

LAWS OF THE BRITISH VIRGIN ISLANDS

*Social Security*                      *Cap 266*

*Social Security (Financial and Accounting) Regulations*

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S.R.O. 28/1990

**THE SOCIAL SECURITY (FINANCIAL AND ACCOUNTING) REGULATIONS  
MADE OCTOBER 7, 1980 UNDER SECTIONS 16 AND 44 OF THE SOCIAL  
SECURITY ORDINANCE.**

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1. These Regulations may be cited as the Social Security (Financial and Accounting) Regulations. Short title.

2. In these Regulations, unless the otherwise requires \_\_ Interpretation.

“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 subsection (2) of section 3 of the Ordinance.

“income” means payments into the Fund under the provisions of subsection (1) of section 3 of the Ordinance;

“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;

“other securities” means investments made under the provisions of the Trustee Ordinance;

“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 Regulation 20;

“share” includes stock;

“the Ordinance” means the Social Security Ordinance;

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“trustee securities” means investments made under the provisions of the Trustee Ordinance.

**PART I**

**FINANCIAL ORGANISATION**

Benefits to be met out of Fund.

**3.** The benefits to be met out of the Fund shall for the time being be grouped into two branches \_\_\_\_

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

(b) long-term benefits branch, comprising age benefit, invalidity benefit and survivor’s benefit.

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 IV of these Regulations.

**PART II**

**BUDGET ESTIMATES**

Financial year

**5.** The financial year for the purpose of the budget and accounts shall be the year ending on the thirty-first day of December provided that the first financial year shall cover such period as the Minister may direct.

Approval of estimates by Board.

**6.** Before the thirty-first 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

**7.** These estimates shall be prepared under the heads shown in the First Schedule, 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,

First Schedule.

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and of any expected receipts or expenditure of a type not in the approved estimate of the current financial year.

**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.

Power of the Board with respect to estimates.

**9.** (1) When giving its approval to the estimates in accordance with the preceding Regulations, 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 limits set for that head without the prior approval of the Board.

Limits of expenditure.

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

**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 authorized by the Board to incur expenditure under the various heads until such time as the budget is duly approved.

Expenditure incurred before the approval of estimate.

**PART III**

**BUDGETARY CONTROL**

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

Officers authorised to approve payment vouchers.

**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.

Insurance arranged by Board.

**13.** The Board may authorize 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.

Writing off loss, deficiency or overpayment.

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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 vouchers, accounting transfer authorities and receipts;
- (b) testing awards of benefits and assistance for regularity and conformity in all respects with the Ordinance 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; and
- (g) carrying out any other functions as may from time to time be deemed necessary by the Director.

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 IV**

**ACCOUNTS**

**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 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 book-keeping. Accounts to be opened.

(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.

**17.** (1) At the end of the each financial year the accounts as a whole shall be balanced and the summary accounts under the headings (a) to (c) of this paragraph shall be prepared in accordance with the models presented in the Second Schedule\_\_ Preparation of balanced accounts.

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

(b) the 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.

**18.** (1) The income from contributions and from investments shall be distributed among the benefit branches in the following proportions \_\_ Distribution of income.

(a) short-term benefits branch --- 1 ½ ; and

(b) long-term benefits branch --- 6 ½ :

Provided that this distribution may be modified by the Minister, acting on the advice of the Board and actuarial advice.

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(2) The Minister may request an actuarial review if any major changes in the range of benefits payable under the Ordinance 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 branches shall be distributed among the branches in equal proportion.

**19.** (1) The expenditure on the benefits grouped under a specific branch in Regulation 3 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 two benefit branches in equal proportion.

**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 one 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 after meeting the requirements of paragraph (1), and shall be increased to an amount equivalent to the average expenditure of the Board for the provision of benefits and administration for two months.

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

(4) The income from the Contingency Fund investments shall be allocated to the two benefit branches as prescribed in Regulation 18 (1).

Expenditures and Investments.

Cash requirements of the Board.

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

Investment of other monies 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 the date of the Balance Sheet, and this list shall show the following particulars\_\_

Third Schedule. List of investments of the Fund.

- (a) the name or identification of the investment, the rate of interest and the maturity date;
  - (b) the cost price of the investment;
  - (c) the face value of the investment; and
  - (d) the market value of the investment.
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**FIRST SCHEDULE**

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 investments 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 benefit;

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- 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.

HEAD 3.

CAPITAL EXPENDITURE

- (1) purchase or acquisition of:
  - (a) premises;
  - (b) furniture and equipment;
  - (c) motor vehicles; and
  - (c) other items.

**SECOND SCHEDULE**

r. 17(1)

**HEADS OF ANNUAL SUMMARY ACCOUNT**

**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.

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- (4) Total Expenditure.
- (5) Excess of income over expenditure.

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 income over expenditure.

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

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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) widow/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.

4. ANNUAL BALANCE SHEET

ASSETS

- (1) Sundry debtors.
- (2) Cash in hand and in the bank.
- (3) Investments.

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- (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.

**THIRD SCHEDULE**

**POWERS OF THE BOARD TO INVEST**

1. The Board may invest any monies forming part of the Social Security Fund, either temporarily or permanently in accordance with the provisions of this Schedule:

Provided that the Board shall not invest in property of securities outside the Territory without the general or special direction of the Minister after he has obtained the concurrence of the Minister of Finance.

2. Subject to paragraph (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 investments authorized by Part II of the Trustees Ordinance for the investment of Reserve Funds.
3. Subject to paragraph (1), the Board shall have power to invest in property or securities other than those mentioned in paragraph (2):

Provided that 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 the Territory or any other currency declared by the Minister by order to an internationally recognized reserve currency for the purposes of this subparagraph;
- (b) securities the prices of which is not quoted on a recognized stock exchange;
- (c) shares or debentures stock not fully paid-up (except shares or debenture stock which by the terms of issue are required to be fully paid-up within nine 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 one million dollars;
- (e) shares or debentures of any company which has not in each of the five years immediately preceding the year in which the investment is made paid a dividend

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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 sub-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 the purposes shall be deemed to have paid a dividend as mentioned in this sub-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;

- (f) 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 investments in that company to more than five per centum of the total investment of the Fund as valued at the thirty-first day of December immediately preceding the date of the proposed investment; or
- (g) do not bring the investments in property and securities authorized by this paragraph in excess or 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 Minister of Finance; and for the purpose of this sub-paragraph\_\_

“total investments of the Fund” means the total investments thereof as valued on the thirty-first day of December immediately preceding the date of the proposed investment;

“investments in property and securities authorized by this paragraph” means investments in property and securities authorized aforesaid (as valued) on the thirty-first 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.