sri Lanka CERT | CC gives priority to requests for assistance from government. Based on availability of human resources and necessary skills, requests from private sector are handled free of charge or on a paid basis, depending on the type of service provided.

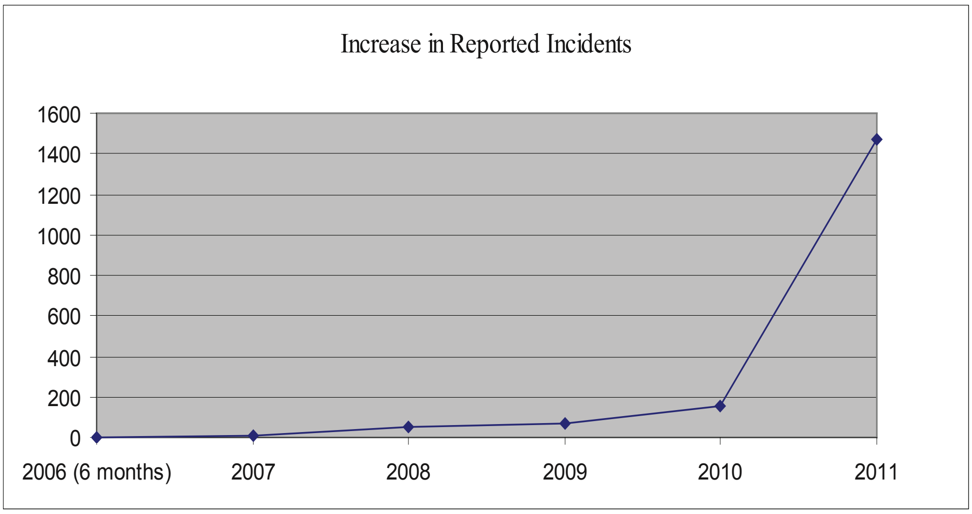
7.2 Activities & Operations

Incident Handling Statistics

Incidents reported to Sri Lanka CERT increased to 1469 in the year 2011. In the year 2010, only 151 incidents were reported. This can be seen as a major increase in the reported incidents compared to the year 2010. The following table depicts the distribution of various types of incidents reported to Sri Lanka CERT. All the incidents reported to Sri Lanka CERT have been resolved satisfactorily.

Type of Incident	No
Phishing	6
Abuse/Privacy	2
Scams	3
Malware	1
Defacements	20
Hate/Threat Mail	3
Unauthorized Access	3
Intellectual property violation	5
DoS/DDoS	1
Fake Accounts	1,425
Total	**1,469**

The following graph depicts the increase in the number of incidents since the inception of Sri Lanka CERT in mid-2006.



New services

Setting up sector based CSIRTs

Sri Lanka CERT has initiated the setting up of CSIRTs which are sector-based. Typical sectors are Banking, Telecom, Defence and Education. The Bank CSIRT is already operational while the Telco CSIRT concept paper is awaiting approval from the TRCSL Board, which is its intended host body. The other two CSIRTs are in the concept phase.

The rationale for sector based CSIRT's is to ensure that Sri Lanka CERT remains a small, focused national body that functions only as an incident escalation and coordination point and ensures national readiness to tackle large scale incidents effectively.

The net result of setting up sector based CSIRTs and certifying and coordinating the activities of these CSIRTs is that Sri Lanka CERT has now transformed itself to being a true coordinating body. The Board of Directors of Sri Lanka CERT has therefore recently approved the re-alignment of Sri Lanka CERT by re-naming itself as "Sri Lanka Computer Emergency Readiness Team" in addition to being the Coordinating Center. This process has been completed and Sri Lanka CERT is now known as Sri Lanka CERT|CC.

Sectoral CSIRTs will provide industry specific services to their constituents. For example, The Telco CSIRT will provide content filtering services to ISPs while Bank CSIRT provides vulnerability alerts specific to banking software and implements security standards to ensure a minimum level of security compliance within the industry.

Incident handling - blocking Phishing sites

Since it takes considerable time to take down the phishing sites targeting local banks of Sri Lanka, a new process was established to block the sites locally with the help of TRC (Telecommunication Regulatory Commission) Sri Lanka and the ISPs. This will minimize the damage that can be happen to local customers during the time of taking down those phishing sites with the help of international CERTs and ISPs.

National Certificate Authority

The Electronic Transactions Act no. 19 of 2006 creates a foundation for the existence of a national certificate authority. With the launch of the first e-citizen services and the increased use of online banking and other e-commerce facilities, the use of a digital ID is becoming more important. While LGN CA and Lanka Sign exist, the universal acceptance of their certificates is in question. To address this issue, Sri Lanka CERT, ICTA and various stakeholders have come together to form a task force to determine the policies, procedures, governance and service models of the national CA. The end objective is to have a national level body which will effectively regulate the issuing of a number digital certificate classes at affordable prices that are in accordance with the local legislation and international standards.

Vulnerability Assessments – Formal procedure for security testing government websites

Given several issues where timelines far exceeded acceptable levels when security testing government websites and applications, Sri Lanka CERT, ICTA, GIDC NOC conferred and established a formal procedure for strictly managing the process for security testing government web applications.

7.3 Events organized / co-organized

Training / Education

In order to fulfill its mandate to create awareness and build IS skills within the constituency; Sri Lanka CERT continues to organize training programs and education sessions targeting various audiences including CIOs, Engineers, System Administrators, Banking and Telecom Sector Staff, Students, and General Public.

During the year 2011 Sri Lanka CERT conducted the following training and education programs successfully:

a. Seminar series on "Internet safety for School Children" for School Children.

b. Train the trainer program at National Colleges of Education on "Online Safety".

c. Presentation on "Penetration Testing".

d. Presentations on "Cyber security" for government CIOs.

e. Presentations on "Cooperation between incident response teams" and "Role of Incident response teams" .

f. Presentations on "e-Government Information Security".

Consultancy

Sri Lanka CERT continues to provide consultancy services in response to requests made – particularly from government departments.

Typical consultancy services provided during the year 2011 included;

a. Security Policy development workshops for government organizations.

b. Forensics investigation support for Law enforcement.

c. Providing training for Digital Forensics Laboratory staff of the Police Department.

d. Configuration reviews for critical government organization information systems.

e. Virtualization security and migration consultancy to the Institute of Policy Studies (IPS).

f. Consultancy on security integration in to procurement processed for Sri Lanka Credit Insurance Corporation (SLECIC) and IPS.

g. Formulation on organizational Information Security policy for SLECIC.

Seminars & Workshops

a. End-user security workshop for a government organization.

b. Workshops on "Virtualization Cloud Computing and Next Gen Enterprise Architecture" and "Network traffic analysis".

   This was conducted for the technical and information security staff of private and government sector organizations.

c. 4th Annual National Conference on Cyber Security 2011

   This "Annual National Conference on Cyber Security" is an annual program organized by Sri Lanka CERT since 2008, held in the month of October, which featured a series of events:

   · Two Workshops for professionals, namely:

   - Virtualization Cloud Computing and Next Gen Enterprise Architecture

   - Network traffic analysis.

   · One-day Conference

d. Workshop on "End user security and cloud computing security" conducted jointly with Institute of Chartered Accountants (ICASL).

7.4 Achievements

Publications & Other media

a. Website

The Sri Lanka CERT website publishes security related awareness bulletins for the public via News Alerts and a Knowledge Base. Glossaries, case studies and FAQs are among some of the other published items.

b. Emails

Disseminating security related information via e-mail alerts to Sri Lanka CERT Website subscribers. The Cyber Guardian E-newsletter was initiated in mid-2011 and is distributed to a large number of students by the Ministry of Education, through the school net.

c. Newspapers/media

Sri Lanka CERT continues to educate the general public through the electronic and print media about emerging cyber security threats and vulnerabilities.

Certification & Membership

Memberships obtained in professional security organizations in the period 2011;

a. Microsoft SCP (Security Cooperation Program).

b. Collaborative agreement with "IMPACT". Sri Lanka CERT will benefit from receiving a threat feeds from the region and also form part of the global incident response team.

c. Sri Lanka CERT is represented on the board and steering committee of the Information Systems Security Association (ISSA) Sri Lanka Chapter, and is involved in the planning of its inaugural event and strategic partnership formation efforts.

d. Sri Lanka CERT is also actively supporting the formation of SLSEC, a proposed online forum where security enthusiasts can get help from fellow security enthusiasts. The forum will be managed by a governing body consisting of Sri Lankan representatives in Sri Lanka as well as overseas. The site will be hosted and managed, by Sri Lankan expatriates.

7.5 International Collaboration

MoU

In addition to being members of FIRST and APCERT, Sri Lanka CERT has signed Memoranda of Understanding with Microsoft, to be a member of Microsoft Security Cooperation Program (SCP) and with IMPACT, the security arm of ITU.

While a relationship with (ISC)2 has also been established, Sri Lanka CERT will not enter into a Master Affiliate agreement with (ISC)2. This is because the proposed business model is not financially viable. However, Sri Lanka CERT actively supported and has participation in the newly formed (ISC)2 local chapter. It partnered with (ISC)2 to run a CISSP boot camp as part of the CSW 2011 Program.

Event participation

March 22nd -25th, 2011
APCERT AGM & Conference
Jeju Island, Korea.

April 5th – 6th, 2011
Council of Europe International workshop
Sri Lanka

June 27th – 30th, 2011
FIRST AGM and Annual Conference
Vienna, Austria

July 1st – 2nd, 2011
National CSIRT Meeting, Vienna, Austria

October 12th - 14th, 2011
FutureGov Summit 2011
Putrajaya, Malaysia

October 24th – 28th, 2011
UNAPICT - 2nd Regional Forum on ICT Capacity Building
Incheon, Korea

November 1st – 4th, 2011I
IMPACT Technical Training: Securing networks
Cyberjaya, Malaysia

International incident coordination

Active participant in the recently concluded APCERT Drill 2011, where Sri Lanka CERT played the role of Organizing Committee (OC) Lead and was part of the Exercise Control (EXCON) team.

Sri Lanka CERT has regular operational engagements with CERTs (US-CERT) and commercial organizations (such as Facebook, Google, Yahoo) to handle phishing, identity theft incidents.

7.6 Conclusion

Being nearly six years old, Sri Lanka CERT has faced an uphill task of raising Information Security awareness in Sri Lanka. The increase in the number of incidents reported and handled by Sri Lanka CERT in consecutive years is a testament to the success of Sri Lanka CERT's awareness campaigns both through the use of seminars and conferences and through the use of popular media.

During this year most of the incidents reported to Sri Lanka CERT were related to phishing sites and various activities conducted through social networking sites, such as account hijacking and fake account creation. These were typically motivated by revenge, extortion or malicious software distribution.

All the events organized by Sri Lanka CERT during the year 2011 were very successful. Sri Lanka CERT will continue to conduct the Annual National Conference on Cyber Security while finding new ways to reach an even wider audience, and also maintain a calendar of regularly running technical and management training workshops.

During the year, Sri Lanka CERT made valuable contributions to several APCERT working groups and helped to conduct a member survey, where Sri Lanka CERT was afforded the opportunity to analyze the data collected from the APCERT member survey 2011 and produce a report to the Steering Committee.

Sri Lanka CERT shall continue to participate in regional events such as the Annual APCERT drill and also welcomes opportunities to collaborate with its sister CERTs in incident coordination.

Since Asia is strategically important to us, Sri Lanka CERT will play a bigger role at APCERT in 2012 by contributing to various working groups and activities to build a secure information environment in the Asia Pacific region.

Financial Report

BAKER TILLY
MERALI'S
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF INFORMATION & COMMUNICATION TECHNOLOGY AGENCY OF SRI LANKA (PRIVATE) LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Information & Communication Technology Agency of Sri Lanka (Private) Limited, the consolidated financial statements of the Company and its subsidiaries which comprise the balance sheet as at December 31, 2011, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Scope of Audit and Basis of Opinion

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

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

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

Opinion- Company

As discussed in Note 08 to the financial statements, an amount of Rs.1,046 million which was utilized in purchasing fixed assets for third parties under project implementation activities has been capitalized and disclosed under the Property, Plant and Equipment in the financial statements. This practice, in our opinion, is not in accordance with Sri Lanka Accounting Standard -18 Property, Plant and Equipment since these assets are used and controlled by third parties.

In our opinion, so far as appears from our examination, except for the effect on the financial statements of the matter referred to in the preceding paragraph, the Company maintained proper accounting records for the year ended December 31, 2011 and the financial statements give a true and fair view of the Company's state of affairs as at December 31, 2011 and its surplus and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Opinion-Group

As discussed in Note 08 to the financial statements, an amount of Rs.1,046 million which was utilized in purchasing fixed assets for third parties under project implimentation activities has been capitalized and disclosed under the Company's Property, Plant and Equipment in the financial statements. This practice, in our opinion, is not in accordance with Sri Lanka Accounting Standard - 18 Property, Plant and Equipment since these assets are used and controlled by third parties.

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs as at December 31, 2011 and the surplus and cash flows for the year then ended, in accordance with Sri Lanka Accounting Standards, of the Company and its subsidiaries dealt with thereby, so far as concerns the shareholders of the Company.

Report on Other Legal and Regulatory Requirements

In our opinion, these financial statements also comply with the requirements of Sections 153(2) to 153(7) of the Companies Act No. 07 of 2007.

Baker Tilly Merali's

Chartered Accountants
26th July 2012.
Colombo.

INFORMATION AND COMMUNICATION TECHNOLOGY AGENCY OF SRI LANKA (PVT) LTD

INCOME STATEMENT

Year ended 31 December 2011	Note	GROUP		COMPANY	
		2011	2010	2011	2010
		Rs.	Rs.	Rs.	Rs.
Grant income					
International development association		103,805,657	316,396,790	103,805,657	316,396,790
General treasury		186,315,813	184,252,020	186,315,813	184,252,020
General treasury RFA		491,787,631	295,330,708	491,787,631	295,330,708
Korean EXIM loan		86,443,575	70,747,451	86,443,575	70,747,451
Deferred grant income		232,966,253	158,295,507	231,966,609	157,061,500
		1,101,318,929	**1,025,022,476**	**1,100,319,285**	**1,023,788,469**
Grant disbursements					
International development association		97,727,774	305,203,253	97,727,774	305,203,253
General treasury		174,878,401	171,379,913	175,909,954	172,162,023
General treasury RFA		479,863,901	305,748,506	485,680,472	310,180,461
Korean exim loan		266,702,922	166,420,718	266,702,922	166,420,718
Project implementation expenses	**4**	**1,019,172,998**	**948,752,390**	**1,026,021,122**	**953,966,455**
Net surplus on operating activities		82,145,931	76,270,086	74,298,163	69,822,014
International development association		6,077,883	11,193,537	6,077,883	11,193,538
General treasury		19,339,119	22,265,442	18,161,954	21,298,232
General treasury RFA		56,728,929	42,811,107	50,058,326	37,330,244
General administration expenses		**82,145,931**	**76,270,086**	**74,298,163**	**69,822,014**
Net surplus from grant activities	**5**	-	-	-	-
Other income	**6**	10,994,577	6,509,518	10,994,577	5,284,449
Net income/(expense) on non grant activities	**7**	(6,434,658)	8,618,499	(1,445,898)	8,618,499
Net surplus from non grant activities		**4,559,919**	**15,128,017**	**9,548,679**	**13,902,948**

Figures in brackets indicate deduction.
The accounting policies and notes on pages 7 through 18 form an integral part of the financial statements.

INFORMATION AND COMMUNICATION TECHNOLOGY AGENCY OF SRI LANKA (PVT) LTD

BALANCE SHEET

As at 31 December 2011	Notes	GROUP 2011 Rs.	GROUP 2010 Rs.	COMPANY 2011 Rs.	COMPANY 2010 Rs.
ASSETS					
Non current assets					
Property, plant & equipment	8	1,078,009,205	1,154,659,020	1,073,235,745	1,150,928,869
Intangible assets	9	8,412,652	10,515,816	7,364,106	9,205,133
Investment in subsidiaries	10	-	-	30	20
Investments in fixed deposits	11	950,000	950,000	950,000	950,000
		1,087,371,857	**1,166,124,836**	**1,081,549,881**	**1,161,084,022**
Current assets					
Receivables	12	27,436,479	23,508,053	26,403,555	23,186,917
Deferred grant receivable		52,625,329	-	52,625,329	-
Cash & cash equivalents	13	45,958,166	145,029,944	43,597,892	141,792,884
		126,019,974	**168,537,997**	**122,626,776**	**164,979,801**
Total assets		**1,213,391,831**	**1,334,662,833**	**1,204,176,657**	**1,326,063,823**
EQUITY & LIABILITY					
Equity					
Stated capital	14	20	20	20	20
Accumulated fund		48,442,660	38,841,909	43,668,389	34,119,710
		48,442,680	**38,841,929**	**43,668,409**	**34,119,730**
Non current liabilities					
Deferred revenue for grant assets	15	1,086,076,097	1,165,174,836	1,080,254,091	1,160,134,002
Retirement benefit	16	25,073,750	20,772,500	22,813,750	19,102,500
		1,111,149,847	**1,185,947,336**	**1,103,067,841**	**1,179,236,502**
Current liabilities					
Payables	17	53,799,304	65,720,524	53,141,645	65,380,443
Amount Due to Related Party	18	-	-	4,298,762	3,174,104
Deferred grant payable		-	44,153,044	-	44,153,044
		53,799,304	**109,873,568**	**57,440,407**	**112,707,591**
Total equity and liabilities		**1,213,391,831**	**1,334,662,833**	**1,204,176,657**	**1,326,063,823**

Figures in brackets indicate deduction.

The accounting policies and notes on pages 7 through 18 form an integral part of the financial statements.
These financial statements are in compliance with the requirements of the Companies Act No :07 of 2007.

…………………………… ……………………………..

Manager Finance Chief Executive Officer

The board of directors is responsible for the preparation and presentation of these consolidated financial statements. Signed for and on behalf of the board by:

………………………….. ……………………………..

Director Director

26th July 2012.
Colombo.

INFORMATION AND COMMUNICATION TECHNOLOGY AGENCY OF SRI LANKA (PVT) LTD

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2011	Stated capital	ICTA accumulated fund	CINTEC accumulated fund	Total
Group	Rs.	Rs.	Rs.	Rs.
Balance as at 01 January 2010	20	24,863,042	5,744,115	30,607,177
Surplus for the year 2010	-	15,128,017	-	15,128,017
Deferred revenue for grant assets adjustment	-	(6,893,265)	-	(6,893,265)
Balance as at 31 December 2010	**20**	**33,097,794**	**5,744,115**	**38,841,929**
Adjustments (Note 22)	-	10,784,947	(5,744,115)	5,040,832
Surplus for the year 2011		4,559,919	-	4,559,919
Balance as at 31 December 2011	**20**	**48,442,660**	**-**	**48,442,680**
Company				
Balance as at 01 January 2010	20	14,472,647	5,744,115	20,216,782
Surplus for the year 2010	-	13,902,948	-	13,902,948
Balance as at 31 December 2010	**20**	**28,375,595**	**5,744,115**	**34,119,730**
Adjustments (Note 22)	-	5,744,115	(5,744,115)	-
Surplus for the year 2011	-	9,548,679	-	9,548,679
Balance as at 31 December 2011	**20**	**43,668,389**	**-**	**43,668,409**

Figures in brackets indicate deduction.
The accounting policies and notes on pages 7 through 18 form an integral part of the financial statements.

INFORMATION AND COMMUNICATION TECHNOLOGY AGENCY
SRI LANKA (PVT) LTD

CASHFLOW STATEMENT

Year ended 31 December 2011		**GROUP**		**COMPANY**	
	Note	**2011 Rs.**	**2010 Rs.**	**2011 Rs.**	**2010 Rs.**
CASH FLOW FROM OPERATING ACTIVITIES					
Net Surplus for the year		4,559,919	15,128,017	9,548,679	13,902,948
Adjustments for-					
Depreciation & Amortizations	**8 & 9**	232,966,253	158,295,507	231,966,609	157,061,500
Retirement benefit	**16**	5,083,750	8,052,500	4,493,750	7,335,000
Interest income		(78,406)	-	(78,406)	-
Deferred revenue for grant assets		(79,098,739)	383,692,536	(79,879,911)	384,735,743
Gratuity payments	**16**	(782,500)	-	(782,500)	-
PPE Write-off	**8**	343,579	-	300,965	-
Prior period adjustments		5,040,832	(6,893,265)	-	-
Operating income before changes in working capital		**168,034,687**	**558,275,295**	**165,569,186**	**563,035,191**
Changes in working capital					
(Increase)/decrease in deferred grant receivable		(52,625,329)	58,710,245	(52,625,329)	52,569,997
(Increase)/decrease receivables		(3,928,425)	(17,247,749)	(3,216,640)	(17,554,553)
Increase/(decrease) payables		(11,921,220)	(131,782,411)	(12,238,798)	(129,386,666)
Increase/(decrease) in deferred grant payable		(44,153,044)	44,153,044	(44,153,044)	44,153,044
Increase/(decrease) in related party payable		-	-	1,124,658	-
Net cash generated from operating activities		**(112,628,017)**	**(46,166,871)**	**(111,109,153)**	**(50,218,178)**
CASH FLOWS (TO) / FROM INVESTING ACTIVITIES					
Acquisition of property, plant & equipment	**8**	(154,556,853)	(541,988,043)	(152,733,421)	(541,797,243)
CINTEC - Investment income		78,406	-	78,406	-
Investments in fixed deposits		-	3,700,000	-	-
Investments in subsidiary - LGII		-	-	(10)	-
Net cash utilized in investing activities		**(154,478,447)**	**(538,288,043)**	**(152,655,025)**	**(541,797,243)**
Net cash outflow		(99,071,776)	(26,179,619)	(98,194,992)	(28,980,230)
Add: Cash & cash equivalent at the beginning of the year		145,029,944	171,209,563	141,792,884	170,773,114
Cash & cash equivalents at the end of year	**13**	**45,958,168**	**145,029,944**	**43,597,892**	**141,792,884**

Figures in brackets indicate deduction.
The accounting policies and notes on pages 7 through 18 form an integral part of the financial statements.

INFORMATION COMMUNICATION TECHNOLOGY AGENCY OF SRI LANKA (PVT) LTD

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2011

1. CORPORATE INFORMATION

1.1 General

The Information Communication Technology Agency of Sri Lanka (Private) Limited (ICTA) was incorporated on 12th May 2003, under the Companies Act.No.17 of 1982, with the Secretary to the Treasury and the Secretary to the Minister of Economic Reform, Science and Technology as the subscribers. And ICTA has been re registered with the registration No of PV 4055 under the Companies Act No 7 of 2007.

The consolidated financial statements of Information Communication Technology Agency of Sri Lanka (Private) Limited as at and for the year ended 31 December, 2011 comprise the company and its subsidiaries Sri Lanka Computer Emergency Response Team (Private) Limited (CERT) and Lanka Government Information Infrastructure (Private) Limited (LGII).

The Group is,

- to provide assistance in the formulation and submission of proposals with regard to the National Policy and the Action Plan on Information & Communication Technology,
- to take steps necessary to facilitate and monitor their implementation and
- To provide all information and assistance for identifying and making the said technologies available to the public sector and the public.

By virtue of Information and Communication Technology Act No 27 of 2003 as amended in 2007, the company was empowered to implement its objectives.

The registered office of the Company is situated at No.160/24, Kirimandala Mawatha, Colombo-05.

1.2 Principal Activities and Nature of Operations

The Company provides all information & assistance for the formulation of the National Policy on Information Communication Technology and assists the Cabinet of Ministers & Inter Ministerial Committee on Information Communication Technology.

1.3 Date of Authorization for Issue

The financial statements of Information Communication Technology Agency of Sri Lanka (Pvt) Ltd for the year ended December 31, 2011, was authorized for issuance by the directors on 26th July 2012.

2. BASIS OF PREPARATION

The Financial Statements which have been presented in Sri Lankan rupees have been prepared on a historical cost basis.

2.1 Statement of compliance

The consolidated financial statements of Information Communication Agency of Sri Lanka (Pvt) Ltd and its subsidiaries have been prepared and presented in compliance with the Sri Lanka Accounting Standards (SLAS) and Companies Act. No.07 of 2007.

2.2 Comparative Information

The accounting policies have been consistently applied by the Company. Previous year's figures and phrases have been re-arranged wherever necessary, to conform to the current year's presentation.

2.3 Use of Estimates and Judgements

The preparation of financial statements in conformity with SLAS, requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying amount of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

2.4 Basis of Consolidation

The Financial Statements of the Group represent the Consolidation of the Financial Statements of the Company and its Subsidiaries – Computer Emergency Response Team (Private) Limited (CERT) and Lanka Government Information Infrastructure (Private) Limited (LGII) in accordance with Section 153 (1) (a) of the Companies Act No. 7 of 2007 and the Sri Lanka Accounting Standard 26- "Consolidated Financial Statements and Accounting for Investments in Subsidiaries".

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Foreign Currency Translation

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 balance sheet date. All differences are taken to income statement. 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.

3.2 Taxation

Current Taxes

The Information and Communication Technology Act .No 27 of 2003 provides, under Section 8(1), for the exemption of the income or profits of the company from Income Tax.

3.3 Other Receivables

Other receivables and dues from Related Parties are recognized at cost less allowances for bad and doubtful receivables.

3.4 Cash and Cash Equivalents

Cash and cash equivalents are cash in hand, demand deposits and short-term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

3.5 Property, Plant and Equipment

Property, Plant and Equipment is stated at cost, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are met.

Depreciation is calculated on a Reducing Balance Method at the following rates.

Asset	Depreciation rate
Furniture Fittings & Equipment	20%
Office Equipment	20%
Computers	20%

3.6 Intangible Assets

An Intangible Assets is recognized if it is probable that economic benefits are attributable to the assets will flow to the entity and cost of the assets can be measured reliably.

3.6.1 Software and publication

All computer software cost incurred, which are not internally related to associate hardware, which can be clearly identified, reliably measured and its probable that they will lead to future economic benefits, are included in the Balance Sheet under the category of intangible assets and carried at cost less accumulated amortization and any accumulated impairment losses.

3.6.2 Subsequent Expenditure

Expenditure incurred on software is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

3.6.3 Amortization

Amortization is calculated on a Reducing Balance Method at the following rate.

Asset	Amortization rate
Software and publication	20%

3.7 Investments

Current investments are carried at market value.
Unrealized gains and losses on current investments carried at market value are recognized as income or expense.

3.8 Retirement Benefit Obligations

a) Defined Benefit Plan – Gratuity

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 forward in the balance sheet, equivalent to an amount calculated based on a half month's salary of the last month of the financial year of all employees for each completed year of service, commencing from the first year of service. The resulting difference between brought forward provision at the beginning of a year net of any payments made, and the carried forward provision at the end of a year is dealt with in the income statement.

Defined Contribution Plans – Employees' Provident Fund & Employees' Trust Fund

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with the respective statutes and regulations. The Company contributes 12 % and 3 % of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

3.9 Grants & Subsidies

Grants are recognized where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it is set up as deferred income. Where the Company receives non-monetary grants, the asset and that grant are recorded at nominal amounts and released to the income statement over the expected useful life of the relevant asset by equal annual installments.

3.10 Revenue Recognition

In consultation with the Sri Lanka Accounting and Auditing Standards Monitoring Board and in accordance with the requirements of SLAS -24 – Government Grants, the company recognizes grants utilized during the year as Income and the outlays on Project Implementation and Administration as expenditure.

3.11 Interest

Revenue is recognised on a time proportion basis that takes in to accounts the effective interest rate on asset.

3.12 Others

Other income is recognized on accrual basis.

Year ended 31 December 2011

4. PROJECT IMPLEMENTATION EXPENSES	GROUP 2011 Rs.	GROUP 2010 Rs.	COMPANY 2011 Rs.	COMPANY 2010 Rs.
Consultants - local (firms & individuals)	543,424,395	539,483,221	529,717,038	527,469,920
Consultants - foreign (firms & individuals)	115,026,986	87,728,801	115,026,986	87,728,801
Non contract consultancies	1,024,368	3,371,135	882,813	3,286,885
Connectivity expenses	12,307,237	39,537,106	11,421,305	38,606,491
Advertising - electronic media	3,772,424	17,421,768	3,738,813	17,411,426
Advertising - print media	19,843,937	19,953,385	19,843,937	19,953,385
Advertising - material	1,844,928	-	1,844,928	-
Events & seminars	40,889,368	32,613,735	40,833,440	32,613,735
Training expenses	3,268,040	2,733,671	2,201,064	1,932,661
Fuel	5,400,533	5,664,458	5,400,533	5,664,458
Motor vehicle rent & hire	13,517,314	15,113,496	13,409,471	13,282,386
Travelling expenses - Foreign	24,454,617	16,312,794	22,093,642	16,312,794
Travelling expenses - Local	421,667	515,943	401,840	515,943
Meeting expenses	275,500	9,470,700	275,500	9,470,700
Depreciation and amortization	232,966,253	158,295,507	231,966,609	157,061,500
Computer security and related expenses	-	-	26,235,103	22,123,200
Others	735,431	536,670	728,100	532,170
	1,019,172,998	**948,752,390**	**1,026,021,122**	**953,966,455**

5. NET SURPLUS FROM GRANT ACTIVITIES

Stated after charging/ (crediting) the following:

	GROUP 2011 Rs.	GROUP 2010 Rs.	COMPANY 2011 Rs.	COMPANY 2010 Rs.
Audit fees	1,871,625	1,782,500	1,811,250	1,725,000
Legal fees	-	236,002	-	236,002
Special allowances	655,000	400,000	655,000	400,000
Sponsorship/subscription to organizations	4,299,752	4,360,771	4,082,709	4,137,953
Directors' emoluments	57,862,500	50,415,000	52,662,500	45,915,000

6. OTHER INCOME

Operating income (6.1)	525,500	4,403,087	525,500	3,269,758
Non operating income (6.2)	10,469,077	2,106,431	10,469,077	2,014,691
	10,994,577	**6,509,518**	**10,994,577**	**5,284,449**

6.1 Operating income

Tender document fees	525,500	-	525,500	-
Profit on sale of fixed assets	-	40,400	-	40,400
Connectivity reimbursement	-	3,160,358	-	3,160,358
Workshop and seminar fees	-	1,202,329	-	69,000
	525,500	**4,403,087**	**525,500**	**3,269,758**

INFORMATION AND COMMUNICATION TECHNOLOGY AGENCY OF SRI LANKA (PVT) LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

	GROUP		COMPANY	
	2011	**2010**	**2011**	**2010**
	Rs.	**Rs.**	**Rs.**	**Rs.**
6.2 Non operating income				
Fixed deposit interest	78,406	187,393	78,406	95,653
Sundry income	8,082,364	1,115,373	8,082,364	1,115,373
Travelling	2,308,307	803,665	2,308,307	803,665
	10,469,077	**2,106,431**	**10,469,077**	**2,014,691**

7. NET INCOME/(EXPENSE) ON NON GRANT ACTIVITIES

	GROUP		COMPANY	
	2011	**2010**	**2011**	**2010**
	Rs.	**Rs.**	**Rs.**	**Rs.**
Income from non grant activities	16,272,949	31,583,054	14,109,259	31,583,054
	16,272,949	**31,583,054**	**14,109,259**	**31,583,054**
Project implementation expenditure	(21,495,431)	(18,009,867)	(14,342,981)	(18,009,867)
General administration	(994,284)	(520,945)	(994,284)	(520,945)
Exchange loss	(217,892)	(4,433,743)	(217,892)	(4,433,743)
	(22,707,607)	(22,964,555)	(15,555,157)	(22,964,555)
	(6,434,658)	**8,618,499**	**(1,445,898)**	**8,618,499**

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2011

8. PROPERTY, PLANT & EQUIPMENT

8.1 GROUP

	Furniture	Computers	PABX system	Vehicles	Office equipment	Attendance system	LGN assets	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost								
At the beginning of the year	29,611,808	388,342,449	110,975	991,349	48,494,253	105,388	1,260,479,096	1,728,135,318
Additions	204,614	15,663,580	-	-	1,228,334	-	137,460,325	154,556,853
Disposals	-	-	(42,614)	(300,965)	-	-	-	(343,579)
At the end of the year	29,816,422	404,006,029	68,361	690,384	49,722,587	105,388	1,397,939,421	1,882,348,592
Accumulated Depreciation								
At the beginning of the year	16,389,765	176,382,488	68,361	690,384	20,724,999	37,939	359,182,362	573,476,298
Charge for the year	2,644,409	42,391,992	-	-	5,553,851	13,490	180,259,347	230,863,089
At the end of the year	19,034,174	218,774,480	68,361	690,384	26,278,850	51,429	539,441,709	804,339,387
Carrying value								
As at 31 December 2011	**10,782,248**	**185,231,549**	**-**	**-**	**23,443,737**	**53,959**	**858,497,712**	**1,078,009,205**
As at 31 December 2010	**13,222,043**	**211,959,961**	**42,614**	**300,965**	**27,769,254**	**67,449**	**901,296,734**	**1,154,659,020**

The carrying amount of Rs. 1,078 million includes Rs. 1,046 worth of assets purchased for third parties under the project implementation activities . These assets are used and controlled by third parties.

INFORMATION AND COMMUNICATION TECHNOLOGY AGENCY OF SRI LANKA (PVT) LTD

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2011

8. PROPERTY, PLANT & EQUIPMENT

8.2 COMPANY

	Furniture	Computers	Vehicles	Office equipment	LGN assets	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost						
At the beginning of the year	27,833,438	383,500,489	991,349	48,201,573	1,260,479,096	1,721,005,945
Additions	204,614	13,999,024	-	1,069,458	137,460,325	152,733,421
Disposals	-	-	(300,965)	-	-	(300,965)
At the end of the year	28,038,052	397,499,513	690,384	49,271,031	1,397,939,421	1,873,438,401
Accumulated Depreciation						
At the beginning of the year	15,699,084	173,845,114	690,384	20,660,130	359,182,362	570,077,074
Charge for the year	2,426,871	41,931,075	-	5,508,289	180,259,347	230,125,582
At the end of the year	18,125,955	215,776,189	690,384	26,168,419	539,441,709	800,202,656
Carrying value						
As at 31 December 2011	**9,912,097**	**181,723,324**	**-**	**23,102,612**	**858,497,712**	**1,073,235,745**
As at 31 December 2010	**12,134,354**	**209,655,375**	**300,965**	**27,541,443**	**901,296,734**	**1,150,928,869**

Note

The carrying amount of Rs. 1,073 million includes Rs. 1,046 worth of assets purchased for third parties under the project implementation activities . These assets are used and controlled by third parties.

As at 31 December 2011

		GROUP		COMPANY	
9. INTANGIBLE ASSETS		**2011**	**2010**	**2011**	**2010**
		Rs.	**Rs.**	**Rs.**	**Rs.**
Cost					
At the beginning of the year		14,557,403	5,935,157	11,192,474	2,570,228
Additions		-	8,622,246	-	8,622,246
At the end of the year		14,557,403	14,557,403	11,192,474	11,192,474
Accumulated amortization					
At the beginning of the year		4,041,587	2,987,999	1,987,341	1,261,424
Charge for the year		2,103,164	1,053,588	1,841,027	725,917
At the end of the year		6,144,751	4,041,587	3,828,368	1,987,341
Carrying value		**8,412,652**	**10,515,816**	**7,364,106**	**9,205,133**
10. INVESTMENT IN SUBSIDIARIES	Holding **%**				
Sri Lanka Computer Emergency Response Team (Pvt) Ltd (Note a)	50%	-	-	20	20
Lanka Government Information Infrastructure (Pvt) Ltd (Note b)	100%			10	-
		-	**-**	**30**	**20**

Note a

The financial statements of Sri Lanka Computer Emergency Response Team (CERT) (Pvt) Ltd is consolidated 100% with ICTA financial statements since the directors of CERT are nominated by ICTA and the activities are conducted and controlled under the directions of ICTA including nominating employees of ICTA to execute activities of CERT.

In this context, ICTA is considered as the parent entity and the ultimate controlling party of CERT and the financial statements of CERT are consolidated in presenting the results of ICTA.

Note b

Lanka Government Information Infrastructure (Pvt) Ltd (LGII) is a fully owned subsidiary of ICTA and it was incorporated on 18th July 2011. There have been no transactions made by the company during the year 2011.

	GROUP		COMPANY	
11. OTHER INVESTMENTS				
	2011	**2010**	**2011**	**2010**
	Rs.	**Rs.**	**Rs.**	**Rs.**
Investments in fixed deposits	950,000	950,000	950,000	950,000
	950,000	**950,000**	**950,000**	**950,000**
12. RECEIVABLES				
Receivables	1,184,420	773,976	315,510	590,340
Refundable deposits	1,984,056	601,106	1,984,056	601,106
General advances	322,421	283,952	322,421	283,952
Prepayments	23,945,582	21,849,019	23,781,568	21,711,519
	27,436,479	**23,508,053**	**26,403,555**	**23,186,917**
13. CASH & CASH EQUIVALENTS				
Cash and bank balances	45,958,166	145,029,944	43,597,892	141,792,884
	45,958,166	**145,029,944**	**43,597,892**	**141,792,884**
Cash and cash equivalents for the purpose of cash flow statement	**45,958,166**	**145,029,944**	**43,597,892**	**141,792,884**

As at 31 December 2011

	GROUP		COMPANY	
14. EQUITY	**2011 Rs.**	**2010 Rs.**	**2011 Rs.**	**2010 Rs.**
02 issued shares	20	20	20	20
	20	**20**	**20**	**20**

15. DEFERRED REVENUE FOR GRANT ASSETS

Balance as at 01 January	1,165,174,836	781,482,300	1,160,134,002	775,398,259
Income deferred during the year (Note 15.1)	153,867,514	541,988,043	152,086,698	541,797,243
Transferred to income statement (Note 08 and 09)	(232,966,253)	(158,295,507)	(231,966,609)	(157,061,500)
Balance as at 31 December	**1,086,076,097**	**1,165,174,836**	**1,080,254,091**	**1,160,134,002**

15.1 Income deferred during the year

PPE additions during the year (Note 8)	154,556,853	541,988,043	152,733,423	541,797,243
PPE additions on non grant income	(345,760)	-	(345,760)	-
PPE disposals during the year	(343,579)	-	(300,965)	-
Income deferred during the year	**153,867,514**	**541,988,043**	**152,086,698**	**541,797,243**

16. RETIREMENT BENEFIT

Balance as at 01 January	20,772,500	12,720,000	19,102,500	11,767,500
Charge for the year	5,083,750	8,052,500	4,493,750	7,335,000
Payments made during the year	(782,500)	-	(782,500)	-
Balance as at 31 December	**25,073,750**	**20,772,500**	**22,813,750**	**19,102,500**

The gratuity liability is neither externally funded nor actuarially valued.

17. PAYABLES

Audit fees	5,204,125	3,282,500	5,036,250	3,225,000
Advertisement	-	1,757,803	-	1,757,803
Telephone charges	532,587	345,073	532,587	345,073
Consultancy - local	271,984	2,978,929	271,984	2,978,929
Consultancy - foreign	39,626,226	40,438,613	39,626,226	40,438,613
Other accruals	8,164,382	16,917,606	7,674,598	16,635,025
	53,799,304	**65,720,524**	**53,141,645**	**65,380,443**

As at 31 December 2011

18. AMOUNT DUE TO RELATED PARTY

	Relationship	COMPANY 2011 Rs.	COMPANY 2010 Rs.
CERT (Pvt) Ltd	Subsidiary	4,298,762	3,174,104
		4,298,762	**3,174,104**

19. RELATED PARTY DISCLOSURES

19.1 Details of significant related party disclosures are as follows:

Related Party	Relationship	Nature of transaction	2011 Rs.
CERT (Pvt) Ltd	Subsidiary	Balance at the beginning	3,174,104
		Expenses borne by the related party	27,234,747
		Amount disbursed to the related party	(26,110,089)
		Balance at the end	4,298,762
Lanka Government Information Infrastructure (Pvt) Ltd	Subsidiary	Investment made during the year	10
			10

This note should be read in conjunction with Note No.18 to these Financial Statements.

19.2 Transactions with key management personnel of the company

Key management personnel compensation

According to Sri Lanka Accounting Standard 30 (Revised 2005) 'Related Party Disclosures', Key Management personnel are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, the Company has identified Directors as key management personnel and an amount of Rs.57.86 Mn has been paid to key management personnel of the Group.

	GROUP		COMPANY	
	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
Short-term employee benefits	57,862,500	50,415,000	52,662,500	45,915,000
	57,862,500	**50,415,000**	**52,662,500**	**45,915,000**

In addition to above compensation, the company also provides non cash benefits to key management personnel in terms of employment contracts with them.

20. COMMITMENTS AND CONTINGENCIES

20.1 Commitments

There were no capital expenditure or financial commitments outstanding as at the Balance Sheet date.

20.2 Contingencies

There were no significant contingent liabilities as at the Balance Sheet date.

Year ended 31 December 2011

20. EVENTS OCCURING AFTER THE BALANCE SHEET DATE

There have been no material events occurring after the Balance Sheet date that require adjustments to or disclosure in the financial statements.

21. COMPARATIVE INFORMATION

The presentation and classification of following item in the Financial Statements are amended to ensure comparability with the current year.

	2010 Rs.			
As reported previously:	**Grant income**	**Project implementation**	**General administration**	**Net non grant activities**
IDRC fund	2,305,733	(2,286,549)	(19,184)	-
Other	1,426,500	(1,426,500)	-	-
	3,732,233	(3,713,049)	(19,184)	-

Current Presentation:		**2011 Rs.**	**2010 Rs.**
NET INCOME/(EXPENSE) ON NON GRANT ACTIVITIES	**(Note A)**		
Income from non grant activities		1,480,984	3,732,233
Project implementation expenditure		(4,276,838)	(3,713,049)
General administration		(17,314)	(19,184)
Net income/(expense) on non grant activities (Note 07		(2,813,168)	-

(Note A)

Included in this net results of IDRC and other grant activities (Rs.2,813,168/-) which were presented under grant activities in the year of 2010.

22 ACCUMULATED FUND ADJUSTMENTS

During the year following adjustments were made in the accumulated fund as of 01.01.2011 in order to reverse the entry passed on setting of deferred revenue for grant assets of CERT (Pvt) Ltd against consolidated accumulated fund in 2010 and transfer of remaining CINTEC accumulated fund to ICTA (Pvt) Ltd respectively. The effects of these adjustments on these financial statements are summarized below:

	GROUP	**COMPANY**
Accumulated Fund	**Rs.**	**Rs.**
Balance as at December 31, 2010	33,097,794	28,375,595
Reclassification of deferred revenue for grant assets of CERT (Pvt) Ltd	5,040,832	-
Transfer of CINTEC accumulated fund	5,744,115	5,744,115
Effect of total adjustments	10,784,947	5,744,115
Adjusted balance as at January 01, 2011	43,882,741	34,119,710