



**Sri Lanka Computer Emergency Readiness
Team | **Coordination Centre****

Annual Report 2019

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1 ABOUT SRI LANKA CERT|CC

1.1 INTRODUCTION

The Sri Lanka Computer Emergency Readiness Team | Coordination Centre (Sri Lanka CERT|CC) is the national centre for cyber security in Sri Lanka, mandated to protect the nation's information infrastructure and to coordinate protective measures against, and respond to cyber security threats and vulnerabilities.

1.2 ESTABLISHMENT

As the national CERT of Sri Lanka, Sri Lanka CERT|CC acts as the central hub for cyber security of the nation. It is the single trusted source of advice on the latest threats and vulnerabilities affecting computer systems and networks, and a source of expertise to assist the nation and member organizations, in responding to and recovering from Cyber-attacks.

Sri Lanka CERT|CC was established on 1st of July 2006 as a subsidiary of Information and Communication Technology Agency of Sri Lanka (ICTA). ICTA is the Government Agency responsible for the development of IT Infrastructure and Policy in Sri Lanka.

Sri Lanka CERT|CC is directly under the Ministry of Digital Infrastructure and Information Technology since August 2018.

1.3 WORKFORCE

Sri Lanka CERT|CC has a total staff strength of fourteen (14) team members consisting of a Chief Executive Officer, Director Operations, Head of Research, Policy & Projects, Information Security Engineers (02), Associate Information Security Engineers (04), Project Manager, Information Security Analysts (02), Head of Human Resources and Administration and a driver/office assistant. This team is supported by five (05) undergraduate interns.

All the staff are highly skilled and experienced in different areas of information security and have achieved corresponding Information security certifications which are widely recognized in the industry, such as SANS GCIH, Microsoft MCSE, EC-Council Certified Ethical Hacker (CEH) and Certified Hacking Forensics Investigator (CHFI), Cisco CCNA and CCSP and CISSP by International Information Systems Security Certification Consortium; (ISC)².

1.4 CONSTITUENCY

Sri Lanka CERT|CC's constituency encompasses the entire cyber community of Sri Lanka (private and public-sector organizations, and the general public). Sri Lanka CERT|CC maintains a good rapport with government and private sector establishments and extends assistance to the general public as permitted by available resources. In accordance with its mandate, Sri Lanka CERT | CC gives priority to requests for assistance from government. Based on the availability of human resources and necessary skills, requests from private sector are handled free of charge or on a paid basis, depending on the type of service provided.

2 VISION & MISSION

2.1 VISION

“To be Sri Lanka’s flagship organization and trusted source of advice on threats and vulnerabilities to Information Systems through proactive prevention and effective action.”

2.2 MISSION

- To be the single and the most trusted point of contact for Information security in Sri Lanka.
- To protect Information Technology users in the Public and Private Sector Organizations and the General Public by providing up-to-date information on potential threats and vulnerabilities and by undertaking computer emergency response handling services.
- To act as the most authoritative national source for all ICT security related issues across the nation.
- To link with other CERTS and CSIRTS around the world to share the knowledge and know-how relating to Information security.

3 CHAIRMAN’S REVIEW

Sri Lanka CERT has been at the forefront in spearheading the nation’s information and cyber security initiatives for several years, managing a range of thrust areas strategically selected to improve the cyber resilience of our digital systems. These key areas will lead to the establishment of a trusted cyber security ecosystem that will enable our citizens to realize the benefits of digitalization and to facilitate growth.

2019 was the first year of operation, where Sri Lanka CERT functioned as a separate legal entity, gazetted under the Ministry of Digital Infrastructure. The interim board appointed to facilitate the transition continued through 2019, under the Ministry purview, until a new Board was appointed in December 2019.

A significant policy level milestone in 2019, was the drafting of the Cyber Security Legislation to establish the required institutional framework for Cyber Security and re-define the role and functions of Sri Lanka CERT. The Drafting of the Bill was expedited by the Drafting Committee with assistance of the Legal Draftsman’s Dept, in accordance with the policy framework determined by the Cabinet in February 2018 and October 2018. The finalized draft Bill was submitted for public review in June 2019 with several industry level stakeholder consultations. Based on the review of the draft Bill and observations from stakeholder, the drafting process continued through 2019.

Sri Lanka CERT continued to see an increasing trend in cybersecurity activities due the expansion of connectivity and also the rapid changes in the Internet technology in Sri Lanka. Similar to the previous year, the use of Artificial Intelligence and the Machine Learning enabled the threat actors to significantly increase their malicious activities against digital infrastructure systems globally.

Easter Sunday Attack was a major tragedy faced by Sri Lanka in 2019. Sri Lanka CERT was involved in conducting Digital Forensic investigations to assist the Law Enforcement Agencies in compiling evidence related to the attack by examining the digital devices taken into custody by the Investigators.

Sri Lanka CERT also selected a globally certified firm to audit the process of establishing the National Certification Authority (NCA). Procurements for NCA were completed and the implementation of both the Production and DR Centers were initiated during the year which is a significant step in the NCA Project.

With the approval for National Cyber Security Strategy 2019 – 2023, Sri Lanka CERT initiated several major projects under the six (06) key areas identified in the Strategy for improving the Cyber Resilience of Sri Lanka. Strengthening these key areas will enable the safe use of our digital systems thus improving the effectiveness and efficiency in many e-Services offered by the Government.

Sri Lanka CERT was assigned to Ministry of Defence after the change of Government in November 2019. A new Board of Directors was appointed in December 2019.

The other routine activities such as supporting Law Enforcement through Digital Forensics, conducting Network and Web Applications/Site Security Assessments, sharing Cyber Threat information with Service Providers and conducting awareness programmes were carried out successfully by Sri Lanka CERT throughout the year.

In conclusion, on behalf of the Board of Directors and all employees of the Sri Lanka CERT, I thank all our stakeholders for the support extended to us during the year. I also wish to thank all staff of the Sri Lanka CERT for their unstinted commitment and cooperation throughout the year, and, in particular, during this challenging period. Finally, I thank my colleagues on the interim Board of Sri Lanka as well as the Board and Senior Management of ICTA for their guidance and support, to facilitate a smooth transition during the year.



Jayantha Fernando
Acting Chairman

4 BOARD OF DIRECTORS

1. Mr. Anil Raveendra Waidyalankara
2. Mr. Bamunawita Gamage Lalith Deepthi Kumara
3. Mr. Aruna Ruvan Weerasinghe
4. Mr. Jayantha Theobald Fernando

Alternate Directors

Mr. Wijesundara Mudiyansele Malitha Nayanajith Wijesundara (*Alternate Director to B Gamage Lalith Deepthi Kumara*)

On 26th December 2019, a new board of directors has been appointed as follows.

1. Maj. Gen Renuka Rowel
2. Mr. Rohan Seneviratne
3. Mr. Oshada Senanayake
4. Mr. Madhu Rathnayake
5. Mr. Rohan Muttiah
6. Mr. Channa De Silva
7. Mr. Ruwan Weerasinghe
8. Mr. Jayantha Fernando
9. Ms. Manori Unambuwe

5 ACTIVITIES & OPERATIONS

5.1 RESPONSIVE SERVICES

These are services which are triggered by events that are capable of causing adverse effects on constituents' Cyber Systems. Examples are Spam, Virus infections and unusual events detected by an Intrusion Detection System.

Sri Lanka CERT handles information security incidents. This service involves responding to a request or notification by a constituent on an unusual event that has been detected, which may affect the performance, availability or stability of the services or cyber systems belonging to that constituents.

5.2 AWARENESS SERVICES

These services are designed to educate our constituents on the importance of information security and related topics ranging from information security fundamentals and best practices to recent issues, such as the latest cyber threats and attacks.

Alerts & Advisory

This service provides early warning signals to the constituents regarding Computer viruses, hoaxes, security vulnerabilities, exploits and other security issues, and where possible, to provide short-term recommendations for dealing with the consequences of such attacks.

Currently, alerts are posted on Sri Lanka CERT | CC website. Constituents may also join the mailing list by subscribing to receive alerts via e-mail.

Seminars & Conferences

These services are provided with the intention of raising awareness about the most current information security issues, security standards and best practices. The aim is to help constituents to significantly reduce the probability of being victims of a cyber-attack. Seminars can even be tailored to address specific information security related issues through special requests.

Workshops

These services are aimed at increasing the constituents' awareness of information security. However, unlike seminars, these are more technically oriented and targeted at IT professionals, who perform daily tasks related to information security. Workshops will be arranged regularly, or on request, by Sri Lanka CERT | CC for its constituents addressing general topics. If desired, constituents may submit specific information security related topics, so that the workshops are tailored to their needs.

Knowledge Base

The Knowledge Base is a passive service offered by Sri Lanka CERT | CC to interested constituents through documents, articles, news items, etc. published on the Sri Lanka CERT | CC website and the media. The aim of this service is to provide a range of knowledge resources to the constituency, enabling anyone from a home user to an IT professional to find useful information to help boost their understanding of information security.

5.3 CONSULTANCY SERVICES

These services are aimed at providing constituents with means of determining the adequacy of their information security systems, and to take necessary steps to strengthen its defences.

Technical Assessments

This service is aimed at reviewing and analysing the security infrastructure and procedures adopted within an organization based on the experience of Sri Lanka CERT | CC's information security Team and certain predefined parameters. The end result is a detailed report on the weaknesses of the client organization's current ICT infrastructure, where improvements need to be made and how such improvements should be implemented.

Advisory for National Policy

This service is performed by Sri Lanka CERT | CC as an obligation to the nation. As the primary authority on information security in Sri Lanka, Sri Lanka CERT | CC is responsible for developing, introducing and enforcing information security standards to its constituents.

5.4 MANAGED SERVICES

Sri Lanka CERT | CC's managed security services offering is designed to strengthen the security posture of the organisation or business by providing the expertise and support that is needed to detect, prevent and remediate any cyber security related threats to your IT infrastructure.

Vulnerability Assessments

Sri Lanka CERT | CC's vulnerability assessment service helps an organization to improve its security posture by identifying vulnerabilities before they become security incidents. Our experts use a proven combination of industry tools, best practices and in-house techniques to probe the network/ devices for vulnerabilities and hence identify potential areas of risk.

Penetration Testing

Sri Lanka CERT | CC provides an internal and/or an external penetration testing service that involves simulating real-world attacks to provide a current view of vulnerabilities and threats to the client's network infrastructure.

These assessments begin with a discovery process to develop a baseline profile of accessible services, ports and systems as targets for further internal or external penetration testing.

The process involves an in-depth analysis including manual probing to:

- Test identified components to gain access to the networks
- Network devices such as firewalls, routers, and switches
- Network services such as web, DNS, email, ftp, etc.
- Determine possible impact or extent of access by attempting to exploit vulnerabilities

A detailed report will be provided with findings and recommendations

System Hardening

The purpose of system hardening is to eliminate as many security risks as possible. This is typically done by assessing the systems against the security best practices. There may be continuous changes to the information systems of the organization. As a result, it may introduce new vulnerabilities due to misconfiguration, and/or unnecessary software/services etc. A detailed report will be provided with findings and recommendations.

On-site and off-site consultation

This service mainly focuses on incident response. The main purpose of this service is to ensure that the client is not unduly burdened with day to day information security related incidents.

- Over the phone consultancy
- On-site incident handling
- Timely response and mitigation to incidents occurring at customer premises
- Review of security policies and processes

5.5 DIGITAL FORENSICS INVESTIGATIONS

Sri Lanka CERT | CC digital forensics team has been offering the service since year 2010 and has well experienced digital forensics investigators. Sri Lanka CERT|CC is equipped with globally acceptable tools and adheres to globally recognized digital forensics procedures.

Furthermore, Sri Lanka CERT | CC conducts digital forensics training programs and technical workshops for both local and international audiences. Sri Lanka CERT | CC has successfully conducted tailor-made digital forensics training programs for public and private sector organization based on client requirements.

5.6 RESEARCH & POLICY DEVELOPMENT

Sri Lanka CERT | CC Research and Policy Development division was established with the intention of:

- Developing strategies and formulating policies related to information security and cyber security for the nation
- Conducting national level surveys on the various domains related to information and cyber security
- Conducting research on cyber threats and issuing alerts on possible threats
- Coordinating special projects related to information security and cyber security.

6 OPERATIONAL PERFORMANCE (ROUTINE RESPONSIBILITIES & PROJECTS)

6.1 INCIDENT HANDLING SUMMARY

Sri Lanka CERT|CC being the national contact point for all cyber security related matters, receives numerous incident reports/complaints relating to the country's national cyber-space from both domestic and international partners.

The types of incidents received by Sri Lanka CERT include incidents related to social networks, email compromise, phishing, web site compromise, scams, malicious software issues and ransomware, privacy violations, financial frauds, compromised unique IP's extracted from the information collected by automated systems operated by international organizations.

This report presents an analysis of the cyber security related data collected by the Sri Lanka CERT|CC during the year of 2019. As a summary following observations can be made;

- Number of reported cases related to personal information misuse has been increased during the year 2019.
- Financial frauds targeting local importers and exporters have seen a decrease during the year 2019 compared to 2018.

- There has been an increase in the spread of ransomware and malicious software during the year of 2019, where sensitive data belonging to both individuals as well as corporate businesses have been made unavailable through encrypting, erasing or modifying data.
- A significant number of web site compromises targeting government and private sector organizations were recorded in 2019.
- Majority of the reported incidents fall in to the category of social media related incidents. Among the social media incidents, Facebook related incidents were the highest.

In addition, Sri Lanka CERT was able to provide digital forensics services as follows;

- Appearing in courts as expert witness for the digital forensics’ investigations conducted by CERT
- Number of forensic work carried out/involved in was more than 24 for the year
- Most of them are for the CID (Criminal Investigation Department), CCB (Counterfeit Currency Bureau), FCID (Financial Crimes Investigation Division), Others for some other police stations around the country.

Cyber-security related incidents reported to Sri Lanka CERT have increased in the year 2019 compared to previous year. In 2019, a total of 3566 incidents were reported to Sri Lanka CERT while it was 2591 during the year 2018. The increase is due to the significant number of cases reported for website compromise and privacy related issues.

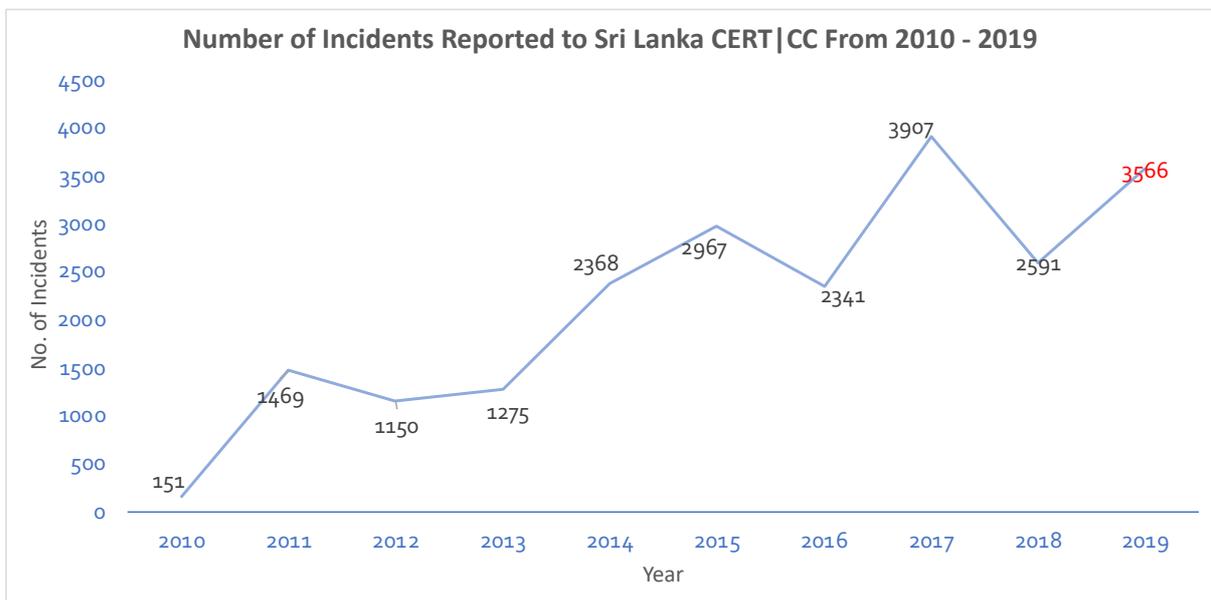


Figure 1. Growth of the number of incidents reported

Incident Type	No of Incidents
File Recovery	1
DDOS	2
Ransomware	11
Abuse/Hate/Privacy violation	307
Malicious Software issues	3
Phone Hacking	1
Scams	5
Phishing	5
Website Compromise	175
Financial/Email frauds	28
Intellectual property violation	1
Server Compromised	2
Social media	2662
Other	363
Total	3566

Table 1. Types of incidents

Incident Type	Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Phishing	6	6	8	8	12	14	23	42	12	5
Abuse/Hate/Privacy Violation	20	2	8	8	8	21	32	29	11	307
Scams	10	3	6	18	12	18	12	32	7	5
Malicious Software/Ransomware	5	1	2	2	3	12	21	39	19	14
Financial Frauds	-	-	-	-	-	10	16	35	21	7
Web site Compromise	8	20	15	16	56	20	10	25	9	175
Compromised emails	12	3	6	8	10	16	16	14	-	21
Intellectual Property violation	-	5	3	3	3	3	7	6	6	1
Unauthorized Access	10	3	1	11	8	-	-	0	-	-
DoS/ DDoS	-	1	1	1	6	3	4	0	1	2
Social Media Incidents	80	1425	1100	1200	2250	2850	2200	3685	2505	2662
Phone Hacking	-	-	-	-	-	-	-	-	-	1
Server Compromised	-	-	-	-	-	-	-	-	-	2
Other	-	-	-	-	-	-	-	-	-	364
Total	151	1469	1150	1275	2368	2967	2341	3907	2591	3566

Figure 2. Growth of the types of cyber security incidents

6.2 CONSULTANCY SERVICES

Sri Lanka CERT|CC continues to provide consultancy services to government and non-government agencies.

Typical consultancy services provided during the period include;

- Development of Cybersecurity Curriculum for National Police Academy
- TEC member of Procurement of VAPT service provider for Bank of Ceylon (BoC)
- Police Criminal Records Division (CRD) fingerprint committee for the Automated Fingerprint Identification System (AFIS)
- TEC member of Procurement of ATP solution for BoC
- TEC member of Procurement web development service for Tea Board
- TEC member of Procurement of Reserve Management System (RMS) for CBSL
- Member of Procurement Committee of e-Passport
- TEC member of Procurement of email solution for Bank of Ceylon
- TEC member of Procurement of Privileged Access Management (PAM) solution for Bank of Ceylon
- TEC member of Procurement of ATM AV for BoC
- Security assessments for 18 government department web sites
- Technical Expert of the President commission on Ester Sunday terrorist attack

6.3 TRAINING / EDUCATION SERVICES

Sri Lanka CERT|CC continues to conduct and facilitate training programs and education sessions targeting various audiences. This includes Chief Innovation Officers (CIOs), System Administrators, Banking and Telecom Sector Staff, Law enforcement authority staff, Tri-forces, Students, Engineers and the General Public.

1. Awareness Program and Training Sessions

- Cyber security awareness session for schools (1 session)
- Digital forensics training for National Police Academy (3 sessions)
- Cyber security workshop for SIS officers
- Training sessions for SLAS officers at SLIDA (12 sessions)
- Cyber Security session for NVQ level 4 students
- Information security lecture for Bio informatics Postgraduate/MSc doctors
- Training for school IT Tamil teachers via EduCSIRT program (3-day session)
- Session on Email security and document protection for STF officers
- Cyber Security workshop for OCDS officers
- Cyber security training for National Police Academy

2. Awareness through Electronic/Print Media

Sri Lanka CERT|CC provided information for 2 newspaper articles. Furthermore, attended to 01 live TV program, one live session on radio program and provided 03 voice cuts for TV programs and 17 voice cuts for radio programs.

3. Annual Cyber Security Week 2019

Since 2008, Sri Lanka CERT|CC has been conducting an annual security awareness programme titled Cyber Security Week (CSW). This international event attracted the attention of the local as well as regional information security professionals. Cyber Security Week 2019 was held in the months of October 2019, and featured a series of events including the following;

- Hacking Challenge, 8th October 2019 at Lavender Room, BMICH
Hacking Challenge is a contest for IT Professionals to attack or defend an actual network within a given timeframe. The participants were Technical Security Professionals, Network Administrators, System Administrators and students following information security post-graduate courses.
- Cyber Security Quiz: 7th October 2019 at Lavender Room, BMICH
This competition is open only to students of Sri Lankan Universities and other tertiary education institutions. The objective of the quiz is to assess the knowledge and to identify and reward the aspiring young information security professionals.
- 12th Annual National Cyber Security Conference – 15th October 2019 at Hilton Colombo,
 - This year’s theme was “Cyber Security...United we stand, divided we fall”
 - More than 400 participants
 - Conducted the awarding ceremony for the winners of Hacking Challenge and Quiz
 - Chief Guest was Hon. Minister of Digital Infrastructure and Information Technology
- Keynote address was delivered by Dr. Henry Pearson, Cyber Security Ambassador, UK
- Workshops – 9th, 10th & 11th October 2019 at DLC, SLIDA
 - Securing Internet identifiers and incident Response (Hands On)-by ICANN
 - Threat detection and Response-Made simple and effective-by CISCO
 - Threat hunting Techniques and Methods (Hands on)- By Estonian Experts
- Supporting events
 - Workshop on IT risk assessment for banks
 - Workshop on IT risk assessment for ISPs

6.4 PUBLICATIONS

Website

The Sri Lanka CERT|CC website publishes security related awareness bulletins for the public through News Alerts, Glossaries, Case Studies, Statistics and FAQs.

E-mails

Sri Lanka CERT|CC disseminates security related information through e-mails to its subscribers.

Newsletters

Sri Lanka CERT|CC continues to publish and circulate The Cyber Guardian e-newsletter to a large number of students, through the SchoolNet- the network connecting secondary schools in Sri Lanka.

Newspapers/media

Sri Lanka CERT|CC continues to educate the general public through the electronic and print media about emerging cyber security threats and vulnerabilities with recommendations on how to safeguard themselves against these attacks.

6.5 OPERATIONAL SUPPORT PROJECTS

It was able to conduct a project to acquire cyber security investigation/assessment resources and enhance the capabilities of staff during the year 2019. This project was funded by government of Sri Lanka.

6.6 SPECIAL PROJECTS

Project Name	Project Status
Establish the National Cyber Security Operations Centre (NCSOC) to monitor threats digital government application and critical infrastructure.	Procurement started
Establish Root Certification Authority to provide digital certifications to the certification service provides	Ready for commissioning
National Surveys to assess cyber security landscape of Sri Lanka <ol style="list-style-type: none">1. Critical Information Infrastructure Readiness Survey2. Public Employees Cyber Security Readiness Survey3. National Survey on Citizen Perceptions of Cyber Security (Department of Census and Statistics)4. Supply and Demand Assessment of Cyber Security Professionals	Surveys in progress
Development of Information Security Manual for Government Organizations and development Baseline Security Standards	Work in progress

Table 2. Special Projects

7 ACHIEVEMENTS

7.1 NATIONAL CYBER SECURITY STRATEGY

The government of Sri Lanka ensured its commitment to keep the nation safe, secure and prosperous, by introducing Sri Lanka's first Information and Cyber Security Strategy which will be implemented over period of five years from 2019 to 2023. Sri Lanka CERT developed the National Information and Cyber Security Strategy of Sri Lanka with the support of stakeholders and obtained the cabinet approval for the strategy on 16th October 2018.

Sri Lanka CERT is in the process of the implementation of the National Information and Cyber Security Strategy and have initiated several projects during the year 2019.

7.2 RESEARCH AND POLICY DEVELOPMENT

Research and policy development team of Sri Lanka CERT was involved in drafting the Cyber Security Act during the year 2019. The process is ongoing for the enactment of the act through the parliament of Sri Lanka.

7.3 CERTIFICATION & MEMBERSHIP

Sri Lanka CERT continues to maintain memberships with following professional organizations;

- (ISC)2 Colombo Sri Lanka Chapter the local representative organization of International Information Systems Security Certification Consortium.
- Membership for Threat Intelligence from ShadowServer.
- Membership of FIRST
- Membership of APCERT
- Membership of CAMP, Korea

7.4 TRAINING FOR STAFF

Sri Lanka CERT was able to provide following training and conference participation for its staff.

- Discussion with NI-CO team on "CERT maturity model of ENISA"
- Discussion with world bank team on "Cybersecurity capacity maturity model"
- CISCO security workshop for CERT staff
- Cyber Maturity Model (CMM) workshop with Oxford university
- Participation at ISC2 Sri Lanka chapter meetings

8 INTERNATIONAL COLLABORATION

8.1 EVENT PARTICIPATION

- FIRST Symposium and TF-CSIRT meeting (Estonia)
- CYBERUK 2019 (UK)

- HR training (India)
- First Annual General Meeting & Conference and NatCSIRT Meeting 2019 (Scotland)
- International visitors leadership program (Germany)
- Japan -US Industrial Control System Training (Japan)
- APCERT Annual General Meeting & Conference (Singapore)
- nCSIRT workshop (Singapore)
- ITU Asia-Pacific & CIS Inter-Regional Cyber Drill (Malaysia)
- nCSIRT workshop (UK)
- CAMP 4th AGM (Korea) -Sri Lanka is in the operations committee

8.2 APCERT

- Became a member of the APCERT Steering Committee from 2019
- APCERT steering committee meetings
- Continuing with network monitoring project “Tsubame” with JPCERT|CC
- APCERT working group teleconferences- Secure Digital payments
- APCERT online trainings (3 trainings)
- APCERT cyber drill 2019 working group discussions
- OIC-CERT cyber drill 2019
- APCERT AGM Program Committee Meetings
- APCERT AGM and Conference (Singapore)
 - Member of the program committee of AGM
 - Presented at the Public Conference on “National Information and Cyber Security Strategy”
 - Contributed to several APCERT working groups.
 - Made new contacts with cyber security related organizations.

8.3 OTHER ACTIVITIES

- Reporting of malicious IP address details received from International counterparts to local ISPs. The International counterparts consists of CERT Bund - Germany, Microsoft, Shadow Server and APCERT Data Exchanger.
- Continuing with network monitoring project “Tsubame” with JPCERT|CC
- Ministerial delegation to Finland and Estonia
- NatCSIRT teleconferences
- ICANN GAC meeting (Japan)
- Government delegation to Estonia for e-Governance conference and discussions
- Government delegation to Portugal for a Cyber Security Study Tour

8.4 INTERNATIONAL INCIDENT COORDINATION

- APCERT Cyber Security Drill
 - Worked as a member of the organizing committee of APCERT Cyber Security Drill 2019
 - Participated for the drill
- Engagements with CERTs in the Asia Pacific region. Sri Lanka CERT has regular operational engagements with CERTs/Information security organizations in—other regions of the world and commercial establishments and solution providers (such as Facebook, Google, Yahoo) to resolve phishing and identity theft incidents.

9 FUTURE PLANS

9.1 FUTURE PROJECTS

- Development of National Vocational Qualification (NVQ) Standards for Cyber Security Information and Cyber Security Skills Framework for government employees.
- Development of a Web Portal to increase citizens' (business, government organizations) awareness on cyber security
- Train 2200 government employees with information and cyber security
- Upgrading Education Sector CERT (EduCERT) with physical premises
- Development of e-Learning Modules on Information and Cyber Security
- Improving the Information and Cyber Security Readiness of the Government Organizations Maintaining Critical Information Infrastructure (10 organizations)
- Development and Implementation of a Security Operations Centre (in progress).
- Establishment of sector based CSIRT's (e.g. Telco-CERT).
- APCERT AGM 2020 with Cyber Security Week.
- Cyber Security project with European Union (Cyber4Dev) to implement the provisions of the National Information and Cyber Security Strategy.

9.2 FUTURE OPERATIONS

This section details the changes anticipated in Sri Lanka CERT with regard to staff, equipment and capabilities:

- Sri Lanka CERT shall recruit undergraduate students on internships basis to enhance the information security capabilities of the younger generation.
- Sri Lanka CERT shall continue to operate as a skilled small group of professionals.
- Sri Lanka CERT shall continue to invest on developing the capacity of the staff.

10 AUDIT COMMITTEE REPORT

There was no audit committee appointed for the year 2019.

11 REPORT OF THE AUDITOR GENERAL

Audited Financial Statement of 2019 along with Auditor General's Report for the year 2019 is attached as Annex A.

12 FINANCIAL HIGHLIGHTS

Expenses		
Recurrent Expenses	Rs.	Rs.
Personnel Emoluments	53,410,858.00	
Communication	2,575,692.00	
Rent of Premises & Electricity	5,358,455.00	
Office Expenses	1,223,478.00	
Maintenance	2,247,918.00	
Insurance	1,558,215.00	
Consumables	1,090,544.00	
Travelling - Foreign	1,669,360.00	
Professional Fees	1,020,000.00	
Secretarial Fees	286,300.00	
Bank Charges	15,250.00	
Audit Fee	150,000.00	
Refreshments	65,763.00	
Tax Surcharge	10,000.00	
Events & Seminar	5,500.00	
		70,687,333.00
Capital Expenses		
Project Expenses		47,079,967.00
		117,767,300.00

Revenue		
Grant Income from the Treasury	Rs.	Rs.
Grant Income for Operational Expenses	70,687,334.00	
Grant Income for Capital Expenses	47,219,566.00	
		117,906,900.00
Earned Revenue		
Cyber Security Week 2019	9,636,478.00	
Manage Security Services & Others	6,129,675.00	
		15,766,153.00
		133,673,053.00

Note:

1. Recurrent budget allocation 2019 - 84M
2. Capital budget allocation 2019 - 160M

13 CONCLUSION

During the period, Sri Lanka CERT has observed that number of web sites which were compromised has been increased. The main reason for such compromises were due to obsolete Content Management Systems used by those web sites.

It was also observed that financial frauds happening through email compromise is very common as in the previous year and CERT was able to make the public, small business establishments and large corporates aware of such threats in order to stop them from becoming victims.

Sri Lanka CERT is in the process of implementing the National Information and Cyber Security Strategy of Sri Lanka with the involvement of relevant stakeholders. To implement some of the proposed activities of the strategy, Sri Lanka CERT|CC has partnered with NI-CO (Northern Ireland Cooperation Overseas) of European Union to conduct a program called Cyber Resilience for Development (Cyber4Dev) which is jointly funded by the Foreign and Commonwealth Office of UK, Dutch Ministry of Foreign Affairs, and Estonian Information System Authority.

It is expected to operationalize a few national level Information Security related projects during the year 2020 to support the implementation of the National Information and Cyber Security Strategy of Sri Lanka.

Sri Lanka CERT became a member of the steering committee of APCERT in 2019 and expects to contribute to the enhancement of cyber security and improve the collaboration in the region with the support of all the APCERT members.

ANNEX A

Audited Financial Statement and Auditor General's Report 2019



ජාතික විගණන කාර්යාලය

தேசிய கணக்காய்வு அலுவலகம்

NATIONAL AUDIT OFFICE



මගේ අංකය
எனது இல.
My No.

CAM/E/CERT/01/2019/11

ඔබේ අංකය
உமது இல.
Your No.

දිනය
திகதி
Date

07 December 2021

Chairman

Sri Lanka CERT (Private) Limited



Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the Sri Lanka CERT (Private) Limited for the year ended 31 December 2019 in terms of Section 12 of the National Audit Act, No.19 of 2018.

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Sri Lanka CERT (Private) Limited (“Company”) for the year ended 31 December 2019 comprising the statement of financial position as at 31 December 2018 and the statement of Profit and Loss, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018. My report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course.

In my opinion, except for the effects of the matters described in the basis for Qualified Opinion section of my report, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards for Small and Medium sized Entities.



1.2 Basis for Qualified Opinion

- (a) As per the financial statement, the cost of property, plant and equipment, accumulated depreciation and net fixed assets amounts as at 31 December 2019 were Rs.18,276,002, Rs.13,649,422 and Rs.4,626,580 respectively. As the company had not maintained proper fixed assets register and details schedules audit was unable to ascertain the accuracy of such balances.
- (b) As per the financial statements of the company the amount due from ICT Agency (Private) Limited as at 31 December 2019 was Rs.42,551,302. However, as per ICTA records it was Rs.40,215,928 and there was a difference Rs. 2,335,374.
- (c) A renewal and membership fee had been paid for the year 2020 amounting to Rs.1,652,896 had been accounted as expenses of the year under review.
- (d) As per Section 2.52 of SLFRS for SMEs, the Company shall not offset assets and liabilities, or income and expense. However, the Company had offset project expenses against the project expenses of Rs.47,079,967.
- (e) The Company had not maintained detail schedule in respect of intangible assets. Therefore, audit was unable to ascertain fully depreciated intangible assets as at end of the year under review and composition of intangible assets.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

1.3 Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards for Small and Medium sized Entities, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Company is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Company.

1.4 Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

2. Report on Other Legal and Regulatory Requirements

National Audit Act, No. 19 of 2018 and Companies Act, No. 7 of 2007 include specific provisions for following requirements.

- Except for the effect of the matters described in the Basis for Qualified Opinion paragraph, I have obtained all the information and explanation that required for the audit and as far as appears from my examination, proper accounting records have been kept by the Company as per the requirement of section 163 (2) (d) of the Companies Act, No. 7 of 2007 and section 12 (a) of the National Audit Act, No. 19 of 2018.
- The financial statements of the Company comply with the requirement of section 151 of the Companies Act, No. 07 of 2007.
- The financial statements presented is consistent with the preceding year as per the requirement of section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018.



- The financial statements presented includes all the recommendations made by me in the previous year as per the requirement of section 6 (1) (d) (iv) of the National Audit Act, No. 19 of 2018.

Based on the procedures performed and evidence obtained which limited to matters that are material, nothing has come to my attention;

- to state that any member of the governing body of the Company has any direct or indirect interest in any contract entered into by the Company which are out of the normal course of business as per the requirement of section 12 (d) of the National Audit Act, No. 19 of 2018.
- to state that the Company has not complied with any applicable written law, general and special directions issued by the governing body of the Company as per the requirement of section 12 (f) of the National Audit Act, No. 19 of 2018 except for;

Reference to law/ direction

Description

- | Reference to law/ direction | Description |
|---|--|
| (a) National Audit Act, No.19 of 2018 Section 41(1) | According to Section 41(1) of the National Audit Act, No.19 of 2018, the Company had failed to hold audit committee meetings during the year under review. |
| (b) Public Enterprises Circular No.PED/12 dated 2 June 2003 - Guidelines for Good Governance. | |
| (i) Guidelines 9.2 | The Company does not have an organization Chart registered with an approved cadre. |
| (ii) Guidelines 9.3.1 | The company does not have Scheme of recruitment and promotion for each post. |
- to state that the Company has not performed according to its powers, functions and duties as per the requirement of section 12 (g) of the National Audit Act, No. 19 of 2018.

- to state that the resources of the Company had not been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws as per the requirement of section 12 (h) of the National Audit Act, No. 19 of 2018 .

3. Other matters

- (a) A sum of Rs 8,520,000 had been paid to Chief Executive Officer as allowance during the year under review. However, approval for payment had not been submitted to the audit.
- (b) Although Rs. 1,382,800 had been paid as a Acnetix Web Valnerably Scanning software renewal charge for the year 2020. However, an agreement between the two parties had not been presented to the audit.



W.P.C. Wickramaratne

Auditor General

SRI LANKA CERT (PRIVATE) LIMITED

FINANCIAL STATEMENTS

2019



SRI LANKA CERT (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION

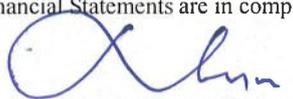
AS AT 31ST DECEMBER 2019

(ALL FIGURES ARE IN SRI LANKAN RUPEES)

	<u>NOTE</u>	<u>2019</u> Rs	<u>2018</u> Rs
<u>Assets</u>			
<u>Non-Current Assets</u>			
Property, Plant & Equipment	8	4,626,580	20,000
Intangible Assets	9	3,861,700	-
		8,488,280	20,000
<u>Current Assets</u>			
Prepayments	10	1,387,692	1,299,312
Other Receivables	11	85,049,877	56,064,348
Cash & Cash Equivalents	12	10,476,919	15,527,028
		96,914,488	72,890,689
Total Assets		105,402,768	72,910,689
<u>Equity & Liabilities</u>			
Stated Capital	13	20	20
Accumulated Surplus		63,271,177	47,365,424
Total Equity		63,271,197	47,365,444
Deferred Revenue for Grant Assets	14	8,488,280	20,000
Unutilised Grant Income	15	11,483,044	-
<u>Non-Current Liabilities</u>			
Retirement Benefit	16	12,274,000	12,424,250
<u>Current Liabilities</u>			
Trade & Other Payables	17	9,886,247	13,100,995
		9,886,247	13,100,995
Total Equity & Liabilities		105,402,768	72,910,689

The Accounting Policies and notes on pages 5 through 20 form an integral part of the Financial Statements.

These Financial Statements are in compliance with the requirements of the Companies Act No. 07 of 2007. □

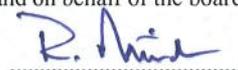


Chief Executive Officer


 Nexia Management Services (Pvt) Ltd

The board of directors is responsible for the preparation and presentation of these Financial Statements.

Signed for and on behalf of the board by;



Chairman



Director

DATE OF APPROVAL BY THE BOARD

09-11-2020



Financial Statements 2019



SRI LANKA CERT (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST DECEMBER 2019
(ALL FIGURES ARE IN SRI LANKAN RUPEES)

	Stated Capital Rs	Accumulated Surplus Rs	Total Rs
As at 31st December 2017	20	34,851,154	34,851,174
Surplus for the Year	-	12,514,270	12,514,270
As at 31st December 2018	20	47,365,424	47,365,444
Surplus for the Year	-	15,905,753	15,905,753
As at 31st December 2019	20	63,271,177	63,271,197

The accounting policies and notes form an integral part of the Financial Statements.
 Figures in brackets indicate deductions.



SRI LANKA CERT (PRIVATE) LIMITED**CASH FLOW STATEMENT****FOR THE YEAR ENDED 31ST DECEMBER 2019**

(ALL FIGURES ARE IN SRI LANKAN RUPEES)

	Note	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities		Rs	Rs
Surplus/(Deficit) for the Year		15,905,753	12,514,270
Adjustments for;			
Depreciation & Amortization		482,299	239,180
Provision for Gratuity		1,574,750	1,585,228
Gratuity Paid		(1,725,000)	-
Deferred Revenue for Grant Assets Adjustment		8,468,280	(239,180)
		<u>24,706,082</u>	<u>14,099,498</u>
Working Capital Changes			
(Increase) / Decrease in Prepayments		(88,380)	(1,299,312)
Increase / (Decrease) in Other Payables		(3,214,748)	8,284,223
Increase / (Decrease) in Unutilised Grant Income		11,483,044	-
(Increase) / Decrease in Other Receivables		(28,985,529)	(12,522,782)
		<u>3,900,470</u>	<u>8,561,628</u>
Cash Flows from Investing Activities			
Additions to Property, Plant & Equipment		(8,950,579)	-
Net Cash Generated (Used in) from Investing Activities		<u>(8,950,579)</u>	<u>-</u>
Cash & Cash Equivalents as at the beginning of the Year		15,527,028	6,965,400
Net Cash Generated (Used in) during the Year		(5,050,109)	8,561,628
Cash & Cash Equivalents as at the End of the Year (A)		<u><u>10,476,919</u></u>	<u><u>15,527,028</u></u>
(A) <u>Analysis of Cash & Cash Equivalents as at the end of the year</u>			
Bank Balances		10,456,919	15,507,619
Petty Cash		20,000	19,409
		<u><u>10,476,919</u></u>	<u><u>15,527,028</u></u>



SRI LANKA CERT (PVT) LTD**NOTES TO THE FINANCIAL STATEMENTS**
YEAR ENDED 31 DECEMBER 2019**1. CORPORATE INFORMATION****1.1. General**

Sri Lanka CERT (Pvt) Ltd was established in June 2006 as an affiliate of ICTA to be the National Centre for Cyber Security. Sri Lanka CERT|CC is separated from ICT Agency of Sri Lanka in August 2018 with an independent operational body under Ministry of Digital Infrastructure & Information Technology. Sri Lanka CERT|CC has been mandated to be the focal point for preventing, protecting against and responding to cyber security threats and vulnerabilities in Sri Lanka's ICT infrastructure and to liaise with all government organizations, private sector, academia and non-government organizations to disseminate information relevant to potential Cyber Security threats and providing assistance to mitigate such incidents.

1.2. Principle Activities and Nature of Operations
Sri Lanka CERT activities include;

- Responsive services such as incident handling that involves responding to a request or notification by a constituent that an unusual event has been detected, which may be affecting the performance, availability or stability of the services or cyber systems belonging to that constituent.
- Awareness services, such as conducting of cyber security awareness programs for the general public including school children, and the conduct of seminars, conferences and workshops for professionals in both the state and private sectors and maintaining an up to date knowledge base relating to cyber security in the Sri Lanka CERT website.
- Provision of consultancy services such as digital forensics investigations, vulnerability assessments, network security assessments, and information security policy development and implementation.

1.3. Date of Authorization for Issue

The financial statements of Sri Lanka CERT (Pvt) Ltd for the year ended December 31, 2019 was authorized for issuance by the directors on 09th November 2020.

2. BASIS OF PREPARATION

The financial statements which have been presented in Sri Lankan Rupees and on a historical cost basis.



SRI LANKA CERT (PVT) LTDNOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2019**2.1. Statement of compliance**

The financial statements of the company have been prepared and presented in compliance with the Sri Lanka Accounting Standards for Small and Medium sized Entities laid down by the Institute of Chartered Accountants of Sri Lanka, and comply with the requirements of Companies Act No 7 of 2007

2.1. Use of Estimates & Judgments

- The preparation of financial statements in conformity with Sri Lanka Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.
- The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying amount of assets and liabilities that are not readily apparent from other sources.
- The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**3.1 Foreign Currency Translation**

The financial statements are presented in Sri Lankan Rupees, which is the company's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the Statement of Financial Position date. All differences are taken to Statement of Comprehensive Income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at dates of the initial translations. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

3.2. Other Receivables

Other Receivables and dues from related parties are recognized at Cost.



SRI LANKA CERT (PVT) LTDNOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2019**3.3 Cash & Cash Equivalents**

Cash & cash equivalents are cash in hand, demand deposits and short-term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investment with short maturities i.e. three months or less from the date of acquisition is also treated as cash equivalents.

3.4 Financial Instruments**(a) Initial Recognition and Measurement**

The Company recognizes a financial asset or a financial liability in its statement of financial position when the entity become party to the contractual provisions of the instrument.

Company initially measures its financial assets at fair value plus in case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Company initially measures its and liabilities at fair value minus in case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the issue of the financial liabilities.

Despite the above paragraph, at initial recognition, the company measures trade receivables at their transaction price as defined in SLFRS 15.

(b) Classification of Financial Assets

- Financial assets are classified as subsequently measured at amortised cost, Fair Value through other comprehensive income or fair value through profit or loss based on
- The company's business model for managing the financial assets and
- The contractual cash flow characteristics of the financial assets

(i) Financial Assets measured at Amortized cost

A Financial asset is measured at amortised cost if both the following conditions are met:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and



SRI LANKA CERT (PVT) LTDNOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2019Financial Assets measured at Amortized cost (Cont'd)

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

(c) Classification of Financial liabilities

Financial liabilities are subsequently measured at amortized cost, except for,

- Financial liabilities at fair value through profit or loss.
- Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies
- Financial guarantee contracts
- Commitments to provide a loan at a below-market interest rate

(d) Reclassification

- (i) Financial assets are reclassified when and only when the company changes its business model for managing financial assets.

If the company reclassifies financial assets, such reclassification is applied prospectively from the reclassification date and previously recognized gains, losses (including impairment gains or losses) are not restated.

Guidance in paragraphs 5.6.1 to 5.6.7 to SLFRS 09 - Financial instruments are applied in the event of a reclassification of financial assets.

- (ii) Financial liabilities are not reclassified

(e) Amortised cost Measurement

Interest revenue is calculated by using the effective interest method by applying effective interest rate to the gross carrying value originated credit impaired financial assets

- Purchased or Originated credit impaired financial assets.
- Financial assets that are not purchased or originated credit impaired financial assets but subsequently have become credit impaired financial assets.



SRI LANKA CERT (PVT) LTDNOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2019**3.4.1. Impairment****(a) Impairment**

The company recognizes a loss allowance for expected credit losses on a financial asset.

Where on the reporting date the credit risk on the financial instrument has increased significantly since initial recognitions, loss allowances at an amount equal to the lifetime expected credit losses is made.

Where on the reporting date the credit risk on the financial instrument has not increased significantly since initial recognitions, loss allowances is measured for that financial instrument at an amount equivalent to 12 month expected credit losses.

(b) Derecognition of Financial Assets

The company derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire, or
- it transfers the financial asset and the transfer qualifies for derecognition.

(c) Derecognition of Financial Liabilities

A financial liability is removed (or a part of a financial liability) from its statement the financial position when, and only when, it is extinguished – ie when the obligation specified in the contract is discharged or cancelled or expired.

(d) Impairment of other non-financial assets

Assets that have indefinite useful lives are not subject to amortization and tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).



SRI LANKA CERT (PVT) LTDNOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2019**3.4.2. De-recognition**

A financial asset (or, where applicable a part of a financial asset or part of a Group of similar financial assets) is de-recognised when:

- The rights to receive cash flows from the asset have been expired.
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
 - (a) The Company has transferred substantially all the risks and rewards of the asset,
Or
 - (b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognised to the extent of the Company's continuing involvement in it. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continued involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

3.5. Property, Plant and Equipment

Property, plant and equipment are stated at cost excluding the costs of day today servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing parts of the plants and equipment when that cost is incurred, if the recognition criteria are met.

Depreciation is calculated on a straight-line basis at the following rates.

Asset	Rate
Office Equipment	20%
Computers	20%
Furniture & Fittings	20%



SRI LANKA CERT (PVT) LTD**NOTES TO THE FINANCIAL STATEMENTS**
YEAR ENDED 31 DECEMBER 2019**3.6. Intangible Assets**

Intangible Assets are recognized, if it is probable that economic benefits are attributable to the assets will flow to the entity and cost of the assets can be measured reliably.

3.6.1. Software and Publication

All computer software costs incurred, which are not internally related to associate hardware, which can be clearly identified, reliably measured and it's probable that they will lead to future economic benefits, are included in the Statement of Financial Position under the category of intangible assets and carried at cost less accumulated amortization and any accumulated impairment losses.

3.6.2 Subsequent Expenditure

Expenditure incurred on software is capitalized, only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

3.6.3. Amortization

Amortization is calculated on a straight-line basis at the following rate or useful life, whichever is less.

Asset	Amortization rate
Software and publication	20%

3.7. Retirement Benefit Obligations**a) Defined Benefit plan- Gratuity**

Gratuity is a defined benefit plan. The company is liable to pay gratuity in terms of the relevant statute. In order to meet this liability, a provision is carried forward in the Statement of Financial Position, equivalent to an amount calculated based on a half month's salary of the last month of the financial year of all employees for each completed year of service, commencing from the first year of service. The resulting difference between brought forward provision at the beginning of a year net of any payments made, and the carried forward provision at the end of a year is dealt with in the Statement of Comprehensive Income.



SRI LANKA CERT (PVT) LTD**NOTES TO THE FINANCIAL STATEMENTS**
YEAR ENDED 31 DECEMBER 2019**b) Defined Contribution Plans-Employees' Provident Fund & Employees' Trust Fund**

Employees are eligible for Employees' Provident Fund contribution and Employees' Trust Fund Contribution in line with the respective statutes and regulations. The Company contributes 12% and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

3.8. Grants & Subsidies

Grants are recognized where there is reasonable assurance that the grant will be received and all attaching conditions are complied with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it is set up as deferred income. Where the company receives non-monetary grant, the asset and that grant are recorded at nominal amounts and released to the Statement of Comprehensive income over the expected useful life of the relevant asset by equal installments.

3.9. Unutilized Grant Income

Unutilized grant income represents grants received during the year 2019. However relevant expenditure for the said grant received have not been incurred. Therefore, the said grant received is recognized as unutilized grant income & shown immediately after equity. This amount will be transferred to statement of Profit & Loss when relevant expenditure is incurred in future.

3.10. Revenue Recognition

In consultation with the Sri Lanka Accounting and Auditing Standards Monitoring Board and in accordance with the requirements of LKAS -20- Government Grants and Disclosure of Government Assistance, the company recognized during the year as income and the outlays on project implementation.

3.11. Interest

Revenue is recognized on a time proportion basis that takes in to accounts the effective interest rate on asset.

3.12. Other

Other income is recognized on accrual basis.



SRI LANKA CERT (PRIVATE) LIMITED
NOTES TO THE STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31ST DECEMBER 2019
(ALL FIGURES ARE IN SRI LANKAN RUPEES)

	<u>2019</u> Rs	<u>2018</u> Rs
NOTE 04 GRANT INCOME		
Grant Income - Treasury	70,687,334	60,274,860
Deferred Grant Income	482,299	239,180
	<u>71,169,633</u>	<u>60,514,040</u>
NOTE 05 PERSONNEL EMOLUMENTS		
Salaries and Wages	36,696,500	31,149,900
EPF Expenses	4,403,580	3,649,788
ETF Expenses	1,104,765	909,447
Consultant fees	8,520,000	8,520,000
Interns Allowance	661,164	523,001
Provision for Gratuity	1,574,750	1,585,228
Over Time	450,099	519,482
	<u>53,410,858</u>	<u>46,856,845</u>



SRI LANKA CERT (PRIVATE) LIMITED
NOTES TO THE STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31ST DECEMBER 2019
 (ALL FIGURES ARE IN SRI LANKAN RUPEES)

	<u>2019</u>	<u>2018</u>
	Rs	Rs
<u>NOTE 06 PROJECT INFRASTRUCTURE & SUPPORT SERVICES</u>		
Telephone & Internet Charges	2,575,692	2,405,203
Insurance	1,558,215	178,541
Rent of Premises	5,358,455	5,358,455
Travelling - Foreign	1,669,360	2,475,236
Computer Maintenance	154,293	150,841
Professional Fees	1,020,000	518,011
Secretarial Fee	286,300	153,000
Bank Charges	15,250	47,500
Courier	93,753	50,951
Maintenance & Repairs Expense	174,512	9,051
Newspapers & Periodicals	24,900	20,050
Audit Fee	150,000	529,875
Refreshments	65,763	99,599
Sundry Expenses	93,789	108,093
Tax surcharge	10,000	-
Drinking Water	62,188	59,536
Office Requisites	779,496	439,601
License Fees	1,919,113	353,373
Events & Seminar	5,500	-
Advertising	14,400	4,800
Training Expenses	222,100	97,430
Travelling Expenses - Local	712,348	178,865
Stationery & Printing	311,048	180,005
Depreciation & Amortization	482,299	239,180
	<u>17,758,775</u>	<u>13,657,195</u>

NOTE 07 OTHER REVENUE

Earned Revenue			
- Cyber Security Week 2019	9,636,478		
- Manage security services & others	<u>6,129,675</u>	15,766,153	13,109,768
Project Grant Income	Annex - 1 47,219,566		
Less : Project Expense	<u>(47,079,967)</u>	139,600	(595,498)
		<u>15,905,753</u>	<u>12,514,270</u>



SRI LANKA CERT (PRIVATE) LIMITED**NOTES TO THE STATEMENT OF FINANCIAL POSITION**

AS AT 31ST DECEMBER 2019

(ALL FIGURES ARE IN SRI LANKAN RUPEES)

NOTE 08 PROPERTY, PLANT & EQUIPMENT

8.1	Cost	Balance as at 01.01.2019 Rs	Additions (2019) Rs	Disposals/ Transfers Rs	Balance as at 31.12.2019 Rs
	Furniture and Fittings	2,999,607		-	2,999,607
	Computers	9,886,486	4,748,474	-	14,634,960
	Office Equipment	528,189	113,246	-	641,435
		13,414,282	4,861,720	-	18,276,002
8.2	Accumulated Depreciation	Balance as at 01.01.2019	Charge for the Year	Disposals/ Transfers	Balance as at 31.12.2019
	Furniture and Fittings	2,999,607	-	-	2,999,607
	Computers	9,866,486	247,698	-	10,114,184
	Office Equipment	528,189	7,442	-	535,631
		13,394,282	255,140	-	13,649,422
8.3	Net Book Value			<u>2019</u> Rs	<u>2018</u> Rs
	Furniture and Fittings			-	-
	Computers			4,520,776	20,000
	Office Equipment			105,804	-
				4,626,580	20,000



SRI LANKA CERT (PRIVATE) LIMITED
NOTES TO THE STATEMENT OF FINANCIAL POSITION

AS AT 31ST DECEMBER 2019
 (ALL FIGURES ARE IN SRI LANKAN RUPEES)

NOTE 09 INTANGIBLE ASSETS

9.1	Cost	Balance as at 01.01.2019 Rs	Additions Rs	Disposals/ Transfers Rs	Balance as at 31.12.2019 Rs
	Software and Publications	2,826,317	4,088,858	-	6,915,175
		2,826,317	4,088,858	-	6,915,175
9.2	Accumulated Amortisation	Balance as at 01.01.2019	Charge for the Year	Disposals/ Transfers	Balance as at 31.12.2019
	Software and Publications	2,826,317	227,159	-	3,053,476
		2,826,317	227,159	-	3,053,476
9.3	Carrying Value			<u>2019</u> Rs	<u>2018</u> Rs
	Software and Publications			3,861,700	-
				3,861,700	-



SRI LANKA CERT (PRIVATE) LIMITED**NOTES TO THE STATEMENT OF FINANCIAL POSITION**

AS AT 31ST DECEMBER 2019

(ALL FIGURES ARE IN SRI LANKAN RUPEES)

	<u>2019</u>	<u>2018</u>
	Rs	Rs
NOTE 10 PREPAYMENTS		
Insurance	1,387,692	1,299,312
	<u>1,387,692</u>	<u>1,299,312</u>
NOTE 11 OTHER RECEIVABLES		
ICT Agency of Sri Lanka (Pvt) Ltd.	42,551,302	42,551,302
Government Grant Receivables - Operational & Gratuity Fund	7,760,675	1,679,122
- Project	34,737,900	11,833,925
	<u>85,049,877</u>	<u>56,064,348</u>
NOTE 12 CASH AND CASH EQUIVALENTS		
Cash at Bank	10,456,919	15,507,619
Petty Cash	20,000	19,409
	<u>10,476,919</u>	<u>15,527,028</u>
NOTE 13 STATED CAPITAL		
Fully Paid 02 Ordinary Shares	20	20
	<u>20</u>	<u>20</u>
NOTE 14 DEFERRED LIABILITY FOR GRANT ASSETS		
Amount Recognized as at 01st January	20,000	259,180
Income Deferred during the Year	8,950,579	-
	<u>8,970,579</u>	<u>259,180</u>
Transferred to Income Statement	(482,299)	(239,180)
Balance as at 31st December	<u>8,488,280</u>	<u>20,000</u>
NOTE 15 UNUTILISED GRANT INCOME		
Unutilised Grant Income as at 01 January	-	-
Unutilised Grant Income A/C for the year	11,483,044	-
	<u>11,483,044</u>	<u>-</u>
(-) Transferred to Income Statement	-	-
Balance as at 31st December	<u>11,483,044</u>	<u>-</u>



SRI LANKA CERT (PRIVATE) LIMITED
NOTES TO THE STATEMENT OF FINANCIAL POSITION

AS AT 31ST DECEMBER 2019
 (ALL FIGURES ARE IN SRI LANKAN RUPEES)

	<u>2019</u>	<u>2018</u>
	Rs	Rs
NOTE 16 RETIREMENT BENEFITS		
Balance as at 01st January	12,424,250	10,839,022
Charge for the Year	1,574,750	1,585,228
Payments	(1,725,000)	-
Balance as at 31st December	<u>12,274,000</u>	<u>12,424,250</u>

The gratuity liability is neither externally funded nor actuarially valued.

NOTE 17 OTHER PAYABLES

Payables	Annex - 2	9,886,247	13,100,995
		<u>9,886,247</u>	<u>13,100,995</u>

NOTE 18 RELATED PARTY DISCLOSURES

18.1 Details of significant related party disclosures are as follows:

Related Party

Relationship

Nature of Transaction

Balance as at 01st January	-	-
Expenses borne by the company	-	-
Amount received from the related party	-	-
Balance as at 31st December	<u>-</u>	<u>-</u>

18.2 Transactions with key management personnel of the company.

According to LKAS 24 'Related Party Disclosures', Key Management personnel are those having authority and responsibility for planning, directing and controlling the activities of the entity.

	<u>2019</u>	<u>2018</u>
Key Management Personnel Compensation	-	-
Short-Term Employee Benefits	<u>-</u>	<u>-</u>



SRI LANKA CERT (PRIVATE) LIMITED

NOTES TO THE STATEMENT OF FINANCIAL POSITION

AS AT 31ST DECEMBER 2019

(ALL FIGURES ARE IN SRI LANKAN RUPEES)

NOTE 19 EVENTS OCCURING AFFTER THE REPORTING PERIOD

There have been no material events occurred after the reporting date that require adjustments to or disclosure of the financial statements.

NOTE 20 COMMITMENTS AND CONTINGENCIES

20.1 Commitments

There were no capital expenditure commitments outstanding at the reporting date.

20.2 Contingencies

There were no significant contingent liabilities as at reporting date.



SRI LANKA CERT (PRIVATE) LIMITED
ANNEXTURE TO THE STATEMENT OF FINANCIAL STATEMENTS

AS AT 31ST DECEMBER 2019
(ALL FIGURES ARE IN SRI LANKAN RUPEES)

	2019 Rs
Annex - 1 Project Grant Income /(Expense)	
Project Grant Income	47,219,566
<u>Less : Project Expenses</u>	
Aitken Spence Travels (Pvt) Ltd	9,564,320
ANCL - Lake House	756,596
BOD Malayasia IT Auditors	2,366,539
CPCP members	75,000
Epic Lanka (Pvt) Ltd	12,768,000
ISACA Sri Lanka Chapter	1,432,520
LOLC Technologies Limited	3,703,019
Sri Lanka Telecom PLC	16,283,472
TEC & PPC members	68,500
Techno Forms (Pvt) Ltd	62,000
	47,079,967
Net Project Grant Income /(Expense)	139,600

Annex - 2 OTHER PAYABLES	
CAS Corporate Services (Pvt) Ltd	73,000
Digital Mobility Solutions Lan	62,024
Lanka Bell Ltd	14,327
Auditor General - Audit Fee 2016 & 2017	336,000
Auditor General - Audit Fee 2018	168,000
Auditor General - Audit Fee 2019	150,000
ANCL - Lake House	134,303
CPCP members	75,000
Epic Lanka (Pvt) Ltd	2,648,000
ISACA Sri Lanka Chapter	1,432,520
LOLC Technologies Limited	982,062
Sri Lanka Telecom PLC	3,680,512
TEC & PPC members	68,500
Techno Forms (Pvt) Ltd	62,000
	9,886,247

