



NATIONAL AUDIT OFFICE OF THE GAMBIA

PERFORMANCE AUDIT REPORT MANAGEMENT OF SOCIAL SECURITY FUNDS

By

Social Security and Housing Finance Corporation



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LIST OF ACRONYMS

EDMS	Electronic Data Management System
FPS	Federated Pension Scheme
GMD	Gambia Dalasi
NAO	National Audit Office
NPF	National Provident Fund
SSHFC	Social Security and Housing Finance Corporation

EXECUTIVE SUMMARY

Background

The Social Security and Housing Finance Corporation (SSHFC) is a state-owned Corporation established through an Act of Parliament in 1981. It invests and manages contributions from parastatals and private institutions to provide retirement benefits to their workers who meet the entitlement conditions.

Employers contribute into either the Federated Pension Scheme or the National Provident Fund. The Federated Pension Scheme provides lifetime regular pensions for its qualifying members. The National Provident Fund is a saving scheme that provides members with a cash lump sum when they retire or go out of gainful employment before reaching the statutory retirement age.

Motivation

The National Audit Office (NAO) carried out a performance audit on the way SSHFC manages the Federated Pension Scheme and the National Provident Fund because of the following main factors.

The SSHFC 2017 Activity Report showed the Corporation was experiencing a falling trend in the interest it paid to its members. The interests paid to its members fell to zero in the years 2016-17.

The World Bank's Pension Valuation Report 2018 stated that SSHFC do not effectively protect its pensioners from the cost-of-living increases in the country.

From the SSHFC Activity Report 2018, the Corporation had initiated different programmes to help reduce processing time of claims. However, the Standard Newspapers reported in 2020 that SSHFC still faced challenges in processing members' benefits on time.

Key Findings

- 1. On average, SSHFC took about two and a half months to process benefit claims.** For the period 2018-21, only 7% of the National Provident Fund claims and 17% of the Federated Pension Scheme claims were processed within the 16-day standard processing time that the Corporation established.
- 2. SSHFC has shortcomings in accurately determining benefits.** Of a sample of 24 claims that we reviewed for the National Provident Fund, 88% had errors that resulted in a total value of underpaid benefits of GMD29,410 and overpaid benefits of GMD39,170. Of a sample of 50 claims that we reviewed for the Federated Pension Scheme, 10% of benefits were incorrectly determined that resulted in a total value of underpaid gratuity benefits of GMD63,265.

- 3. SSHFC has shortcomings in collecting contributions from employers on time.** During claims processing, SSHFC had realised and raised a gap in contribution for 30% of the sample of claims that we reviewed. Since these gaps in contribution did not count towards claimants' benefits, it resulted in some claimants losing as much as D326,329 in benefits.
- 4. SSHFC performed pension reviews for the period 2018-21, though pension increases were delayed and above the limit set by the SSHFC Act.** As a result, the Corporation has, and will incur additional pension costs. Pension increases were not timely carried out because SSHFC had not correctly interpreted the provision of the SSHFC Act.
- 5. For the period 2018-20, SSHFC only paid interest to members in 2020.** The Corporation has shortcomings in ensuring that investments are closely monitored so that reasonable returns are gained from the investment portfolios or corrective actions taken for non-performing portfolios.
- 6. SSHFC has not monitored and evaluated programmes that it initiated to improve claims processing.** For the period 2018-21, the Corporation implemented data cleansing exercise and initiating benefits processing when members are in their final years of pensionable service. However, the Corporation has not identified the correct means to effectively carry out these programmes. SSHFC has also not evaluated the programmes to ensure that lessons are drawn for improving them.

Conclusions

1. Timeliness and accuracy of benefit payments

SSHFC has not timely provided the benefits to its members that they claimed for the period 2018-21. Claimants waited much longer than the standard processing duration that the Corporation established. Most of the delays in processing claims were within the controls of SSHFC.

SSHFC has not accurately determined benefits it paid to claimants under the National Provident Fund. This is because SSHFC paid at least 3 in every 4 claimants incorrect amount of benefits.

The Corporation performed comparatively well in determining benefit payments to claimants of the Federated Pension Scheme as only 10% of benefits were incorrectly determined. The Corporation correctly determined factors such as eligibility for benefits and completed months of pensionable services. However, it had shortcomings in consistently determining the salary to use in computing claimants' benefits.

SSHFC has not effectively executed the mandate to timely collect contributions from employers to pay the appropriate benefits to members when they retire. In effect, members loss those contributions when they claim for benefits.

2. Members' fund growth to maximise member benefits

SSHFC has not effectively protected the welfare of its contributing members for the period under audit. This is because the rate of interest that members received on their savings is significantly less than what similar social security funds in Africa paid.

SSHFC improved in its use of resources in collecting contributions over the period 2018-21. However, it still has room to improve on this to achieve a performance result considered appropriate for a fund it manages.

3. Implementation, monitoring and evaluation of processes

SSHFC started a range of sensible programmes to help improve processing of claims. However, these programmes were not effectively implemented. The Corporation has also not evaluated these programmes. So, the Corporation could not understand the extent to which these programmes improved claims processing. In addition, it could not also take corrective action when it risked not achieving the intended outcomes of these programmes.

Recommendations

1. Timeliness and accuracy of benefit payments

- a) SSHFC should initiate a programme to communicate and recover all contribution gaps in respect of its existing members.
- b) Going forward, SSHFC should provide timely account information to employers and employees and timely pursue employers who has not pay their contributions so that a claim processing is not paused to recover those contributions.
- c) Overall, SSHFC should initiate normal retirement benefits processing when members are in their final year of statutory service so that bottlenecks are addressed before the retirement benefits fall due.
- d) SSHFC should develop a system where member accounts are always accurate and up to date to reduce time in verifying them for benefit computation and the risk of making errors in such verifications.
- e) SSHFC should strengthen computation verification to ensure that yearly contributions are correctly summed.
- f) SSHFC should use some sort of averaging system to determine the pensionable salary. It is important to use a referenced period that is sufficient to provide an effective safeguard against salary manipulation. Benefits officers should document the verification of the salaries over the referenced period.
- g) To minimise the risk of human error in the computation, benefit officers should provide reference of the final salary of the claimant used in the benefit formula.
- h) SSHFC should not increase pensions beyond the estimated rise in earnings made in the latest available Actuarial Valuation Report. The Corporation can establish minimum guaranteed pension that is reasonable to cover living expenses in the country.
- i) SSHFC should use the latest available Actuarial Valuation Report in their pension review without waiting for a new report to be published.

2. Members' fund growth to maximise members' benefits

- a) SSHFC should establish a structure that ensures that investment policies, undertakings and performance are regularly reviewed to enhance having timely information for corrective actions.
- b) SSHFC should better use its resources to collect more contribution, or reduce the total administrative and operational expenses, so that expenses do not exceed 10% of the member contributions.

3. Implementation, monitoring and evaluation of processes

- a) SSHFC should identify and document delay factors for claims and use this information to design and implement initiative to correct problems causing delay in claims processing.
- b) SSHFC should revive project 59 and develop a comprehensive plan that define the responsibilities of each department.
- c) SSHFC should keep track of corrected membership data. The Corporation should maintain the corrected members' financial data in a way that protect them from unintentional changes.
- d) SSHFC should monitor and evaluate the specific programmes that are designed to improve claims processing. The Corporation should develop performance indicators to sensibly evaluate the outcomes of these programmes.

CHAPTER ONE: INTRODUCTION

1.1 Background of the audit

The Social Security and Housing Finance Corporation (SSHFC) was established through an Act of Parliament in 1981 to manage the state-administered social security fund for workers in parastatals and private institutions. It manages four distinct funds namely Federated Pension Scheme (FPS), National Provident Fund (NPF), the Industrial Injuries Compensation Fund and the Housing Fund. Each of the funds has its separate financial statements for each year.

The Industrial Injury Compensation Fund comprises workers of both government and private employers. Employers pay contribution of GMD15 per month for each employee. Members claim benefit in case they suffer injuries during their work. SSHFC through the Housing Fund provides affordable housing to the population by estate development.

This audit covered the Federated Pension Scheme and the National Provident Fund. Members of FPS are government parastatals and private institutions that bear the full contribution (15% of gross salary) for their employees. NPF membership comprises institutions who share contribution into the fund with their employees (employer pays 10% and employee pays 5% of basic salary).

The FPS provides lifetime regular pensions for its qualifying members and NPF is a retirement saving scheme that provides members with a cash lump sum when they retire. NPF members are also allowed to claim a portion on their accounts if they go out of gainful employment before statutory retirement.

As of 31st December 2020, the following data relates to the funds.¹

- The total investment portfolios of FPS and NPF stood at GMD1.7 billion and GMD3.1 billion, respectively. Members fund were GMD2.0 billion for FPS and GMD4.2 billion for NPF.²
- Active membership of the FPS stood at 9,321 and that of NPF stood at 78,080.³
- Pensioners (applicable to only FPS) stood at 3,400 people with total monthly pension of GMD7.3 million.⁴

Furthermore, between 2018 and 2021 the Corporation spent:⁵

- GMD191 million and GMD421 million in respect of member claims for FPS and NPF respectively.

¹ The latest available audited Financial Statements, the Activity Report and the Actuarial Valuation report is 2020.

² SSHFC 2020 Financial Statements and Activity Report

³ Data provided by SSHFC's Department of Research and Policy Planning

⁴ The Actuarial Valuation Report for FPS as at 31st December 2020

⁵ SSHFC 2018-2020 Financial Statements

- GMD177 million and GMD210 million on staff and administrative expenses for FPS and NPF respectively.

1.2 Motivation

Terminal and retirement benefits provide the needed social protection for contributing members and their dependants when they are out of gainful employment.

The extent to which SSHFC provides the social protection of the contributing members depends on its ability to invest in portfolios that yield reasonable returns. However, The Gambia National Social Protection Policy 2015-25 reported that SSHFC members are not effectively protected. Similarly, the World Bank Pension Valuation Report stated that SSHFC lacks pension benefits indexation for Federated Pension Scheme pensioners, meaning fixed periodic pension benefits are paid over a considerable period which are insufficient to cover the cost-of-living increases for pensioners. For National Provident Fund members, the SSHFC 2017 Activity Report showed that no interest was paid on members' fund for the financial years 2016 and 2017. Interest on members fund over each of the two preceding years to 2016 declined by 35%.

Furthermore, according to the SSHFC Activity Report 2018, the Corporation has started initiatives like data cleansing and project 59 to help reduce claims processing time. However, the Standard Newspapers reported in 2020 that SSHFC still takes lengthy time to process members' benefits.⁶

It is for these reasons that the National Audit Office initiated a performance audit on the management of the Federated Pension Scheme and the National Provident Fund by Social Security and Housing Finance Corporation.

1.3 Audit objective

The objective of the audit was to assess whether SSHFC ensured growth in the social security funds to maximize benefits to members and that the benefits were timely and accurately paid.

1.4 Audit questions

We used the following audit questions to make conclusions against the audit objective.

- a) Is the SSHFC guarantying the social security fund growth to maximize benefits for its members?
- b) Is the SSHFC ensuring that members' benefits are paid correctly and on time?
- c) Is the SSHFC ensuring the appropriate monitoring and evaluation of claims processing?

⁶ Article from the Standard Newspaper: The pension increment at the Social Security & Housing Finance Corporation is a farce; dated 24th April 2019; accessed at <https://standard.gm/the-pension-increment-at-the-social-security-housing-finance-corporation-is-a-farce/> on 21st January 2020.

1.5 Assessment criteria

The Social Security and Housing Finance Act, 2015 formed the major basis for our assessment. Other sources of criteria such as SSHFC Activity Reports, operational manuals were also used. Best practices from other social security funds in Africa were also benchmarked for our assessment. **Table 1** showed the main criteria mapped to the audit questions.

Table 1: Main audit criteria

a)	Is the SSHFC guarantying the social security fund growth to maximize benefits for its members?
<p>The SSHFC has the mandate to initiate investment policies that will yield reasonable returns to its members and undertake investments considered beneficial to the members.</p> <p><i>(SSHFC Act 2015)</i></p>	
b)	Is the SSHFC ensuring that members' benefits are paid correctly and on time?
<p>The standards processing time as established by the benefits processing schedule developed by SSHFC is 16 days.</p> <p><i>(Benefit processing schedule)</i></p> <p>Benefits for National Provident Fund claimants is determined by the amount a member contributed into the fund plus the interest rate based on the average rate of return on the investments of the fund.</p> <p>Retirement benefits for Federated Pension Scheme claimants is determined as $1/600 \times$ completed month of service \times terminal salary including fixed allowances.</p> <p><i>(SSHFC Act 2015)</i></p>	
c)	Is the SSHFC ensuring the appropriate monitoring and evaluation of claims processing?
<p>Various strategic management authors have highlighted that organisations should monitor and evaluate their performance for business success. For example, the Balanced Scorecard, developed by Kaplan and Norton in 1992, stated that organisations should develop indicators for different aspect of operations against which performance is measured. Similarly, Johnson, Scholes & Whittington included performance monitoring and evaluation in their six-step process for developing a Critical Success Factors.</p>	

Appendix 1 presents the detailed audit criteria mapped to the audit questions

CHAPTER TWO: DESIGN OF THE AUDIT

2.1 Audit scope

This audit covered how the SSHFC managed the National Provident Fund and the Federated Pension Scheme to maximise benefits to its members and retirees in The Gambia in a timely and correct manner during the period January 2018 to December 2021.

2.2 Audit methodology

2.2.1 Methods of data collection

We used the following methods in the audit to obtain audit evidence.

2.2.1.1 Document review

We reviewed benefit claim files from 2018 to 2021 and other documents relevant to the audit area to develop audit evidence to make reasonable conclusions against the audit objective. **Table 2** showed the documents we reviewed and the purposes for which they were reviewed.

Table 2: Documents we reviewed and the purposes for review

Documents	Purpose for review
- Benefit computation reports	Verify the accuracy of benefits computation.
- Employee profiles (accounts) - Contribution schedules	To determine the level of contribution used in the benefit formula. To ascertain the accuracy and completeness of claimants' accounts.
- Processing schedules - Workflow processing	To ascertain the length of processing time and bottleneck activities. To ascertain reasons for delays.
Contribution gaps advice slip	To ascertain the amount of contributions SSHFC/claimants lost due to employers failing to pay contributions for their employees.
SSHFC Activity Reports	To obtain information on performance results of SSHFC activities relating to the funds management.
SSHFC Financial Statements	To obtain information on the financial results of SSHFC.
Actuarial Valuation Reports for the FPS	To obtain information on short and long-term risks and the performance of the FPS as at the valuation dates.
Budgets	To obtain information on financial budgets that is compared to the actual results.
Internal Audit Reports	To obtain information on the performance problems and why they have happened.

2.2.1.2 Interviews, discussions, and questionnaires

We held 9 interviews with both managerial and operational staff of SSHFC. The purposes of these interviews were to corroborate and seek clarifications on information obtained from document review.

We interviewed 40 pensioners (through telephone calls) to find out if their benefits had been processed on time, and the factors they believed to have caused delays in the claims processing.

We sent questionnaires to 14 employer members of the National Provident Fund and the Federated Pension Scheme to obtain information on their experiences regarding their contributions and claim processes.

A detailed list of SSHFC staff interviewed and employers to which the questionnaires were sent is attached as **Appendix 2**.

We held discussions with SSHFC operational staff during the claim reviews for clarifications where needed.

2.2.2 Sampling and data analysis

We used statistical sampling method in the audit. Random sampling items of claims were selected from the list of claimants. Pensioners and employers were also randomly selected.

We use both quantitative and qualitative methods to analyse the data obtained from claim reviews and interviews. We use tables and graphs to present the results of these analysis.

2.2.3 Data validation

We have presented the draft audit report to the management of SSHFC to confirm factual accuracy of statements presented in the draft report and to present their response to the audit findings. Specific management's responses are presented at the end of each finding and the general comment that SSHFC made is presented as **Appendix 10**.

CHAPTER THREE: DESCRIPTION OF THE AUDIT AREA

3.1 System description of the social security fund

3.1.1 Background of the SSHFC

Social Security and Housing Finance Corporation is a state-owned enterprise established by an Act of Parliament in 1981. Subsequently, several Acts of Parliament have been passed which provide the regulatory framework for the Corporation.⁷ The SSHFC Act 2015 is the current regulatory framework that governs the management of the social security funds.

The Governing Board is responsible for the policy direction and oversight of the Corporation and comprises representation from government, employee members, pensioners, and employees of the Corporation.⁸

The Corporation is headed by a Managing Director, who is appointed by the President after consultation with the Board and the Public Service Commission. The Managing Director is responsible for the execution of the policies and directives of the Board, controls and directs the operational activities of the Corporation. The Managing Director is supported by a Deputy Managing Director for proper and effective performance of his/her functions.⁹

The Corporation consists of 8 departments, each headed by a director. The department directors carry out their functions as directed by the Managing Director.¹⁰ **Appendix 3** provides the organogram of SSHFC.

The Departments relevant to the management of the social security funds and their responsibilities is attached as **Appendix 4**.

Table 3 provides the functions of other stakeholders in the management of social security funds.

Table 3: Functions of key players

Players	Functions
The Minister, Ministry of Finance and Economic Affairs	The SSHFC Act, 2015 empowered the Minister to give general directives in writing to the Board on matters of policy.

⁷ SSHFC (available at: <https://www.sshfc.gm/our-story>)

⁸ As per the SSHFC Act, 2015, the Corporation is governed by a Board of Directors consisting of a chairperson, the Managing Director, the Permanent Secretary of the Ministry of Finance and Economic Affairs, a representation of the employees of the Corporation, representatives of the employee members of the FPS and NPF, and a representative of pensioners.

⁹ SSHFC Act 2015

¹⁰ SSHFC Act 2015

Pensioners Association	Represent and communicate the interest of pensioners to SSHFC. The Corporation also engages the association to create more awareness about the operations of SSHFC in meeting the need of pensioners.
Employers	Member employers register their workers with social security funds. Employers remit contributions in respect of their workers to SSHFC. Employers submit benefit claims for their workers.
Employee members	Provide accurate and complete biography information during the registration with SSHFC.
Actuary	Carries out actuarial valuation for the FPS every three years as specified in the SSHFC Act, 2015. Advises SSHFC on the appropriate rate of contribution. Determines the maximum increase in pensions.

3.1.1 Statutory mandate of SSHFC

Social Security and Housing Finance Corporation is mandated by the SSHFC Act 2015 to operate the social security funds. The functions of SSHFC established under the Act with regards to these funds are:

- i) Register employers and their employees
- ii) Collect contributions
- iii) Manage records on contributing members
- iv) Invest the members' funds for maximizing their benefits
- v) Process and pay benefits to eligible members, nominated dependents and pensioners.

3.1.2 Mission of SSHFC

To provide high-quality social protection: efficient collection of contributions, timely processing of claims and payments of benefits, efficient benefits distribution, affordable and sustainable shelter, and prudent investment of members' funds.

3.1.3 Vision of SSHFC

A comprehensive people-centered social security system that guarantees social security protection, shelter, and related needs of every member.

3.1.4 Recent initiatives by SSHFC relating to claims processing

(i) Social Security Management Information System (SSMIS)

SSHFC is working on the development and Implementation of a new IT systems for its operations called Social Security Management Information System. The system will

integrate all operation systems of the Corporation and ensure more data integrity of members.¹¹

(ii) Data cleansing

This activity started in 2018 to remove or modify data that were incorrect, irrelevant, incomplete, duplicated or improperly formatted in the database.¹² The objective of the exercise is to ensure that the data which is to be migrated to the Social Security Management Information System is accurate and its integrity is not compromised.¹³

(iii) Project 59

Project 59 is an initiative to process members' retirement benefit when they reach the age of 59 so that retirement benefits are timely collected when the member reaches the statutory retirement age of 60. This activity was planned to be fully implemented in 2021.¹⁴

(iv) Workflow development

From 2019, the Corporation successfully implemented a Workflow System to manage the processing of member claims. Workflow is an IT system for processing member claims which enables management to get real time claims processing information. From 2020, all claims were processed using the workflow.¹⁵

3.1.5 Types of benefits paid by SSHFC under the National Provident Fund and the Federated Pension Scheme

Contributions in the National provident Fund and the Federated Pension scheme are primarily for retirement purposes. However, other types of benefits before retirement are also paid. **Table 4** showed the types of benefits paid to the contributing members of the National Provident Fund and the Federated Pension Scheme.

Table 4: Types of benefits paid by SSHFC

Benefit	Beneficiary
Normal retirement benefit	Paid to members who have reached the statutory retirement age of 60 years.
Voluntary retirement benefits	Paid to members who retire before the age of 60 but reach the age of 45.

¹¹ Interview with SSHFC (Information Technology Dept.)

¹² SSHFC Activity reports 2019

¹³ SSHFC Activity reports 2020

¹⁴ SSHFC Activity Report 2018.

¹⁵ SSHFC Activity reports 2020

Withdrawal benefit	Paid to NPF members who are out of gainful employment before their retirement but attained age 45. The claimant for this benefit must wait for 3 months (for age 55 and above) and 6 months (for age 45 -54) after termination before they are paid.
Optional withdrawal benefit	Paid to NPF members who are redundant, and female members who retire because of marriage. Claimants based on redundancy must wait for 3 months after redundancy before they are paid.
Survivor's benefit	Paid to dependants of deceased members.
Ill-health benefit	Paid to members who are unable to continue engaging in any gainful employment due to medical conditions.

3.1.6 Eligible employers and employees for the National Provident Fund and the Federated Pension Scheme

Registrable employers under the NPF are private institutions that share fixed contributions into the fund with their employees.¹⁶ The employer pays 10% and the employee pays 5% of the employee's monthly basic salary.

Registerable employers under the FPS are parastatals and private institutions that fully pay the contributions for employees at the rate of 15% of the employee's monthly gross salary.

Employee membership for registration is restricted to full-time employees who are between the ages of 18 and 60 working in a registered employer.¹⁷

3.1.7 Funding for the social security fund management

The source of funding for the SSHFC comes from member contributions and returns on investment portfolios. The Corporation utilizes these funds in executing its activities and in paying member benefits.

Section 25 of SSHFC Act 2015 stipulated that each of the funds operated by SSHFC shall maintain separate accounts. Each of the National Provident Fund and Federated Pension Scheme is therefore charged with expenditures that specifically relates to it.

Table 5 and **6** shows members' contribution and administrative expenses and benefits of the FPS and NPF for the period 2018-21.¹⁸

¹⁶ SSHFC, accessed at [National Provident Fund \(sshfc.gm\)](http://sshfc.gm)

¹⁷ SSHFC, accessed at [Federated Pension Scheme \(sshfc.gm\)](http://sshfc.gm)

¹⁸ The administrative expenses do not include depreciation charges and provisions. The financial statements for 2021 are not yet audited / published

Table 5: Member contributions and benefits paid 2018-21

	2018	2019	2020	2021*	Total
	GMD'000				
Federated Pension Scheme (FPS)					
Contributions from members	189,660	180,671	245,355	243,648	859,334
Claims benefits pay-out	(31,145)	(50,609)	(53,976)	(55,596)	(191,326)
Periodic pension payments	(76,208)	(81,356)	(79,524)	(94,094)	(331,182)
Contributions less benefits	82,307	48,706	111,855	93,958	336,826
National Provident Fund (FPS)					
Contributions	348,668	204,215	361,068	477,847	1,391,798
Benefits and refunds	(89,834)	(97,771)	(133,637)	(109,989)	(431,231)
Contributions less benefits	258,834	106,444	227,431	367,858	960,567

Source: SSHFC Financial Statements

Table 6: Staff and administrative costs 2018-21

	2018	2019	2020	2021*	Total
	GMD'000				
Federated Pension Fund (FPS)					
Staff cost	21,749	31,235	29,082	35,324	117,390
Administrative expenses	25,408	9,265	9,315	15,424	59,412
Total	47,157	40,500	38,397	50,748	176,802
National Provident Fund (NPF)					
Staff cost	26,236	35,333	37,147	40,274	138,990
Administrative expenses	26,788	11,900	12,633	19,727	71,048
Total	53,024	47,233	49,780	60,001	210,038

Source: SSHFC Financial Statements

*2021 figures are obtained from management accounts (unaudited financial statements)

3.2 Process description of the social security fund management

3.2.1 Registration of employers and employees

The SSHFC Act 2015 provides for the registration of both employers and employees. The registration of employers and employees are carried out concurrently.

Employer registration

An employer completes the “Employer Registration Form” and submit it to the Managing Director within 30 days of the employer becoming liable to register, as per Section 50 (1) of the SSHFC Act. The Corporation checks and verifies the application and provides the employer with a registration number.

Employee registration

An eligible employee is registered by the member employer within 14 days of the employee becoming liable. The following documents are provided for registration of an employee.

- completed employee registration form.
- a passport size photo
- a copy of documentary evidence of birth.

The Corporation processes the registration and issues a social security number and membership card to the employee. Where a registered employee changes employment, the same social security number continue to be used.

Modification of registration data in the system¹⁹

Where the information provided by either an employer or employee is erroneous (e.g. wrong dates of birth, change of names, change of dates of employment) the Corporation makes such changes to the membership data.

3.2.2 Remitting contributions by employers to SSHFC

The SSHFC Act 2015 required employers to remit contributions to SSHFC in respect of their workers. These payments are required to be made for the month ended within 15 days of the ensuing month.

The employer makes payment of the contributions for their workers in crossed cheque, credit advice, or Real-Time Gross Settlement (RTGS). The contribution remittance is receipted at the Cashier's Section in the SSHFC Office, or alternatively crossed cheque be handed over to a SSHFC Compliance Inspector who will subsequently provide a receipt to the employer.²⁰

The remittance advise form (schedule) accompanies contributions remitted to SSHFC. The remittance schedule contains workers' names, salary, social security numbers and the amount paid for each worker. These schedules are scanned and stored electronically in the Electronic Data Management System (EDMS). Members for NPF will have their individual accounts posted with their respective contributions and these accounts are maintained in a computerised system called "Navision".

¹⁹ Department of Research and Policy Planning Operations Manual April 2019

²⁰ SSHFC Act 2015 and SSHFC Compliance Code April 2019

3.2.3 Compliance inspection

SSHFC conducts regular visits to employers to ensure improved compliance and resolve problems early before legal actions for settlement are taken. The inspection team reviews payroll to ensure that contributions are accurate, all the employees are registered and paid for and communicate any shortcoming that the employer must address regarding registration and contribution.

These inspections therefore support employers in ensuring that their records are up to date and contributions are duly paid.²¹

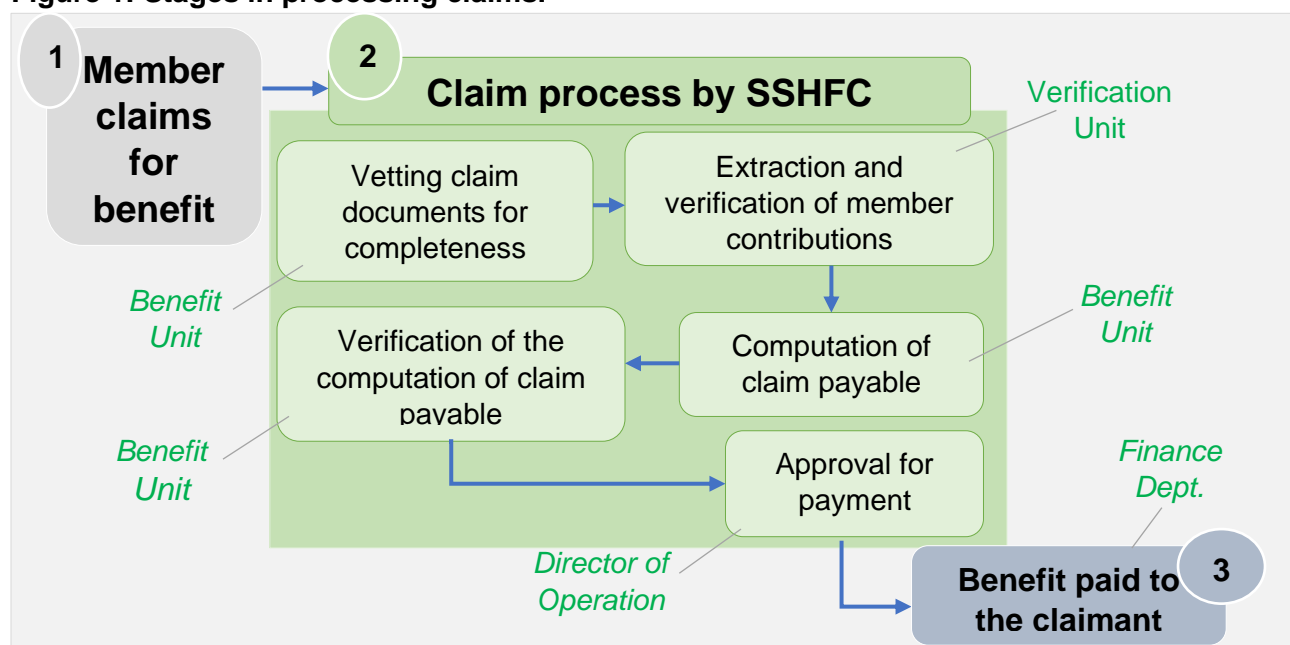
3.2.4 Claims processing

Members, or their dependants, who wishes to claim for any entitlement will have to file the relevant application form with the relevant documentation supporting the claim. The documents required for claims processing is attached as **Appendix 5**.

SSHFC will then process the claim for the entitlement. For claimants who are entitled to lifetime regular pensions, a social security pension number and card is allocated.

After computation and verification of the entitlement, the Director of Operation will approve the entitlement to be paid to the claimant. The Finance Department will act on this approval to make the payment. **Figure 1** described the stages in the processing of claims

Figure 1: Stages in processing claims.



Source: NAO analysis, based on SSHFC Benefits Manual & Interviews with SSHFC staff

²¹ SSHFC Activity reports 2019

The detailed activities in the processing claims with the standard processing duration is attached as **Appendix 7**.

3.2.5 Investing member's fund

The Governing Board is responsible for the formulation of the investment policy of the Corporation. The execution of this policy rests with the Managing Director.

The Management Investment Committee develop investment proposal and send it to the Managing Director. The Managing Director presents the proposal to the Board for consideration. If the Board approves the proposal, management then executes it.

3.2.6 Monitoring claim processing

For the years 2018-19, SSHFC used a paper-based benefits processing schedules **(attached as Appendix 7)** for documenting the timelines of key processes in processing claims. Action officers were required to document the actual time spent on each stage of the process. This help SSHFC in monitoring processes and how long claims were processed.

For the years 2020-21, the Corporation moved from the paper-based processing schedule to a computerised system called the workflow. This workflow captures the actual start and end date of each activity in processing claims.

CHAPTER FOUR: FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

This chapter presents our findings, conclusions, and recommendations into three sections: **Section A** relates to the accuracy and timeliness of benefit payments; **Section B** relates to the fund growth and; **Section C** relates to the implementation and monitoring of specific initiatives implemented by SSHFC.

4.1 SECTION A: ACCURACY AND TIMELINESS OF BENEFIT PAYMENTS

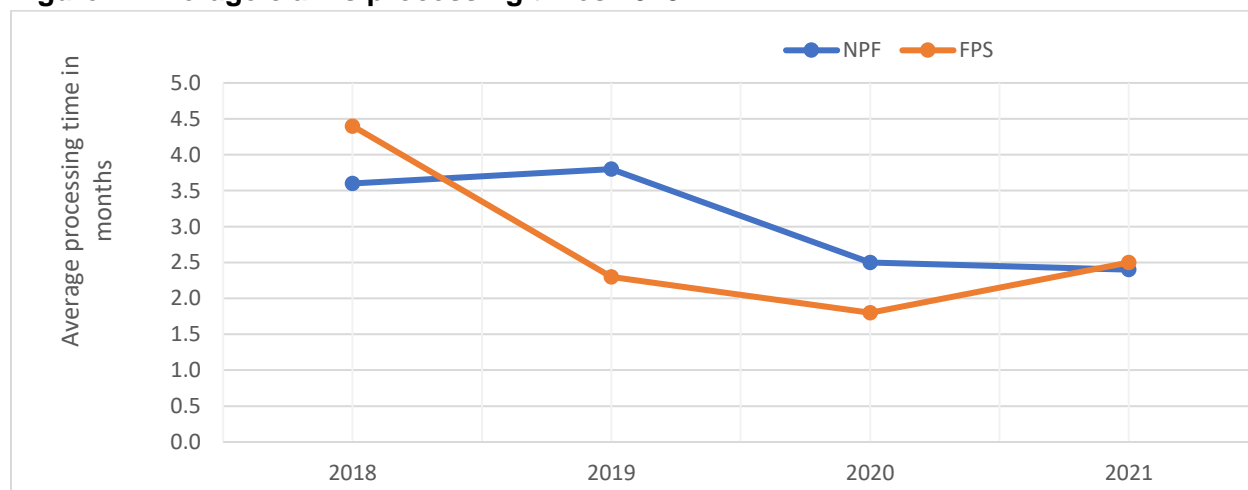
4.1.1 Timeliness of benefit payments

The management of SSHFC has developed a ‘benefit processing schedule’ for efficient claims processing. This benefit processing schedule has the information requirement for key process stages, action officers, date the file is received and forwarded from each action officer, the standard and actual days for each process.

The maximum standard service time (in days) as established by the processing schedule for each claim is (16) working days, i.e. from the date of the claim receipt to the date of payment.

For the period under review, SSHFC claims processing on average²² ranges from 2.4 months to 4.5 months. **Figure 2** showed the average processing time trend over the period under our review.

Figure 2: Average claims processing times 2018-21.



Source: NAO analysis based on claims reviewed

²² **The Average processing time** is determined as the mean average i.e. total number of days for the examined claims divided by the number of claims examined.

Figure 2 showed that on average, SSHFC was able to reduce the claims processing time from 2018 to 2021. For the National Provident Fund, the average processing time was around 3.5 months (3 months 15 days) in 2018, and it slightly rose in 2019, then fell in 2020-21 to about 2.4 months (2 months 12 days). This is 350% more than the standard processing time.

For the Federated Pension Scheme, SSHFC took about 4.5 months (4 months and 15 days) to process claims in 2018. This has reduced to 2.5 months (2 months and 15 days) in 2021. However, this processing time is still 369% more than the standard processing time.

We further analysed the processing times into categories based on the length of processing time and the results are shown in **Table 7 and 8**.

Table 7: Processing times of the National Provident Fund claims 2018-21

Range of processing time (in days)	Number of cases				
	2018	2019	2020	2021	2018-21
1 - 10	1	0	2	1	4
11 - 20	6	2	13	7	28
21 - 30	21	13	19	25	78
31 - 60	52	33	20	45	150
61 - 90	28	25	21	17	91
91 -120	13	7	18	9	47
Above 120	35	28	9	13	85
Total claims reviewed	156	108	102	117	483

Source: NAO analysis based on claims reviewed

For the National Provident Fund, **Table 7** showed that for the period 2018-21, only 32 claims (7%) were processed within the 16-day standard processing time. 373 claimants (77%) waited more than one month before they receive their benefits. 223 claimants (46%) waited more than two months to receive their benefits.

Table 8: Processing times of the Federated Pension Scheme claims 2018-21

Range of processing time (in days)	Number of cases				
	2018	2019	2020	2021	2018-21
1 - 10	1	2	3	3	9
11 - 20	2	5	6	8	21
21 - 30	5	2	8	8	23
31 - 60	8	14	14	6	42
61 - 90	8	2	3	3	16
91 - 120	4	2	4	1	11
Above 120	20	14	7	10	51
Total claims reviewed	48	41	45	39	173

Source: NAO analysis based on claims reviewed

For the Federated Pension Scheme, **Table 8** showed that for the period 2018-21, only 30 claims (17%) were processed within the 16-day standard processing time. 51 claimants (29%) waited more than four months before they receive their gratuity benefits.

The Social Security Regulations 2005 also required the Corporation to observe cooling off²³ period for National Provident Fund claimants who go out of gainful employment before the statutory retirement age. The cooling off periods were either 3 or 6 months. From 2020, due to the outbreak of Covid-19 that put many members out of employment, SSHFC amended this regulation to remove the cooling off period for all claims. This is aimed at providing some level of social protection for those members whose livelihood were affected by Covid-19.

We analysed the processing times of claims requiring the cooling off period during 2018 and 2019. **Table 9** showed the results of this analysis.

Table 9: Processing times of claims qualifying for cooling off period

Range of processing time (in days)	Number of cases	
	2018	2019
Cooling off - 3 months		
1-90	24	1
91-110	41	42
above 110 (delayed process)	30	16
Total claims reviewed	95	59
Cooling off - 6 months		
1-180	4	0
181-200	4	7
Above 200 (delayed process)	3	3
Total claims reviewed	11	10

Source: NAO analysis based on claims reviewed

From **Table 9**, for the period 2018-19 SSHFC was not able to timely process 46 claims (30%) for which a cooling off period of 3 months was observed. For claims for which 6 months cooling off period is observed, SSHFC was not able to process 29% of the claims.

Causes of delays in the processing claims

Our review of claims revealed that the most significant factor responsible for delays in claims processing is the contribution gaps that were detected during the processing of the claims. Contribution gaps are months for which no contribution is made for the employee by the employer.

²³ **Cooling off** is the time that must elapse before benefit can be paid to the claimant. After submission of the claim, SSHFC must wait until these periods passes before paying claim benefit to the claimant.

Our review of claims showed that 30% of the claimants under the National Provident Fund had contribution gaps when they applied for claims. 19% of the Federated Pension Scheme claims were delayed because of the contribution gaps that the employer had to settle before claimants' benefits were paid.

According to an interview with the Benefits Unit, SSHFC communicated contribution gaps to employers during claims processing, instead of when the gaps arose. This is because that is the time the Corporation identified such gaps for individual employees.

SSHFC had to wait until the employers settle these contributions gaps before the benefits were paid to the claimants. So, the length of the processing time depends on how quickly the employers were able to settle the contribution gaps that SSHFC identified and communicated.

For 27 claimants who could not wait for the employers to settle the gap, had written to SSHFC to carry on processing the claim without waiting for the contribution gap to be settled.

Other factors responsible for delays in the claims processing are detailed in **Table 10**.

Table 10: Other delay factors

No	Delay factors	Explanation
1	Computation errors	We noted that 22% of the claims delay were the result of errors made in the computation of the benefit. These errors were using incorrect final salary in the benefit formula. Computation verification processes noticed these errors. So, the claims were delay before these errors were corrected and the claim forwarded to the next stage in the claim processing.
2	Interview scheduling	We noted that 19% of the claims delayed were the result of SSHFC not able to have the claimants for the benefit interview. SSHFC contacted employers to notify claimants (former employees) for interview at SSHFC. So, SSHFC had to pause the claim processing of that claim until the employee presented himself/herself for the interview. So, the earlier the employee arrange to have the interview, the earlier the claim is processed.
3	No Schedules in the system (EDMS) for the month of termination	The final salary is used to determine the level of retirement benefits for the Federated Pension Scheme. These final salaries of contributing members are obtained from the remittance advise form. We noted that 12% of the Federated Pension Scheme that were delay were as result of the absence of the scanned remittance schedule in the electronic system of SSHFC. According to the interview with the Department of Research and Policy Planning, employers would sometimes not return contribution remittance form on time. So, this resulted in delay scanning of the remittance form that were used to generate the final salary of the employee.

4	Liability letters from employers	<p>The SSHFC Act required the Corporation to deduct liabilities that a claimant owes to the former employers from the retirement benefits to which the claimant is entitled. So, the Corporation needs a letter from the employers to show the liability of the employee at the retirement date.</p> <p>We noted that 13% of the Federated Pension Scheme claims exceeded the standard processing time because the employers had not timely provided the liability letters. So, SSHFC had to wait until these letters were provided before they proceed with the processing of the claim.</p>
5	Biodata corrections	<p>We noted that 6% of the delayed claims had problems of wrong bio data put in the benefits computation report. These errors were using incorrect date of births, date of employment etc. that had to be corrected before the claim is further processed.</p> <p>So, the claims exceeded the standard processing time before these errors were corrected.</p>
<p>NOTE: This delay factors were based on our review of 29 claims that exceeded the 16-day standard processing time and had notes from officers in the workflow to explain why the claims were delayed.</p>		

We assessed the extent to which the delay factors lengthened the claims processing. The result of this analysis is shown in **Table 11**.

Table 11: Length of claim processing in relation to delays factors

	Delay factors	Range of processing time (days)	Average processing time (days)
1	Computation errors	20 - 237	75
2	Biodata corrections	30 - 95	63
3	No schedules in the SSHFC system for the month of termination	34 - 173	92
4	Interview scheduling	24 - 234	83
5	Awaiting liability letter from employers	26 - 232	104
6	Contribution gaps settlement	40 - 217	129

Source: NAO analysis based on claims reviewed in the workflow

Table 11 showed that, overall, contribution gaps, missing documents, and unprovided liability letters had the biggest impact on the length of claim processing. For example, claims that were delayed by contribution gaps took on average 129 days to process.

Effects of delays in processing claims

Delays in obtaining the benefits deprived the claimants and their dependants of the social well-being they needed when they are out of employment. For example, in 2020 and 2021, delays resulted in pension arrears payment to 41 pensioners (49% of the claims reviewed). This means that about half of claimants had delays that resulted in pension arrears. These arrears range from GMD635 to GMD111,342. This means that these benefits, which may represent a significant source of livelihood for those pensioners, were not timely paid.

For the National Provident Fund, 27 claimants (42%) who were affected by the contribution gaps had written to SSHFC to sacrifice contributions gaps because of the frustration of delays caused by recovering such contributions from former employers.

Conclusion

SSHFC has not timely provided the benefits that were claimed by its contributing members. Claimants waited much longer than the standard processing duration established by the Corporation. Though some of these delays were not the direct effect of internal processes, most of them were within the control of the Corporation.

Recommendation

- a) SSHFC should review all its member accounts to maintain an accurate information about their accounts.
- b) Initiate a programme to communicate and recover all contribution gaps in respect of its existing members.
- c) SSHFC should ensure that remittance schedules are adequately reviewed so that contribution gaps are timely communicated to employers for prompt payments. The Corporation should not wait until a claim is filed to communicate and pursue a gap in member contributions. The Corporation should also provide timely account information to employers and employees.
- d) Overall, SSHFC should initiate normal retirement benefits processing when the members are in their final year of scheme membership. This will ensure any other bottleneck is addressed before benefit payment fall due. This should therefore eliminate or minimise pension arrears.

Management response

Noted

4.1.2 Determination of benefits for the National Provident Fund claimants

The SSHFC Act 2015 required SSHFC to maintain an account for each member of the National Provident fund and shall credit to a member's account the moneys paid as contribution by both the employer and the employee.

SSHFC Act 2005 states that the amount of benefit payable to a member maybe a proportion of or the total balance of the member's account with Social Security Fund together with accrued interest.

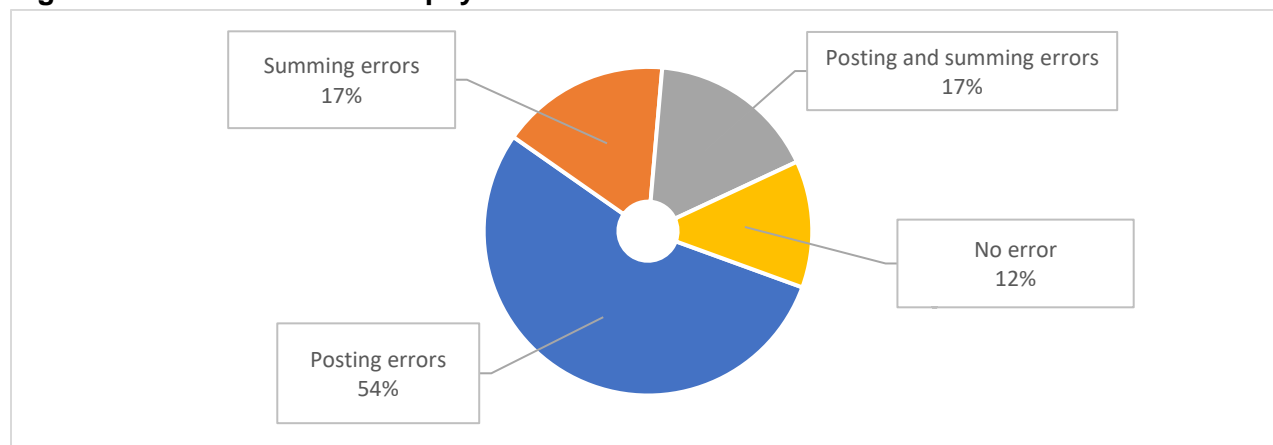
Of a sample of 24 claims we reviewed, we noted that SSHFC made errors in computing 21 of the claims (88%). Any GMD1 error made resulted in incorrect benefit of the GMD1 plus the yearly interests based on compound interest payments.

Our review revealed that SSHFC made two types of errors in computing claimant benefits. The errors were posting errors and summing errors. Posting errors are errors of wrong

amounts being entered in the member's account. Summing errors are errors of incorrect yearly contribution calculated based on the monthly contribution of the member.

Figure 3 showed the types of errors made regarding the 24 sampled claims we reviewed.

Figure 3: Causes to incorrect payments



Source: NAO analysis based on claim reviews

Figure 3 showed that 71% (54% + 17%) of the sampled claims had posting errors and 34% (17% + 17%) had summing errors. 17% of the sample cases had both posting and summing errors.

The SSHFC's computerised system (called Navision) for maintaining members' accounts contributed to the posting errors. The system does not ensure data integrity because of data loss. In addition, the system is vulnerable to unintentional changes in the member contributions because it cannot notify data entry clerks that the month for which a particular contribution is entered already had its contribution entered. As a result, it will add up the subsequent entry to the earlier amount entered for that month.

Therefore, SSHFC must fully verify each month of member contributions during processing of claims to ensure that accurate member accounts are used for benefit computation. Our review showed that SSHFC account verifications found that only 24% of the members' accounts were accurate during verifications. So, it is probable that verification officers will make errors in the verification process since it is entirely manual process.

Summing errors were the responsibility of the benefit processing officers. They should establish the total yearly contribution based on the verified member accounts submitted for benefit computation. The benefit computations were further verified by another officer to reduce the risk of paying incorrect amounts to claimants.

The errors led to SSHFC paying 11 of the sampled claimants (46%) benefits that were short of their entitlement, and 10 of the sampled claimants (42%) were paid more than their entitlement. The underpayments amounted to GMD29,409.58 and the overpayments amounted to GMD39,170.05

The total incorrect payments accounted for 1.57% of the total benefit paid to the 24 sampled claimants. The individual incorrect payments range from 0.04% to 46.7% of the benefits the claimants received.

Appendix 8 showed details of the affected claimants.

Conclusion

SSHFC has not accurately paid benefits to the claimants under the National Provident Fund. This is because 88% of the claims that we reviewed, had errors that resulted in incorrect benefits paid to claimants. This computerised system that is used to maintain members' accounts is not suitable for the operations of the Corporation. This created the need to do rigorous manual verification of member accounts during claims processing. These verifications were not effective in producing accurate member accounts for benefit computation.

The Corporation has also not accurately established the yearly contributions from the member accounts.

Recommendation

SSHFC should develop a system where member accounts are always accurate and up to date. This will ensure that rigorous and full account verifications are not needed during processing of claims.

The Benefit Unit should strengthen computation verification regarding yearly contributions before signing off the benefit computation report.

Management response

Noted

4.1.3 Contribution gaps identified during processing claims

The SSHFC Act 2015 required SSHFC to collect contributions from employers and can apply penalty charges where payments are delayed. The Corporation can further take legal actions to collect contributions from defaulting employers.

Of a sample of 220 claims, 65 cases (30%) of the claims had contribution gaps identified during the claims processing. Contribution gaps are months for which no contribution is paid for the employee by the employer during scheme membership. The contribution gap advice slip, which is sent to the relevant employer, details the relevant period for which no contribution is made for the claimant.

Contribution gaps meant that SSHFC had not collected the monthly contributions from the employers. SSHFC communicated contribution gaps to employers during claims processing, instead of when the gaps occurred. This is because that is the time that SSHFC identified the gaps for individual employees. Therefore, claimants only realised that they have contribution gaps when they had claimed for their benefits.

This untimely communication of the contribution gaps to employers resulted in loss contributions for SSHFC. Based on the contribution gaps that SSHFC raised for the 65 claimants at the time of processing their claims, the Corporation had lost GMD852,122 in contributions. This represents 8% of the total benefit paid to the 65 claimants that had contribution gaps.

In addition, the contribution gaps reduced the members' benefit entitlement. From our review of the contribution gap advice slips that SSHFC raised during processing claims, we noted that claimants lost contributions ranging from GMD75 to D326,329 or 0.04% to 1008% of the benefits they received.

Conclusion

SSHFC has not timely pursued employers on their contributions. As a result, the Corporation has not effectively protected its contributing members because they did not receive the benefits they deserve.

The cost of non-contribution is borne by the employee members. The Corporation has the mandate to collect contributions from employers. The Corporation has not effectively executed this mandate. The cost of the Corporation's ineffectiveness is therefore transferred to the members who lose their entitlement to the appropriate retirement benefits.

Recommendation

SSHFC should ensure that member accounts are timely verified, and any contribution gaps that is identified is communicated to the employer on time.

Management response

Noted

4.1.4 Determination of benefits for the Federated Pension Scheme claimants

Rule 4 of the Federated Pension Scheme gives the benefit formula for a member with at least ten years of pensionable service as:

$$\left(\frac{1}{600}\right) \times (\text{completed months of service}) \times (\text{final salary including fixed allowances})$$

According to the rules of the Federated Pension Scheme, SSHFC Act 2015, the retirement benefits are computed based on the final pensionable salary of the contributing member.

In the case of a member or former member whose salary changes by at least 20% in twelve calendar months before the date he or she was last in service and the change was not part of a general pay increase allowed by the employer, pensionable salary is the average salary over the twelve months preceding retirement, as the managing Director may approve.

From our review of claims, we found that the completed months of services were accurately determined by SSHFC in the computation of benefits.

However, we noted problems in the way final salaries were determined in the benefit formula. From our review of claims, we noted that SSHFC derived the final salary to use in the benefit formula by multiplying the salary of the month of termination by 12. The interview with the Benefits Unit corroborated this fact.

From a sample of 50 claims, we found that 5 claims (10%) were not computed based on the final salary of the claimants. **Table 12** showed the affected claims.

Table 12: Cases of incorrect terminal salary used in the benefit formula

	SS No.	Date of termination	Gross Salary used in benefit formula	Final gross salary multiplied by 12	Difference
			GMD	GMD	GMD
1	1044662	30-Oct-17	214,232.00	314,232.00	100,000.00
2	1044442	15-Dec-20	399,600.00	402,300.00	2,700.00
3	1057152	3-Apr-20	204,789.72	212,925.24	8,135.52
4	1044627	21-Mar-21	255,375.00	266,531.28	11,156.28
5	1051506	15-Mar-21	155,541.00	162,514.32	6,973.32
Total difference					128,965.12

From our interview with the Benefits Unit, these differences arose because SSHFC believed that the employers had intentionally increased the salaries few months before retirement. Therefore, SSHFC concluded that these increases had to be ignored, and instead used the salary before the salary increase is made.

However, from our review of claims we found that SSHFC has not consistently treated claims where the salary is changed few months to termination. **Table 13** showed examples of cases treated differently even though the salaries were recently changed prior to termination.

Table 13: Example of inconsistency of pensionable salary in computing benefits

#	SS Number	Date of termination	Salary at final month of service (GMD)	Salary used in computation (GMD)
<i>Salary in the month of termination not used because of recent changes in salaries</i>				
1	1057152	03-Apr-20	17,743.77 (Mar. 2020)	17,065.81 (Feb. 2020)
2	1044627	21-Mar-21	22,210.94 (Mar. 2021)	21,281.25 (Feb. 2021)
3	1051506	15-Mar-21	13,542.86 (Mar. 2021)	12,961.75 (Feb. 2021)
4	1044442	15-Dec-20	33,525.00 (Dec. 2020)	33,300.00 (Aug. 2020)
<i>Salary in month of termination used though salaries were changed recently</i>				
#	SS Number	Date of termination	Salary used in computation (GMD)	Salary before termination (GMD)
5	1060587	22-Feb-18	18,601.27 (Feb. 2018)	18,941.25 (Jan. 2018)
6	1040252	31-Jan-20	29,124.00 (Jan. 2020)	22,299.00 (Dec. 2019)
7	1044372	30-Apr-20	22,991.16 (April 2020)	11,499.58 (Jan. 2020)

Table 13 showed that for the claims numbered 1-4, SSHFC had not use the final monthly salary of the claimants because the salaries were recently changed prior to retirement. On the contrary, SSHFC had used the final monthly salaries for claims number 5-7 despite recent changes in salaries.

This inconsistency in the way recent changes to salaries were treated is caused by SSHFC not establishing a common referenced period that determine the extent to which an increase in salary can be considered appropriate for use in the benefit formula. From our interview with the Benefit Unit, it was revealed to us that benefits officers check salaries of members in the last 3, 4 or 6 months to ensure that recent salary increases are not use in the benefit formula. Therefore, benefit processing officers uses their discretion to determine whether a recent salary increase is appropriate for benefit computation.

Furthermore, the benefit officers did not document this procedure of verifying salaries in the last 6 months. Therefore, it is impossible to perform a review of whether the benefits officers appropriately apply verify salaries in the last 6 months.

The use of wrong salaries in the benefit formula resulted in claimants being paid wrong benefits. **Table 14** showed the claims affected.

Table 14: The effects of incorrect salaries in the benefit formula

	SS No.	Date of termination	Gross Salary used in benefit formula (GMD)	Final gross salary multiplied by 12 (GMD)	Underpaid benefit	
					Gratuity (GMD)	Monthly pension (GMD)
1	1044662	30-Oct-17	214,232.00	314,232.00	(37,999.67)	(621.07)
2	1044442	15-Dec-20	399,600.00	402,300.00	(1,974.28)	(43.6)
3	1057152	3-Apr-20	204,789.72	212,925.24	(8,135.52)	(106.19)
4	1044627	21-Mar-21	255,375.00	266,531.28	(8,315.50)	(183.62)
5	1051506	15-Mar-21	155,541.00	162,514.32	(6,840.24)	-
Total underpaid benefit					(63,265.21)	(954.48)

Table 14 showed a total of underpaid gratuity benefits of GM63,265.

Conclusion

SSHFC has correctly determined the eligibility criteria and completed length of services in the benefit determination. However, the Corporation has shortcomings in determining the final salaries to use in the benefit formula. In addition, SSHFC was not consistent in the use of final salary multiplied by 12 to determine the final salary in the benefit formula.

The Corporation is aware of the risk that employers can intentionally increase salaries for bigger retirement benefits. However, it has not developed a common referenced period for determining whether an increase is justified or not. Benefits officers' attempts to provide a safeguard against the risk resulted in unfair treatment of the claimants as the same situations were treated differently.

Recommendation

SSHFC should use some sort of averaging system to determine the pensionable salary. It is important to use a referenced period that is sufficient to provide an effective safeguard against salary manipulation. Benefits officers should document the verification of the salaries over the referenced period.

To minimise the risk of human error in the computation, we recommend that during the first computation, the benefit officer provide reference of the final salary of the claimant. Example, the page of the remittance schedules on which the claimant's name appeared, the numbering etc. This will provide a quicker and more effective confirmation by the verification officers.

Management Response

Recommendation noted with the following comments.

For customer with SSHFC number 1044442, this claim was sent three months prior to member's retirement as a result of Project 59. The computation was done based on the latest available schedule (August 2020) because the employer was not up to date on contributions then as well, the other schedules came late. The gross salary for the same month (GMD33,300) was also indicated on the SS2 form by the employer, as well as the pay slip. Computation date was October 1, 2020, while the schedules from September to November 2020 were received & scanned in December 2020.

For customer with SSHFC number 1057152, The computation was done based on the latest available schedules (February 2020) and the gross salary was GMD17,065.81. The gross salary used was consistent for both January and February of 2020. Computation date was June 2, 2020, while schedules for March 2020 were received as at June 8, 2020.

For customer with SSHFC number 1044627, the computation was done based on the latest available schedules (January 2021) and the gross salary was GMD21,281.25. Computation date was April 14, 2021, while the rest of the schedules were received as at April 26, 2021.

For customer with SSHFC number 1051506 the computation was done based on the latest available schedules (January 2021) and the gross salary was GMD12,961.75. Computation date was April 19, 2021, while the rest of the schedules were received as at April 26, 2021.

Please see addendum 2 for further details.

Auditors' comment

We have reviewed management's comment and the finding is adjusted to reflect the cases that are not consistent with the assessment criteria. Management's response pointed to the fact that these claims were processed based on the available contribution schedules as at the time of processing the claims. However, interviews with benefit processing officers revealed that salary increases prior to retirement were sometimes ignored because it was felt that these increases were made for retirement purposes.

We recommend that SSHFC liaise with employers to obtain the most recent contribution schedules that is relevant to the claims being processed.

4.1.5 Pension increases for pensioners

The rate of increase

Rule 19 of the Federated Pension Scheme states that SSHFC may, from time to time, increase the level of pensions payable under its pension schemes. This increment is determined by the following considerations:

- *The general rise in the cost of living*
- *The actual salary and wage increases throughout The Gambia*
- *The inflationary effect on the level of incomes*

*However, the increase in pensions shall not be more than the latest **estimated rise in earnings** made by the Actuary.*

The estimated rise in earnings made by the Actuary for the relevant periods were as follows:

Table 15: Estimated rise in earnings made by the Actuary

Report date	Valuation date	Estimated rise in earnings (%)
December 2015	Actuarial valuation as at 31 st December 2014	6.0
August 2019	Actuarial valuation as at 31 st December 2017	5.0
November 2021	Actuarial valuation as at 31 st December 2020	6.0

Source: Actuarial Valuation Reports for FPS

We found that SSHFC has not increase pensions as in line with the estimated rise in earnings made by the Actuary. The pension increase rates ranges from 2.7% to 33% for the 2018 increase and 5% to 65% for the 2022 increase depending on the level of monthly pensions.

Figure 4 showed the percentage pension increases for 2018 and 2022.

Figure 4: Pension increases effective January 2018 and January 2022.



Source: NAO analysis based on the SSHFC pension increase tables

From **Figure 4**, the estimated rise in earnings made by the Actuary is represented by the green line. Any pension increase rate above the green line represented pension increase rates that were above the Actuary’s estimated rise in earnings.

For 2018 pension increase (i.e. the blue line), the appropriate pension increase rates were only applied starting from monthly pension earnings of GMD20,000. For the 2022 pension increases (i.e. the orange line), the appropriate pension increase rates were only applied starting from monthly pension earnings of GMD50,000.²⁴ Pension increase rates for monthly pensions below GMD20,000 for 2018 increase and GMD50,000 for 2022 increase were not in line with what the Actuary made.

Appendix 6 presented the full pension increase tables that SSHFC implemented.

From our interview with SSHFC, the 2019 and 2022 pension increase rates were determined by the management and approved by the board. The maximum Dalasi increase was said to be based on the amount affordable and sustainable by SSHFC. Percentage increases were established by trial and error until the most successful rates were established for the different bands of existing pensions; the higher the pension bands, the lower the percentage pension increase.

From our review of the board paper on the approval of the pension increase rates, we noted that the pension increase proposal has stated that the latest Actuarial Valuation Reports has backed the pension increase proposition of up to 65%. However, our review of the Actuarial Valuation Report 2020 has only recommended using a uniform rate of 4.5% per annum in the long run for pension increases.

²⁴ The 2022 pension increase is audited because the pension increase should have been carried out and applied in 2021.

Furthermore, the pension increase proposal has not made mention of the estimated rise in earnings made by the Actuary for the Board's consideration. This would have informed the Board on the maximum rate of pension increase allowed by the SSHFC Act 2015.

From our interview with the Board, it was revealed to us that SSHFC uses higher rates than the estimated rise in earnings made by the Actuary because they felt that pensions are so small for some pensioners that using the same rate will result in insignificant increase (by using a low rate) for low pension earners or very large increase (by using high rate) for high pension earners. For example, using 5% across will result in a monthly increase of GMD45.50 for pension earnings of GMD910. Conversely, using 50% across results in an increase of GMD20,000 for pension earnings of GMD40,000.

However, SSSHFC already had a system called guaranteed minimum pension that was aimed at protecting pensioners from pension earnings that cannot sustain their livelihood. Guaranteed minimum pension assured that no pensioner earns below a certain monthly pension determined by management. This guaranteed minimum pension is adjusted when pensions are reviewed. The minimum pension from January 2018 to December 2021 was GMD1,210.30 and was revised to GMD2,000.02 effective January 2022.

The SSHFC increase rates more than the estimated rise in earnings made by the Actuary resulted in increased pension costs. For every GMD1 increase by 50%, instead of 6%, has resulted in an incremental annual pension cost of GMD5.28.²⁵ A pensioner receiving GMD5,000 resulted in an additional pension cost by GMD26,400.00 per annum that would have been avoided had the Corporation used the estimated rise in earnings made by the Actuary.

Timeliness of pension increases

According to an interview with SSHFC, the Corporation reviews pensions for an adjustment every three years so that pensioners are effectively protected from inflation in the country. The pension increase review is tied to the actuarial valuation dates. Accordingly, the reviews should be scheduled Januarys 2018, 2021 and so on.

For the period under review, SSHFC carried out two pension reviews: one in 2019 and the other in 2022. The pension review that was supposed to be carried out in January 2018 was done in 2019 and the pension increase was applied retrospectively. This resulted in pension drawback payments of thirteen (13) months to active pensions.²⁶

The pension review that was supposed to be made in January 2021 was made in January 2022. However, this increase has not been applied retrospectively because SSHFC management decided not to apply this increase retrospectively because the Federated Pension Scheme has deficit of about GMD42 million.²⁷

According to an interview with SSHFC, pension increases are not timely implemented because the rate at which pensions are increased is tied to the Actuarial Valuation Reports. These reports are currently not timely published after the end of the year to which they

²⁵ $GMD1 \times 44\% (50 - 6) = GMD0.44 \times 12 \text{ monthly payment} = \mathbf{GMD5.28}$

²⁶ Interview with management of SSHFC. The drawbacks covered the periods January 2018 to January 2019.

²⁷ Interview with management of SSHFC

relate because they relied on the audited financial statements, which were not readily available for timely actuarial valuation. For example, Actuarial Valuation Report as of 31 December 2017 is published in August 2019. So, when pensions were reviewed, it was applied retrospectively to the active pensioners.

Delaying in pension increase meant that SSHFC has not timely provide the level of benefits that was aimed at protecting pensioners from rising cost of living.

Conclusion

SSHFC has not appropriately and regularly applied pension increases in the period under review as specified by the SSHFC Act. These increases were also not timely provided to the pensioners for increase effective January 2019.

SSHFC's claim that pension increase is tied to the publishing of the Actuarial Valuation Report is not consistent with the increase rates the Corporation applied. In addition, it is our view that the SSHFC Act 2015 does not require that the triennial pension increase is tied to the publishing of the Actuarial Valuation Report. The pension increase decision simply uses the latest available report to determine the maximum percentage increase.

Increasing pensions at different rate is justifiable and wise. However, these rates must be within the estimated rise in earnings made by the Actuary. It is our opinion that the Board was not made aware of the limit to which it can increase pensions. Therefore, the board approved an increase that was not consistent with the SSHFC Act 2015.

The rate of pension increases made by SSHFC has led to significant increase in pension costs over the years and the effect will continue.

Recommendation

SSHFC should not increase pensions beyond the estimated rise in earnings made in the latest available Actuarial Valuation Report. When new minimum pension is established, existing pensioners earning below the minimum pension can be moved to the new minimum pension. However, pensioners who receive above the new minimum pensions should not earn more than the estimated rise in earnings that the Actuary made.

SSHFC should use the latest available Actuarial Valuation Report in their pension review without waiting for a new report to be published.

Management response

Noted

4.2 SECTION B: FUND GROWTH TO MAXIMISE MEMBERS' BENEFIT

4.2.1 Interest payment to members of the National Provident Fund

SSHFC has the mandate to initiate investment policies that will yield reasonable returns to its members and undertake investments considered beneficial to the members.

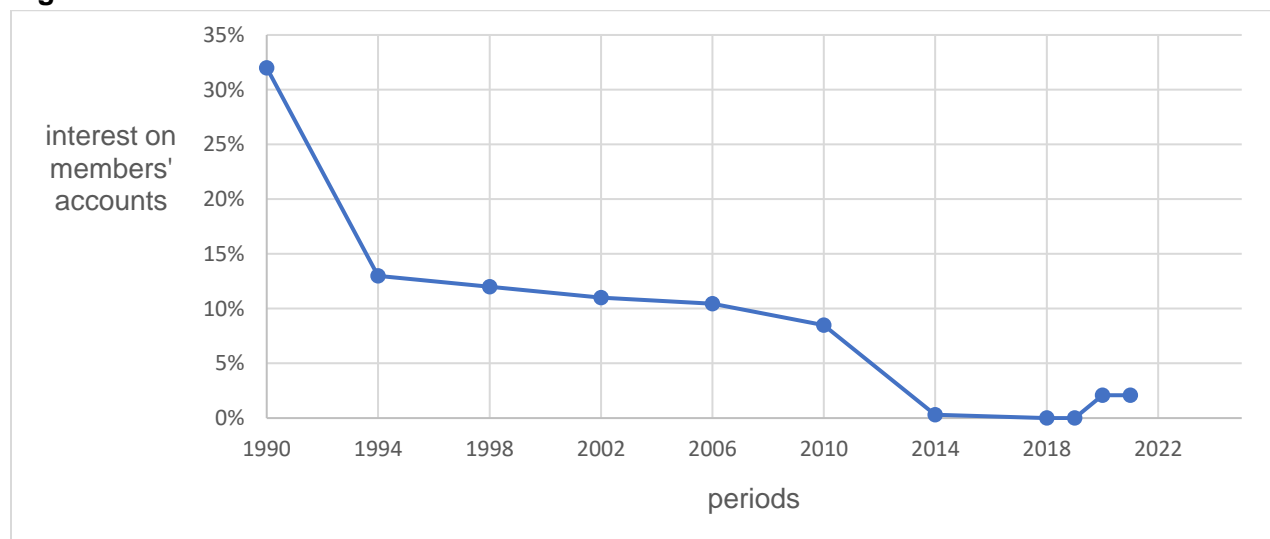
We benchmarked returns to members of the SSHFC with the interest rate that the National Social Security Fund of Uganda paid to its contributing members, which is 12.5% and 9.65% for the financial years 2020/21 and 2021/22 respectively.²⁸ SSHFC paid similar rates between 1994 and 2010. This period 1994-2010 represents the most stable interest rate payment by the Corporation.

The Board should establish the Social Security Committee(s) that have the function to consider and review investment policies and decision that the Corporation undertakes to maximise the welfare of the contributing members.²⁹

For the period 2018-20, SSHFC has only paid interest to members in 2020. The interest paid to members in the year 2020 was GMD84.8 million. This represents 2.09% interest rate to members on their account.

The Corporation has not paid interest to members for the years 2018 and 2019. From the year 2013 to 2015, SSHFC has paid interest rates in the range 0.19% - 0.5%. From the year 2016 to 2019, SSHFC has not paid interest to members on their account. **Figure 5** showed the decline in the interest rates over time.

Figure 5: Interest on NPF members' account between 1990-2021



Source: SSHFC benefit computation reports 2022

²⁸ <https://www.nssfug.org/media-center/pressreleases/nssf-members-to-earn-9-6-5-percent-interest-rate-for-fy2021-22>

²⁹ The SSHFC Act 2015

Figure 5 showed that between 2014 and 2019, SSHFC has paid interest rates at 0% (or near 0%). From 2020, the Corporation has started paying interest at the rate of 2%.

The fall in the level of interests paid to members is attributed to the performance of the investment portfolios of the Corporation.

Table 16 showed the investments portfolios that SSHFC held in the National Provident Fund and the Federated Pension Fund.

Table 16: SSHFC investment portfolios and their rate of returns

	2018		2019		2020*	
	Amount in million GMD	Return (%)	Amount in million GMD	Return (%)	Amount in million GMD	
Bank term deposits ¹	695	18.70	1,159	9.18	1,358	
Equity Holding ²	873	7.80	1,362	5.14	1,613	
Investment Properties ³	851	2.70	1,107	25.41	1,107	
Gov't securities (Bonds and T-bills) ⁴	555	8.70	313	8.70	546	
Corporate loans ⁵	190	5.40	241	6.73	212	
Total investment	3,164		4,182		4,836	

Notes for movement in 2018 and 2019 values

¹ return % is the weighted average interest rate. Significant decrease is due to a decrease in market rate.

² return % is calculated by the total dividend income divided by the investment basis (market value of investment).

³ return % is calculated by the total rental income less expense divided by the investment basis. Significant increase is due to portfolio revaluation.

⁴ return % is weighted average interest rate.

⁵ return % is the annual yield, calculated by the total loan interest income divided by total corporate loan.

Source: SSHFC Activity reports 2018-2020

***2020 rate of return is not provided in the 2021 activity report. 2021 activity reports are not yet published.**

The Social Security Committee should have the function to consider and review investment policies and decision. However, according to the Internal Audit Report of SSHFC titled "Benefits Process Audit for the period July 2019 – December 2019" the Board Investment Committee has not been active as of 31 December 2019.

According to our interview with the Department of Finance and Investment, the Investment Committees were last active in 2018. This was because of change in the Corporation's leadership. Therefore, investment decisions were taken by the Board based on the recommendation made by the Managing Director and the Investment Department.

This has impacted negatively on the ability of SSHFC to effectively undertake investments that maximise returns for the members. As a result, according to the Internal Audit Report

on Investment dated 23 October 2019, the social security investment decisions were normally given to select committees on an ad hoc basis.

The dormancy of the committee also affected monitoring of investments. Our review of the Internal Audit Report on Investment revealed that SSHFC has not effectively monitored its investment portfolios. For instance, for the year 2019, investment properties accounted for 34% of the investment portfolios of the NPF.³⁰ SSHFC Activity Report for 2019 stated that the return on the investment properties portfolio was 25.4%, being the highest return on any portfolio held by SSHFC.

However, the Internal Audit Report on Investment has stated that the Department of Finance and Investment has not maintain proper documentation and review of the annual tenancy agreement for one of the investment properties (The NTC Complex) since January 2015. This has resulted in GMD12.1 million arrears owed to SSHFC by the tenants of this property. For the year 2019, this represents 8.9% of the total income that the Corporation reported, and it is 137.5% of rental income from investment properties that the Corporation held.

According to the Internal Audit Report, the failure to effectively collect rents due on investment properties held by the SSHFC was attributed to SSHFC not actively pursuing the tenants for the rents. For instance, the tenants that were occupying The NTC Complex were last officially communicated since January 2015, i.e last 4 years about the rent payables.

The non-payment and low interest rates affected the growth of member's fund. Members funds are affected by:

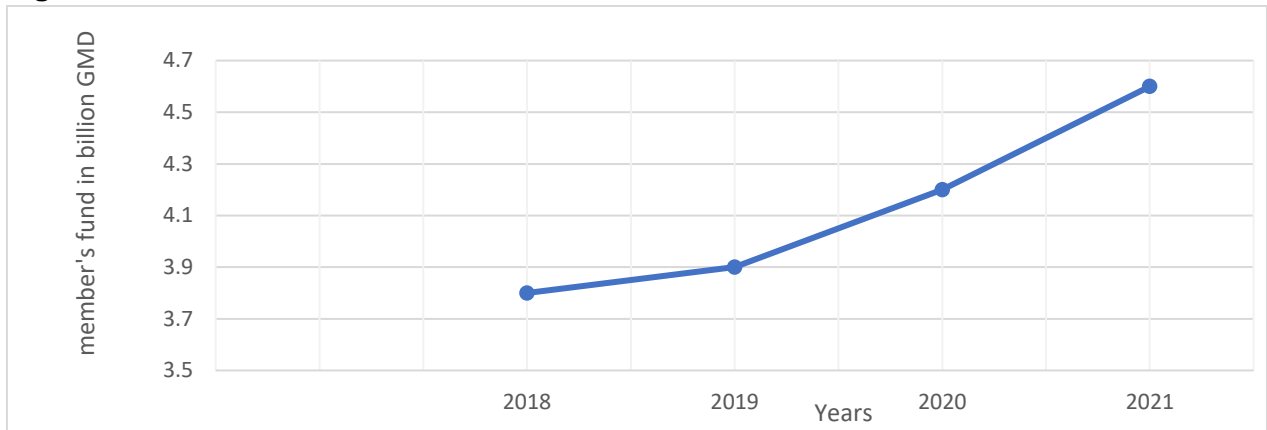
- Contributions less benefits; and
- Interest paid to members.

SSHFC has seen growth in member's fund for each of the years under review. However, the growth in member's fund for the years 2018 and 2019 is wholly due to member contributions net of benefits paid to claimants. This is because no interest is paid to the members. For the year 2020, the interest on member's fund accounted for 27.2% growth in the member's fund and the contribution net of benefits accounted for the other 73.8%.

Figure 6 showed the growth in member's fund for the period 2018-21.

³⁰ NAO analysis based on the SSHFC's financial statements information

Figure 6: Growth in member's fund



Source: NAO analysis of SSHFC Financial Statements information 2018-21.

From **Figure 6**, the member's fund for NPF has grown from GMD3.8 billion to GMD3.9 billion (3%) in 2019 and to GMD4.2 billion (8%) in 2020. The growth in 2021 is wholly due to contributions net of benefits because interest rates were not yet declared as at the time of this audit.

Conclusion

SSHFC has not effectively protected the welfare of its contributing members for the period under audit. This conclusion is based on the rate of interest that members received on their savings with SSHFC. Compared to similar social security funds in Africa, the Corporation has not satisfactorily performed. This means that contributors were effectively receiving only their contributions made into the fund.

Recommendation

We recommend that SSHFC establish a structure that ensures that investment policies, undertakings and performance are regularly reviewed. This structure should ensure that investments portfolios are well diversified, and the performance of the portfolios are effectively monitored and reported so that the Board has timely information for corrective actions.

Management response

Recommendation noted with the following comment

As per the 2019 internal audit report, medical and health rent owings amounted to D4.1 million dalasis out of the D12.1 contained therein.

The Auditors reported that the Corporation has not effectively protected the welfare of the members for the period under audit.

*However, we need to put this into context because we were affected by the impact of the various **Executive Directives** amounting to over **GMD2.0 Billion in principal, recovery***

of which is still a challenge not including the lost interest which could have amounted to over GMD315 million.

Here is the list of investments that were imposed on the Corporation through Executive Directives:

1. Galia (two ferries)
2. Qatari (GFFI)
3. GAMCO
4. Police Barracks
5. GCAA (fire tenders and ambulances)
6. GGC Loan Guarantee
7. GRTS Satellite
8. GIA Hajj
9. NAWEC Loans
10. Kanilai Housing Project.

All the above investments are red herring including one NAWEC Loan (Build Own and Transfer). The amount of this loan is D74,517,000. The overall recoveries to date (December 2022) is D384,325,843.10, leaving an outstanding amount of D1,615,674,156.90.

4.2.2 Administrative expenses of the National Provident Fund

According to the Pension Valuation Report for the Federated Pension Report by the World Bank, social security funds in the Sub-Saharan Africa like SSHFC were not expected to spend more than 10% of their contribution on administrative expenses.

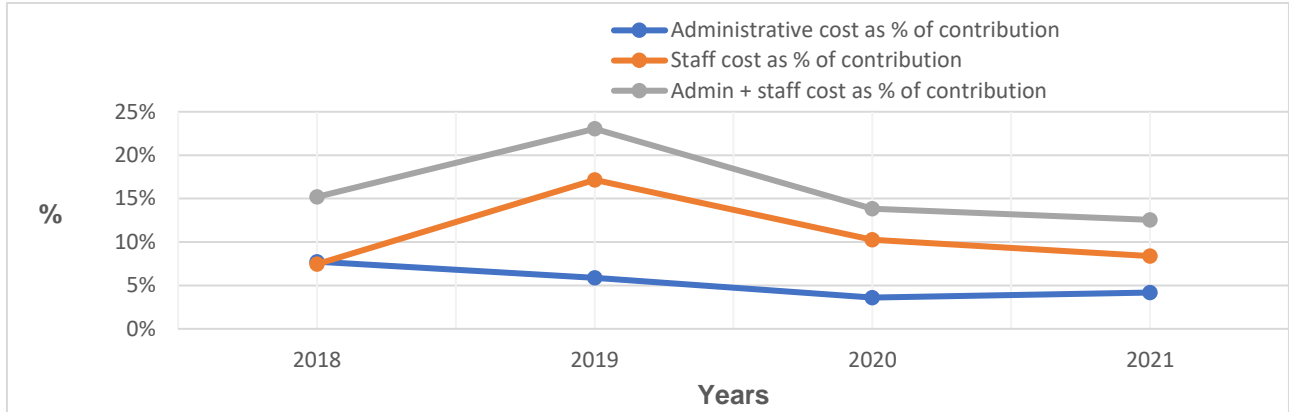
We benchmarked against the Social Security and National Insurance Trust of Ghana which has declined percentage of contribution revenue on administration and operational expenses for the period 2017-20 from 16% to 10%.

Our review of the financial statements for the period 2018-21 showed that SSHFC has spent between 13-23% of its contribution on administrative and staff cost. This spending rate is unstable due to changes in member contributions.

When the administrative and staff costs are individually analysed, the gap between administrative and staff cost widened from 2019 onward.

Figure 7 showed the trend of administrative and staff costs as percentage of contribution for the period 2018-21.

Figure 7: NPF administrative and staff cost as % of contribution revenue 2018-20



Source: NAO analysis based on Financial Statements 2018-21 data

Figure 7 showed that the total administrative and staff costs as percentage of contributions currently stands at 13%. Administrative cost as percentage of contributions progressively declined from 2018 to 2021. On the contrary, staff cost is unstable with the biggest change occurring in 2019.

Conclusion

SSHFC has improved its use of the available resources to collect contributions for the period 2018-21. Couple with increased member contribution, the Corporation has reduced its expenses as a percentage of contributions over the period 2018-21.

However, it still must reduce the total expenses to achieve a performance result considered appropriate for a fund it manages.

Recommendation

We recommend that SSHFC devise cost control measures that ensure that total administrative and operational expenses are kept at or below 10% of the member contributions. Or it can otherwise efficiently use its resources to collect more contribution revenue.

Management response

Noted

4.3 SECTION C: IMPLEMENTATION, MONITORING AND EVALAUTION OF PROCESSES

4.3.1 Monitoring delay factors in processing claims

Various strategic management authors have highlighted that organisations should monitor and evaluate their performance for business success. For example, the Balanced Scorecard, developed by Kaplan and Norton in 1992, stated that organisations should develop indicators for different aspect of operations against which performance is

measured. Similarly, Johnson, Scholes & Whittington included performance monitoring and evaluation in their six-step process for developing a Critical Success Factors.

SSHFC used two different systems of documenting and monitoring claim processes during the period 2018-21:

- For the years 2018-19, SSHFC used a paper-based benefits processing schedules **(attached as Appendix 7)** for documenting the timelines of key processes in processing claims.
- For the years 2020-21, the Corporation moved from the paper-based processing schedule to a computerised system called the workflow. This workflow captures the actual start and end date of each activity in processing claims.

For the years 2018 and 2019 when the SSHFC was using the paper-based processing for monitoring claim processing, the benefit officers were required to document the actual time spent on each stage of the process. However, we found that officers have not documented the actual duration of each activity in the claim processing and why they took more time than the allocated duration.

Four Departments of SSHFC were involved in claim processing.³¹ However, no specific department is tasked to ensure that the benefits processing schedule is accurately and fully completed.

We noted that for the period under review, SSHFC maintains spreadsheet records of member claims that document the claim application and payment dates. However, the Corporation has not analysed this data to help understand how long claimants waited before they receive their benefits. Furthermore, the Corporation did not also document and analyse why claims were taking longer than the standard processing duration to process.

The information provided by officers about the actual time they spent performing a particular activity is aimed at establishing bottleneck activities in processing claims. So, by failing to provide information on the actual time officers spent on each activity, and why delays occurred, SSHFC was not able to document delay factors in claims processing.

Though, according to interview we had with the Director of Operations, delay factors were mostly member financial and bio data problems in the system. However, other factors responsible for delays were overlooked. As a result, SSHFC do not fully appreciate other factors other than the financial and biography data problem as delay factors. This impacted evidence-based decision to address bottleneck activities in processing claims as SSHFC focused mainly on addressing the problems of bio and financial data. Therefore, problems such as errors in computation, and scheduling interviews were overlooked as problems causing delays.

Without evidence-based information on the factors responsible for delay in processing claims, appropriate corrective measures could not be taken to address all delay factors. Furthermore, it also deprived the top management and the Board the opportunity to provide

³¹ Department of Operations, Department of Research and Policy Planning, Department of Internal Controls and Department of Finance and Investment.

an effective oversight of how well members and pensioners were served since reasons for delay cannot be related to specific areas of operation.

Conclusion

SSHFC has not ensured that factors causing delays were adequately documented and analysed to provide full insight into the problems causing delays in processing claims. As a result, the Corporation has not comprehensively identified bottleneck activities in the processing of claims.

Recommendation

SSHFC should identify and document delay factors for each claim that happens to go beyond the desired processing length that the Corporation determines. The aggregate of these delay factors and bottleneck activities will provide a useful insight into design and implementation of initiative to correct problems causing delay in processing claims.

Management response

Noted

4.3.2 The implementation and monitoring of project 59

Implementation of the Project 59

In 2018, the Corporation introduced a programme called 'project 59'. The programme was planned for full implementation in 2021. Project 59 is an initiative to process members' retirement benefit when they reach the age of 59 so that retirement benefits are timely collected when the member reaches the statutory retirement age of 60.³²

According to the interview with the Department of Research and Policy Planning, project 59 entails sending letters in the last quarter of the year to the respective employers, detailing the names of their employees who were above the age of 59 and due for retirement in the next one year. The employers were expected to provide accurate data of those employees to SSHFC so that benefits are paid on their 60th birthday.

According to our interview with the Director of Operations, these letters were only dispatched to the employers in 2019 quarter four. So, for the years 2020 and 2021, the project was not implemented.

SSHFC claimed that the employers to which the letters were sent had not cooperated with the Corporation as they failed to respond to the letters (i.e. the information requested).

We could not review the letters because SSHFC has failed to provide a copy of the letters that they sent to employers. However, according to the interviews we had with the Directors of Operations and Research and Policy Department, the letters did not contain specific information requirement that the employers were expected to provide in respect of each employee.

³² SSHFC, 2018 Activity Report.

Furthermore, SSHFC faces data problems mainly in the National Provident Fund. This was acknowledged by the Director of Operations. However, an interview with the Director of Research and Policy Planning revealed that the Project 59 letters were sent to mainly Federated Pension Scheme member employers.

The failure of SSHFC to fully implement Project 59 has led to continued delays in processing claims. This is because the financial and biography data problems were mainly resolved during processing of claims. This resulted in delays in the processing of claims as highlighted previously under the finding relating to timeliness of benefit payments.

Monitoring and evaluation of project 59

Various strategic management authors have highlighted that organisations should monitor and evaluate their performance for business success. For example, the Balanced Scorecard, developed by Kaplan and Norton in 1992, stated that organisations should develop indicators for different aspect of operations against which performance is measured. Similarly, Johnson, Scholes & Whittington included performance monitoring and evaluation in their six-step process for developing a Critical Success Factors.

According to an interview with the Director of Operations, there was no evaluation of the Project 59 for the period under review.

From our communication with Director of Internal Controls through email, SSHFC do not develop an annual operational activity plan for the period under review. Operational activities are captured in budgets, which provided financial estimates for the operations. The budgets have not documented how SSHFC would implement and monitor project 59. SSHFC has not also develop a specific plan for how the project would be monitored and evaluated.

As a result of the failure to evaluate the programme, SSHFC was not able to conclusively determine whether the project has improved processing of claims. It also resulted in the Corporation failing to identify reasons why the employers had failed to respond to the SSHFC letters, and how it can address those deficiencies.

Conclusion

Project 59 is a sensible programme that was designed to improve processing of claims. However, SSHFC has not effectively implemented the project to ensure members received their benefits on time.

The project was discontinued after implementing it in only one year. Furthermore, SSHFC has not included specific information requirement the employers were required to provide for each employee in its letters. This may explain why employers have failed to respond to the request from SSHFC.

Project 59 was initiated to ensure that problems with the members' data are regularised. The problems with members' financial data were most common with the National provident Fund. SSHFC mainly targeted the Federated Pension Scheme members for this project.

SSHFC has also not evaluated the project to see whether it has improved processing of claims and how shortcomings could be addressed.

Recommendation

SSHFC should revive project 59 and develop a comprehensive plan that define the responsibilities of each department. The plan should also include performance indicators to enable useful evaluation of the project.

Specific information requirement should be included in the communication with employers regarding their employees retiring the following year. This would require SSHFC to have specific information that is missing and what needs to be confirmed for each member by the employer/employee.

SSHFC should monitor and evaluate the implementation of the project 59, and lessons drawn for improvement.

Management response

Noted

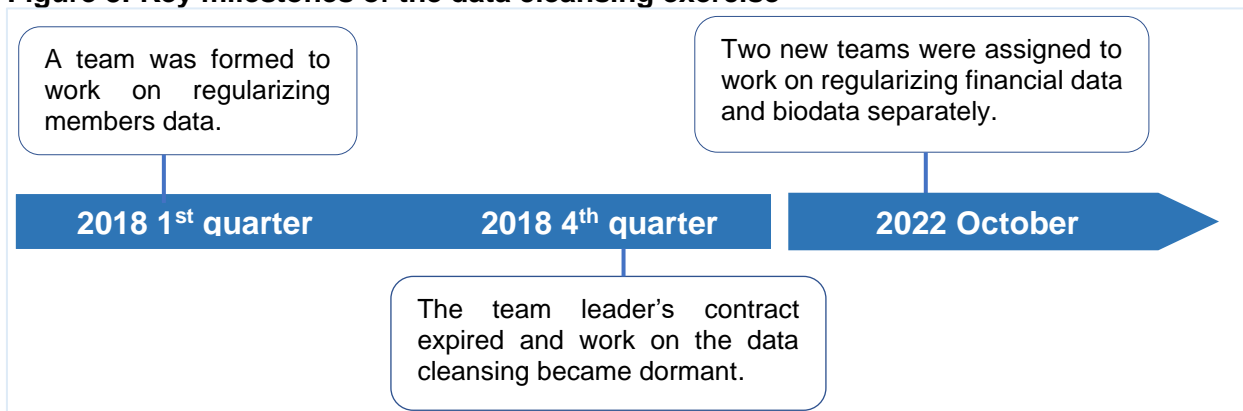
4.3.3 The implementation and monitoring of the data cleansing exercise

The implementation of the cleansing exercise

SSHFC Activity report for 2018 stated that the Corporation started a data cleansing exercise to remove or modify data that were incorrect, irrelevant, incomplete, duplicated or improperly formatted in the database. The objective of the exercise is to ensure that the data which is to be migrated to the Social Security Management Information System (SSMIS) is accurate and its integrity is not compromised.³³

However, our interviews with SSHFC revealed that this exercise has been dormant for the period 2019-21. **Figure 8** detailed the key milestones of the exercise.

Figure 8: Key milestones of the data cleansing exercise



Source: Interview with SSHFC Department of Research and Policy Planning

³³ SSHFC Activity reports 2020

Figure 8 showed that the data cleansing exercise was stopped in 2018 and only revived in 2022.

According to an interview with the Verification Unit, they continued to maintain the regularised member accounts in the computerised system (called Navision System) that initially created the problem of inaccurate member data. So, the regularised data is still vulnerable to unintentional changes.

According to an interview with the Department of Research and Policy Planning, the exercise was stopped in 2018 when the leader of the team carrying out the data cleansing had his contract expired. No other team was formed to continue the exercise.

The failure to get the data cleansing exercise actively implemented for the period 2019 to 2021 prevented SSHFC from having accurate financial and biography data of its members. As a result, problems with claimants' financial and biography data were only resolved during processing of their claims. This resulted in delay benefit payments.

Monitoring and evaluation of the data cleansing exercise

Various strategic management authors have highlighted that organisations should monitor and evaluate their performance for business success. For example, the Balanced Scorecard, developed by Kaplan and Norton in 1992, stated that organisations should develop indicators for different aspect of operations against which performance is measured. Similarly, Johnson, Scholes & Whittington included performance monitoring and evaluation in their six-step process for developing a Critical Success Factors.

However, through interviews we had with the various departments involved in the data cleansing exercise, SSHFC has not evaluated this initiative.

Furthermore, SSHFC did not document the number and list of members' data that were corrected. The exercise was revived in 2022. However, the teams assigned to continue the data cleansing from 2022 continued not to document list of members whose data were corrected. As a result, the Verification Unit tasked to work on the financial data cannot say the progress it had made. The team said that the regularisation of the member accounts is being carried out on employer basis. However, they could not give us the number of employers that they had completed so far.

From our communication with Director of Internal Controls through email, SSHFC do not develop an annual operational activity plan for the period under review. Operational activities are captured in budgets, which provided financial estimates for the operations. These budgets did not captured how activities were to be implemented and monitored. SSHFC did not also develop a plan for how the data cleansing exercise was to be monitored and evaluated.

In addition, SSHFC has not set targets regarding the data cleansing exercise against which performance is measured. The Activity Reports for 2018 to 2021 reported that the exercise will continue until it fully migrates to the new IT system. However, no specific target was set for each operational period.

The failure to monitor and evaluate the data cleansing exercise has resulted in SSHFC not knowing the level of progress it has made in correcting its members data or how it impacted

processing of claims. However, the Corporation reported for the period 2018 to 2021 that the exercise has positively impacted processing time of claims.

Furthermore, lack of monitoring and evaluation resulted in SSSHFC not being able to identify deficiencies in the implementation of the initiative or hold the teams accountable for the work assigned to them. Without having knowledge of the deficiencies in the exercise, SSHFC was not able to take timely action to ensure that the exercise continue after the 2018 data cleansing team was dissolved.

In addition, the failure to establish performance indicators or measurable targets for the exercise resulted in SSHFC not being able to effectively evaluate the effectiveness of the initiative because there was no standard against which progress is measured.

Conclusion

SSHFC has not carried out the data cleansing exercise effectively and efficiently. This is because claimants are still waiting significantly longer than the standard processing time, even though the exercise was aimed at improving the processing time of claims.

The Corporation has also not evaluated the exercise. SSHFC reported that the exercise has improved claim processing. However, it is our view that the exercise has not impacted claim processing time.

Recommendation

- a. SSHFC should maintain records of member employers and employees whose data are regularised.
- b. SSHFC should Keep the regularised financial records in a way that they are not vulnerable to unintentional changes.
- c. SSHFC should develop a monitoring and evaluating mechanism for the exercise. This includes setting targets and evaluating teams on this, and the effect the initiative has on claims processing time.

Management response

Recommendation noted with the following comment

The data cleansing exercise has never stopped since its inception. The exercise has been ongoing and the team leader has not been terminated. Currently we have augmented the team by introducing the senior staff of the department to handle the exercise. The scope of exercise is limited to Bio and Financial data of the members.

Please refer to the attachment of Jamal Miknass employment contract provided.

Auditors' comment

We received no evidence that the data cleansing exercise was active for the period 2019-21. **Figure 8** was based on testimonial evidence since no work on the data cleansing is documented for the period under review.

Appendix 1: Audit questions and criteria

Question (a)	
Is the SSHFC guarantying the social security fund growth to maximize benefits for its members?	
Yield on investments <i>(SSHFC Act 2015)</i>	The SSHFC has the mandate to initiate investment policies that will yield reasonable returns to its members and undertake investments considered beneficial to the members.
Investment objectives <i>(SSHFC 2019 Activity Report)</i>	To achieve both short- and long-term return on the funds' investment portfolios and optimise returns in a prudent and cost-effective manner.
Administrative cost <i>(International best practices Benchmarking)</i>	According to Pension Valuation Report for Federated Pension Scheme, January 2018, middle- and high-income countries spend no more than 2% of their contribution revenue on administrative cost. The report stated that Sub Saharan African Countries like the Gambia should not spend more than 10% of contribution revenue on administrative costs.
Question (b)	
Is the SSHFC ensuring that members' benefits are paid correctly and on time?	
Eligibility for benefit <i>(SSHFC Act 2015 Rule 3)</i>	A member who completes at least five years of membership is entitled to retirement benefits.
Retirement age <i>(SSHFC Act 2015 Rule 4 and 5)</i>	Statutory retirement age is 60 years. However, voluntary retirement is allowed upon attaining age 45 under the FPS.
Pensionable salary (FPS only) <i>(SSHFC Act 2015 Rule 4)</i>	Pensionable salary is the final salary of the member. Until 31 st December 2007, the final salary is the basic salary of the member and after 31 st December 2007, final salary is based on the gross salary. This is because the 15% employer contribution rates were on basic and gross salaries respectively.
Pensions on normal and voluntary retirements <i>(SSHFC Act 2015 Rule 3)</i>	FPS Members with more than 10 years of scheme membership qualify for lifetime regular pension. For 5-10 years, members are entitled to a lump sum payment. The level of pension is determined by the length of scheme membership, the final salary, and the age at which a member retires (represented by a discount factor in the benefit formula). NPF Membership for more than 5 years is entitled to benefits. At age 60, a qualifying contributing member accesses all the fund on the account (contributions plus interest). When the member is less than 60 years, access is limited to a portion on the account based on the member's age.

<p>Commutation of pension (FPS only) <i>(SSHFC Act 2015 rule 5)</i></p>	<p>Scheme members can choose to commute up to the higher of: a) a quarter (25%) of full pension b) an amount equal to one year salary. for a lump sum in cash</p>
<p>First and last pension instalments (FPS only) <i>(SSHFC Act 2015 Rule 8)</i></p>	<p>SSHFC paid pension by monthly instalments, the first instalment falling due on the first day of the month coincident with or if not coincident with this date, the next working date following the date on which the pension becomes payable.</p> <p>Rule 8 further states that monthly pensions shall continue to be payable during the remainder of the lifetime of the pensioner unless where a pensioner who retires on ground of disability re-enters service with the last instalments falling due on the first day of the month immediately preceding the date of his or her death.</p>
<p>Death benefit <i>(SSHFC Act 2015 Rule 11)</i></p>	<p>Where a member or former member dies while in service death benefit is paid to his or her dependents.</p> <p>FPS only Where a pensioner dies while in receipt of pension, death benefit is payable to the dependents where there is excess of the annual full pension calculated over the aggregate of the lump sum cash gratuity and 80% of pensions paid up to the date of death.</p>
<p>Deferment of retirement benefits (FPS only) <i>(SSHFC Act 2015 Rule7)</i></p>	<p>A member who remains in service after the age of 60 can elect to defer the payment of the retirement benefits until he or she retires from service. The additional period of service is considered to increase the retirement benefits calculated based on the normal benefit formula.</p>
<p>Pension increase (FPS only) <i>(SSHFC Act 2015 Rule 19)</i></p>	<p>SSHFC from time to time may increase pensions considering rise in salaries, cost of living, and inflation in the Gambia. However, pensions increase rate is limited to the maximum of the latest estimated rise in earnings made by the Actuary in the Actuarial Valuation Reports for FPS.</p>
<p>Standard processing time <i>(SSHFC regulation 2005)</i> <i>Social Security Fund (Amendment) Regulations 2020</i></p>	<p>The standards processing time as established by the processing schedule developed by SSHFC is 16 days when internal audit was involved in the verification of the processing 2018-19. For 2020-21 internal audit was not involved in the processing stages and standard processing time is reduced to 14.</p> <p>For NPF, for members who claim part withdrawal due to being out if gainful employment, the claim will go through cooling off period. The age of the member determines the cooling off period.</p> <p>However, from 2020 this regulation was amended to no cooling off period because of the outbreak of the Covid-19 that took many employees out of employment.</p>

Question (c)

Is the SSHFC ensuring the appropriate monitoring and evaluation of claims processing?

Monitoring and Evaluation is geared towards identifying and measuring achievements made from specific instituted programmes and projects. Various strategic management authors have highlighted the need for organisations to monitor and evaluate their achievements. For example, the Balanced Scorecard, developed by Kaplan and Norton in 1992, provides a framework for a business to monitor and measure the critical variables for business success. Businesses should develop indicators for different aspect of their operations against which performance is measured.

Similarly, Johnson, Scholes & Whittington included performance monitoring and evaluation in their six-step process for developing a Critical Success Factors for businesses.

SSHFC has developed its first Strategic Plan that covered 2022-26 and the Corporation has recognised that monitoring and evaluation system will assist SSHFC in providing a framework for reporting on progress while implementing the Plan and evaluating performance against planned outputs.

Appendix 2: Interviews carried out and employer questionnaires

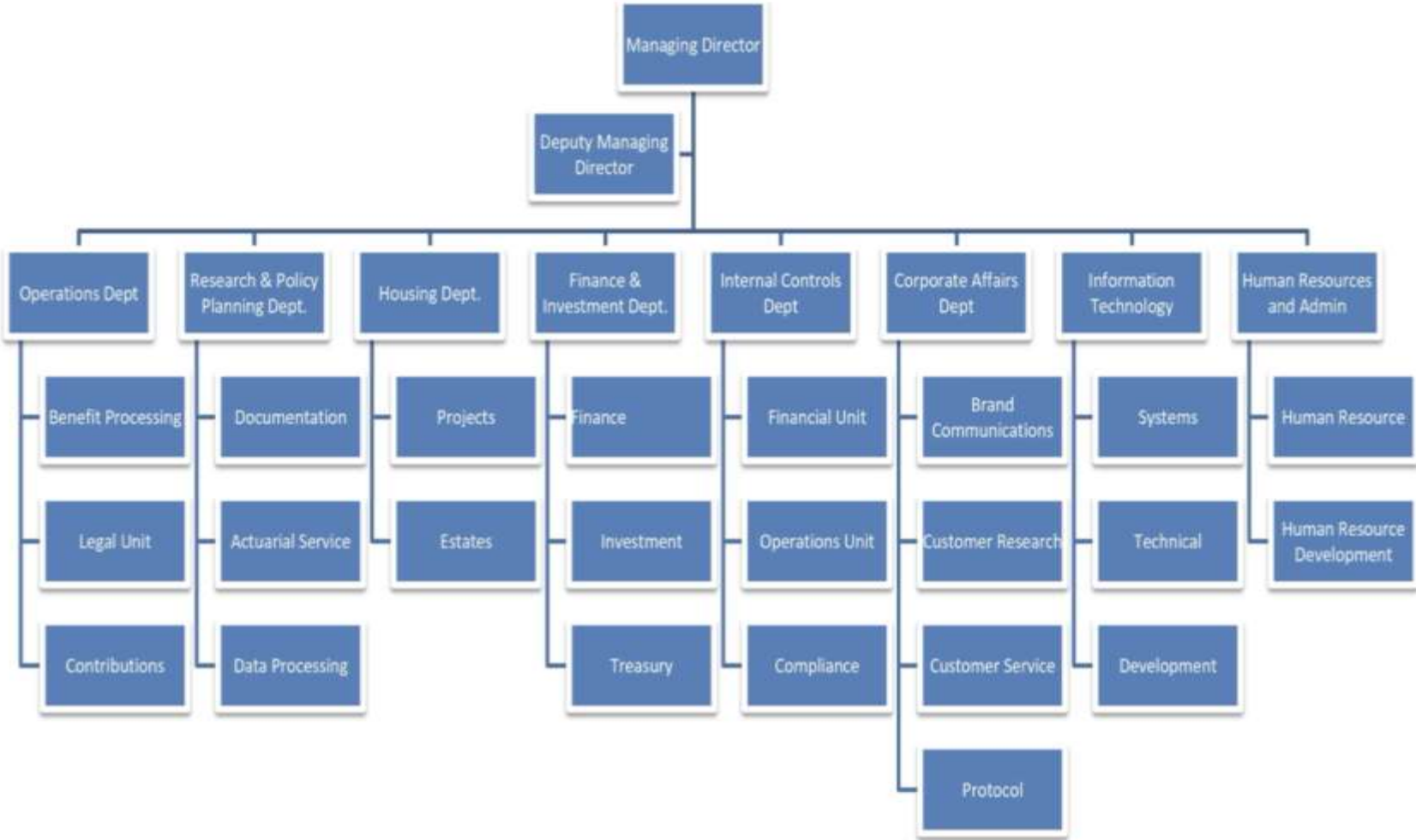
	Date	Office	Officers	Purpose
1	24 Feb. 2022	SSHFC (Department of Research and Policy Planning)	<ul style="list-style-type: none">- Director of Research and Policy Planning- Ag Senior Internal Audit Manager- Fund Manager Benefit- Fund Manager Recovery	Seek clarifications of problems noted in the claim reviews
2	30 Mar. 2022	SSHFC	<ul style="list-style-type: none">- Director of Research and Policy Planning- Director of Internal controls- Benefit Manager- Assistant Benefit Manager- Fund Manager contribution- Benefit supervisor- Pension Payroll Officer	Obtain knowledge on the financial sustainability of the social security funds
3	29 Sept. 2022	SSHFC (Benefit Processing Unit)	<ul style="list-style-type: none">- Ag. Senior Internal Audit Manager- Benefit Manager- Fund Manager Contribution- Pension Payroll Assistant- Contribution Verification Manager- Assistant Contribution Verification Manager- Senior Compliance Inspector Benefits	Seek clarifications of problems noted in the claim reviews

	Date	Office	Officers	Purpose
4	13 Oct. 2022	SSHFC (Department of Research and Policy Planning)	- Director of Research and Policy Planning - Assistant Internal Control Manager	Seek clarifications of problems noted in the claim reviews
5	13 Oct. 2022	SSHFC (Department of Research and Policy Planning)	- Fund Manager Documentation - Data Verification Manager - Fund Manager Data Processing	Seek clarifications of problems noted in the claim reviews
6	18 Oct. 2022	SSHFC (Department of Operations)	- Director of Operations	Seek clarifications of problems noted in the claim reviews
7	18 Oct. 2022	SSHFC (Department of Information Technology)	- Director of Information Technology	Seek clarifications of problems noted in the claim reviews
8	03 Nov. 2022	SSHFC Board and Management.	- Board Chairman - Managing Director - Director of Corporate Affairs - Ag. Senior Internal Control Manager	Obtain information on the oversight function of the Board.
9	08 Dec. 2022	SSHFC (Department of Finance and Investment)	- Director of Finance - Senior Finance Manager - Senior Investment Manager - Finance Manager - Investment Manager	Seek clarifications of problems noted in the financial performance of SSHFC.

Employers to which questionnaires were sent

Federated Pension Scheme members	<ol style="list-style-type: none"> 1. NAWEC 2. Gambia Revenue Authority 3. Gambia Ports Authority 4. Management Development Institute 5. Gambia Technical Training Institute 6. Gamtel 7. Public Utility Regulatory Authority 8. Trust Bank Ltd
National Provident Fund members	<ol style="list-style-type: none"> 9. Medical Research Council 10. Qcell 11. Riders for Health 12. Gamworks 13. Africa Muslim Agency 14. Reliance Financial Services

Appendix 3: Organogram of SSHFC



Source: SSHFC, provided February 2021

Appendix 4: SSHFC departments relevant to our audit and their responsibilities

Operations	Research and Policy Planning	Finance and Investment	Internal Controls	Corporate Affairs	Information Technology
<p>Responsible for:</p> <ul style="list-style-type: none"> • Determining member benefits. 	<p>Responsible for:</p> <ul style="list-style-type: none"> • Creating, maintaining, and modifying members data. • Providing members with statement of accounts • Conducting compliance inspections • Retention of processed claims documentation. • Compile and provide the necessary data for periodic valuations. 	<p>Responsible for:</p> <ul style="list-style-type: none"> • Executing the approved investment plan. • Evaluating the fund's progress. • Monitoring assets and investment returns. • Preparing financial statements and investment reports. 	<p>Responsible for:</p> <ul style="list-style-type: none"> • Risk identification & communication to the Board. • Evaluating the effectiveness of internal control system. • Reviewing operations and procedures to ensure accuracy of records, promote efficiency and adherence to established procedures. 	<p>Responsible for:</p> <ul style="list-style-type: none"> • Receiving enquiry & issuing all SSHFC forms. • Member and pensioner awareness and education. 	<p>Responsible for:</p> <ul style="list-style-type: none"> • System and network security. • Ensuring IT information availability to users. • Upgrade and instal IT systems and applications. • Develop and maintain business continuity and disaster recovery plan.

Appendix 5: Relevant documents for claim processing

1	Identification (ID card, passport etc) for claimants and dependants for deceased members.
2	Liability letter from the employers to show how much the employee owes the employer so that the amount is deducted from the employee's benefit (for retirement only).
3	Death certification or an attestation of death from either an Alkalo or District Chief (for survivor's benefits only).
4	Termination letter from Employer or his representative.
5	Affidavit to show that the claimant is not into gainful employment as at the time of lodging the claim (for optional withdrawal only).
6	Medical Board Report for disability / ill-health (for ill health benefit).
7	The Social security membership card.
8	Recent Passport size photo.
9	Last Salary Slip of retiree.
10	Marriage Certificate (for marriage benefit only).

Appendix 6: Pension increase rate for 2018 and 2022

REVISED PENSION INCREASE TABLE EFFECTIVE JANUARY 2018				
Category	Current Pension Range (GMD)		INCREASED BY THE GREATER OF	
			%	Alternative Values (GMD)
1	910.00	910.00	33%	0.00
2	911.00	5,000.00	16.00%	300.30
3	5,001.00	10,000.00	10.70%	800.00
4	10,001.00	15,000.00	8.00%	1,070.00
5	15,001.00	20,000.00	6.40%	1,200.00
6	20,001.00	25,000.00	5.30%	1,280.00
7	25,001.00	30,000.00	4.60%	1,325.00
8	30,001.00	35,000.00	4.00%	1,380.00
9	35,001.00	40,000.00	3.60%	1,400.00
10	40,001.00	45,000.00	3.20%	1,440.00
11	45,001.00	50,000.00	2.90%	1,440.00
12	50,001.00	55,000.00	2.70%	1,450.00
TOTAL			100%	
MINIMUM PENSION FROM JAN 2018 TO DEC 2021 WAS GMD1210.30				

**SSHFC BOARD RE-SUBMISSION FOR PENSION INCREASE 26TH OCTOBER 2021
EFFECTIVE JAN 1ST 2022**

Category	Current Pension Range (GMD)		THE GREATER OF		Effective increase range (%)
			%	Alternative Values (GMD)	
1	1,210.30	1,210.30	65.25%	0.00	65.25% - 65.25%
2	1,211.00	5,000.00	50.00%	789.72	65.15% - 50%
3	5,001.00	10,000.00	25.00%	2,500.00	49.87% - 25%
4	10,001.00	15,000.00	22.50%	2,500.00	24.88% - 22.50%
5	15,001.00	20,000.00	20.00%	3,375.00	22.17% - 20%
6	20,001.00	25,000.00	17.50%	4,000.00	17.65% - 17.50%
7	25,001.00	30,000.00	15.00%	4,375.00	17.23% - 15%
8	30,001.00	35,000.00	0.00%	4,500.00	-
9	35,001.00	40,000.00	10.00%	0.00	10.00%
10	40,001.00	45,000.00	0.00%	4,000.00	-
11	45,001.00	50,000.00	0.00%	0.00	-
12	50,001.00	55,000.00	5.00%	0.00	5.00%

MINIMUM PENSION EFFECTIVE JAN 2022 IS GMD2000.02

Source: SSHFC, provided 30 September 2022.

Appendix 7: Benefits processing schedule

PROCESS/STAGE	OFFICER	DATE		REMARK	DURATION (DAYS)	
		RECD	FWD		INITIALS	STANDARD
REGISTRATION / ADVANCE INTERVIEW	BENEFITS DESK OFFICER / CLERK				1	
REQUEST FOR EXTRACTIONS						
EXTRACTION DRPP IF NECESSARY, FD	BENEFITS OFFICER				3	
FIRST AUDIT	AICM				2	
BENEFITS TO FORWARD CLAIM TO DRPP FOR CORRECTION OF PROFILE	BENEFITS OFFICER				1	
DRPP (CORRECTION OF PROFILE)	SFMDP				1	
BENEFITS TO FARWARD CORRECTED PROFILE TO AUDIT	BENEFITS OFFICER				1	
AUDIT VERIFICATION OF CORRECTED PROFILE	AICM				1	
BENEFITS INTERVIEW OF CLAIMANT / SURVIVORS ANDNCERTIFICATION OF PAYMENT	BENEFITS OFFICER				1	
RECOMMENDATION FOR APPROVAL	BENEFITS MANAGER				1	

PROCESS/STAGE	OFFICER	DATE	REMARK	DURATION (DAYS)
APPROVAL FOR COMPUTATION	DO / Ag BO			1
FINAL AUDIT (SECOND AUDIT)	DIC			1
APPROVAL FOR PAYMENT	DO			1
DRAWING OF CHEQUE	DFI			1
REGISTRY				

Appendix 8: Claimants paid incorrect benefits

	SS #	Benefit overpaid (underpaid)	Incorrect payment as % of benefit received	Errors Made
1	2039603	(8,440.57)	46.70%	<ul style="list-style-type: none"> - 2014 yearly contribution should be 220.74 instead of 0.00 - 2015 yearly contribution should be 2,276.95 instead of 0.00 - 2016 yearly contribution should be 2,461.62 instead of 0.00 - 2017 yearly contribution should be 2,696.65 instead of 0.00 - 2018 yearly contribution should be 2,848.50 instead of 0.00 - 2019 yearly contribution should be 2,945.13 instead of 0.00 - 2020 yearly contribution should be 880.49 instead of 0.00
2	2027724	(10,698.72)	16.65%	<ul style="list-style-type: none"> - Oct, Nov, and Dec 2005 contributions should be 118.05 each month instead of 112.65 - 2010 yearly contribution should be 12,189.6 instead of 3047.40
3	2033746	(2,926.72)	7.14%	<ul style="list-style-type: none"> - 2004 Aug contribution should be 705.00 instead of 324.00 - 2010 May and Dec. contributions should be 896.75 instead of 0.00
4	2181948	(2,124.89)	2.90%	<ul style="list-style-type: none"> - May 2013 contribution should be 2,617.77 instead of 1,053.00 - April 2015 contribution should be 1680.00 instead of 1,250.96 - Jan 2019 contribution should be 2,101.02 instead of 1,981.95
5	2039957	(598.04)	2.21%	<ul style="list-style-type: none"> - 2017 Nov and Dec should be 110.38 each instead of 0.00 - 2018 April contribution should be 206.32 instead of 316.70 - 2018 Jul contribution should be 234.45 instead of 0.00 - 2018 Nov contribution should be 253.21 instead of 0.00

	SS #	Benefit overpaid (underpaid)	Incorrect payment as % of benefit received	Errors Made
6	2107361	(1,419.58)	2.12%	- 2019 Jan and June should be 1,321.82 each instead of 1,224.00 for Jan and 0.00 for June
7	2105054	(734.40)	1.44%	- 2019 Aug. contribution should be 734.40 instead of 0.00
8	2104178	(1,682.17)	1.20%	- 2002 yearly contribution should be 441.54 instead of 0.00 - 2003 yearly contribution should be 177.69 instead of 0.00
9	2208122	(331.85)	0.68%	- Feb 2015 contribution should be 639.6 instead of 592.20 - 2017 April and May contributions should be 829.20 each instead of 687.00
10	2109776	(285.00)	0.65%	- 2020 May and Aug. contributions should be 142.50 each instead of 0.00
11	2026719	(167.64)	0.04%	- June 2008 contribution should be 2551.50 instead 2430.00
12	2100513	2,192.35	0.58%	- April to Aug. contributions should be 1,053.34 each instead of 1,027.65 posted for April -June and 2,106.68 for July and Aug.
13	2124882	387.83	0.67%	- 2020 June contribution should be 387.83 instead of 0.00
14	2129109	2,048.04	0.74%	-Feb 2002 contribution Should be 0 instead of 379.35 -Feb and Oct 2003 contribution should be 405.9 and 607.8 respectively instead of 414.45 and 618.45 -Sept 2004 contribution should be 723.7 instead 629.25 -Sept, Oct, and Nov 2008 contributions should be 786.30, 786.30 and 825.60 respectively instead of 825.60, 825.60 and 2424.35 -2010 except for Jan. all the monthly contribution should be 866.85 instead of 825.60 -Jul 2011 contribution should be 910.20 instead 1,035.04 -July and Dec 2014 contributions should be 1,368.15 and 402.45 respectively instead of 1,334.70 and 1,207.35 -July and Aug 2015 contributions should be 1,427.70 and 1,427.40 respectively instead of 1,326.30 and 1,427.70 -Dec 2018 contribution should be 1,132.50 instead of 1,698.75 -Sept 2019 contribution should be 1,732.65 instead of 0.00

	SS #	Benefit overpaid (underpaid)	Incorrect payment as % of benefit received	Errors Made
15	2029326	8,634.79	0.77%	-2004 yearly contribution should be 14,233.20 instead of 16,965.45 -2006 yearly contribution should be 22,395.00 instead of 24,708.30 -2008 June and July contributions should be 2,157.75 instead of 2,172.75 -2010 June contribution should be 2,157.75 instead of 2,175.75 -2018 April to June should be 5,438.80 instead of 5,035.92
16	2166521	298.45	1.05%	- 2010 yearly contribution should be 2,700.00 instead of 3,150.00 - 2013 yearly contribution should be 2,700.00 instead of 2,475.00
17	2029589	1,573.21	1.65%	- 2000 Jan to May instead of been 0 for each of the months, should be 96.49 for Jan, 84.99 for Feb, 88.26 for Mar, 105.12 for Apr, and 94.62 for May.
18	2134079	3,980.40	1.99%	- 2004 yearly contribution should be 2,307.60 instead of 2,247.60 - 2017 yearly contribution should be 11,559.00 instead of 13,870.80 - 2019 Jan contribution should be 1,207.20 instead of 1,027.80 -2020 yearly contribution should be 11,585.7 instead of 13,564.65
19	2189749	853.85	5.83%	-2010 yearly contribution should be 3,034.50 instead of 3,315.00 -2012 March, April, May, June, and Aug. contributions should be 280.50 each month instead of 207.66. -2019 yearly contribution should be 1,432.86 instead of 1,671.67
20	2108606	4,221.74	21.12%	-2000 yearly contribution should be 495.00 instead of 1,614.36 -2003 yearly contribution should be 0.00 instead of 281.26 -2011 yearly contribution should be 216.00 instead of 0.00

	SS #	Benefit overpaid (underpaid)	Incorrect payment as % of benefit received	Errors Made
21	2270172	14,979.39	42.14%	<ul style="list-style-type: none"> - 2017 Aug. contribution should be 275.73 instead of 0.00 - 2018 Feb contribution should be 2,973.25 instead of 2927.00 - 2018 April contribution should be 2,927.00 instead of 0.00 - 2018 Nov contribution should be 2,252.00 instead of 2,927.25 - 2019 Feb and March should be 2,814.00 instead of 2,927.25 - 2019 July contribution should be 2,589.00 instead of 2,927.25 - 2019 Aug contribution should be 2,252.00 instead of 2,927.25 - - 2019 Sept. contribution should be 1,801.00 instead of 2,927.25 - 2019 Oct. contribution should be 2,477.00 instead of 2,927.25 - 2020 May-Aug should be no contribution instead of 2,927.25

Appendix 9: Contribution gaps raised at the time of processing claims

	SS #	Benefit received (GMD)	Gaps amount (GMD)	Gap % of benefit received	Gaps
1	2133957	41,872.25	167.10	0.40%	Nov'12
2	2020518	1,294,439.45	567.50	0.04%	Jul'92
3	2245750	14,111.21	1,245.00	8.82%	Oct'07-Dec'07 / Sep'19 / Mar'20-Jun'20
4	2182853	18,316.08	1,417.20	7.74%	Nov'07-Dec'07 / Sep'11
5	2205777	19,703.42	1,449.00	7.35%	Dec'12-Feb'13
6	2024812	509,038.70	1,980.00	0.39%	Aug'03 / Jan'04 / May'04 / Dec'06
7	2180357	32,409.85	2,616.00	8.07%	Mar'08 / Jan'08 / Mar'08 / Jul'08 / Sep'08 / Jan'09-Feb'09 / Jan'10-Mar'10 / Nov'16
8	2029900	472,233.23	2,938.50	0.62%	Jan'14-Feb'14
9	2029941	54,415.41	2,985.00	5.49%	Jan'11 / May'13-Jun'13 / May'15 / Nov'17 / Mar'20-May'20
10	2038672	70,221.66	3,328.05	4.74%	Jul'93-Dec'95 / Feb'98- May'98 / Jan'15
11	2108606	19,987.77	4,098.86	20.51%	Jan'96-Mar'96 / Jan'99-Oct'99 / Mar'03-Dec'03 / Jan'04-Dec'04
12	2189604	16,619.87	4,642.20	27.93%	Feb'09 / Jan'11-Mar'11 / Aug'18-Jan'19
13	2119546	114,219.30	5,126.64	4.49%	Jan'13-Feb'13 / Aug'13-Sep'13 / Feb'14 / Apr'14

	SS #	Benefit received (GMD)	Gaps amount (GMD)	Gap % of benefit received	Gaps
14	2106739	97,330.58	5,532.86	5.68%	May'08-June'08 / Aug'09 / May'10 / Feb'11 / Jan'14-Jun'14 / Aug'14-Dec'14
15	2120369	21,927.40	5,583.33	25.46%	Oct'11 / Apr'12 / Oct'12 / Apr'13 / Oct'13 / Dec'13 / Apr'14 / Oct'14 / Jan'15-Mar'15 / Oct'15 / Jan'16 / Mar'17-Apr'17 / Oct'17 / Jan'18-Mar'18
16	2168850	51,957.37	5,635.50	10.85%	May'08-Dec'09
17	2029589	95,244.87	6,648.23	6.98%	Jan'00-May'00 / Apr'02-Dec'02 / Jan'03 / Jul'07-Nov'07 / Jan'08-Dec'09 / Feb'17 / Jul'18 / Sep'18 / Jul'19 / Sep'19 / Apr'20-Jun'20
18	2104040	279,363.22	7,027.80	2.52%	Jan'97-Jan'98
19	2142095	48,334.51	11,935.85	24.69%	Dec'94-Nov'96 / Apr'97-Dec'97 / Jul'98-Jan'99 / Apr'99-Jan'00 / Mar'00-Jul'00 / Sep'00-Nov'00 / Aug'01-Dec'01 / Jul'03-Dec'03 / Jun'06 / Dec'06-Jan'07 / Sep'07-Jan'07 / Jul'08-Dec'08 / Oct'09-Dec'09 / Jan'11 / Jun'12-Nov'12 / Feb'13-Apr'13 / Jun'13-Nov'13 / Feb'16 / Oct'16-Dec'16 / Sep'17-Dec'17 / Nov'18
20	2140159	57,531.78	18,219.75	31.67%	Aug'04 / Aug'06-Dec'06 / May'11-Jun'12 / Sep'12-Jun'13 / Sep'13
21	2030283	236,299.95	21,237.50	8.99%	Jan'06-Apr'06 / Jun'06-Sep'06 / Nov'06 / Jan'16-Nov'16 / Aug'18
22	2144481	17,364.36	24,185.85	139.28%	Feb'98-Feb'12
23	2119353	286,440.55	26,922.84	9.40%	Jan'03-Apr'03 / Apr'07-Oct'07 / May'12 / Jul'12 / Sep'12 / May'21 / Sep'21
24	2022135	45,305.86	27,042.75	59.69%	Apr'03-Oct'03 / Apr'10-Dec'10 / Jul'11-Aug'11 / Nov'13-Dec'13 / Apr'14-Mar'15 / May'15-Oct'16 / Jan'17-Oct'2020
25	2117189	55,024.00	29,200.52	53.07%	Jan'91-Dec'98 / Jun'11 / Aug'11-Mar'13 / Sep'15-Dec'15 / Aug'17-Sep'19
26	2100740	373,806.71	38,283.98	10.24%	May'00 / Jan'03 / Oct'03 / Feb'15-Apr'15 / Jul'15 / Dec'15-Jan'16 / Jun'17-Dec'17 / May'20-Jun'20 / Aug'20-Jul'21
27	2113444	77,968.99	75.00	0.10%	Dec'96
28	2026885	125,918.88	82.50	0.07%	Nov'97
29	2038537	41,361.09	240.00	0.58%	Sep'92-Nov'92
30	2128312	114,398.19	254.00	0.22%	Oct'01
31	2163942	23,360.40	562.50	2.41%	Feb'07 / Feb'19
32	2118298	108,665.69	711.60	0.65%	
33	2208122	48,857.95	734.40	1.50%	Feb'20
34	2189829	43,910.84	901.92	2.05%	Apr'13 / Sep'18
35	2102674	179,218.98	980.10	0.55%	Nov'19

	SS #	Benefit received (GMD)	Gaps amount (GMD)	Gap % of benefit received	Gaps
36	2246071	13,947.46	990.00	7.10%	Jan'15-Mar'15
37	2196466	29,975.09	1,125.00	3.75%	Aug'10 / Jul'13
38	2245378	19,398.37	1,365.00	7.04%	Sep'13 / Jun'21
39	2113294	112,824.75	1,560.29	1.38%	Jul'94 / Jul'09 / Mar'11 / Sep'12 / Nov'20
40	2034443	212,313.95	1,683.75	0.79%	Feb'91-Aug'91 / Sep'20
41	2250787	21,226.47	1,818.75	8.57%	Jan'18-Mar'18 / Aug'18
42	2182037	46,995.93	1,842.90	3.92%	Dec'17
43	2030740	305,724.27	1,901.70	0.62%	Sep'09 / Nov'11-Dec'11
44	2114185	55,533.29	1,975.50	3.56%	Jan'98-Apr'98 / Aug'08 / Nov'17 / Aug'18
45	2115121	58,079.31	2,211.50	3.81%	Jun'14 / Aug'14 / Oct'18
46	2192785	12,321.96	2,537.25	20.59%	Feb'08 / Nov'09-Dec'09 / Sep'10 / Nov'14-Dec'14 / Oct'17 / Dec'19
47	2205849	33,432.21	2,669.08	7.98%	Jul'12 / Oct'12 / May'14
48	2232669	36,888.06	3,539.50	9.60%	Feb'12-Apr'12 / Jul'12-Aug'12 / Dec'12 / June'13 / Aug'13-Sep'13 / Jan'14 / Dec'17 / Feb'21-Mar'21
49	2110195	11,915.37	3,900.00	32.73%	Sep'13-Jul'14 / Sep'14-Oct'14
50	2191101	25,229.71	4,534.65	17.97%	Mar'09-Jun'10 / Sep'11-Oct'11 / Jul'12 / Sep'14
51	2101419	61,832.71	4,937.13	7.98%	May'11-Sep'11 / Mar'14 / Jul'14 / Mar'15-Jul'15 / Sep'16-Nov'16 / Jan'17
52	2165253	51,915.41	5,272.05	10.16%	Apr'07-Aug'07 / Nov'09 / Sep'11 / Jun'14-Sep'14 / Nov'14 / Jan'15 / Nov'16 / Nov'19
53	2221626	35,030.10	5,861.90	16.73%	Dec'97 / May'98-Jun'98 / Dec'98-Dec'00 / Feb'01-Dec'01 / Apr'02-Aug'05 / Nov'05-Dec'05 / May'09 / Feb'12 / Jul'12 / Sep'12 / Jun'13 / Oct'13
54	2161109	76,603.09	6,000.00	7.83%	May'20-Jan'21 / Mar'21
55	2160704	33,527.97	7,680.00	22.91%	Jun'07-Sep'07 / Dec'07 / May'08-Sep'08 / May'09-Oct'09 / Apr'10-Sep'10
56	2124891	142,544.73	9,630.00	6.76%	Jan'12-Oct'12
57	2188337	45,574.94	9,773.42	21.44%	Oct'07-Dec'07 / May'08-Sep'08 / Nov'08-Jan'09 / Jul'10-Aug'10 / Sep'11-Dec'11 / Feb'19-Dec'19 / May'20-Jun'20
58	2204550	24,163.80	10,695.00	44.26%	Jan'10-Feb'12 / Apr'12-Aug'12
59	2162309	26,633.00	12,032.00	45.18%	Dec'05-Mar'06 / Feb'15-Jul'15 / Sep'15 / Dec'15 / Mar'16 / Jan'19-Dec'19
60	2136080	67,012.04	14,900.00	22.23%	Jul'06-Nov'06 / May'08-Nov'09 / Jul'15-Oct'15
61	2138205	3,291,612.37	17,985.00	0.55%	
62	2039957	27,078.26	27,146.39	100.25%	Jan'00-Jun'00 / Sep'01- Feb'03 / Jun'05-Jun'06 / Jul'06-Mar'16 / Jul'18 / Sep'18 / Nov'18 / Sep'20

	SS #	Benefit received (GMD)	Gaps amount (GMD)	Gap % of benefit received	Gaps
63	2100753	764,688.49	38,289.75	5.01%	Dec'95-Aug'98 / Jan'15 / Apr'15 / Oct'16 / Sep'17 / Nov'17 / Oct'20 / Dec'20
64	2204498	5,691.39	57,375.00	1008.10%	Sep'07-Dec'07 / Jan'09-May'21
65	2115521	63,811.70	326,329.30	511.39%	Oct'97-Feb'98 / Nov'99-Jun'00 / May'06-Jul'07 / Oct'09-Nov'09 / Aug'11-Jun'13 / Oct'13-Nov'13 / Jun'14-Dec'15 / Jul'16-Dec'20
Total		10,820,706.57	852,121.64	7.87%	

Appendix 10: SSHFC management's general comment

1. *With the new Social Security Management Information System (SSMIS) that would be launched later this year, most of the concerns raised by the Auditors would be addressed.*
2. *The Corporation is currently working on host of continuous improvements such as introduction of Performance Management and Development System (PMDS), production and enhancement of Operational Manuals and Policies (e.g., Investment Policy, Benefits Manual, and Compliance Manual), amendment of the SSHFC Act 2015 and its Regulations, and the signing of Performance Contract with the Government.*
3. *We implore National Assembly and Government Ministries (Attorney General's Chambers and Ministry of Justice, Ministry of Finance and Economic Affairs and Ministry of Trade, Industry, Regional Integration and Employment) to facilitate the reinstatement of SSHFC Certificate in the business clearance process.*