Revised Regulations of Anguilla: S45-4

SOCIAL SECURITY ACT (R.S.A. c. S45)

FINANCIAL AND ACCOUNTING REGULATIONS

Note: These Regulations are enabled under sections 15 and 44 of the Social Security Act, R.S.A. c. S45.

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PRELIMINARY

Interpretation

1. In these Regulations—

"Act" means the Social Security Act;

"debenture" includes debenture stock and bonds, whether constituting a charge on assets or not, and loan stock or notes;

"expenditure" means payments out of the Fund under the provisions of section 2(2) of the Act;

"income" means payments into the Fund under the provisions of section 2(1) of the Act;

"market price" of any securities which are quoted both at prices at which sellers are willing to sell and buyers are willing to buy means the price mid-way between those prices; and "market value" and "value", in relation to securities, shall be construed accordingly;

"Permanent Secretary" means the person for the time being holding the appointment as Permanent Secretary of Finance;

(R.A..2/2002 s.1)

"other securities" means investments made under the provisions of the Trusts Act;

"recognized stock exchange" means any body of persons conducting a market for securities declared by an order of the Minister for the time being in force to be a recognized stock exchange;

"reserve" means the reserve constituted under section 20;

"share" includes stock;

"trustee securities" means investments made under the provisions of the Trusts Act.

PART 1

FINANCIAL ORGANISATION

Benefits to be met out of Fund

2. The benefits to be met out of the Fund shall for the time being be grouped into 2 branches—

(a) short-term benefits branch, comprising sickness benefit, maternity benefit and funeral grant; and

(b) long-term benefits branch, comprising age benefit, invalidity benefit, survivors' benefit and non-contributory old age benefit.

(R.A.. 2/2002 s.1)

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Social Security Development Fund

3. (1) There shall be a Social Security Development Fund hereinafter referred to as the Development Fund which shall consist of money allocated to it under the provisions of section 18.

(2) The Development Fund shall be used for such social projects as the Board may determine subject to the prior approval of the Minister.

Income and expenditure accounts

4. Separate income and expenditure accounts shall be established for each benefit branch and shall be prepared in accordance with Part 4.

PART 2

BUDGET ESTIMATES

Financial year

5. The financial year for the purpose of the budget and accounts shall be the year ending on the 31st day of December.

Approval of estimates by Board

6. Before the 31st day of October of each financial year, the Director shall submit to the Board for its approval estimates of the income and expenditure for the following financial year.

Preparation of estimates according to Schedule 1

7. These estimates shall be prepared under the heads shown in Schedule 1, and shall be accompanied by a memorandum giving detailed explanations of any variation of the amounts expected to be received or spent as compared with the corresponding amounts included in the approved estimates of the current financial year, and of any expected receipts or expenditure of a type not in the approved estimates of the current financial year.

Power of Board with respect to estimates

8. The Board may add to the heads under which the estimates are to be submitted to them, and may request information relating to the make-up, calculation or reason for inclusion of any items in the estimates submitted.

Limits of expenditure

9. (1) When giving its approval to the estimates in accordance with the preceding sections, the Board shall set limits to the expenditure which may be incurred under each of the relevant heads, and expenditure shall not be incurred under any head in excess of the limit set for that head without the prior approval of the Board.

(2) Notwithstanding the provisions of subsection (1), where it is not possible to obtain the prior approval of the Board, the Director may authorise expenditure in excess of the limits set in respect of benefits subject to subsequent ratification by the Board as soon thereafter as possible.

Expenditure incurred before approval of estimates

10. If the estimates have not been approved by the Board before the beginning of the financial year to which they relate, the Director shall be authorised by the Board to incur expenditure under the various heads until such time as the budget is duly approved.

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PART 3

BUDGETARY CONTROL

Officers authorised to approve payment vouchers

11. The Director shall submit to the Board for approval the names of the officers who shall be authorised to approve payment vouchers, sign cheques, approve accounting transfers or exercise other similar functions, and the Board shall specify such limits, financial or otherwise, within which each officer whose name appears on the list shall be authorised to exercise the function or functions allotted to him.

Insurance arranged by Board

12. Insurance by way of fidelity bond or other similar security may be arranged by the Board giving cover against the risk of defalcation by the cashiers, storekeepers or others who are in custody of the property of the Board.

Writing off loss, deficiency or overpayment

13. The Board may authorise the writing off of any loss, deficiency or overpayment as irrecoverable if it is satisfied that adequate investigation has been made into the causes of, and responsibility for, the loss, deficiency, or overpayment and that steps have been taken as far as possible to prevent the recurrence of similar losses, deficiencies, or overpayments in the future.

Internal audit of accounts of Fund

14. (1) The Director shall make arrangements for the carrying out of internal audit of the accounts of the Fund.

(2) The internal audit shall carry out the following functions—

(a) examining and certifying payment of vouchers, accounting transfer authorities and receipts;

(b) testing awards of benefits and assistance for regularity and conformity in all respects with the Act and the relevant Regulations;

(c) checking that all income due to the Fund has been either received and brought to account or written off as irrecoverable with the authority of the Board;

(d) assisting in the exercise of budgetary control of income and expenditure, and reporting whenever it appears likely that the income under any head of the estimates as approved by the Board will fall short of, or the expenditure under any such head will exceed, the amount stated in the approved estimates;

(e) examining the correctness of such sub-accounts as may be set up, and the periodical accounts of the Fund including the annual accounts in liaison with the Chief Auditor;

(f) ensuring that the accounting procedure and controls as advised by the actuary are being carried out and that adequate safeguards are in operation to prevent abuses of the Fund;

(g) carrying out any other functions as may from time to time be deemed necessary by the Director.

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Financial reports

15. The Director shall submit to the Board reports on the latest financial situation of the Fund with reference to income and expenditure at such intervals and in such form as the Board may direct.

PART 4

ACCOUNTS

Accounts to be opened

16. (1) Accounts shall be opened for each of the heads under which the estimates of income and expenditure have been approved by the Board and for such other heads and sub-heads of heads as may be deemed necessary, and the financial transactions of the Fund shall be recorded in such accounts by means of the double entry system of bookkeeping.

(2) Subject to the approval of the Board, the Director shall issue detailed instructions governing the methods and procedures to be followed in maintaining the accounts, and in particular the basis on which the various items of income and expenditure are to be recorded.

Preparation of balanced accounts according to Schedule 2

17. (1) At the end of each financial year the accounts as a whole shall be balanced and the summary accounts under the following paragraphs shall be prepared in accordance with the models presented in Schedule 2—

(a) a Consolidated Income and Expenditure Account for the Fund as a whole;

(b) an Income and Expenditure Account in respect of each of the benefit branches; and

(c) a Balance Sheet for the Fund as a whole.

(2) The income and expenditure accounts shall show the income and expenditure recorded during the financial year and the balance sheet shall show the liabilities and assets of the Fund as at the end of the financial year.

(3) The Board may from time to time add to, or subdivide, the heads of the summary accounts.

Distribution of income

18. (1) The income—

(a) from contributions shall be distributed among the various funds in the following proportions—

(i) short-term benefits branch 15.0%

(ii) long-term benefits branch 81.25%

(iii) Social Security Development Branch 3.75%

but this distribution may be modified by the Minister, acting on the advice of the Board and on actuarial advice; and

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(b) from investments shall be divided between the various funds in the same proportions that the amount of reserves in each fund had to the total reserves at the end of the preceding financial year.

(2) The Minister may request an actuarial review if any major changes in the range of benefits payable under the Act are being contemplated or where any abnormal or unforeseen reduction in contribution income occurs, or at any other time he considers it necessary, and the distribution of income among the benefit branches shall be revised by the actuary in the light of the review.

(3) All other income to the Fund which cannot be identified with any specific branch shall be distributed among the branches in equal proportion.

Expenditures and investments

19. (1) The expenditure on the benefits grouped under a specific branch in section 2 shall be ascribed to that branch.

(2) The administrative expenditure of the Fund shall be apportioned among the benefit branches in such a manner that the proportion allocated to a particular branch shall be equal to the proportion which the sum of the contribution income and benefit expenditure accounts of that branch bears to the sum of the contribution income and benefit expenditure of the Fund as a whole.

(3) All other expenditure which is not attributable to any specific branch shall be distributed among the 2 benefit branches in equal proportion.

Cash requirements of the Board

20. (1) The immediate cash requirements of the Board shall be met by retaining in the bank current account an amount in cash which shall not be less at any time than 1 month's expenditure on benefits including administration.

(2) A Contingencies Reserve shall be established to be available to meet any unforeseen or abnormal expenditure which the current income of the Board may not be sufficient to cover, or to make good any unforeseen or abnormal reduction of income. The Contingencies Reserve shall be formed by transferring thereto any surplus money after meeting the requirements of subsection (1), and shall be increased to an amount equivalent to the average expenditure of the Board for the provision of benefits and administration for 2 months.

(3) The money transferred to the Contingencies Reserve shall be placed in investments which are easily realisable at short notice.

(4) The income from the Contingencies Reserve investments shall be allocated to the 2 benefit branches as prescribed in section 18(1).

Investment of other money of the Fund in accordance with Schedule 3

21. All other money in the Fund shall be invested in accordance with the rules laid down in Schedule 3, having due regard to their purpose and the probable periods at which it may be necessary to realise the investments.

List of investments of the Fund

22. The Annual Balance Sheet shall be supplemented by a schedule giving a complete list of the investments of the Fund as at the date of the Annual Balance Sheet, and this list shall show the following particulars—

(a) the name or identification of the investment, the rate of interest and the maturity date;

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(b) the cost price of the investment;

(c) the face value of the investment; and

(d) the market value of the investment.

PART 5

CITATION

Citation

23. These Regulations may be cited as the Financial and Accounting Regulations, Revised Regulations of Anguilla, S45-4.

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SCHEDULE 1

(Section 7)

HEADS UNDER WHICH BUDGET ESTIMATES OF INCOME AND EXPENDITURE ARE TO BE PREPARED

HEAD 1.

INCOME

(1) Contributions:

(a) by employers; and

(b) by employees (insured persons).

(2) Income from investments:

(a) interest on investment in trustee securities;

(b) interest on investment in other securities; and

(c) other investment income.

(3) Other income.

(4) Total income.

HEAD 2.

CURRENT EXPENDITURE

(1) Benefits:

(a) short-term benefits branch;

– sickness benefit;

– maternity benefits;

– funeral grant;

(b) long-term benefits branch;

– age benefit;

– invalidity benefit;

– survivor's benefit.

(2) Administration:

(a) Salaries and allowances of administrative staff;

(b) Allowances and expenses of the Board; and

(c) Other expenses of administration.

(3) Other expenditure.

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HEAD 3.

CAPITAL EXPENDITURE

(1) Purchase or acquisition of:

(a) premises;

(b) furniture and equipment;

(c) motor vehicles; and

(d) other items.

SCHEDULE 2

(Section 17(1))

HEADS OF ANNUAL SUMMARY ACCOUNTS

1. CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

INCOME

(1) Contributions:

(a) by employers;

(b) by employees (insured persons).

(2) Income securities:

(a) trustee securities;

(b) other securities; and

(c) other investment income.

(3) Other income.

(4) Total income.

EXPENDITURE

(1) Benefit Expenditure:

(a) short-term benefits branch; and

(b) long-term benefits branch.

(2) Administrative expenditure.

(3) Other expenditure.

(4) Total expenditure.

(5) Excess of income over expenditure.

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2. INCOME AND EXPENDITURE ACCOUNT OF THE SHORT-TERM BENEFITS BRANCH

INCOME

(1) Contributions.

(2) Income from investments ascribed to the short-term benefits branch.

(3) Other income ascribed to the branch.

(4) Total income.

EXPENDITURE

(1) Benefit expenditure:

(a) sickness benefit;

(b) maternity benefit; and

(c) funeral grant.

(2) Part of administrative expenditure ascribed to the branch.

(3) Part of other expenditure ascribed to the branch.

(4) Total expenditure.

(5) Excess of income over expenditure.

3. INCOME AND EXPENDITURE ACCOUNT OF THE LONG-TERM BENEFITS BRANCH

INCOME

(1) Contributions.

(2) Income from investments ascribed to the long-term benefits branch.

(3) Other income of the Fund ascribed to the branch.

(4) Total Income.

EXPENDITURE

(1) Benefits expenditure:

(a) age benefits;

(b) invalidity benefits;

(c) survivor's benefits:

(i) widows/widowers;

(ii) orphans;

(iii) other dependants.

(2) Part of administrative expenditure ascribed to the branch.

(3) Part of other expenditure ascribed to the branch.

(4) Total expenditure.

(5) Excess of income over expenditure.

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4. ANNUAL BALANCE SHEET

ASSETS
(1) Sundry debtors.
(2) Cash in hand and in the Bank.
(3) Investments:
(a) trustee securities; and
(b) other securities.
(4) Stocks in hand.
(5) Office furniture and equipment.
(6) Motor vehicles.
(7) Other assets.
(8) Total assets.

LIABILITIES
(1) Sundry creditors.
(2) Reserves:
(a) ascribed to short-term benefits branch; and
(b) ascribed to long-term benefits branch.
(3) Other liabilities.
(4) Total liabilities.

SCHEDULE 3

(Section 21)

POWERS OF BOARD TO INVEST

1. The Board may invest any money forming part of the Social Security Fund, either temporarily or permanently in accordance with the provisions of this Schedule but the Board shall not invest in property or securities outside Anguilla without the general or special direction of the Minister after he has obtained the concurrence of the Permanent Secretary.

2. Subject to section 1, the Board shall have power to invest, on terms not less favourable than those provided by the financial market, in any securities which are authorised trustee investments under Schedule 1 of the Trusts Act.

3. Subject to section 1, the Board shall have power to invest in property or securities other than those mentioned in section 2 if such securities are not—

(a) securities in which the holder can be required to accept repayment of the principal, or the payment of any interest, otherwise than in the currency of Anguilla or any other currency declared by the Minister by order to be an internationally recognized reserve currency for the purposes of this paragraph;

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(b) securities the price of which is not quoted on a recognized stock exchange;

(c) shares or debenture stock not fully paid up (except shares or debenture stock which by the terms of issue are required to be fully paid up within 9 months of the date of issue);

(d) shares or debentures of any company of which the total issued and paid-up share capital is less than $3,000,000;

(e) shares or debentures of any company which has not in each of the 5 years immediately preceding the year in which the investment is made paid a dividend on all the shares issued by the company, including any shares issued after the dividend was declared and any shares which by their terms of issue did not rank for dividend for that year; and for the purposes of this paragraph a company formed—

(i) to take over the business of another company or other companies, or

(ii) to acquire the securities of, or control of, another company or companies,

or for either of those purposes and for other purposes shall be deemed to have paid a dividend as mentioned in this paragraph in any year in which such a dividend has been paid by the other company or all the other companies, as the case may be:

Provided however, the Minister may, after he has obtained the concurrence of the Permanent Secretary, give general or special direction to invest in shares or debentures of any company which do not meet the above requirement or the requirements of paragraph (b), (c) or (d), but otherwise meet the Board's investment criteria or strategic objectives; or

(R.A. 2/2002 s.2)

(f) (i) further securities in any one company which, at the market price ruling at the date of the proposed increase in the investment, would bring the total investment in that company to more than 5% of the total investments of the Fund as valued at the 31st day of December immediately preceding the date of the proposed investment; or

(ii) do not bring the investments in property and securities authorised by this section in excess of such proportion of the total investments of the Fund as may from time to time be fixed by the Minister with the concurrence of the Permanent Secretary; and for the purpose of this paragraph—

"total investments of the Fund" means the total investments thereof as valued on the 31st day of December immediately preceding the date of the proposed investment;

"investments in property and securities authorised by this section" means investments in property and securities authorised as aforesaid (as valued on the 31st day of December immediately preceding the date of the proposed investment) less any such investment sold since that date (as valued at its price of sale) plus any such investment made since that date (as valued at its purchase price) including the investment proposed to be made.

(R.A 2/2002 s.2)

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