ANNUAL REPORT
AND ACCOUNTING
2012

SRI LANKA SOCIAL SECURITY BOARD

Ministry of Finance and Planning

No: 18, Rajagiriya Road, Rajagiriya.

Contents

Social Security Unit

Sri Lanka Social Security Board

Vision

To become the foremost institution in Sri Lanka for the provision of social security which is beneficial, stable and reliable.

Mission Statement

To be the national institution performing the provision of pension and social security benefits, with royal patronage, through an environment of corporation and creativeness safeguarding the living standards of senior citizens.

Message of the Chairperson

"Social Security" of Sri Lanka the country which is marching forward to be the miracle of Asia should be viewed with a wide sector consisting of economic, social, cultural and as well as spiritual aspects.

Sri Lanka Social Security Board has taken necessary steps to practically activate the policies stated in "Mahinda Chinthana Idiri Dekma" about social security , over and above the limits of safeguarding senior members in our society economically, along with their sponsors and the young ones, as well as those employed in various types of activities and the incapable personnel.

The social security pension schemes is an exemplary programme of activities going towards the future to come. According to this programmes the contributory members are entitled to a guaranteed monthly pension benefits, which is reliable and safe whereby their financial strength will be established. My belief is that the year 2012 had laid a firm foundation for a prosperous forward march.

1. Activating the technical information system and the automatic computer software methodology connecting all District Officers with the Head Office
2. Introducing the "Surekuma" Pension Scheme and Social Security advantages with a stable and a beneficial foundation, whereby the security of the children are established, parallel to the day of commemorating the International Day of the girl child and identify it as "Arassawa" whereby their future is properly planned with financial benefits.
3. Taking necessary steps to safeguard and make fruitful actions pertaining to expatriates and directing special attention for the collection of installments and also update contributor members accounts.
4. Avoidance of difficulties faced by the contributory members of the pension schemes as a result of changing the office address and telephone members so often, elementary steps have been taken to strengthen the institutes assets and advance the facilities for the working staff by a suitable premises owned by the Sri Lanka Social Security Board.

I regularly with special attention reflect the leadership and guidance given to the by the Most Honorable President of the Democratic Socialists Republic of Sri Lanka Hon. Mahinda Rajapaksha, and also, I take this opportunity to value the assistance extended to us by the Ministry of Finance and Planning and other State Institutions along with District and Divisional Secretaries, Social Service Officers, Grama Seva Officers including all State Officers. Finally I am taking this opportunity to appraise and thank the Members of our Board of Directors with the total staff of this Board for their dedication and hard work.

It is very important and advantageous that social security is integrated with National Development Programmes of the Honorable President and by aligning Social Security of country will be in a very favorable position to face any future challenges successfully, that would arise as a result of expansion of the percentage of senior citizens with positive results.

I very sincerely expect the co-operation of all for the fulfillment of the above important objectives.

Sumana Ariyadasa Attorney at Law
Chairperson
Sri Lanka Social Security Board.

Message of the General Manager

Taking into consideration the increasing percentage of elders among the total population in our country, and the current tendencies with respect to the economy, Politics, social and environmental aspects, social security in Sri Lanka has become the main sphere, where special attention has to be administered.

Sri Lanka Social Security Board functioning under the Ministry of Finance and Planning has ensured the benefits of a monthly pension payment from the 60th year onwards for those ageing gracefully, in addition on payment of a death gratuity, partial or complete incapacity remuneration before retirement age through Social Security benefits schemes.

During the year 2012 new members were enrolled for the Pension Scheme “Surekuma” which could be activated in a very strong footing with the self-income. Special attention has been paid with respect to inactivated members of the Pension and Social Security Benefits Schemes to activate them and solve their problems after arranging island-wide mobile services. Further concentration has been carried on with respect to the collection of installments systematically as well as effectively.

A new office has been established at Kilinochchi and District Offices organized in all District Secretarys’ offices except at Mulative and Mannar. A computer network has been instituted in 19 District Offices enabling the centralization of service activities of the Board. Installation of a new computer software system of a very high efficacy has to be completed within a very short period of time, and it will be put to use, and through this system the capability of attending to all service activities very effectively will be carried out.

I take this opportunity to convey my sincere thanks to the chairperson Madam Sumana Ariyadasa , Lawyer , members of the Board Directors and the members of the total staff attached to the Head Office and the District offices for their devoted work and the District and Divisional Secretaries, Social Service Officers, Grama Seva Officers and all other officers for their valuable participation to execute the Pension and Social Security Benefits schemes of Sri Lanka Social Security Board.

Dhammika Padukka

Acting General Manager

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

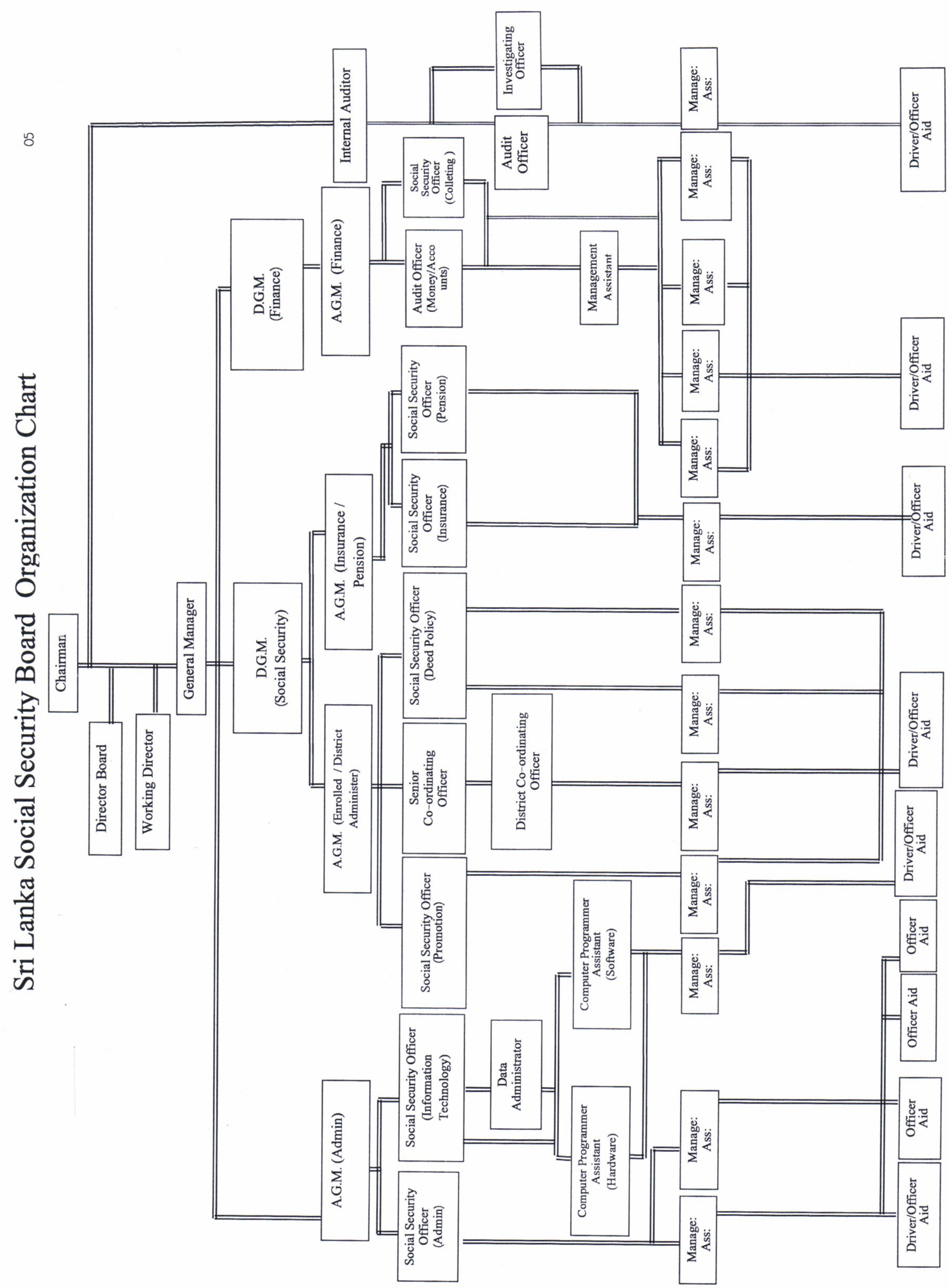
Former General Managers

Name

Mr. Ranathunga Hemachandra
Mr. Ashoka Peiris
Mr. B.A. Somapala
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. Monteuguu Sarachchandra	Director
Mr.Lal Weerasinghe	Director
Mr. L.A. Rupasinghe	Director
Mr. R.M.S.P.S. Bandara	Director
Mr. Mahinda Bandara	Director
Mr. J.D.Wijekoon Dissanayake	Director


Sri Lanka Social Security Board Organization Chart
05
Chairman
Director Board
Working Director
General Manager
Internal Auditor
Investigating Officer
Audit Officer
D.G.M. (Finance)
D.G.M. (Social Security)
A.G.M. (Finance)
A.G.M. (Insurance / Pension)
A.G.M. (Enrolled / District Administer)
A.G.M. (Admin)
Social Security Officer (Colleting)
Audit Officer (Money/Accounts)
Social Security Officer (Pension)
Social Security Officer (Insurance)
Social Security Officer (Deed Policy)
Senior Co-ordinating Officer
District Co-ordinating Officer
Social Security Officer (Promotion)
Social Security Officer (Information Technology)
Data Administrator
Social Security Officer (Admin)
Management Assistant
Computer Programmer Assistant (Software)
Computer Programmer Assistant (Hardware)
Manage: Ass:
Driver/Officer Aid
Officer Aid

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 the 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 pension.

All those who are in the ages of 18 to 59 years, 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" preplaned Social Security Benefit scheme was introduced alongside with the "International day of the girl-child which was scheduled for 11th September 2012. According to the 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 they are transferred to "Surekuma" monthly pension payment scheme and they become entitled to a pension at 60 years of age, 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 or permanently disabled he 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.

Sri Lanka Social Security Board is devoted to make "Social Security" more meaningful and significant and make the senior citizens of Sri Lanka of the future more and more secure and dignified, at a time when the country has been identified ,where the senior population is increasing rapidly.

1. Administration Division

1.1 Establishment of Board offices and subsequent changes

Social Security Board was first established by Health, Highways and Social Service Ministry at Sausiripaya 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 1997 March. 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, Nawala Road, Nugegoda. 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.

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. 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 member. Accordingly the recruitment arrangements were prepared and after such details have been forwarded to the Salaries and Cadre Commission; The Management Services Department had already approved the recruitment procedures and processes and at present the Board is taking necessary action to get the necessary approval from the Finance and Planning Ministry to fill the existing vacancies, while making necessary upgrading within, the existing staff.

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	02	-
Co-ordinating Officer	49	27	22
Investigating Ofiicer	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	32	25
Drivers	09	07	02
K.K.S	34	24	10
Total	**180**	**104**	**76**

Employments on Contract Basis

• Auditn Officer	01
• District Co-ordinating Offier	06
• Clerk	06
• Driver	01
• KKS	05
Total	**19**

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 - 2012

Mrs. P.G Dharshika Shyamalie	Coordinating Officer	- Resignation
Mr. Mohomad Sha	Coordinating Officer	- Resignation
Mrs. Nirosha Lakmali	Coordinating Officer	- Resignation
Mr. H.B.S Hitibandara	Coordinating Officer	- Resignation
Mr. N.P Saman Wijesiri	Coordinating Officer	- Resignation
Mr. Nanda Kumara	Coordinating Officer	- Resignation
Mr. D Piyarathna	Coordinating Officer	- Resignation
Mr. Chathurangi Jayalal	Coordinating Officer	- Resignation
Mr. Indika Aruna Shantha	Coordinating Officer	- Resignation
Mrs. Nirosha Malkanthi	Coordinating Officer	- Resignation
Mrs. Saman Kumari	Coordinating Officer	- Resignation
Mr. Chaminda Ganawickrama	Coordinating Officer	- Resignation
Mrs. Dilrukshi Wijewardhana	Coordinating Officer	- Resignation
Mr. Chaminda Rekogma	Coordinating Officer	- Resignation
Mrs. Banduthilaka	Coordinating Officer	- Resignation
Mr. N Radan	Coordinating Officer	- Resignation
Mrs. J.I.A Saman Kumari	Coordinating Officer	- Resignation
Mr. Nimal Rathnaweera	Coordinating Officer	- Resignation
Ms. Kanchana Pathiraja	Personal Assistant	- Vacation of Post
Mr. T.T.U Punchi Mahathmaya	Office Assistant	- Resignation
Mr. M.M Gayan Sampath	Office Assistant	- Vacation of Post

1.5 Present Staff of the Administration Division

Designation	Present
Assistant General Manager (Acting)	01
Manager (Admin)	01
Personal Assistant	02
Management Assistant	02
Office Assistant	01
Messenger	01
Driver	07
Total	**14**

1.6 Physical wealth

Head Office : Established in a space of 8800sq feet in 4 floors.

District Offices: The District Offices of the Board are established in Kachcheri premises. Name boards, other office furniture and equipment and telephone facilities are provided.

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 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 (Operation) 02	- 02 Tele Fax
Assistant General Manager (Admin)	- 03 Telephones
Assistant General Manager (Finance)	- 01 Telephone
Internal Audit	- 02 Telephones
Tele Sales Unit	- 01 Telephone

District officers too have been provided with direct telephone connections.

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 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.

1.09 The details of vehicles of the Board :

No. of Vehicles	Model type	Date of first registration	Condition very Good	Good	In running Condition after repairs	Dilapi-dated	Con-demned
250-6090	Double Cab	1997.11.13			√		
250-6095	Double Cab	1997.10.24			√		
252-5463	Double Cab	1998.08.14			√		
253-2796	Liteace	1999.07.06			√		
253-2818	Caravan	1999.07.06			√		
32-4987	Pathfinder	1980.11.04			√		
KH-4506	Car	2008.09.30		√			
KN-0014	Micro Jeep	2011.01.13		The vehicle has been damaged by an accident, and insurance claim is anticipated.			
KN-0006	Micro Jeep	2011.01.13		√			

1.10. Administration Division

Facts which deserves special attention

- **Shortages of personnel**

1. Taking action to fill the existing vacancies as per approved cadre, Training and development.

- **Shortages of physical requirements**

1. Taking proper action for the purchase of requirements
2. Taking necessary action as the existing vehicles of the Board me old and their repairs are very costly.
3. Filling of vacancies in order to get the District Offices to function effectively as the activities are

1.11 Computer Unit

Main Functions

1. Providing of solutions for the problems arising in operational activities pertaining to all performances and functions while executing all of them through computer network system.
2. Furnishing details of all inquiries made by the contributory members of the pension schemes from the officers of the Head Office as well as District Offices.
3. Activating of all contributory members, enrollment of members for pension schemes, provision of all necessary information with respect to the payments of incentives for the collection of installment from the members.
4. Preparation of computer information reports when and where necessary and making them available as required.
5. Taking immediate and necessary action in case of breakdowns of the computer network at the Head office as well as in District Offices and see that the computer network is in proper and correct working order

1.12. Performances during the year 2012.

1. computerizing all applications as well as the collection of installments enabling the District Offices also to operate them and accordingly the whole computer system has been improved.
2. Assembling all clerks and trainee staff of the District Offices to the Head Office and training them in the use and operation of the former computer system and the present system.
3. Develop very close connections with Advent Technologies Inc enabling the Board to take further beneficial usage from the new computer system.
4. After obtaining the backup of the new and former computer systems on a daily basis and take necessary steps to safeguard the information system.
5. Provision of relevant information for mobile services at a fair number of District offices enabling them to activate the inactivated members of pension schemes

Staff

Manager	01
Computer Programmer	02
Computer Technical Officer	01
Computer Operator	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 will take necessary action to enroll themseles for the schemes.
- After directing the clientele in regular payments of installments after becoming members get t hem 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 pension, partial incapability remuneration, complete incapability payments, death gratuity etc.
- Take all necessary steps with respect to the implementation of 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 their officers as well

2.2 Service Units and District Offices

- All service activities pertaining to pension and social security schemes of the Board are implemented by 4 units, namely Deed services. Pension payments, Insurance and Development unctions.
- District offices have been made to function in all districts of the island excepts in the districts of Mulativu and Mannar.

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

- District coordinating officers have been appointed along with subordinate staff to the District offices and they are recharge of directing, implementing and coordinating as well as direct enrollment 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 arrangement 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 Or anizations for the implementation of the pension and social security benefit schemes of the Board.

Staff of operations Division - Head Office

Post	Present
1. Deputy General Manager (Operations)	1
2. Assistant General Manager (Operations)	1
3. Managers/ Coordinating Officers	
(a) Deed Services	1
(b) Insurance	1
(c) Pension Payments	1
(d) Sales Promotions	1
(e) Co-ordinating Officers	1
4. Computer Programmer	1
5. Clerk	8
6. K.K.S	4
Total	**20**

District Office-Staff

1.	District Co-ordinating Office	27
2.	Clerk	15
3.	Karyala Karya Sahayaka	17
	Total	**59**

2.4 Proposals of Social Security Pension Scheme — Enrollments 2012

	District	2012
1	Colombo	46
2	Gampaha	302
3	Kaluthara	35
4	Galle	16
5	Matara	435
6	Hambanthota	40
7	Rathnapura	119
8	Kegalle	74
9	Kandy	91
10	Matale	40
11	Nuwaraeliya	208
12	Kurunegala	185
13	Puttlam	1368
14	Badulla	202
15	Monaragala	309
16	Anuradhapura	175
17	Polonnaruwa	10
18	Ampara	1109
19	Trincoamalee	04
20	Batticaloa	06
22	Jaffna	958
23	Direct	1719
	Total	7450

2.5 Payments of benefits year 2012

Details	Number	Amount
Payment of pensions	12252	93,254,936
Death gratuity payments	178	3,448,112
Total disability monthly payments	26	487,637
Lumpsum payments	02	60,318
Partial disability gratuity payments	06	93,872
Total		**97,334,875**

2.6 Collection of membership contributions year 2012

Through enrollments	By installments
Enrollment Collection	11,224,674
By bank DS Divisions	15,724,269
By Post Offices	89,059,312
Contribution on behalf of employees of the Board	108,597,312
Total	**224,605,425**

2.7 Mobile workshops, training and informative programmes conducted during the year 2012.

Details	Number	Amount
Pension and Social Service Development Programme	21	209,117
District wise Mobile Programmes	03	14,750
District wise Awareness programme	01	41150
Activating at the district level	40	3,219,722
Total		**3,484,739**

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, 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, permit and other publicity activities are fairly week and as a result, promotional activities of the schemes are unprogressive.
- As a result of the trained and experienced field officers are resigning in a fairly large scale, the vacancy position of duties 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 nom-payment of pensions to those enrolled in agricultural pension payment scheme as equivalent 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 the installments from the contributor members to the pension schemes.
- Investing the membership contributions for highest possible rates of interests.
- Preparation and making the payments of the 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 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 it 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 there 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 broad (RFC) on behalf of them.

3.2 Finance Division staff

Post	Number present	Vacancies
Deputy General Manager (Finance)	1	0
Assistant General Manager (Finance)	1	0
Manager (Finance)	1	0
Cashier	1	0
Book Keeper	1	0
Clerk	3	0
Total	**8**	**0**

4. Internal Audit Division

4.1 Entrusted Functions

Administration

- Recruitment of staff and inspection of personal files.
- Examination of salary payments and all other payments.
- Investigation of the payment of employees' Provident Fund, employees' Trust Fund, as well as gratuity and such other payments.
- Inspection of overtime payments and all other payments.
- Examination of advance payments and reimbursement of travelling allowances.
- Inspection of purchases and various supplies.
- Examination of the vehicles of the Board and inspect their maintenance as well as all other maintenances and repair activities.
- Inspection of agreed and confirmed services such as postal, electricity and telephones and such other services.
- Examination of ownership claims with respect to properties, their administration and maintenance.
- Investigating into debts, loans and advances pertaining to the Board.

Directives

- Inspecting the enrolment of members for the Pension Schemes and computerizing the applications.
- Issue of deeds
- Receiving of Installments and accounting them
- Payments pertaining to members
- Payments of Profits
- Pension Payments
- Payment for those who leave the contributory membership
- Inspection of field services

Special assignments

Conducting Audit and Management Committee Meetings

Quarter	Date of the meeting
1st quarter	8th March 2012
2nd quarter	25th June 2012
3rd quarter	26th September 2012
4th quarter	23rd November 2012 and 31st December 2012

1. Significant Accounting Policies

1.1 General

The Financial Statements of the Board have been prepared on the historical cost basis, in accordance with generally accepted accounting principles applied on a consistent basis and in conformity with Sri Lanka Accounting Standards. No adjustments have been made for inflationary factors affecting the Financial Statements. The accounting policies are consistent with those used in the previous year otherwise specified.

Figures and phrases relating to the previous year have been restated where necessary, to conform to the current year's presentation.

1.2 Assets and the Basis of their Valuation

1.2.1 Depreciation on Fixed Assets

Tangible assets are shown at cost less accumulated depreciation. Depreciation is charged on the basis of straight-line method at the following rates per annum in order to write off the cost of such assets over their estimated, economic, useful lives. In the case of depreciation on fixed assets, for the year of purchase is fully depreciated and no depreciation will be charged for the year of disposal.

Item	Rate per Annum
Plant, Machinery & Equipment	25%
Furniture & Office Equipment	10%
Vehicles	20%
Computer Accessories & Other Fixed Assets	25%
Communication	20%
Building & Structure	4%
Others	10%

1.2.2 Inventories

Inventories have been valued at the lower cost or net realized value. Stock is valued at simple average method.

1.2.3 Receivables

Receivables are stated at the values estimated to be realized.

1.2.4 Investments

Fixed deposits are valued at cost plus accrued interest and WHT. However accrued interest is shown separately.

1.2.5 Cash & Cash Equivalents

Cash & Cash equivalents include balances at Banks and Fixed Deposits at Banks and relevant accrued interest components

1.2.6 Cash Flow

Cash Flow Statement has been prepared using the 'indirect method'.

1.3. Accounting for Grants

Recurrent grants that compensate the Board for expenses incurred are recognized as revenue in the Income statement on a systematic basis in the same period in which the expenses are incurred. Grants that compensate the Board for the cost of an asset is capitalized and amortized as revenue on a systematic basis over the useful lives of the related asset.

1.4. Employee Benefits

1.4.1 Provision for Gratuity

Provision has been made for the retiring gratuity payable, from the initial year enrolments of all employees in conformity with LKAS 26 Accounting and Reporting by Retirement Benefit Plans. However, under the payment of Gratuity Act No. 12 of 1983, the Liability to an employee arises only on completion of Five years of continued service. The Liability is not externally funded.

1.4.2 Define Contribution Plans

Obligations for contributions to Provident and Trust Funds are recognized as an expense in the Income statement as incurred.

1.5 Current Liabilities

Current Liabilities are those which fall due for payment on demand within one year from the Balance Sheet date. Non-current liabilities will fall due for payment one year or more after the Balance Sheet date.

1.5.2 Taxation

The Board is exempted from Income Tax except Interest Income under Section 143/section143 red with section 158/section 95 of Inland Revenue Act No 10 of 2006.

1.6 Post Balance Sheet Events

The materiality of events occurring after the Balance Sheet date has been considered and appropriate adjustments wherever necessary, have been made in the accounts.

1.7 Income and Expenditure

1.7.1 Revenue Recognition

(a) Enrollment fees and premiums from contributors are accounted on receipt basis whilst interest income is accounted on accrual basis.

(b) All other revenues are taken to Income and Expenditure on accrual basis.

1.7.2 Expenditure

(a) All Expenditure incurred in the running of the Board and in maintaining the capital assets in a state of efficiency has been charged to revenue in arriving at the deficit for the year.

(b) 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.

1.8. Investments

Investments have been made in Fixed Deposits during the year ended 31st Dec, 2012. Investment Income and administrative expenses are accounted on accrual basis.

85% and 15% of the Investments and interest arising from Investments are shown under Sri Lanka Social Security Pension fund and Sri Lanka Social Security Insurance fund respectively.

From the total collection of 2012 the total amount of Rs.12 Mn has been transferred to the Incentive Fund according to the incentive paid from 2008 to 2012. Balance of Fund is shown as incentive fund as at Balance Sheet date.

Social Security Development Fund is created by total collection from person who exceeded 60 years age and paid only < 25% on their due contribution.

0.5% Interest Income on Fixed Deposit and WHT and Bank Charges have been taken into S.S. Development Fund and S.S. Incentive Fund.

Sri Lanka Social Security Board

Balance Sheet as at 31st December 2012

Assets	Notes-2012	2012 (Rs.)	Notes-2011	2011(Rs.)
Non-Current Assets				
Property, Plant & Equipment	01	38,236,459	1	52,788,914
Investment in Fixed Deposit	2	1,519,318,628	2	1,340,541,216
Rideereka		100,000		100,000
Savings Deposit	3	12,669,671	4	15,882,563
		1,570,324,758		1,409,312,693
Current Assets				
Inventories	4	378,717	5	103,846
Receivables	5	192,254,933	6	107,573,449
Deposit, Prepayments & Advances	6	92,000	7	72,901
Balances at Bank & Cash in hand	7	30,516	8	224,420
		192,756,166		**107,974,616**
Less: **Current Liabilities**				
Cash Book Balance	13	20,708,353	14	20,251,165
Accounts-Payables	14	33,553,016	15	3,231,440
Receipts in Advance - Security Deposit		625		625
		54,261,994		**23,483,230**
Net Current Assets		**138,494,172**		**84,491,387**
Total Assets		**1,708,818,930**		**1,493,804,079**
Finances By				
Accumulated Fund	8	(70,729,807)	9	(52,203,706)
S.L. Social Security Fund	9	1,429,799,739	10	1,258,001,328
S.L.Social Security Insurance Fund	10	261,911,666	11	218,203,139
S.L.Social Security Incentive Fund	11	624,618	12	(8,483,699)
Grant for Elders Pension	12	2,547,023	13	3,097,113
S.L. Social Development Fund	15	4,765,485	16	
Government Grant-Capital	16	**70,173,930**		**59,595,930**
Government Grant-Capital (Vehicle)	•			**7,988,800**
		1,699,092,655		**1,486,198,905**
Non-Current Liabilities				
Provision for Retiring Gratuity		**9,701,275**		7,580,174
Security Service Deposit		**25,000**		25,000
		9,726,275		**7,605,174**
		1,708,818,930		**1,493,804,079**

The Accounting Policies and notes as set out in pages 5 to 12 form an integral part of this financial statement.

S.N.C.W.M.Dharmakeerthi	Dhammika Padukka	Attorney H.W.Sumana Ariyadasa
Assistant General Manager (Fin)	General Manager (Acting)	Chairperson
26 th Feb 2013		

Sri Lanka Social Security Board
Income & expenditure A/C
for the year ended 31st December 2012

(Rs)

		Notes-2012	2012	Notes-2011	2011
Revenue					
	Governent Grant - Recurrent		71,138,900		62,603,000
	Loan to fund		2,830,000		970,000
	Loan interest (Special Advance Interest)		1,699		1,469
	Other Income	23	577,303		785,114
			74,547,902		**64,359,583**
Less: Expenses					
	Personnel emoluments	17	48,146,147	16	47,464,800
	Travelling expenses	18	924,865	17	594,712
	Supplies	19	3,912,968	18	3,646,529
	Maintenance Expenditure	20	1,735,496	19	819,392
	Contractual Services	21	19,329,741	20	18,185,261
	Other recurrent expenses	22	360,229	21	112,318
	provision for Gratuity		2,882,084		1,333,910
	Provision for Depreciation		15,792,326		7,499,714
			93,083,856		**79,656,636**
	Net Deficit for the period C/F		**(18,535,954)**		**(15,297,054)**

Sri Lanka Social Security Board

Cash Flow Statement for the year ended 31st December 2012

Rs.

	2012	2011
Cash Flows operating Activities		
Surplus (Deficit) of Income over Expenditure	(18,535,954)	(15,297,054)
Adjustment for:		
Previous Year adj:	6,043,459	(584,197)
Depreciation	15,792,326	7,499,714
Provision for retiring Gratuity	2,882,084	996,636
Proceed from Sale of Fixed Asstes	(388,588)	
Operating surplus before working capital changes	**5,793,327**	**(7,384,901)**
(increase) in Inventories	(274,871)	744,240
(Incrase) in Receivables	(84,681,484)	(41,242,421)
(Increase) in Deposit & Prepayment & Advance	(19,099)	62,501
(Increase) in Payment Of Security Deposit	-	25,000
(Decrease) in Account Payables	30,321,576	1,620,516
(Increase) in other current assets	-	-
Decrease in Receipts in advance	-	-
	(54,653,878)	**(38,940,166)**
Net Cash Flow from operating activities	**(48,860,551)**	**(46,325,067)**
Cash Flow from Investing Activities		
Investment in Fixed Deposit	(178,777,412)	(254,559,958)
Acquisition of Fixed Assets	(8,103,260)	(29,519,544)
Investment in Call Deposit	3,212,892	(1,260,915)
Proceeds from sale of Plant / Equipment	388,588	-
Net Cash Flow from Investing Activities	**(183,279,192)**	**(285,340,417)**
Cash Flow from Financing Activities		
Government Grant - Capital	2,658,000	5,900,000
Net Receipt of Internal Funds	228,830,651	314,026,062
Net Cash Flow from Financing Activities	**231,488,651**	**319,926,062**
Net Decrease in Cash & Cash Equivalents	**(651,092)**	**(11,739,423)**
Cash & Cash equivalent as at 01st of January -2012	(20,026,745)	8,287,322
Cash & Cash equivalent as at 31st of December -2012	**(20,677,837)**	**(20,026,745)**

Note - 01

Sri Lanka Social Security Board
Fixed Assets -2012

Particulars	Cost As At 1/1/2012	Additions 2012	Disposal 2012	Cost As At 31.12.2012	Dep. As At 01.01.2012	Depreciation 2012	Accu. Dep. On Disposal	Accu.Dep. As At 31.12.2012	Written down value
Acquisition of Fixed Assets									
Furniture & Office Equipment	12,150,871	469,763		12,620,635	7,511,052	748,924		8,259,976	4,360,659
Vehicles	17,497,185	-	3,297,774	14,199,411	6,860,887	2,582,362	663,125	8,780,125	5,419,286
Computers	15,488,526	1,258,040	2,300	16,744,266	9,042,070	3 928,078	2,108	12,968,040	3,776,226
Communication	3,440,632	179,970		3,620,602	1,935,914	640,360		2,576,274	1,044,329
Plant, Machinery & Equipment	609,370	154,195		763,565	145,019	190,891		335,910	427,655
Others	253,155	1,600		254,755	138,709	35,316		174,025	80,730
Rehabilitation of Capital Assets				-				-	
Building & Structures	4,267,575	-		4,267,575	991,292	170,703		1,161,995	3,105 580
Plant,Machinery & Eqipment	6,065,024	70,571		6,135,595	5,513,109	322 631		5,835,740	299 855
Vehicles	7,170,087	522,255	33,282	7,659,060	4,694,193	1,185,006	2,587	5,876 613	1,782,447
Others	244,725	-		244,725	171,307	24,472		195,780	48,945
	67,187,150	2,656,394	3,333,356	66,510,188	37,003,551	9,828,744	667,820	46,164,476	20,345,713

Note - 01.1

Sri Lanka Social Security Board
Fixed Assets -2012

Particulars	Cost As At 01.01.2012	Additions 2012	Adjestments 2012	Cost As At 31.12.20112	Dep. As At 01.01.2012	Depreciation 2012	Accu. Dep. On Disposal	Accu.Dep. As At 31.12.2012	Written down value
Acquisition of Fixed Assets									
Plant, Machinery & Equipment									
Software development	22,597,894	5,446,866	4,190,433	23,854,326	-	5,963,582		5,963,582	17,890,745
	22,597,894	5,446,866	4,190,433	23,854,326		5,963,582		5,963,582	17,890,745

Investee/ Bank	Certificate No.	Date of Investment	Date of Maturity	Amount of Investment (Rs) New	Amount of Investment (Rs) Old	Period	Int. Rate P.A	Total Interest (Rs)	Maturity Value (Rs)	Interest Receivable (Rs) 2011	Interest Receivable (Rs) 2012	Interest Receivable (Rs) 2013	WHT (RS) 2012
HDFC	FD01000383	2012.01.20	2013.01.20		113,719,036.53	12 months	12.10%	13,760,003.42	127,479,039.95		13,043,729.27	716,274.15	1,043,498.34
HDFC	FD00000001	2012.02.14	2013.02.14	17,000,000.00		12 months	12.75%	2,167,500.00	19,167,500.00		1,900,273.97	267,226.03	152,021.92
HDFC	FD01000369	2012.02.27	2013.02.27		22,210,906.59	12 months	12.25%	2,720,836.06	24,931,742.65		2,295,938.37	424,897.69	183,675.07
HDFC	FD01000452	2012.03.01	2013.03.01		15,411,369.86	12 months	12.55%	1,934,126.92	17,345,496.78		1,621,487.22	312,639.69	129,718.98
HDFC	FD01000406	2012.03.05	2013.03.05		33,687,152.82	12 months	12.50%	4,210,894.10	37,898,046.92		3,484,082.24	726,811.86	278,726.58
PB	174-60-01-00010240-5	2012.03.09	2013.03.09	15,000,000.00		12 months	12.60%	1,890,000.00	16,890,000.00		1,543,068.49	346,931.51	123,445.48
HDFC	FD01000408	2012.03.13	2013.03.13		915,940.12	12 months	12.55%	114,950.49	1,030,890.61		92,590.25	22,360.23	7,407.22
PL	PLFFL-HED 028915-11	2011.03.28	2014.03.28		119,720,913.10			88,302,407.24	208,023,320.34	51,644,595.90	36,243,819.77	413,991.57	7,031,073.25
HDFC	FD00000005	2012.04.03	2013.04.03	10,000,000.00		12 months	13.80%	1,380,000.00	11,380,000.00		1,032,164.38	347,835.62	82,573.15
HDFC	FD00000006	2012.04.04	2013.04.04	6,000,000.00		12 months	13.80%	828,000.00	6,828,000.00		617,030.14	210,969.86	49,362.41
HDFC	FD01000455	2012.04.04	2013.04.04	274,246.58	10,000,000.00	12 months	13.80%	1,417,846.03	11,692,092.61		1,056,586.63	361,259.40	84,526.93
HDFC	FD00000007	2012.04.10	2013.04.10	13,191,513.57	117,257,898.42	12 months	14.10%	18,393,367.09	148,842,779.08		13,404,481.22	4,988,885.87	1,072,358.50
HDFC	FD00000009	2012.04.27	2013.04.27	1,802,531.25	16,022,500.00	12 months	14.10%	2,513,329.41	20,338,360.66		1,714,572.66	798,756.74	137,165.81
HDFC	FD00000010	2012.05.03	2013.05.03	1,994,863.50	17,732,120.00	12 months	14.10%	2,781,504.67	22,508,488.17		1,851,796.26	929,708.41	148,143.70
HDFC	FD00000011	2012.05.04	2013.05.04	1,687,500.00	15,000,000.00	12 months	14.10%	2,352,937.50	19,040,437.50		1,560,029.79	792,907.71	124,802.38
HDFC	FD00000012	2012.05.08	2013.05.08	866,706.75	7,704,060.00	12 months	14.10%	1,208,478.11	9,779,244.86		787,993.95	420,484.16	63,039.52
SMIB	SMIB/IFD/0000265	2012.09.01	2013.09.01	12,261,625.55	108,028,712.46	12 months	16.60%	19,968,196.11	150,159,910.32		6,674,301.17	13,293,894.94	533,944.09
PL	PLFFL-HED-030599-11	2011.05.24	2014.05.24		14,696,500.00			2,428,362.75	20,428,135.00	1,156,795.74	1,226,091.06	45,131.00	190,630.94
PL	PLFFL-HED-030947-11	2011.06.02	2014.06.02	15,000,000.00				2,441,084.11	20,850,000.00	1,132,602.74	1,262,658.97	45,822.38	191,620.94
HDFC	FD01000392	2012.06.02	2013.06.02	6,146,117.18	59,962,118.80	12 months	14.75%	9,750,964.81	75,859,200.78		5,690,289.05	4,060,675.75	455,223.12
HDFC	FD01000341	2012.06.18	2013.06.18	2,981,867.93	28,321,150.00	12 months	14.75%	4,617,195.14	35,917,617.49		2,492,020.39	2,123,980.08	199,361.63
HDFC	FD010000023	2012.06.28	2013.06.28	10,000,000.00		12 months	14.75%	1,475,000.00	11,475,000.00		755,684.93	719,315.07	60,454.79
HDFC	FD010000024	2012.07.02	2013.07.02	10,000,000.00		12 months	14.75%	1,475,000.00	11,475,000.00		739,520.55	735,479.45	59,161.64
HDFC	FD010000025	2012.07.04	2013.07.04	12,319,772.42	117,680,227.58	12 months	14.95%	19,435,000.00	149,435,000.00		9,637,630.14	9,797,369.86	771,010.41
PB	174-60-01-000-10704-4	2012.07.10	2013.07.09	6,684,375.00	28,315,625.00	12 months	15.50%	5,425,000.00	40,425,000.00		2,601,027.40	2,823,972.60	208,082.19
HDFC	FD01000427	2012.07.19	2013.07.19	2,829,000.00	30,000,000.00	12 months	15.70%	5,154,153.00	38,021,775.00		2,344,080.54	1,448,187.61	187,526.44
HDFC	FD01000429	2012.07.27	2013.07.27	1,527,277.05	14,365,000.00	12 months	15.80%	2,510,979.77	18,339,723.68		1,086,944.67	733,554.23	86,955.57
SMIB	SMIB/IFD/0000260	2012.08.23	2013.08.23	12,929,526.42	16,070,473.58	12 months	16.00%	4,640,000.00	33,640,000.00		1,665,315.07	2,974,684.93	133,225.21
PB	174-60-01-000-11170-7	2012.10.05	2013.10.04	200,000,000.00		12 months	16.75%	33,500,000.00	233,500,000.00		8,076,712.33	25,423,287.67	646,136.99
PB	174-60-01-000-11245-8	2012.10.19	2013.10.19	10,809,937.00	14,190,063.00	12 months	16.75%	4,187,500.00	29,187,500.00		848,972.60	3,338,527.40	67,917.81
HDFC	FD00000034	2012.11.06	2013.11.06	100,000,000.00		12 months	17.50%	17,500,000.00	117,500,000.00		2,684,931.51	14,815,068.49	214,794.52
BOC	74034649	2012.11.22	2013.11.21	4,000,000.00	11,000,000.00	12 months	17.00%	2,550,000.00	17,550,000.00		279,452.05	2,270,547.95	22,356.16
PB	174-60-01-000-114189	2012.11.29	2013.11.28	10,000,000.00		12 months	17.00%	1,700,000.00	11,700,000.00		158,356.16	1,541,643.84	12,668.49
HDFC	FD00000037	2012.12.06	2013.12.06	102,000,000.00		12 months	18.00%	18,360,000.00	120,360,000.00		1,307,835.62	17,052,164.38	104,626.85
				587,306,860.20	932,011,767.86			303,094,616.72	1,838,999,302.39	53,933,994.38	131,781,468.83	115,325,248.14	22,492,146.64

Investment As at 31/12/2012

PL - Peoples Leasing Finance PLC
HDFC - Housing Development Finance Co-operation Bank Of Sri Lanka
PB Peoples Bank

Prepared by

Authprised by

Savings Deposit		**Note - 03**
Boc -3532598		4,316,931.80
PB - 174-2-002-1-0350212		8,352,739.01
		12,669,670.81

Inventories		**Note - 04**
Stationery & Printing Stock		378,717.41
		378,717.41

Receivable		**Note - 05**
Receivable from staff	- Distress Loan	1,186,541.05
	- Festival Advance	112,413.19
	- Distress Loan 11	2,201,465.34
Insurance claim receivable		3,039,050.00
Interest receivabale	Fixed Deposit	185,715,463.19
		192,254,932.77

Deposit, Prepayment and Advances		**Note - 06**
Deposit	- Fuel	75,000.00
	- Staff	17,000.00
		92,000.00

Balance at Bank and Cash in hand	**Note - 07**
Peoples Bank - Nugegoda - A/C. 174-1-001-2-0350213	2,183.01
Peoples Bank - Nugegoda - A/C.(174-402140350212 USD)	25,132.53
People Bank - Queens - 033-1-001-5-0350212	3,200.00
	30,515.54

Accumulated Fund	**Note - 08**
Accumulated fund as at 01/01/2012	(52,203,704.60)
Adjestment for the year	9,852.20
	(52,193,852.40)
Add: Deficit Income over Expenditure -2012	(18,535,954.14)
	(70,729,806.54)

Sri Lanka Social Security Pension Fund	**Note -09**
Accumulated fund as at 01/01/2012	1,258,001,328.32
Add: Excess of S.L. Social Security fund-2012(Annex-1)	171,798,411.11
	1,429,799,739.43

Sri Lanka Social Security Insurance Fund	**Note - 10**
Accumulated fund as at 01/01/2012	218,203,138.88
Add: Excess of S.L. Social Security Insurance fund- 2012	43,708,526.75
(Annex-1)	261,911,665.63

Sri Lanka Social Security Incentive Fund	**Note - 11**
Accumulated fund as at 01/01/2012	(8,483,698.95)
Add: Transfered during the year	9,108,317.04
	624,618.09

Sri Lanka Social Security Pension Fund 11	**Note - 12**
Grant -Elders Pension Fund (Rs.3,000,000)	
Opaning as at 01/01/2012	3,097,112.29
Add - Interest Maturity	284,584.55
Corrction of Interest income 2011	(328,108.36)
	3,053,588.48
Less - Pension paymant Senior Citizen 2012	(506,565.00)
	2,547,023.48

Cash Book Balance **Note - 13**

Unidentified Deposits

BOC 228073	4,869,700.16
Peoples Bank 1001-4-0350-212	14,797,184.70
NSB - Nawala	1,041,468.01
	20,708,352.87

Accounts - Payables **Note - 14**

Travelling	353,414.04
Salaries (E.P.F. 8%)	207,529.06
E.P.F. (12%)	311,293.64
E.T.F	77,823.40
Vehicle Maintenance	546,220.40
Telecommunication	294,149.93
Electricity & Water	279,237.26
Gratuity	453,766.75
Supply Others	68,708.32
Audit Charges	635,533.00
Allowances	2,750.00
Overtime	39,584.83
Stationery	843,829.72
Postal	25,401.00
Transport	90.00
Contractual Service Others	64,498.48
Software Development Programe	5,282,980.61
Plant, Machinary	53,057.00
Fuel	45,334.59
Rent & Hire Charges	1,471,640.00
Language Policy	4,000.00
Withholdin Tax Payble	22,492,174.23
	33,553,016.26

Sri Lanka Social Security Development Fund **Note - 15**

Opening Balance as at 01/01/2012	-
Add: Excess of S.S. Development Fund-2012(Annex-1)	4,494,782.35
"Arassawa" - Rashmi Nimesha	227,158.00
"Arassawa" - Rasani Dilinica	43,545.00
	4,765,485.35

Government Grant Capital **Note - 16**

Opaning Balances	**59,595,930.00**
Add	
Previous Year Adjustment	7,000,000.00
Special Grant For Vehicles (NO-KH4506)	920,000.00
Grant Receved During the Year	2,658,000.00
	70,173,930.00

Personal Emoluments — Note - 17

Salaries & Wages	38,532,255.99
EPF	4,087,384.77
ETF	1,026,322.43
Overtime & Holiday pay	488,558.27
Other Allowances	3,744,025.56
Board Allowances	267,600.00
	48,146,147.02

Travelling Expenses — Note - 18

Domestic	924,865.07
Foreign	-
	924,865.07

Supplies — Note - 19

Stationery & Office requisite	1,604,694.51
Fuel & Lubricant	1,417,652.17
Mechanical & Electrical Goods	6,555.00
Uniforms	159,342.50
Other Supplies	635,460.26
Advertising	89,263.60
	3,912,968.04

Maintenance Expenditure — Note - 20

Plant, Machinery & Equipment	183,474.60
Vehicles	1,548,421.34
Building & Structure	3,600.00
	1,735,495.94

Contractual Services	**Note - 21**
Transport	20,013.50
Telecommunication	2,278,235.11
Postal Charges	543,917.90
Electricity & Water Utilities	3,315,136.29
Rental & Hire Charges	11,320,895.00
Others	1,216,009.74
Audit Chargers	635,533.00
	19,329,740.54

Other Recurrent Expenses	**Note - 22**
Other Expenses (Awareness/Mobil Prg.)	348,729.00
Language Policy	11,500.00
	360,229.00

Other Income	**Note - 23**
Sundry Income	119,914.49
Sale of Condemned & Capital items	388,588.13
Amortation Capital Grant	68,800.00
	577,302.62

Annex-01

Income & Expediture Statement - Pension Fund

For the year of 2012

Rs.

During the Year	Total	Pension Fund	Insurance Fund	Incentive Fund	S.S.Dev. Fund *
Members Contribution					
- Enrollment & Collections	116,008,113	82,003,043	14,471,125	12,000,000	7,533,945
- Postal Department	108,597,312	92,307,715	16,289,597	-	-
Total Contribution (a)	**224,605,425**	**174,310,758**	**30,760,722**	**12,000,000**	**7,533,945**
Add - Interest Income					
- Fixed Deposits	161,075,348	135,548,328	23,920,293	801,350	805,377
- Savings Deposit	872,923	741,984	130,938	-	-
- Others (Distress Loan 11)	123,578	105,042	18,537	-	-
Total Interest (b)	162,071,849	136,395,354	24,069,768	801,350	805,377
(a)+(b)=c	**386,677,274**	**310,706,112**	**54,830,490**	**12,801,350**	**8,339,321**
Less - Expenditure					
- Pension Payment	93,254,936	93,254,936	-	-	-
- Refund A/C	4,834,628	4,834,628	-	-	-
- Disability Payment	641,827	-	641,827	-	-
- Postal Commision	5,429,866	4,615,386	814,480		
- Gratuities	3,448,112	-	3,448,112	-	-
- Oparational Expences	3,484,739	-	-	3,484,739	-
- S.S.Development Expences	1,475,200	-	-	-	1,475,200
- Withholding tax	41,837,115	35,206,821	6,212,968	208,140	209,186
- Bank Charges	30,814	25,930	4,576	154	154
- Loan	3,130,000	970,000	-		2,160,000
Total Expenses =(d)	**157,567,237**	**138,907,701**	**11,121,964**	**3,693,033**	**3,844,539**
Net Balance © = (c) - (d)	**229,110,037**	**171,798,411**	**43,708,527**	**9,108,317**	**4,494,782**

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கணக்காய்வாளர் தலைமை அதிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT

මගේ අංකය / எனது இல / My No : FB/J/SSB/FA/2012

ඔබේ අංකය / உமது இல / Your No :

දිනය / திகதி / Date : 25 September 2013

The Chairman,

Social Security Board of Sri Lanka.

Report of the Auditor General on the Financial Statements of the Social Security Board of Sri Lanka for the year ended 31 December 2012 in terms of Section 14(2)(c) of the Finance Act, No.38 of 1971

The audit of financial statements of the Social Security Board of Sri Lanka for the year ended 31 December 2012 comprising the balance sheet as at 31 December 2012 and the income statement 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 Social Security Board of Sri Lanka 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 furnished to the Chairman of the Board on 06 June 2013.

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 Generally Accepted Accounting Principles 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.

අංක 306/72 පොල්දුව පාර, බත්තරමුල්ල , ශ්‍රී ලංකාව
இல. 306/72, பொல்துவ வீதி, பத்தரமுல்லை இலங்கை
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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. Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Board's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements. Sub-sections (3) and (4) of Section 13 of the Finance Act, No.38 of 1971 give discretionary powers to the Auditor General to determine the scope and extent of the audit.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

1.4 Basis for Qualified Opinion

My opinion is qualified based on the matters described in paragraph 2.2 of this report.

2. Financial Statements

2.1 Qualified Opinion

In my opinion, except for the effects of the matters described in paragraph 2.2 of this report, the financial statements give a true and fair view of the financial position of the Social Security Board of Sri Lanka as at 31 December 2012 and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

2.2 Comments on Financial Statements

2.2.1 Accounting Deficiencies

The following observations are made.

(a) Action had not been taken even during the year under review to rectify the following accounting deficiencies pointed out in the preceding year.

(i) The depreciation on fixed assets in respect of the year 2011 had been understated by a sum Rs. 41,567.

(ii) Expenditure amounting to Rs. 534,826 relating to the year 2011 had been brought to account as expenditure for the year 2012.

(b) Expenditure amounting to Rs. 522,254 incurred in 13 instances on repair to motor vehicles and expenditure amounting to Rs. 68,621 incurred in 03 instances on repairs to computers had been brought to account under capital expenditure instead of being brought to account under recurrent expenditure.

(c) A loan of Rs.2,830,000 obtained from the Social Security Fund had been brought to account as income of the year in the Income and Expenditure Account, thus understating the deficit of the year by that amount.

(d) Even though a provision of Rs. 10,305,796 should have been made for gratuity for the year under review, that had been brought to account as Rs. 9,701,275, thus understating the provision for gratuity by a sum of Rs. 604,521.

(e) According to the accounting policy of the Board on accounting for Government Capital grants stated in the financial statements, the capital assets should have been adjusted to the Government Capital Grants Income Statement for the year under review based on the useful life. Nevertheless, a sum of Rs. 920,000 out of the capital grants of Rs. 988,800 given for the purchase of a motor vehicle for the Board had been spent and the balance sum of Rs. 68,800 had been adjusted to the Income Statement.

(f) A refundable bid deposit of Rs. 70,000 obtained by the Board for the sale of a motor vehicle had been brought to account as income instead of being brought to account as a refundable deposit..

(g) A sum of Rs. 17,273 out of the adjustments amounting to Rs.4,207,706 relating to the preceding year shown under operating activities of the cash flow statement, had been included in the cash flow statement without being identified.

(h) In the computation of depreciation of the furniture and fixtures, 04 items with zero value had been depreciated for Rs. 22,759.

(i) Even though a sum of Rs. 17,557 received from the sale of fixed assets in the year under review had been credited to the Fixed Assets Sales Account, the cost and the accumulated depreciation of those assets had not been transferred to the Fixed Assets Sales Account.

(j) Even though the expenditure payable of the year under review had been brought to account as Rs. 33,553,016 the actual accrued expenses amounted to Rs.33,603,608. As such accrued expenses had been understated by a sum of Rs. 50,592.

(k) The expenditure totaling Rs. 612,408 relating 32 items of the years 2010 and 2011 had been brought to account as expenditure for the year under review.

(l) Even though the income from interest on investment for the year under review amounted to Rs. 161,092,187 that had been understated by a sum of Rs. 16,839 and brought to account as Rs. 161,075,348.

(m) Action had not been taken to revalue 397 items of fully depreciated fixed assets by 31 December 2010 and record such value in the books.

2.2.2 **Unreconciled Control Accounts**

Differences amounting to Rs.372,866 and Rs. 180,205 existed between the balances in two State Banks shown as at 31 December 2012 in the financial statements and the balances appearing in the respective Bank Pass books.

2.2.3 **Unexplained Differences**

Even though the contributors had paid a sum of Rs. 1,699,648,532 as contributions to the Pension Scheme by 31 December 2012, a sum of Rs. 1,519,318,628 out of that only had been invested. As such a difference of Rs. 180,329,904 existed between the contributions and the investments.

2.2.4 Unidentified Transactions

The following observations are made.

(a) Action had not been taken for the identification and account for a sum of Rs. 20,708,353 shown as "cash book balance" under the current assets in the balance sheet under unidentified receipts from periods prior to November 2012.

(b) The direct credits to the Bank Accounts of the Board for November and December 2012, had been debited to the cash book and credited to the Contributions fund without being identified. As such the unidentified cash balance of 03 accounts in State Banks totaling Rs.16,551,654 had not been disclosed in the accounts.

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

The non-compliance observed during the course of audit are given below.

Reference to Laws, Rules, Regulations and Management Decisions	Non- compliance
(a) Financial Regulations 104(3), (4) and 109	Action in terms of the Financial Regulations had not been taken in connection with an accident to a motor vehicle.
(b) Financial Regulation 371(2)	Advances amounting to Rs. 20,000 and Rs. 10,000 had been granted in two instances to two non-staff grade officers.
(c) Financial Regulation 371(2) (c)	Advance balance amounting to Rs. 6,900 remained without being settled since the year 2004.
(d) Financial Regulation 756	A Board of Survey had not been conducted as at 31 December 2012

(e) Treasury Circular No 842 of 19 December 1978	The Register of Fixed Assets had not been updated since the year 2009
(f) Public Enterprises Circular No.PED/25(3) of 30 November 2004	The approval of the Secretary to the Ministry of Finance had not been obtained for the investment of Rs. 1,519,318,628 in the year 2012

3. Financial Review

3.1 Financial Results

The working of the Board for the year ended 31 December 2012 had resulted in a deficit of Rs. 18,535,954 as compared with the corresponding deficit to Rs. 15,297,054 for the preceding year. The deterioration of Rs. 3,238,900 in the year under review as compared with the preceding year had been due to the increase in the depreciation of fixed assets by a sum of Rs. 8,292,612

4. Operating Review

4.1 Performance

The following observations are made.

(a) Even though plans had been made for the enrolment Rs. 50,000 contributors at District level for the Schemes for the year 2012 only 7,450 contributors had been enrolled. Even though 40,760 in the year 2010 and 39,593 in the year 2011 had been enrolled as contributors and, as compared with those two years, the enrollment of contributors in the year had been rapidly deteriorated.

(b) Even though the number of contributors enrolled by the Social Security Board to the Pension Schemes up to 31 December 2012 had been 442,708, out of that 331,448 contributors had become inactive. The failure to account for contributions on time had also effected the contributors becoming inactive.

(c) In addition to targeting the enrolment of contributors, the following activities to be carried out included in the Action Plan for the year 2012 had not been successful.

(i) Even though the identification of potential social strata had been stated, the courses of action for the achievement of that objective and the results thereof had not been stated. The benefits expected therefrom by the Board were not clear.

(ii) Even though it was stated that the activities relating to the expansion of enrolment network had been carried out, the enrolment of contributors in the year 2012 had rapidly deteriorated.

(iii) Even though plans had been made for the implementation of attractive and effective pension schemes, instead of introducing new schemes enrolment of contributors under the concessions, gifts, Isuru, Sarana and Dhana Lakshmi scheme introduced by the Notification published in the Gazette Extraordinary No 1464/5 of 25 September 2006 had been stopped with effect from 15 September 2012 by the circular No. SLSSB/ 2012/01 of the Board. The new contributors enrolled from that date had been enrolled only under "Surekuma" scheme.

Even though the Social Security Board was established by the Social Security Board Act, No. 17 of 1996 with the objective of establishing and management of Pension and Social Security Schemes for the self employed persons , the Board had failed to implement Pension Schemes with better benefits for the self employed person due to the stoppage of the schemes implement for the contributors and implementing only "Surekuma" scheme.

(iv) Even though the Action Plan for the year 2012 included 12 key activities for carrying out in the year , a detailed Action Plan embodying the activities to be carried out, the target dates and the officers responsible had not been prepared. As such it had not been possible for the Board to carry out follow up action to determine the officers responsible for not carrying out the planned activities and the action to be taken in the ensuing year for rectifying in the deficiencies of the year under review.

4.2 Transactions of Contentious Nature

In terms of Section 21(2) (b) and (c) of Part IV of the Social Security Board Act, No. 17 of 1996, all moneys received by the Board as contributions, interest on investments and profits earned should be credited to the fund of the Board. Nevertheless the Board had established Social Security Incentive Fund and the Social Security Development Fund and the expenditure incurred on the incentives paid for the collection of contributions and the expenditure incurred on creating an awareness among the contributors had been met from those funds.

4.3 Uneconomic Transactions

The following observations are made.

(a) The Board had paid a penalty of Rs. 21,934 due to the failure to settle the electricity bill for March 2012 on the due date.

(b) Even though a new computer system had been installed at a cost of Rs. 19,050,771 met from the Pension Fund the Procurement Guidelines of the Government had not been followed for the purchase. The expected objective of the installation of the computer system had not been achieved as there were delays of several years in the recovery of contributions from the contributors and accounting thereof even by 22 March 2013.

5. **Accountability and Good Governance**

5.1 **Corporate Plan**

Even though the Board had prepared a Corporate Plan for the years 2012 to 2016 in terms of Section 5.1.1 of the Public Enterprises Circular No. PED/12 of 02 June 2003, that had not been prepared in accordance with the matters referred to the Section 5.1.2 of that Circular.

5.2 **Action Plan**

The Action Plan prepared for the year 2012 had not been prepared for the achievement of the objectives of the Corporate Plan in the chronological order by showing the officers responsible for each activity. It had not been prepared in detail in a manner to enable the achievement of the objectives of the Corporate Plan.

5.3 **Procurement Plan**

Even though a Procurement Plan for the year 2012 had been prepared it had neither been reviewed and updated nor made use of as an instrument of control.

6. **Systems and Controls**

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

(a) Assets Control
(b) Accounting
(c) Advances Control

H.A.S. Samaraweera
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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