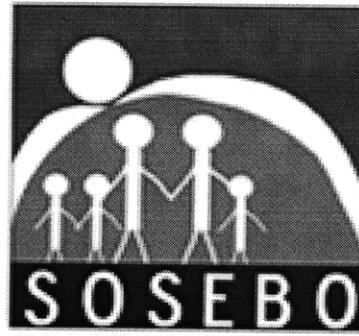
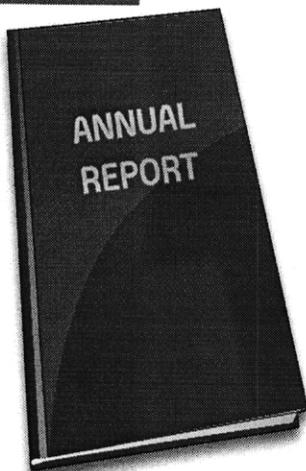




***ANNUAL REPORT
AND ACCOUNTING
2014***



SRI LANKA SOCIAL SECURITY BOARD



Samaja Arakshana Piyasa, No: 18, Rajagiriya Road, Rajagiriya.

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Sri Lanka Social Security Board

Vision

A proud nation safeguarded by Social Security

Mission

Instituting a proud and dignified Sri Lankan Nation endowed with provisions and safety of the economy, social and cultural stability in keeping with the principles of democracy, while developing favorable and beneficial association with the state and non-state organizations for the establishment of a social security system enriched with all necessary facilities

Message of the Chairman

All governments of the world have devoted their precise attention to certify Social Security of their society, and one could observe establishment of organizations as well as Social Security Programmes for this purpose. When the data pertaining to Social Service is analyzed in all countries which are developed, which are being developed and which are insufficiently developed it is observed that there is a tendency for the increasing of the elderly percentage very fast among the whole population.

In this respect Sri Lanka depicts a very special stand and it is from this country among the countries of South Asia that the highest percentage of elderly persons are depicted. In the year 2012, 12.2% of the total population of our country were those who had supposed sixty years which amounts to about 24 lacs and it has been predicted that this percentage would go up as per as 24.9 in the year 2041. Therefor this fact of every one person out of four citizens, surpassing the age of 60 years in the future should direct serious attention of all of us.

In consideration of this position it is not possible to circumvent taking into consideration senior citizens, children, incapacitated persons whose responsibility has to be borne by the active population, the government at large and the society in general, which would be an enormous challenge and a responsibility. Within this situation successful activation of pension and Social security programmes are a national requirement. In this respect Sri Lanka Social Security Board is the state organization which activates this most important undertaking.

I take this opportunity to appraise and to evaluate the services rendered by the officers of the Finance and Planning Ministry, former Chairperson the Board of Directors and the total Board Staff during the year 2014. Further I very highly appreciate the functions as well as the assistance given by the officers of the Ministry of Public Administration, all other Ministries District Secretaries, Divisional Secretaries, Social Service Officers, Grama Sewa Officers, Divineguma Development Officers and all connected Offices in the activation of Pension and Social security programmes of this Board.

Within the principals of the present Government the provision of programing Pension and Social Security scheme for the diverse employment categories of our population has been given priority. Social empowerment and welfare Minister Honorable S.B.Dissanayake has included in his area of missions the Social Security and Accreditation, which is a very well-timed blessing and a fortune of all of us, in this country.

I anticipate the assistance of all to fulfill the vision and the mission of Sri Lanka Social Security Board while introducing the new Social Security Programmes to suit the time framed social requirements of the present, with the development of information technology along with the assistance as well as the corporation of the government and all other organizations.

Keerthi Suranjith Mawallage
Chairman

Message of the General Manager

Social Security would be explained in as simple language as the activity of providing protection to those who are depressed through insecurity as a result of elderliness, release from services and incapacitation and so forth.

There had been fairly a large number of social security programmes in our country Sri Lanka during the colonial period and there after. The establishment of Sri Lanka Social Security Board by an Act bearing no. 16 in the year 1996 by the Parliament of the democratic Socialist Republic of Sri Lanka is exceptional at a timely occasion.

This board has established a strong foundation during the last 18 years after facing a fair number of various types of challenges, while experiencing much about Social security while contemplating economic, social cultural and political environment.

The number enrolled for the Social Security Pension Schemes of the Board in the year 2014 is 15,873 and accordingly the number enlisted up to 31.12.2014 is 472,755 and as a result, the number of recipients of a monthly pension benefits of the Board are 19,789. The social Security pension found is Rs. 1864.17 million, and it is pleasure to inform that the payments of monthly pensions, death gratuity benefits for incapacitated members had been carried out without any delay.

District offices were open at the District Secretariats at Mullative, Manner and Killinochchi and accordingly the Board was able to decentralize the services and widen the service activities to some extent.

The publicized “**101 days Social Security Socialization**” programme the Board got an opportunity to bring about a promotion in enrolment activities as well as to draw public attention towards the activities of the Board specially with respect to Pension Payment Schemes.

I take this opportunity to thank the former Chairperson, Attorney at Law Mrs. Sumana Ariyadasa , Working Director Mr. Sanjaya Leelarathna, the Board of Directors and the total staff of Sri Lanka Social Security Board. In the same manner I thank all Government Officers, the Bank Officers and Officers of all other peoples’ organizations and highly value their devoted service in assisting the functions of this Board.

Dhammika Padukka
General Manager
Sri Lanka Social Security Board

Former Chairmen**Name**

Mrs. V. Jegarasasingham
Mr. S. Kariyawasam
Mr. K. Jayalath
Mr. R.M.D.B.Bogahakumbura
Mr. Ananda Gallearachchi
Mr. D.K.R. Weerasekara
Mr. Lakshman Hirimuthugoda
Mr. Sunil Samaraweera (Acting)
Mr. Sarath Keerthirathna
Mr. Nimal Chandra Amarasinghe

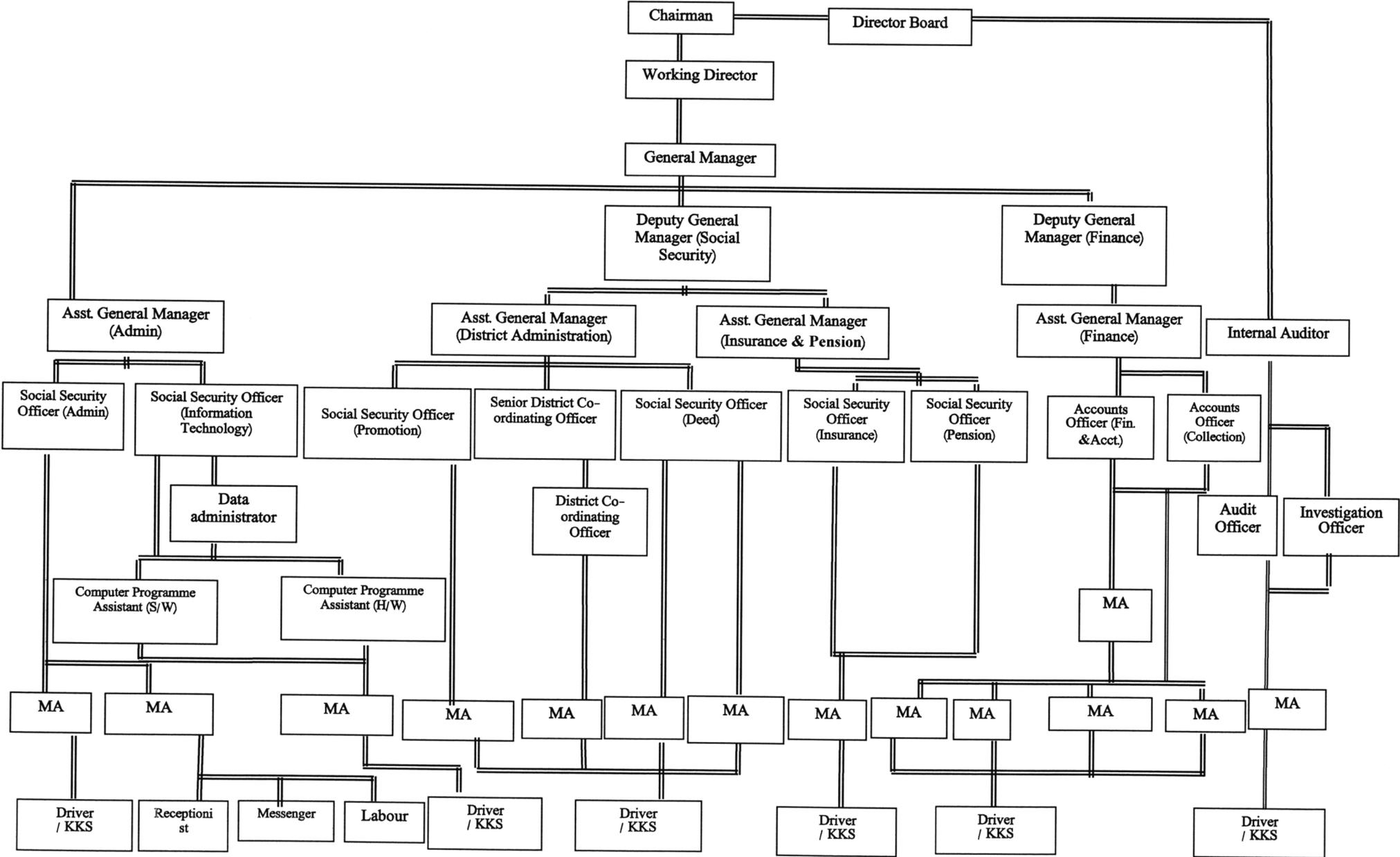
Former General Managers**Name**

Mr. Ranathunga Hemachandra
Mr. Ashoka Peiris
Mr. B.A. Somapala
Mr. K.G.G.Wijewardhana
Mr. P.E.C. Nesaiyah
Mr. J.M. Wijayarathna
Mrs. N.J. Pathirana
Mr. K.N.J. Cooray

Present Board of Directors**Name****Designation**

Sumana Ariyadasa Attorney at Law	Chairperson
Mr. Sanjaya Leelarathne	Director
Mr.R.M.S.P.S. Bandara	Director
Mr. J.D.Wijekoon Dissanayake	Director
Mr. A.L.Rupasinghe	Director
Mr. R.S.Ariyapperuma	Director
Ms. A.W.P.Gunawardhena	Director

Sri Lanka Social Security Board Structure



Activities of Sri Lanka Social Security Board

The foremost function of Sri Lanka Social Security Board is to provide pension payments and social security benefits to those who are not entitled to a government pension.

In accordance with the regulations made by the Ministry of Social Services and Social Welfare under section 31 of the Sri Lanka Social Security Board Act No.17 of 1996, six more pension and social security benefit schemes were introduced by an extraordinary gazette notification of the Democratic Socialist Republic of Sri Lanka dated 25th September 2006 bearing number 1464/5.

At present “Surekuma” scheme has been activated as a one beneficial financially and in order to provide the contributory members a high and a safeguarded monthly pension payment.

All those who are in the ages of 18 to 59 years and not entitled to a government pension could be members for the schemes and be entitled to the possibility of drawing a monthly pension as desired to meet their requirements depending on the ability to pay the contributions to the Board.

“Arassawa” preplanned Social Security Benefit scheme was introduced alongside with the “International day of the girl-child which was scheduled for 11th September 2012. According to is this scheme the parents or guardians could enroll the children who are below the age of 18 years under their guardianship. Once when the children complete their 18 years of age there enrolments are transferred to “Surekuma” monthly pension payment scheme and they become entitled to a pension and the amount receivable depends on the balance accumulated on their behalf.

Benefits of the Schemes

- To provide a pension at the age of 60 years until demise for the contributory members.
- At the demise of the contributory member the wife/husband is entitled the pension up to the age of 80 years.
- If a contributory member becomes partially and permanently disabled he/she is entitled to a gratuity payment of Rs.25000/= calculated with respect to the member’s age and, after the payment of contributions completely he/she is entitled for the monthly pension after reaching 60 years.
- If a contributory member becomes permanently incapacitated he is entitled to a gratuity up to Rs. 50,000/= calculated with respect to the members age and his total contribution as at date, or a monthly pension from the date on which the member is incapacitated.
- If a contributory member is deceased before retirement the dependents are entitled to a once and for all gratuity.

Any member of the society could obtain membership from the Head Office, Sri Lanka Social Security Board, District Offices, Divisional Secretariats or through Grama Seva Officers and from any other officer to whom the responsibility has been entrusted by the Board.

Installment payments could be made through Bank Of Ceylon, People’s Bank, National Savings Bank, Post Offices and Grama Seva Offices who have been entrusted with the authority.

1. Administration Division

1.1 Establishment of Board offices and subsequent changes

Sri Lanka Social Security Board was first established by Health, Highways and Social Service Ministry at Sawsiripaya under Act no:17 of 1996. After the first meeting of the Board of Directors which was held on 16th October 1996, Social Security Board was started and management of activities were commenced. Thereafter Social Security Board was affiliated to the Social Service Ministry with the office premises of the Social Service Department at Borella.

During the second stage the office of the Social Security Board was established in a rented out building at No. 585, Galle Road, Colombo with effect from March 1997. Thereafter the first Act was revised by Act No:33 of 1999. Then the office of Sri Lanka Social Security Board was established at No: 150 A, Nawala Road, Nugegoda on 01/07/2003. Sri Lanka Social Security Board had been affiliated to the Ministry of Finance and Planning with effect from 30-04-2010 and the Head Office has been established at No:125 Nawala Road, Narahenpita with effect from 01-12-2010 and the Office was permanently established at No.18, Rajagiriya Road, Rajagiriya in a five storied building purchased by the Board and the premises is being named "Samaja Arakshana Piyasa" with possibilities of performing more and the entitled services in a spacious building with all facilities. At present the services of the Board had been expanded covering all districts of the island by establishing offices at every District Secretariat.

1.2 Approved cadre and vacancies

The recruitment of staff as requested, had been replied to the Secretary of the Hon. President by Chairman of Salaries and Cadre Committee by his letter dated 17th July 1997 bearing No.SR35/339 requesting that the expected recruitment of staff be done in few stages, and it had been recommended that the total staff amounting to 56 only, could be taken in for the year 1997. It had been approved by the Cabinet of Ministers at their meeting held on 03rd September 1997, and subsequently approval had been received to recruit the required staff up to 159 numbers. Accordingly thereafter the General Treasury had approved the recruitment of employees up to 88 numbers only. Since the year 1999, on and off transfers and resignations of the existing staff, the position of vacancies prevailed throughout the period, and at present only 105 members of the staff are in employment. The next page indicates as to how the employees are categorized at present. As the anticipated progress of the organization is unable to reach the expected accomplishments, and approval for the arrangements of expanding activities has been granted to increase the cadre to suit the requirements up to 180 in number. Accordingly schemes of recruitment have been drafted and forwarded to Management Services Department on 14/09/2012 and this schedule of recruitment has been approved and the existing vacancies have been filled from inside and action is being taken to fill all approved vacancies as soon as possible.

Designation / Post	Approved Cader	Existing Cader	Proposed Cader
General Manger	01	01	-
D.G.M. (Social Security)	01	-	01
D.G.M. (Finance)	01	01	-
A.G.M.(Finance)	01	01	-
A.G.M.(Insurance/ Pension)	01	01	-
A.G.M. (Social Security)	01	01	-
A.G.M. (Administrator)	01	01	-
Internal Auditor	01	01	-
Manager (Administration)	01	01	-
Manager (IT)	01	01	-
Manager (Promotion)	01	01	-
Manager (Policy)	01	01	-
Manager (Insurance)	01	01	-
Manager (Pension)	01	01	-
Manager (Finance)	01	-	01
Manager (Collection)	01	-	01
Senoir Co-ordinating Officer	06	-	06
Internal Audit Officer	02	01	01
Co-ordinating Officer	49	47	02
Investigating Oficer	02	02	-
Data Base Administrator	01	01	-
Book Keeper	02	01	01
Computer Prog. Assisstant (Hardware)	01	01	-
Computer Prog. Assisstant (Software)	01	01	-
Management Assistant	57	58	-
Drivers	09	08	01
K.K.S	34	35	-
Total	180	168	14

1.3 Increasing the approved cadre and filling of vacancies

The main reason for the lessening of the results of the envisaged activities as well as efficiency is the result of not entrusting the responsibilities in a proper manner after recruitment of staff that should be in a Board of this nature, as well as the existence of vacancies in the essential posts.

1.4 Leaving the services and retirements - 2014

Ms. Sumudu Malika	Coordinating Officer	- Resignation
Ms. Indika Chathurangani	Coordinating Officer	- Resignation
Mr. Ramasami Sathish	Coordinating Officer	- Resignation
Mr. H.L.S. Wijesinghe	Deputy General Manager (Finance)	- Resignation
Ms. Sakunthala Ratiyala	Coordinating Officer	- Resignation
Ms. Samadhi Kaushalya	Coordinating Officer	- Resignation
Ms. Anusha Prashanthi	Office Assistant	- Resignation
Mr. Ajith Kumara	Internal Auditor	- Resignation
Ms. M.K.D.N. Priyadharshani	Manager (Finance)	- Resignation
Ms. Apsara Nuwangi	Coordinating Officer	- Resignation
Mr. Milinda Oshada	Coordinating Officer	- Resignation
Ms. Jeewani Dhananjala	Management Assistant	- Resignation
Ms. Anuradha Mannapperuma	Office Assistant	- Resignation
Mr. KGajendran	Office Assistant	- Resignation
Ms. Neranjala Dilhani	Coordinating Officer	- Resignation

1.5 Present Staff of the Administration Division

Designation	Present
Assistant General Manager (Acting)	01
Manager (Admin)	01
Management Assistant	06
Office Assistant	05
Driver	07
Total	20

1.6 Physical wealth

Head Office : The Head Office of the Board had been established in a four stored building owned by the Board itself situated at No. 18, Rajagiriya Road, Rajagiriya with effect from 06th March 2013.

District Offices: By 31/12/2013 District Offices have been established in all Districts Secretariats except in the District of Mulative and Manner.

1.7 Communication facilities

The organization had three direct telephone lines and after shifting to the present premises the system was further developed to cover all divisions installing 3 more lines along with following staff officers too have been provided with direct telephone lines.

Chairman	- 1 Direct Phone No. & 1 Fax No.
Working Director	- 1 Direct Phone No. & 1 Fax No.
General Manager	- 1 Direct Phone No.
Deputy General Manager	- 02 Tele Fax
Assistant General Manager	- 03 Telephones
Internal Auditor	- 01 Telephone
Postal Work	- 02 Telephone
Hotlines	- 01 telephone

In Addition to the above telephone and fax facilities, all 22 District offices also have been provided with telephone facilities. A computer network has been established in the Head Office. Steps have been taken to connect District Offices through VPN system and service functions are been attended to in a very active as well as an effective manner.

1.8 Transport Facilities

When the Board was formed two vehicles were taken on loan from the Department of Social Service for its activities. Thereafter two additional vehicles were obtained from the Ministry of Social Service. The Board had to incur a very heavy expenditure for repairs to maintain these vehicles in running condition. Even at the end of the year 2006, the Board owned only seven vehicles. They are in a running condition now. Even though more transport facilities were required for field work as well as mobile services, no new vehicles have been procured during the last ten year period for these purposes. Although the requirements of new vehicles had been pointed out, no solution has been found up to date. In the year 2008 after a request has been made it was advised to release a vehicle from the Department of Customs. Subsequently a request made to the Finance Ministry was approved and two vehicles from Micro Establishment were bought for the use of the Board.

Necessary action had been taken to auction the following vehicles which were very old

- ◆ Motor Car bearing No. 250—6090
- ◆ Motor Car bearing No. 253—2818
- ◆ Path Finder bearing No. 32—4987

The following vehicles were purchased by the Board

- ◆ A motor car Nissan Juke in the year 2013
- ◆ A Toyota Hiace Passenger Van of 16 seats in the year 2014

1.09 The details of vehicles of the Board :

No. of Vehicles	Model type	Date of first registration	Condition -n very Good	Good	In running Condition after re-pairs	Dilapi-dated	Con-demned
250-6090	Double Cab	1997.10.24			√		
252-5463	Double Cab	1998.08.14			√		
KH-4506	Car	2008.09.30		√			
KN-0014	Micro Jeep	2011.01.13		√			
KN-0006	Micro Jeep	2011.01.13	√				
KX -0914	Nissan Juke Car	2013.10.23	√				

1.10. Administration Division**Facts which would be given special attention**

1. Action has been taken to fill the vacancies after getting approval from the Management Services Department with respect to the man power assessment and recruitment schemes pertaining to the Board.
2. It is necessary to re-arrange and establish the office as well as the field staff which is insufficient in the maintenance of the activities of Sri Lanka Social Security Board.

Shortfalls of Physical Assets of the Board

1. Taking necessary action to purchase new vehicles as the cost of running repairs of the old vehicles are extremely at a high level, with respect to the existing vehicles.
2. Fulfillment of Physical as well as Human wealth requirements with the intention of decentralizing District Offices service activities
3. Attend to further impairments of the Head Office Building as required.
4. District Offices of Sri Lanka Social Security Board have been already established and to facilitate travel arrangement for officers in order to carry out their duties successfully by providing necessary vehicles.

1.11 Computer Unit

Main Functions

1. Maintenance of all connected information with respect to contributory members of pension and social security schemes and activating software system and all development activities.
2. Establishment of software system in the Head Office and District Officers and attending to their maintenance and recommendations of software requirements pertaining to necessities.
3. Developing activities pertaining to software and hardware with connected institutions and upgrading the requirements when and where necessary.
4. Take all necessary steps to safeguard the data in the Software System.
5. Organize the safety of the hardware system satisfactorily.
6. Submission of recommendations when and where necessary with respect to information evaluation systems, preparation of necessary technology and also evaluation of technology.

1.12. Activities completed during the year 2014

1. As a result of not signing an agreement for maintenance with Advent Technologies who created and installed the new system for the payment of pension payments, that company got away from their service activities in the system, even though the Board was faced with an immense difficulties with regard to the carrying out of the services necessary reports were submitted to the management to carry out their duties on time.
2. Preparation of a complete report with respect to the problems encountered with respect to pension payments system at present and made the management knowledgeable with the problematic situation and the unstableness of continuing with the system in the future.
3. Obtaining advisory service along with NAITA with respect to the problems associated with the system.
4. Maintaining and continuing with the wireless VPN system in the proper manner, and identifying the problems associated with the system, while identifying the necessity of wired VPN system and taking necessary action for the establishment of SLT VPN system making use of the Gampaha District Office Net examination system for the working.

5. Maintenance of the internet web system of the Board which is www.ss.gov.lk properly.
6. Maintaining the activation of Computer Network and Hardware proper functioning in the Head Office as well as in the District Offices, and attending to the networking and Hardware requirements updating them as required to meet the necessities.
7. Receiving of Data Backup daily and storing up the reference back up at the safe custody of the People's Bank.

Staff

Social Security Officer (IT)	01
Data Administrator	01
Coordinating Officer	01
Computer Programme Assistant (Software)	01
Computer Programme Assistant (Hardware)	01

2. Social Security Unit

2.1 Principle functions

- Taking necessary action to enlighten further the officers who are in charge of the subjects and also to indoctrinate the targeted clientele about the Pension and Social Security Schemes of the Board, and their benefits.
- After educating the would be clients they could take necessary action to enroll themselves for the schemes.
- After directing the clientele in regular payments of installments after becoming members get them to receive relevant pass books, bank credit forms and any other documents where necessary.
- Take necessary steps to find solutions for any problems faced by the contributory members, and also encourage the inactive members while motivating them to continue their membership.
- Take timely action to pay the membership their monthly pensions, partial incapability remuneration, complete incapability payments, death gratuity etc.
- Take all necessary steps with respect to the implementation of monthly pensions and social security schemes of the Board as well as the administration of the 22 district offices and take action to carryout services efficiently.
- Adopt all possible procedures to implement the Pension and Social Security Schemes of the Board with coordination of institutions and their officers as well.

2.2 Service Units and District Offices

- Public service is carried of four units by the Head office and they are as follows: Deed Services, Monthly Pension Payments, Insurance Activities and the Development Functions.
- District Offices are established in all District Secretariats, and the schemes of monthly pension payments and the development of the programme are carried out through District Secretaries of the District Secretariats, Social Service Officers, Grama Sewa officers, Samurdhi Offices and Other Staff Officers to whom the responsibilities of enrollment are entrusted.

2.3 The officers who are involved in the implementation of Pension and Social benefits

- District Coordinating Officers have been appointed along with subordinate staff to the District offices and they are in charge of directing, implementing and coordinating as well as direct enrollments of member for the pension and social security benefits schemes.
- In accordance with a circular letter of instructions issued by Ministry of Public Administration authority has been granted to District Secretaries, Divisional Secretaries and through them to Grama Seva Officers as a part of their duty and necessary arrangements have been made to implement the pension and social security benefit schemes in their respective areas through them.
- Action has been taken with the association of officers in various Ministries, Departments and Organizations for the implementation of the pension and social security benefit schemes of the Board.

Staff of Social Security Division - Head Office

Post	Present
1. Deputy General Manager (Social Security)	1
2. Assistant General Manager (Social Security)	1
3. Assistant General Manager (Pension/ Insurance)	1
4. Managers/ Coordinating Officers	
(a) Deed Services	1
(b) Insurance	1
(c) Pension Payments	1
(d) Sales Promotions	1
(e) Co-ordinating Officers	1
5. Clerk	14
6. K.K.S	2
Total	26

Staff at the District Offices

1. District Co-ordinating Officers	37
2. Management Assistants	15
3. K.K.S	17
Total	69

2.4 Social Security Pension Schemes

New enrollments in 2014 in the Districts

	District	2014
1	Colombo	55
2	Gampaha	1066
3	Kaluthara	92
4	Galle	42
5	Matara	716
6	Hambanthota	396
7	Rathnapura	78
8	Kegalle	936
9	Kandy	1097
10	Matale	34
11	Nuwaraeliya	706
12	Kurunegala	2342
13	Puttlam	1725
14	Badulla	1096
15	Monaragala	128
16	Anuradhapura	30
17	Polonnaruwa	09
18	Ampara	1052
19	Trincoamalee	66
20	Bataloa	214
21	Kilinochchi	2468
22	Jaffna	448
23	Direct Enrolments	86
24	Mulathive	892
25	Others	191
	Total	15968

2.5 Payments of benefits year 2014

Details	Number	Amount (Rs.)
Payment of pensions	19789	168,119,205.03
Death gratuity payments	97	2,137,093.39
Partial Disability Payments	05	76,000.00
Monthly Payment for total Disabilities	26	506,148.00
Total Disability Payment s	01	30,000.00
Total		170,868,446.42

2.6 Collection of membership contributions at the year 2014

Through enrollments	By installments
Enrollment Collection	*5,324,995.00
Through banks	36,096,202.00
DS Divisions	22,038,425.05
Through Post Offices	92,842,590.24
Total	156,302,212.29

2.7 Mobile workshops and training conducted during the year 2014

Details	Number	Amount
Pension and Social Service Development Programmes	77	371,169.00
District wise Awareness Programmes	03	75,155.00
Activating at the district level	31	
Total		446,324.00

2.8 Problems in the Social Security Unit

- ◆ As a result of the assignment of officers to District Offices is limited they are not in a position to actively participate in the enlightenment of people with respect to the pension and social security benefits schemes, enrolments, and collections of installments, and the Board has been compelled to obtain the services of officers who do not come under the direct control, of the Board.
- ◆ Lack of sufficient capital for publicity work electronic, and such other publicity activities are fairly week and as a result, promotional activities of the schemes are still progressive sufficiently.
- ◆ As a result of the trained and experienced field officers are resigning in a fairly large scale, the vacancy position is unavoidable and the Board is compelled to recruit new officers and train them where necessary and employ them accordingly.
- ◆ As a result of the non-payment of pensions to those enrolled in agricultural pension payment scheme as equivalent to that of Sri Lanka Social Security Board, there are obstacles pertaining to the development of activities in the field level, and the level of enrolments of the pensions schemes have declined, and further, those who have already enrolled have abandoned the scheduled payments of installments.

3. Finance Division

Duties

- Preparation of accounts and maintaining the financial reports properly.
- Levying of installments from the contributor members to the pension schemes.
- Investing the membership contributions for highest possible rates of interest.
- Preparation and making payments of monthly pensions to the qualified members properly and in correct order.
- Maintenance of Bank accounts properly.
- Preparation of financial reports for management activities, General Treasury and the Ministry from time to time.
- Preparation of annual financial statements in accordance with the directives of the Finance Act no.38 of the year 1971 and forwarding them to the Auditor General.
- Preparation of annual income and expenditure statements.
- Provision of all necessary information to the Management enabling to take requisite decisions.

3.1 General facts

- Writing of cheques, preparation of accounts and salaries have been computerized and about 18 lacks of rupees are paid out as pension payments, and these pension payments are carried out by Rural Banks distributed all over the island.
- At present payments are made to the recipients by the People's Bank, Bank of Ceylon and National Savings Bank all over the island. The Board has opened an account for those employed a broad (RFC) on behalf of them.

3.2 Finance Division staff

Post	Number present
Deputy General Manager (Finance)	1
Assistant General Manager (Finance)	1
Manager (Finance)	1
Cashier	1
Book Keeper	1
Clerk	7
Total	12

4. Internal Audit Division

4.1

- ◆ Identifying the limited internal administrative line up and the boundaries of authority and evaluating the proficiency of administrative functions as well as activities pertaining to duties of the office staff and the quality of functions
- ◆ Examination of income and expenditure and control of finance and check and investigated as to whether the rules are instigated and followed with respect to expenditure.
- ◆ Evaluation of human directives for understandings and also determine the efficiencies and successfulness. of activities .
- ◆ Examination of assets and their control as well as safety.
- ◆ Examination of the preparation of information which is lined up and computerized and also evaluate the safety of computer information .
- ◆ Evaluation of the progress of performance of new programmes and in keeping with the annual plan of activities .

4.2 Duties

Finance and administration functions

- ◆ Investigation and appraisal of employees' positions and employees' details and approved numbers of employees .
- ◆ Examination of personal files and requirement of employees.
- ◆ Examination of attendance, arrival, departure and leave taken by employees.
- ◆ Examination of employees welfare activities and their interrelated pursuits.
- ◆ Controlling of employees discipline and examination of administrative procedures in respect of disciplinary matters.
- ◆ Examining vehicle usage and their maintenance.
- ◆ Examining building maintenance activities sanitary and security service area.
- ◆ To be in consideration as well as inspection of the receipt of General Treasury grants as well as receipts of installments from contributory members for pension schemes.
- ◆ Examination of preoperational activities.
- ◆ Examination of all recurrent and capital expenditure.
- ◆ Examination of Bank Accounts, Bank Reconciliation and their drafting and preparation.
- ◆ Examination of matters pertaining to purchases.
- ◆ Examination of the preparation of reports pertaining to accounts, financial documents for presentation.

Operational Activities

- Examination of enrolment of members for pension and Social security Schemes, computing, issue of deeds.
- Examination of the collection of instalments and accountability.
- Examination of the payments of pensions and other benefits.
- Examination of the payments at the occasions of leaving membership.
- Examination of the promotional programmes of the schemes
- Inspection of the field activities.

Special Investigation Activities

Special assignments

Considering the preparation of replies for Audit Inquiries of the Department of Audit.

4.3 Audit and Management Committee meetings

The dates on which meetings were held are as follows.

- 09th April 2014
- 11th August 2014
- 18th December 2014

4.4 Internal Audit Reports presented in the year 2014

- Depositing the instalment receivables and payments through the Banks and maintaining of accounts.
 - Report No. 1
 - Report No. 2
- Organization Structure, Recruitment Procedure and Employee Carder Information
- Enrolment of members for the Pension Schemes, computerization of the applications and the issues of the Deeds.
- Making necessary payments for those members who leave their membership
- Attendance of the total office staff, Details of their arrivals and departures and leave.
- Evaluation of activities pertaining to the responsibilities of the staff - First quarter 2014
- Safety of computer system as well as computerized details pertaining to the activities.
- Administration and supervision of Fixed Assets and Stores examination

- Payment of Pensions
- Security and Cleaning Services
- Payment of monthly Salary and wages
- Distress Loans to the employees
- Issue stationery to Head Office Divisions and District Offices

Field Examination Activities

- ⇒ District Office Rathnapura
- ⇒ District Office Kurunegala
- ⇒ District Office Polonnaruwa
- ⇒ District Office Trincimalee

Special assignments

- Activities and progress of development of the unit entrusted with duties.
- Examination of the accounts of the Welfare Society

Internal Audit Division— Positions and Vacancies

<i>Designation</i>	<i>Approved positions</i>	<i>Occupation as at 31/12/2014</i>	<i>Vacancies</i>
Internal Auditor	01	01	-
Audit Officer	02	01	01
Investigation Officer	02	01	01

ACCOUNTING POLICIES

1. CORPORATE INFORMATION

1.1. Domicile and Legal Form

Sri Lanka Social Security Board established by Act No. 17 of the year 1996 by the parliament of Domestic Socialist Republic of Sri Lanka which had been revised by act no.33 of the year 1999 and while expanding its are of services further, under the Ministry of Social Services and Social Welfare is at present actively functioning under the Ministry of Finance and Planning. The head office is located at No. 18, Rajagiriya Road, Rajagiriya, Sri Lanka.

1.2 Principal Activities and Nature of Operations

The main function of Sri Lanka Social Security Board is to certify the provision of a monthly pension and social security benefits for those citizen of Sri Lanka who are not entitled a government pension and through this system of pension and social security benefits scheme, arrangements are well instituted for the payment of a monthly pension, partial and total incapacitation benefits and death gratuity.

1.3 The Number of Employees

The number of employees at the end of the year was 170

2 BASIS OF PREPARATION

2.1 Statement of Compliance.

The financial statements of Sri Lanka Social Security Board comprise the Statement of Financial Position, Statement of Financial Performance, Cash Flow Statement, and notes to the financial statements. These statements are prepared in accordance with the Sri Lanka Public Sector Accounting Standards (SLPSAs) laid down by the Institute of Chartered Accountants of Sri Lanka (ICASL).

2.2. Basis of Measurement

The financial Statements have been prepared on the historical cost Basis.

No adjustments have been made for inflationary factors in the financial statements

2.2 Functional and presentation Currency.

These financial Statements are presented in Sri Lankan Rupees, which is the Sri Lanka Social Security Board functional currency.

3 SIGNIFICANT ACCOUNTING POLICIES

These accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1. Property, Plant and Equipment

The cost of Property, plant and equipments is the cost of acquisition or construction together with any expenses incurred in bringing the asset to its working condition for its intended use. Subsequent to the initial recognition as an asset at cost, revalued assets are carried at revalued amount less any subsequent depreciation thereon. All other Property, Plant and Equipments are stated at cost less accumulated depreciation. Where an item of Property, plant and equipments comprises major components having different useful lives, they are accounted for as separate item of Property, plant and equipments.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

Property, Plant and Equipment- Received as Grant

Property, Plant and Equipment acquired under any grant are capitalized at cost.

Property, Plant and Equipment other freehold land are stated at cost less accumulated depreciation. Free hold land is stated at cost.

Depreciation is charged on all Property, Plant and Equipment other than freehold land to write off the cost over the estimated useful lives.

Depreciation has been provided for the year on pro-rata basis.

Property, Plant and Equipment are depreciated on straight line method as mentioned below, further, that the all Property, Plant and Equipment have been accounted at cost method as prescribe in the SLPSAS 7 - Property, Plant & Equipment.

1. Motor vehicles	20%
2. Plant Machinery & Equipment	25%
3. Computer and other fixed assets	25%
4. Communication	20%
5. Furniture & Office Equipment	10%
6. Building	4%
7. Others	10%
8. Soft Ware	25%

An item of Property, Plant and Equipment is derecognized upon disposal or when no future economic benefit is expected from its use or disposal. Any gain or loss arising on de-recognition of the asset. (Calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognized.

Expenditure incurred on repairs or maintenance of Property, Plant and Equipment in order to restore or maintain the future economic benefit expected from originally assessed standard of performance is recognized as an expense when incurred.

3.2 Inventories

The inventories used during the financial year had been charged to the income & expenditure statement at cost.

Balance stock has been valued at cost, selling price or net realizable value whichever is lower.

3.3. Short Term Investment

Investments in money market instruments with a maturity less than one year are treated as short term investment and are stated at cost.

3.4. Cash and Cash equivalents

Cash and cash equivalents comprise cash in hand and held at bank.

3.5. Cash flow Statement

Cash flow Statement has been prepared using the indirect method.

3.6. Liabilities and Provisions

Liabilities are recognized in the balance sheet when there is a present obligation as a result of past events, the settlement of which is expected to result in an outflow of resources embodying economic benefits. Obligations payable at the demand of the creditors or within one year of the balance sheet date are treated as current liabilities in the Balance sheet.

Provision is recognized if, as a result of a past event, the Sri Lanka Social Security Board has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefit will be required to settle the obligation.

3.7. Taxation

Tax expenses reported in the financial statement and computed in accordance with the provision of the Inland Revenue Act No.10 of 2006 and its amendments thereto.

3.8 Employee Benefits

I. Define Contribution Plan.

Obligation to define contribution plan are recognized as an expenses in the income statement as incurred. The Sri Lanka Social Security Board contributes 12% and 3% of gross emoluments of employees to Provident Fund and Trust Fund respectively.

II. Define Benefit Plan

Gratuity is a define benefit plan. The Sri Lanka Social Security Board 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 base on a half month's salary of the last of the financial year of all employees for each completed year of service, commencing from the first year of service.

Provision is made for retirement gratuity for all employees in respect of gratuity payable under the payment of gratuity Act No. 12 of 1983. This item is grouped under non current liabilities in the balance sheet.

According to The Treasury, a fund is not necessary, as they will grant the funds when required.

3.9. Revenue Recognition

3.9.1 Revenue Recognition

Enrolment fees and premium from contributors are accounted on receipt basis whilst interest and all other income is accounted on accrual basis.

3.9.2 Expenditure

All expenditure incurred in the running of the board has been accounted on accrual basis and all expenditure incurred in the acquisition, extension or improvement of assets of a permanent nature in order to carry on or increase the earning capacity of the Board has been treated as capital expenditure.

3.10. Comparative information

Where necessary, comparative figures have been rearranged to conform to the current year presentation.

3.11. Events occurring after balance sheet date

All material post balance sheet events have been considered and where appropriate adjustment or disclosures have been made in respective note to the financial statement.

3.12. Commitments and contingencies

Contingencies are possible assets or obligations that arise from a past event and would be confirmed only on the occurrence or non-occurrence of uncertain future events, which are beyond the Sri Lanka Social Security Board's control.

3.13. Accounting of Grants

i. Government Grants

The accounting policy adopted for Government Grants including the methods of presentation are as follows.

- a. Government Grants for purchase of assets are recognized as income over the periods of useful life of the assets.
- b. Other grants received from Fund as well as expenses thereon have been incorporated in the Profit & Loss.

3.14 Investment

Investment in fixed deposit and short term deposit has been stated at cost. Income from such investments has been accounted on accrual basis.

3.15 Funds

Social Security Development Fund is created by total collection from persons who exceeded 60 years of age and paid only less than 25% of their due contribution.

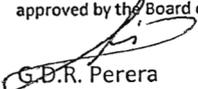
Social Security Incentive Fund is created on the basis of incentive payable for the relevant year.

Social Security Fund and Social Security Insurance Fund is created on the basis of 85% & 15 % respectively on remained fund collection after allocating to the above funds.

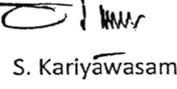
SRI LANKA SOCIAL SECURITY BOARD
STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2014

	NOTE	2014 Rs	2013 Rs
ASSETS			
CURRENT ASSETS			
CASH IN HAND AND BANK	9	9,648,999	3,978,759
DEPOSITS	10	116,000	75,000
ADVANCES	11	16,135	6,900
STAFF LOAN	12	2,767,002	3,058,711
OTHER ASSETS	13	171,350,054	118,029,324
TOTAL CURRENT ASSETS		183,898,190	125,148,694
NON CURRENT ASSETS			
INVESTMENT	14	1,720,813,988	1,622,672,141
PROPERTY PLANT & EQUIPMENT	15	224,724,712	237,951,295
TOTAL NON CURRENT ASSETS		1,945,538,700	1,860,623,436
TOTAL ASSETS		2,129,436,890	1,985,772,130
LESS:			
LIABILITIES			
CURRENT LIABILITIES			
BANK OVERDRAFTS	16	-	-
OTHER LIABILITIES		35,982,897	25,003,080
TOTAL CURRENT LIABILITIES		35,982,897	25,003,080
NET CURRENT ASSETS		147,915,293	100,145,614
NON CURRENT LIABILITIES	17	14,090,539	12,521,173
TOTAL LIABILITIES		50,073,435	37,524,253
TOTAL NET ASSETS		2,079,363,454	1,948,247,877
FINANCED BY			
ACCUMILATED FUND	18	(15,593,131)	(10,642,938)
S.L. SOCIAL SECURITY PENSION FUND	19	1,524,561,462	1,421,371,852
S.L. SOCIAL SECURITY INSURANCE FUND	20	329,810,837	282,094,266
S.L. SOCIAL SECURITY INCENTIVE FUND	21	2,638,490	2,635,632
S.L. SOCIAL SECURITY DEVELOPMENT FUND	22	7,156,877	8,584,323
S.L. SOCIAL SECURITY *ELDERS FUND	23	2,208,892	2,396,025
GOVERNMENT & FUND GRANTS	24	228,580,028	241,808,716
		2,079,363,454	1,948,247,877

"The Accounting policies on pages 1 to 5 and notes on pages 10-16 form an integral part of these Financial Statements. The Board of Directors is responsible for the presentation and presentation of these Financial Statements. These Financial Statements were approved by the Board of Directors and signed on their behalf."


G.D.R. Perera
Asst.General Manager (Fin)


Dhammika Padukka
General Manager


S. Kariyawasam
Chairman

Final Accounts 2014
Sri Lanka Social Security Board

SRI LANKA SOCIAL SECURITY BOARD
STATEMENT OF FINANCIAL PERFORMANCE FOR THE
YEAR ENDED 31ST DECEMBER 2014

	NOTE	2014 Budget Rs	2014 Actual Rs	2013 Actual Rs
REVENUE	1			
INTEREST INCOME	1.1	-	204,783	637,407
GRANTS	1.2	81,428,000	81,276,400	81,066,426
OTHER INCOME	1.3	-	25,509,155	22,408,255
TOTAL REVENUE		81,428,000	106,990,337	104,112,087
OPERATING EXPENSES				
PERSONAL EMOLUMENTS	2	58,247,000.00	59,887,975	54,481,275
TRAVELLING EXPENSES	3	1,088,000.00	1,087,289	829,341
SUPPLIES & CONSUMABLE ITEMS	4	7,520,000.00	7,517,384	6,115,773
MAINTENANCE	5	3,627,000.00	3,625,734	2,475,018
CONTRACTUAL SERVICES	6	9,215,000.00	9,220,803	10,616,195
OTHER EXPENDITURE	7	2,327,000.00	2,326,185	1,500
DEPRECIATION	8	-	22,448,843	20,121,558
TOTAL EXPENSES		82,024,000	106,114,213	94,640,661
SURPLUS / (DEFICIT) FOR THE PERIOD		(596,000)	876,124	9,471,426

Note: The deficit is recovered by using remained recurrent brought forward from 2013

SRI LANKA SOCIAL SECURITY BOARD
CASH FLOW STATEMENT FOR THE YEAR ENDED 31.12.2014

<u>CASH FLOW FROM OPERATING ACTIVITIES</u>	2014 Rs	2,013 Rs
Surplus / (Deficit) for the year	876,124	9,471,426
Less :		
Profit on sale of fixed assets	(3,045,993)	(2,272,800)
Amortization of Capital Grant	(22,448,843)	(20,121,558)
Previous Year Adjustment	(5,826,317)	-
Add :		
Depreciation for the year	22,448,843	20,121,558
Provision for gratuity	2,090,595	2,969,497
Operating Deficit before Working Capital	(5,905,591)	10,168,123
Decrease of Inventories	240,233	(1,019,500)
Increase of trade & other receivables	(53,269,254)	72,565,115
Increase of pre payments	(50,235)	10,100
Decrease of Accrued Expences & Payables	10,979,817	(8,575,562)
Gartuity paid during the year	(521,229)	(420,302)
	(42,620,668)	62,559,851
Net Cash Flow From Operating Activities	(48,526,258)	72,727,974
Cash Flow From Investing Activities		
Purchase of Fixed Assets	(9,636,319)	(218,023,515)
Proceedes from sale of fixed assets	3,460,000	2,894,894
Investment	(98,141,847)	(103,253,513)
Net Cash Flow from Investment Activities	(104,318,166)	(318,382,134)
Cash Flow From Financing Activities		
Net Receipt of Internal Funds	149,294,509	243,961,085
Capital Grants	9,220,155	13,680,000
Net Cash Flow From Financing Activities	158,514,664	257,641,085
NET CASH USED	5,670,240	11,986,925
Cash & Cash Equivalents as at 01/01/2014	3,978,759	(8,008,167)
Cash & Cash Equivalents as at 31/12/2014	9,648,999	3,978,759

**SRI LANKA SOCIAL SECURITY BOARD
STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 31ST DECEMBER 2014**

	Funds	Grants	Accumulated Fund	Total
Balance as at 1st January 2013	1,699,648,532	70,173,930	(70,729,807)	1,699,092,656
Prior year adjustments	19,206,969	(50,132,224)	50,615,443	19,690,189
Transfer during the year	(1,773,402)	221,767,010	9,471,426	229,465,033
Balance as at 31st December 2013	1,717,082,099	241,808,716	(10,642,938)	1,948,247,878
Balance as at 1st January 2014	1,717,082,099	241,808,716	(10,642,938)	1,948,247,878
Prior year adjustments	(1,489,880)	-	(5,826,317)	(7,316,197)
Transfer during the year	150,784,338	(13,228,688)	876,124	138,431,774
Balance as at 31st December 2014	1,866,376,557	228,580,028	(15,593,131)	2,079,363,454

Final Accounts 2014

Sri Lanka Social Security Board

NOTES

NOTE 01 INCOME	2014 BUDGET Rs	2014 ACTUAL Rs	2013 ACTUAL Rs
1.1 - INTEREST INCOME			
INTEREST - DISTRESS LOAN	-	103,250.22	104,806.81
INTEREST - SPECIAL ADVANCE	-	3,815.94	3,222.18
INTEREST - OTHER INCOME	-	97,716.47	529,377.58
LOAN TO FUND			
1.2 - GRANTS			
GOVERNMENT GRANT - RECURRENT	81,428,000.00	81,276,400.00	81,066,426.00
1.3 - OTHER INCOME			
SUNDRY INCOME	-	14,318.60	13,896.10
SALE OF CONDEMNED & CAPITAL ITEMS	-	3,045,992.60	2,272,800.19
DIFFERED REVENUE	-	22,448,843.32	20,121,558.31
TOTAL INCOME	81,428,000.00	106,990,337.15	104,112,087.17

NOTE 02 EXPENCES	2014 BUDGET Rs	2014 ACTUAL Rs	2013 ACTUAL Rs
PERSONAL EMOLUMENTS			
PERSONAL EMOULMENTS - SALARIES & WAGES	45,630,000.00	45,629,995.05	40,086,628.72
PERSONAL EMOULMENTS - OVERTIME & HOLIDAY PAYMENT	699,000.00	698,019.53	438,698.55
PERSONAL EMOULMENTS -ALLOWANCE - BOARD	187,200.00	187,200.00	193,200.00
PERSONAL EMOULMENTS - OTHER ALLOWANCES	5,286,800.00	5,286,459.98	5,480,570.65
PERSONAL EMOULMENTS - EPF	4,719,000.00	4,718,875.23	4,249,168.27
PERSONAL EMOULMENTS - ETF	1,203,000.00	1,202,015.78	1,063,511.27
PERSONAL EMOULMENTS - GRATUITY	522,000.00	2,165,409.00	2,969,497.25
TOTAL	58,247,000.00	59,887,974.57	54,481,274.71

Note: Gratuity expence includes provision for gratuity 2014.

NOTE 03 TRAVELLING EXPENCES	2014 BUDGET Rs	2014 ACTUAL Rs	2013 ACTUAL Rs
TRAVELLING - DOMESTIC	1,088,000.00	1,087,288.65	829,341.42
TOTAL	1,088,000.00	1,087,288.65	829,341.42

NOTE 04 SUPPLIES & CONSUMABLE ITEMS	2014 BUDGET Rs	2014 ACTUAL Rs	2013 ACTUAL Rs
SUPPLIES - STATIONERY	3,250,000.00	3,249,268.30	1,833,778.17
SUPPLIES - FUEL & LUBRICANT	2,516,000.00	2,514,204.74	2,087,058.57
SUPPLIES - OTHERS - ADVERTISING	757,750.00	757,732.00	1,356,224.36
SUPPLIES - UNIFORM	116,000.00	116,000.00	128,000.00
SUPPLIES - OTHERS -	880,250.00	880,178.95	710,712.38
TOTAL	7,520,000.00	7,517,383.99	6,115,773.48

NOTE 05 MAINTANANCE	2014 BUDGET Rs	2014 ACTUAL Rs	2013 ACTUAL Rs
MAINTENANCE EXPENDITURES - BUILDING & STRUCTURE	303,000.00	302,263.62	318,255.28
MAINTENANCE EXPENDITURES - PLANT, MACHINERY & EQUIP.	832,000.00	831,619.77	676,914.77
MAINTENANCE EXPENDITURES - VEHICLES	2,492,000.00	2,491,851.03	1,479,848.20
TOTAL	3,627,000.00	3,625,734.42	2,475,018.25

NOTE 06 CONTRACTUAL SERVICES	2014 BUDGET Rs	2014 ACTUAL Rs	2013 ACTUAL Rs
CONTRACTUAL SERVICES - TRANSPORT	77,000.00	76,602.72	214,083.00
CONTRACTUAL SERVICES - TELECOMMUNICATION	3,115,000.00	3,114,909.89	2,023,981.70
CONTRACTUAL SERVICES - POSTAL CHARGES	964,000.00	963,989.50	506,843.50
CONTRACTUAL SERVICES - ELECTRICITY & WATER	3,235,000.00	3,234,503.96	2,973,267.70
CONTRACTUAL SERVICES - RENTAL & HIRE CHARGES	0.00	0.00	2,775,891.33
CONTRACTUAL SERVICES - OTHERS	1,824,000.00	1,822,979.32	2,078,967.89
CONTRACTUAL SERVICES - WHT	0.00	7,817.32	43,160.05
AUDIT CHARGES	-	-	-
TOTAL	9,215,000.00	9,220,802.71	10,616,195.17

NOTE 07 OTHER EXPENDITURE	2014 BUDGET Rs	2014 ACTUAL Rs	2013 ACTUAL Rs
OTHER RECURRENT - AWARNES	1,380,000.00	1,379,531.60	-
OTHER RECURRENT - LANGUAGE POLICY	947,000.00	946,653.74	1,500.00
TOTAL	2,327,000.00	2,326,185.34	1,500.00

NOTE 08 DEPRECIATION	2014 Rs	2013 Rs
BUILDING	6,164,437.28	5,211,842.24
MOTOR VEHICLES	4,000,592.91	2,636,289.34
COMPUTERS	2,562,297.84	3,121,767.78
FURNITURE & OFFICE EQUIPMENT	973,877.05	912,804.70
SOFTWARE DEVELOPMENT	5,993,301.30	5,976,857.66
COMMUNICATIONS	565,267.78	356,680.12
PLANT & MACHINERY	2,071,071.17	1,819,388.21
OTHERS	117,997.99	85,928.26
TOTAL	22,448,843.32	20,121,558.31

NOTE 09	2014	2013
CASH IN HAND AND BANK	Rs	Rs
003-1-001-5-0350212 QUEENS - PB	3,000.00	3,000.00
174-100-1200350213 - PB	1,624,575.22	2,044,015.28
174402140350212 - USD	27,186.26	26,359.16
BOC - 228073	62,172.78	754,893.25
NSB - 1-0-111-010-7557	675,598.98	165,563.20
PB 1001-4-0350-212	(3,904,986.28)	(4,262,295.92)
JANAJAYA CALL DEPOSITS	10,682,357.08	4,340,431.92
CALL DEPOSITS - BOC	479,095.17	906,791.91
TOTAL	9,648,999.21	3,978,758.80

NOTE 10	2014	2013
DEPOSITS	Rs	Rs
FUEL DEPOSIT (2012)	75,000.00	75,000.00
REFUNDABLE DEPOSITS RECEIVABLE	41,000.00	-
TOTAL	116,000.00	75,000.00

NOTE 11	2014	2013
ADVANCES	Rs	Rs
ADVANCES - 3001 - AWARENES PROGRAMME	-	3,400.00
ADVANCES - 3002 - GOODS & SERVICES	-	3,500.00
ADVANCES - 3004 - POSTAL	16,135.00	-
TOTAL	16,135.00	6,900.00

NOTE 12	2014	2013
STAFF LOAN	Rs	Rs
STAFF LOAN - 3101 - DISTRESS LOAN	1,285,788.19	1,134,037.84
STAFF LOAN - 3102 - FESTIVAL ADVANCE	132,163.19	110,413.19
STAFF LOAN - 3103 - SPECIAL ADVANCE	3,750.00	8,000.00
STAFF LOAN - 3104 - DISTRESS LOAN 2	1,345,300.18	1,806,260.14
TOTAL	2,767,001.56	3,058,711.17

NOTE 13	2014	2013
OTHER ASSETS	Rs	Rs
INTETEST RECEIVABLE FIXED DEPOSITS	169,758,402.97	116,455,840.30
STOCKS	1,157,983.70	1,398,217.10
INSURANCE INCOME RECEIVABLE	-	-
EX-STAFF RECEIVABLE	263,219.08	175,266.56
INSURANCE PREPAID	170,448.30	-
TOTAL	171,350,054.05	118,029,323.96

NOTE 14	2014	2013
INVESTMENTS	Rs	Rs
INVESTMENT - FIXED DEPOSITS	1,717,590,837.49	1,617,153,979.36
INVESTMENT - RIDEEREKHA	100,000.00	100,000.00
INVESTMENT - SALE OF VEHICLE	3,123,150.70	5,418,162.04
TOTAL	1,720,813,988.19	1,622,672,141.40

**SRI LANKA SOCIAL SECURITY BOARD
FIXED ASSETS AS AT 31ST DECEMBER 2014**

NOTE 15.

	BUILDING	MOTOR VEHICLES	FURNITURE & OFFICE EQUIPMENT	COMPUTERS	COMMUNICATION	PLANT & MACHINERY	SOFTWARE	OTHERS	LAND	TOTAL
COST AS AT 01 JANUARY 2014	153,977,218.66	24,293,827.84	13,938,656.42	19,279,583.79	4,715,284.39	13,812,567.80	23,947,068.20	1,179,979.93	47,854,000.00	302,998,187.03
ADJUSTMENT TO THE COST		(1,435,230.15)	494,081.55	1,230,476.52	197,155.95	(3,769,388.72)				(3,282,904.85)
ADDITIONS	1,766,375.46	4,656,177.61	1,329,316.00	1,839,450.00			45,000.00			9,636,319.07
DISPOSALS *		(4,902,221.70)								(4,902,221.70)
ADJUSTMENT TO THE DISPOSAL										
COST AS AT 31 DECEMBER 2014	155,743,594.12	22,612,553.60	15,762,053.97	22,349,510.31	4,912,440.34	10,043,179.08	23,992,068.20	1,179,979.93	47,854,000.00	304,449,379.55
ACCUMULATED DEPRECIATION AS AT 01 JANUARY 2014	6,373,837.59	13,866,418.67	8,176,170.28	13,991,144.76	2,405,451.51	7,847,649.17	11,940,439.87	445,786.21		65,046,898.06
ADJUSTMENT TO THE DEPRECIATION		(1,435,219.32)	494,060.55	1,230,468.52	197,149.84	(3,769,318.73)				(3,282,859.14)
DEPRECIATION	6,164,437.28	4,000,592.91	973,877.05	2,562,297.84	565,267.78	2,071,071.17	5,993,301.30	117,997.99		22,448,843.32
DISPOSALS ADJUSTMENT TO THE DISPOSAL		(4,488,214.30)								(4,488,214.30)
ACCUMULATED DEPRECIATION AS AT 31 DECEMBER 2014	12,538,274.87	11,943,577.96	9,644,107.88	17,783,911.12	3,167,869.13	6,149,401.61	17,933,741.17	563,784.20		79,724,667.94
W.D.V AS AT 31-12-2014	143,205,319.25	10,668,975.64	6,117,946.09	4,565,599.19	1,744,571.21	3,893,777.47	6,058,327.03	616,195.73	47,854,000.00	224,724,711.61

NOTE 16	2014	2013
OTHER LIABILITIES	Rs	Rs
CONTROL A/C - SALARIES - PAYEE	-	5,167.43
ACCURED EXPENSES - OTHER ALLOWANCE	291,000.00	391,250.00
ACCURED EXPENSES - OVERTIME	50,716.42	23,864.42
ACCURED EXPENSES - TRAVELLING	107,369.38	78,932.86
ACCURED EXPENSES - STATIONERY	189,952.00	25,504.00
ACCURED EXPENSES - FUEL	31,180.03	7,000.00
ACCURED EXPENSES - SUPPLY OTHERS	47,220.00	3,990.00
ACCURED EXPENSES - MAINTENANCE VEHICLES	19,585.60	-
ACCURED EXPENSES - MAINTENANCE PLANT & MACHINERY	6,850.00	-
ACCURED EXPENSES - TRANSPORT	750.00	-
ACCURED EXPENSES - TELECOMMUNICATION	277,167.32	152,180.61
ACCURED EXPENSES - POSTAL CHARGES	5,355.00	740.00
ACCURED EXPENSES - ELECTRICITY & WATER	202,280.66	194,855.00
ACCURED EXPENSES - CONTRACTUAL SERVICES OTHERS	158,469.98	113,672.59
ACCURED EXPENSES - RENT & HIRE CHARGES	570,000.00	570,000.00
ACCURED EXPENSES - SALARIES	-	201,265.74
ACCURED EXPENSES - AUDIT CHARGES	326,413.00	326,413.00
ACCURED EXPENSES - WHT PAYABLE	13,580,672.25	9,316,467.24
ACCRUED- DISTRESS LOAN	-	47,234.00
ACCRUED- DISTRESS LOAN INTEREST	-	672.87
ACCRUED- DISABILITY PAYMENT	162,950.00	50,248.00
ACCRUED- INCENTIVE PAYMENT	3,650,530.29	2,022,734.51
ACCRUED- PENSION PAYMENT	15,699,115.55	11,310,748.42
ACCRUED- REFUNDS	394,154.15	-
RECEIPT IN ADVANCE- SECURITY DEPOSIT	25,000.00	-
REFUNDABLE DEPOSIT	30,000.00	4,000.00
EX-STAFF PAYABLE	9,688.95	9,688.95
RETENTION PAYABLE	146,476.06	146,450.00
TOTAL	35,982,896.64	25,003,079.64

NOTE 17	2014	2013
NON CURRENT LIABILITIES	Rs	Rs
GARUAIY PAYABLE (Note 17 (1))	13,819,835.63	12,250,469.75
INVESTMENT - ARASSAWA - RASHMI NIMESHA	227,158.00	227,158.00
INVESTMENT - ARASSAWA - RASANI DILINIKA	43,545.00	43,545.00
TOTAL	14,090,538.63	12,521,172.75

NOTE 17(1)	2014	2013
GRATUITY	Rs	Rs
BALANCE AT THE BEGINNING OF THE YEAR	12,250,469.75	9,701,274.50
PRIOR YEAR ADJUSTMENT	-	72,840.25
CHARGE FOR THE YEAR	2,090,595.00	2,896,657.02
GRATUITY PAID DURING THE YEAR	521,229.12	420,302.02
TOTAL	13,819,835.63	12,250,469.75

NOTE 18 ACCUMILATED FUND	2014 Rs	2013 Rs
OPENING BALANCE	(10,642,937.94)	(70,729,806.54)
PRIOR YEAR ADJUSTMENT	(5,826,317.09)	50,615,442.77
SURPLUS / (DEFICIT) FOR THE YEAR	876,124.15	9,471,425.83
TOTAL	(15,593,130.88)	(10,642,937.94)

NOTE 19 S.L. SOCIAL SECURITY PENSION FUND	2014 Rs	2013 Rs
OPENING BALANCE	1,421,371,852.44	1,429,799,739.56
PREVIOUS YEAR ADJUSTMENT	(1,276,650.05)	11,710,088.49
THIS YEAR ADJUSTMENT	-	(193,100,282.96)
TRANSFER DURING THE YEAR	104,466,259.60	172,962,307.35
TOTAL	1,524,561,461.99	1,421,371,852.44

NOTE 20 S.L. SOCIAL SECURITY INSURENCE FUND	2014 Rs	2013 Rs
OPENING BALANCE	282,094,266.48	261,911,665.65
PREVIOUS YEAR ADJUSTMENT	(213,229.72)	2,652,585.57
THIS YEAR ADJUSTMENT	-	(34,231,285.24)
TRANSFER DURING THE YEAR	47,929,800.09	51,761,300.50
TOTAL	329,810,836.85	282,094,266.48

NOTE 21 S.L. SOCIAL SECURITY INCENTIVE FUND	2014 Rs	2013 Rs
OPENING BALANCE	2,635,632.25	624,618.09
PREVIOUS YEAR ADJUSTMENT	-	4,145,523.95
THIS YEAR ADJUSTMENT	2,857.48	(2,829,504.75)
TRANSFER DURING THE YEAR	-	694,994.96
TOTAL	2,638,489.73	2,635,632.25

NOTE 22 S.L. SOCIAL SECURITY DEVELOPMENT FUND	2014 Rs	2013 Rs
OPENING BALANCE	8,584,323.02	4,494,782.14
PREVIOUS YEAR ADJUSTMENT	-	1,037,040.23
THIS YEAR ADJUSTMENT	25,055.00	1,953,000.00
TRANSFER DURING THE YEAR	(1,452,501.06)	1,099,500.65
TOTAL	7,156,876.96	8,584,323.02

NOTE 23	2014	2013
S.L. SOCIAL SECURITY ELDERS FUND	Rs	Rs
OPENING BALANCE	2,396,025.00	2,547,023.48
PREVIOUS YEAR ADJUSTMENT	-	(67,565.59)
INTEREST DURING THE YEAR	232,866.64	332,067.11
PAYMENT FOR SENIOR CITIZENS	(420,000.00)	(415,500.00)
TOTAL	2,208,891.64	2,396,025.00

NOTE 24	2014	2013
GOVERNMENTS & FUND GRANTS	Rs	Rs
CAPITAL- GOVERNMENT	29,110,967.33	30,223,629.69
VEHICLE- GOVERNMENT	68,800.00	528,800.00
CAPITAL -FUND	199,400,260.73	211,056,286.69
TOTAL	228,580,028.06	241,808,716.38

SRI LANKA SOCIAL SECURITY BOARD
Investment Schedule as at 31.12.2014

Investee/Bank	Certificate No.	Date of		Amount of Investment (Rs)			Period	Int. Rate P.A	Total Interest (Rs)	Maturity Value (Rs)	Total WHT (Rs.)	Interest Receivable		WHT Payable		
		Investment	Maturity	Collection 2014	Interest 2014	(Rs.)						Value (Rs.)	2013	2014	2013	2014
PB	174600100014038-3	12-12-14	11-01-15			1,513,150.70	1,513,150.70	1month	4.00%	5,140.57	1,518,291.27	411.25				
HDFC	FD00000046	23-01-14	23-01-15		7,935,000.00	50,000,000.00	57,935,000.00	12months	10.50%	6,083,175.00	64,018,175.00	486,654.00		3,316.51		265.34
PB	1746001000136030	24-07-14	23-01-15			1,610,000.00	1,610,000.00	6months	7.00%	56,813.15	1,666,813.15	4,545.05		5,716,517.88		457,321.43
HDFC	FD 00000101	28-01-14	28-01-15	9,000,000.00			9,000,000.00	12months	10.25%	922,500.00	9,922,500.00	73,800.00		49,711.51		3,976.92
PB	174600100014072-0	29-12-14	29-01-15			5,000,000.00	5,000,000.00	1month	4.00%	16,986.30	5,016,986.30	1,358.90		854,260.27		68,340.82
RDB	134031300039	05-03-14	05-03-15		8,547,720.00	57,000,000.00	65,547,720.00	12months	9.00%	5,899,294.80	71,447,014.80	471,943.58		4,881,060.36		390,484.83
RDB	134031300040	06-03-14	06-03-15		5,705,008.76	37,582,402.92	43,287,411.68	12months	9.00%	3,895,867.05	47,183,278.73	311,669.36		3,212,756.12		257,020.49
RDB	134031300041	11-03-14	11-03-15		2,541,846.48	16,744,706.73	19,286,553.21	12months	9.00%	1,735,789.79	21,022,343.00	138,863.18		1,407,654.18		112,612.33
RDB	1340301300047	01-04-14	01-04-15		13,921,440.00	97,000,000.00	110,921,440.00	12months	9.00%	9,982,929.60	120,904,369.60	798,634.37		7,521,385.32		601,710.83
HDFC	FD00000058	04-04-14	04-04-15		4,397,842.63	30,641,322.68	35,038,965.31	12months	9.00%	3,153,506.88	38,192,472.19	252,280.55		2,350,010.60		188,000.85
SLS	No- 0000001268	10-04-14	10-04-15		20,676,194.75	147,371,309.71	168,047,504.46	12months	9.25%	15,544,394.16	183,591,898.62	1,243,551.53		11,328,243.42		906,259.47
SLS	No-0000001285	28-04-14	28-04-15			20,137,294.30	20,137,294.30	12months	8.60%	1,731,807.31	21,869,101.61	138,544.58		1,176,680.04		94,134.40
SLS	No-0000001288	05-05-14	05-05-15		5,701,047.04	41,138,170.30	46,839,217.34	12months	8.30%	3,887,655.04	50,726,872.38	311,012.40		2,566,917.44		205,353.39
SLS	No-0000001290	08-05-14	08-05-15		1,313,924.29	9,682,566.61	10,996,490.90	12months	8.30%	912,708.74	11,909,199.64	73,016.70		595,136.11		47,610.89
HDFC	FD01000392	02-06-13	02-06-15		8,973,172.63	66,125,074.65	75,098,247.28	24 months	17.25%	25,908,895.31	101,007,142.59	2,072,711.62	7,559,718.77	12,954,447.66	604,777.50	1,036,355.81
HDFC	FD00000072	04-06-13	04-06-15				10,000,000.00	24 months	17.25%	3,450,000.00	13,450,000.00	276,000.00	997,191.78	1,725,000.00	79,775.34	138,000.00
HDFC	FD01000341	18-06-13	18-06-15		4,247,819.53	31,303,017.93	35,550,837.46	24 months	16.50%	11,731,776.36	47,282,613.82	938,542.11	3,165,972.53	5,865,888.18	253,277.80	469,271.05
HDFC	FD00000023	28-06-13	28-06-15		1,357,000.00	10,000,000.00	11,357,000.00	24months	16.50%	3,747,810.00	15,104,810.00	299,824.80	960,055.44	1,873,905.00	76,804.44	149,912.40
HDFC	FD00000024	02-07-13	02-07-15		1,357,000.00	10,000,000.00	11,357,000.00	24 months	16.50%	3,747,810.00	15,104,810.00	299,824.80	939,519.49	1,873,905.00	75,161.56	149,912.40
HDFC	FD00000025	04-07-13	04-07-15		17,880,200.00	130,000,000.00	147,880,200.00	24 months	16.50%	48,800,466.00	196,680,666.00	3,904,037.28	12,099,841.57	24,400,233.00	967,987.33	1,952,018.64
HDFC	FD 00000073	10-07-13	10-07-15		4,991,000.00	35,000,000.00	39,991,000.00	24 months	16.25%	12,997,075.00	52,988,075.00	1,039,766.00	3,115,737.16	6,498,537.50	249,258.97	519,883.00
HDFC	FD01000427	19-07-13	19-07-15		4,741,820.76	32,829,000.00	37,570,820.76	24 months	16.25%	12,210,516.75	49,781,337.51	976,841.34	2,776,638.05	6,105,258.37	222,131.04	488,420.67
HDFC	FD01000429	27-07-13	27-07-15		2,310,101.39	15,892,277.05	18,202,378.44	24 months	15.25%	5,551,725.42	23,754,103.86	444,138.03	1,201,606.32	2,775,862.71	96,128.51	222,069.02
SMIB	SMIB/IFD/000432	23-08-14	23-08-15		3,780,001.06	33,268,800.00	37,048,801.06	12months	7.75%	2,871,282.08	39,920,083.14	229,702.57		1,030,514.94		82,441.20
HDFC	FD00000161	21-10-14	21-10-15		3,252,496.35	28,859,772.41	32,112,268.76	12months	7.00%	2,247,858.81	34,360,127.57	179,828.71		443,413.25		35,473.06
RDB	720031300002	22-11-14	22-11-15		1,856,790.00	17,550,000.00	19,406,790.00	12months	7.00%	1,358,475.30	20,765,265.30	108,678.02		148,874.01		11,909.92
SMIB	SMIB/IFD/000449	01-09-14	01-09-16		16,073,592.21	138,661,078.43	154,734,670.64	24months	8.30%	25,685,955.33	180,420,625.97	2,054,876.43		4,292,721.30		343,417.70
SMIB	SMIB/IFD/000462	07-10-14	07-10-16		15,701,358.60	230,878,179.29	246,579,537.89	24months	6.50%	32,055,339.93	278,634,877.82	2,564,427.19		3,776,382.51		302,110.60
HDFC	FD00000034	06-11-13	06-11-16		16,100,000.00	100,000,000.00	116,100,000.00	36months	15.50%	53,986,500.00	170,086,500.00	4,318,920.00	2,760,953.42	17,995,500.00	220,876.27	1,439,640.00
HDFC	FD00000037	06-12-14	06-12-16		13,672,488.00	118,891,200.00	132,563,688.00	24months	8.00%	21,210,190.08	153,773,878.08	1,696,815.21		755,431.43		60,434.51
				9,000,000.00	187,034,664.48	1,514,679,323.71	1,720,713,988.19			321,390,244.76	2,042,104,232.95	25,711,219.58	35,577,234.54	134,181,168.43	2,846,178.76	10,734,493.49

PB- People's Bank
HDFC - Housing Development Finance Co-operation Bank of Sri Lanka
RDB - Regional Development Bank
SMIB - State Mortgage & Investment Bank
SLS - Sri Lanka Savings Bank

SRI LANKA SOCIAL SECURITY BOARD
INCOME & EXPENDITURE STATEMENT- PENSION FUND
YEAR ENDED 31ST DECEMBER 2014

Description	Total Rs	Pension Fund Rs	Insurance Fund Rs	Incentive Fund Rs	S.S Dev. Fund Rs
Member's Contribution					
Enrollment Collection	63,459,622.05	44,878,996.35	7,919,822.89	6,694,508.87	3,966,293.94
Postal Department	92,842,590.24	78,916,201.70	13,926,388.54		
Total Contribution	156,302,212.29	123,795,198.06	21,846,211.42	6,694,508.87	3,966,293.94
Add- Interest Income					
Fixed Deposit	208,879,724.99	177,547,766.24	31,331,958.75		
Savings Deposit	267,883.08	227,700.62	40,182.46		
Other (Distress Loan II)	83,537.46	71,006.84	12,530.62		
Total Interest	209,231,145.53	177,846,473.70	31,384,671.83	-	-
Less- Expenditure					
Pension Payment	(167,727,733.83)	(167,727,733.83)			
Contribution Refunds	(15,222,020.62)	(15,222,020.62)			
Disability Payment	(714,620.45)		(714,620.45)		
Postal Commission	(4,642,129.51)			(4,642,129.51)	
Pension Gratuity	(2,079,906.00)		(2,079,906.00)		
Incentive Payment	(2,052,379.36)			(2,052,379.36)	
S.S Development Exp.	(5,418,795.00)				(5,418,795.00)
Withholding Tax	(16,710,378.08)	(14,203,821.37)	(2,506,556.71)		
Bank Charges	(21,836.34)	(21,836.34)			
Total Expences	(214,589,799.19)	(197,175,412.16)	(5,301,083.16)	(6,694,508.87)	(5,418,795.00)
Net Balance	150,943,558.63	104,466,259.60	47,929,800.09	-	(1,452,501.06)



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கணக்காய்வாளர் தலைமை அபிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT



මගේ අංකය
எனது இல.
My No.

FB/J/SSB/1/14/26

ඔබේ අංකය
உமது இல.
Your No.

දිනය
திகதி
Date

15 October 2015

The Chairman

Sri Lanka Social Security Board

Report of the Auditor General on the Financial Statements of the Sri Lanka Social Security Board for the year ended 31 December 2014 in terms of Section 14 (2) (c) of the Finance Act, No.38 of 1971

The audit of financial statements of the Sri Lanka Social Security Board for the year ended 31 December 2014 comprising the statement of financial position as at 31 December 2014 and the statement of financial performance, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information, was carried out under my direction in pursuance of provisions in Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 13 (1) of the Finance Act, No. 38 of 1971 and Section 24(3) of the Sri Lanka Social Security Board Act, No.17 of 1996. My comments and observations which I consider should be published with the Annual Report of the Board in terms of Section 14(2) (c) of the Finance Act appear in this report. A detailed report in terms of Section 13(7)(a) of the Finance Act was issued to the Chairman of the Board on 25 June 2015.

1.2 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 Public Sector Accounting Standards and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.





1.3 Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards consistent with International Standards of Supreme Audit Institutions (ISSAI 1000 - 1810).

1.4 Basis for Disclaimer of Opinion

As a result of the matters described in paragraph 2.2.3 of this report, I am unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded items, and the elements making up the statement of financial position, statement of financial performance, statement of changes in equity and cash flow statement.

2. Financial Statements

2.1 Disclaimer of Opinion

Because of the significance of the matters described in paragraph 2.2.3 of this report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on these financial statements.

2.2 Comments on Financial Statements

2.2.1 Sri Lanka Public Sector Accounting Standards

The adjustments of Rs. 5,104,778 for the preceding year had been made to the Accumulated Fund, instead of making retrospective adjustments in terms of Sri Lanka Public Sector Accounting Standard No. 03.

2.2.2 Accounting Deficiencies

Revenue expenditure amounting to Rs. 198,354 incurred for a regional office of the Social Security Board situated in a District Secretariat had been brought to account, as capital expenditure.

2.2.3 Lack of Evidence for Audit

- (a) The receipts in the Cash Book had been overstated by a total of Rs.2,143,070 over the amount deposited in the bank accounts during the period from the year 2004 to the year 2011 relating to 03 accounts of state banks. A sum of Rs. 2,143,070 had been removed from the Cash Book using 04 General 35 vouchers stating as rectification of receipts entered twice in the Cash Book without any examination, proper identification and methodology whatsoever of that increase in the year under review. Out of that amount, sums of Rs. 721,539, Rs. 213,230 and Rs. 1,208,301 had been written off by debiting to the Accumulated Fund, Social Security Insurance Fund and the Social Security Pensions Fund respectively. Requests had been made by audit from time to time, to submit cash paying in vouchers (PIV), cash receipts, Registers of Daily Receipts of the Shroff, Cash Books necessitated for the examination of this writing off. Nevertheless, those documents had not been submitted and as such, this write off could not be confirmed as a non- fraudulent transaction.

(b) Evidence stated against the following items was not made available to audit.

Item	Value	Evidence
-----	-----	-----
	Rs.	
(i) The contribution from the year 2012 to the year 2014 credited to the Social Security Development Fund.	14,337,817	Details relevant to the confirmation of credits to the Fund
(ii) Accrued incentives	2,052,379	Detailed Schedule
(iii) Repayments made from funds	15,222,020	Documents confirming the receipt of cash

2.3 Non-compliance with Laws, Rules, Regulations and Management Decisions

The non-compliances with laws, rules and regulations observed in audit are given below.

Reference to Laws, Rules, and Regulations	Non-compliance
-----	-----

Sri Lanka Social Security Board Act,
No.17 of 1996

(a) Section 7 of Part II

Even though persons not less than 18 years of age and not more than 59 years of age are eligible to contribute for the pensions scheme, contrary to it, a pre-planned pensions scheme by

the name “Arassawa” had been introduced for children below 18 years of age only on the approval of the Board of Directors and 8,211 members had been enrolled in the year 2014.

(b) Section 15(1)

Even though it is mentioned in the Act that any contributor who evades paying 10 successive instalments loses the benefits therein, contrary to it, in the delay of payment of contributions, when the fine charged had equalled 10 instalments, those contributors had been made dormant.

2.4 Transactions not Supported by Adequate Authority

The following observations are made:

(a) Even though quotations had been called for from 5 companies to produce two short documentary films for advertising on the Social Security Pensions Schemes, the contract had been awarded to a production company which is owned by a film director who had been made to participate in obtaining instructions for this purpose.

A sum of Rs. 1,859,000 had been paid to the relevant company for recording of 6,500 compact discs for this purpose and for other relevant purposes. However, it was observed in audit that the expected objectives of this advertising programme had not been fulfilled due to failure in issuing 5,623 of the relevant compact discs by 20 January 2015.



(b) The special promotional programme on the socialization of social security had been implemented from 23 July 2014 up to 31 October 2014 and the covering approval had been obtained at the meeting of the Board of Directors held on 07 August 2014 for obtaining money spent for this on the sponsorship of the Public Sector and the Private Sector. Even though a sum of Rs.3,600,160 had been spent for this programme by 07 January 2015, a sum of Rs. 3,000,000 had been spent from the Social Security Development Fund without a proper approval due to reimbursement of only a sum of Rs. 110,000 from sponsoring firms.

A sum of Rs. 996,000 had been paid to a private firm for the preparation and erection of advertising hoardings for the aforesaid programme. The transparency of these transactions had been problematic in audit as the officer who serves as the Managing Director of that company himself had been involved in matters such as preparing the specification report, acting as the Chairman of the Technical Evaluation Committee and submitting the report stating that the erection of advertising hoardings had been properly carried out.

3. Financial Review

3.1 Financial Results

According to the financial statements presented, the operations of the Board for the year under review had resulted in a surplus of Rs.876,124 as compared with the corresponding surplus of Rs.9,471,426 for the preceding year thus showing a deterioration of Rs.8,595,302 in the financial result as compared with the preceding year. The increase in personal emoluments by Rs. 5,406,700, supplies and consumer expenditure by Rs. 1,401,611, other expenditure by Rs. 2,324,685 and depreciation by Rs. 2,327,285 had mainly contributed to the deterioration in the financial result.



4. Operating Review

4.1 Performance

The following observations are made.

- (a) Even though 06 schemes in the names of “Sahana”, “Thilina”, “Isuru”, “Sarana”, “Surakuma” and “Dhanalakshmi” had been introduced, new enrolments had been made only under the 02 Schemes “Surakuma” and “Arassawa”, which were introduced for children below 18 years of age. As such, 15,968 new contributors had been enrolled in the year under review, comprising 7,757 contributors for the “Surakuma” Scheme and 8,211 contributors for the “Arassawa” Scheme. Accordingly, the percentage of enrolments had increased by 75 per cent as compared with the preceding year.
- (b) According to the computerized data of contributors as at 31 January 2014, the number of contributors enrolled by the Board for pension schemes as at 31 December 2014 had been 460,807. Nevertheless, 354,595 contributors out of them had been at dormant level and as such, the percentage of the number of active members had been at a level as low as 20 per cent.
- (c) In the examination of the number of dormant contributors relevant to each scheme, a high tendency of dormancy was apparent in all other schemes except “Surakuma” and the Board had not paid attention to retain the contributors of those schemes.
- (d) The intended purposes had not been fulfilled by the Board towards low income earners due to representation of the percentage of dormancy between 68 per cent and 85 per cent of “Sahana” and “Thilina” schemes, which represent the majority of contributors with very low income. Moreover, at the audit test check on dormant members, it was observed that the percentage of dormancy had exceeded 80 per cent in the districts of Gampaha, Matara, Kandy, Puttlam, and Matale.



- (e) Cancellation of membership and withdrawal of contributions had amounted to Rs. 10,367,066 in the year 2013 and it had increased up to Rs. 15,222,021 in the year 2014. As such, it was observed that there was a tendency of cancellation of membership and withdrawal of money on a large scale.

4.2 **Transactions of Contentious Nature**

The following observations are made.

The Social Security Fund which was established by the funds of contributors with the intention of paying benefits to contributors had been utilized for the following purposes deviating from the relevant purposes.

- (a) Purchase of a building with a Government valuation of Rs. 165 million for a sum of Rs. 195 million to maintain the Head Office of the Board without making provisions or following the Procurement Procedure.
- (b) Even though a sum of Rs. 23,947,068 had been spent to establish a computer system for the purposes of the Board, it was observed that correct information could not be obtained from this system.
- (c) Making a payment of Rs. 5,418,795 from the Social Security Development Fund in the year under review for the operations of the Board.

4.3 **Personnel Administration**

The following observations are made.

- (a) The approved cadre was 180 and the actual cadre was 167 as at 31 December 2014 and as such, there were vacancies of 13 posts.



6. Systems and Controls

Weaknesses in systems and controls observed during the course of audit were brought to the notice of the Chairman of the Board from time to time. Special attention is needed in respect of the following areas of control.

- (a) Enrolment of Contributors and Documentation
- (b) Recovery of Instalments and Accounting
- (c) Payment of Pensions and Accounting
- (d) Control of Bank Accounts

W.P.C.Wickramaratne

Acting Auditor General

Our Thanks

Social Security and Pension Schemes have been implemented with the intention of safeguarding the senior citizens who are not entitled to a government pension and to provide them with the provisions of a pension and other social security benefits schemes. We take this opportunity to convey our thanks to all employees of all sections and units namely Administration, Operations and Co-ordination and all other areas of service.

- ◆ Ministry of Finance and Planning
- ◆ Department of Audit
- ◆ Ministry of General Administration and Home Affairs
- ◆ District Secretaries and Divisional Secretaries
- ◆ Social Service offices and Grama Seva Offices
- ◆ Peoples Bank, Bank of Ceylon, National Savings Bank
- ◆ Postal Department
- ◆ Network of Co-operative Rural Banks
- ◆ Others who extended their assistance in various forms for the implementation of schemes

Sri Lanka Social Security Board extends its gratitude and thanks.

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