



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

**Annual Report 2020**

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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 civilian 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. Thereafter, Sri Lanka CERT was made independent of ICTA in 2018 and was assigned to the Ministry of Digital Infrastructure and Information Technology. In the year 2019, Sri Lanka CERT was assigned to the Ministry of Defence and later was reassigned to the Presidential Secretariat in October this year.

At the end of 2020, the headcount comprised of twenty-three (23) staff members. This included the Chief Executive Officer, Chief Operating Officer, Head of Research, Policy and Projects, Chief Information Security Engineer, three Information Security Engineers, five Associate Information Security Engineers, two project managers, four Information Security Analysts, two Associate Information Security Analysts, Head of Human Resources and Administration, Admin & Account Assistant and a driver cum office assistant. In addition, there were six undergraduate interns assisting the operations. Eight staff members were recruited during the year 2020.

All staff are highly skilled and experienced in different areas of information security and have achieved corresponding Information security certifications that are widely recognized in the industry, such as SANS GCIH, Microsoft MCSE, EC-Council Certified Ethical Hacker (CEH) and Certified Hacking Forensics Investigator (CHF), Certified Information Systems Auditor (CISA) by Information Security Audit and Control Association (ISACA), CISCO CCNA, CCSP and CISSP by International Information Systems Security Certification Consortium; (ISC)<sup>2</sup>.

## 1.3 CONSTITUENCY

Sri Lanka CERT|CC's constituency encompasses the non-defence cyber community of Sri Lanka (private and public-sector organizations, and the general public). Sri Lanka CERT|CC maintains a good rapport with the government and private sector establishments and extends assistance to the general public. In accordance with its mandate, Sri Lanka CERT | CC gives priority to requests for assistance from the government. Requests from the private sector are accommodated where possible.

## 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

The year 2020 has been a challenging year for Sri Lanka CERT due to the Covid-19 pandemic. The staff of Sri Lanka CERT carried out their duties conforming to government health guidelines. Overall cyber incidents increased by 460% in 2020 compared to 2019.

Despite the challenges, Sri Lanka CERT successfully carried out all operations and services aided by the filling of long vacant positions resulting in head count growing from 16 to 23.

In February, a ceremony marking the first root key generation commencing operations of the National Certificate Authority was held.

Sri Lanka CERT also initiated the following national surveys:

- a) Identifying Organizations maintaining Nationally Critical Information Infrastructure relating to Information Security.
- b) Cyber Security Awareness of Government Officers
- c) Supply and Demand Assessment of Cyber Security Professionals

In support of a continuing need for working from home, Sri Lanka CERT published guidelines for system administrators and general users. The Annual National Cyber Security Week Conference 2020 was held online for the very first time and was concluded successfully with active participation.

Mr. Lal Dias retired as the Chief Executive Officer at the end of 2020. He joined Sri Lanka CERT at the inception and provided the leadership and guidance to grow the organization from its early beginnings to the professional and capable organization that it has now become. The Board of Directors and staff would like to extend their appreciation and thanks for his loyal service.

I take this opportunity to thank the Secretary and the staff of the Ministry of technology for their invaluable support during the year. I also wish to thank my fellow Board members and the staff

of Sri Lanka CERT for their unstinted commitment and cooperation throughout a challenging year, and look forward to our shared success in 2021.

Rohan Muttiah  
Chairman

## 4 BOARD OF DIRECTORS

1. Mr. Rohan Muttiah - Chairman
2. Maj. Gen Renuka Rowel
3. Eng. Rohan Seneviratne
4. Mr. Oshada Senanayake
5. Mr. Madhu Rathnayake
6. Mr. Channa De Silva
7. Dr. Ruvan Weerasinghe
8. Mr. Jayantha Fernando
9. Mr. Vimukthi Janadara
10. Mr. K V K Alwis
11. Ms. Manori Unambuwe - Stepped down on the 24<sup>th</sup> of June, 2020

## 5 ACTIVITIES & OPERATIONS

### 5.1 RESPONSIVE SERVICES

This service is 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

This service is 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***

This service is 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***

This service is 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**

This service is 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***

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 is 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. Majority of the reported incidents fall in to the category of social media related incidents and on average more than 1000 cases are reported each month. Among the social media incidents, Facebook incidents were the highest.

The Table 1 depicts the distribution of various types of incidents reported to Sri Lanka CERT in the year 2020. All the incidents reported to Sri Lanka CERT have been resolved satisfactorily.

Incident Type	No of Incidents 2020
DDOS	1
Ransomware	24
Abuse/Hate/Privacy violations	70
Malicious Software issues	9
Phone Hacking	6
Scams	157
Phishing	17
Website Compromise	85

Financial/Email frauds	57
Intellectual property violation	1
Server Compromised	6
Social media	15895
Other	48

Table 1: Number of reported incidents in year 2020

## 6.2 CONSULTANCY SERVICES

Sri Lanka CERT continues to provide consultancy services in response to requests made by both the public and private sectors.

## 6.3 INFORMATION SECURITY MANAGED SERVICES

1. CERT was able to deliver the following security managed services;
  - External penetration testing
  - Internal penetration testing
  - Device configuration reviews
  - Network architecture reviews
  - Application security assessments
  - Server OS configuration reviews

## 6.4 APPLICATION SECURITY AUDITS

Sri Lanka CERT performed Web and Mobile Application Security Audits were performed throughout the year. Continuous monitoring of web applications were conducted in order to identify potential cyber-attacks.

## 6.5 TRAINING / EDUCATION SERVICES

In order to fulfill its mandate to create awareness and build Information Security skills within the constituency; Sri Lanka CERT continued to organize training programs and education sessions targeting various audiences including CIOs, Engineers, System Administrators, Banking and Telecom Sector Staff, Students, and General Public.

### 1. Awareness Program and Training Sessions

Sri Lanka CERT conducted the following training and awareness programs:

- Webinar on Cyber security and cyber bullying for public awareness.
- Webinar on Cyber Hygiene & Safety for public awareness.
- Webinar on Introduction to CERT & Cyber safety to University Students.
- Awareness program on online safety for ICT teachers.
- Awareness program on cyber security fundamentals for government officers.

- Webinar on Information Security- 'Ignite educational Forum 2020' organized for general public.
- Awareness program on Information security and social media ethics for Postal department.
- Webinar on 'Digital forensic procedures and interesting artifacts' for APCERT Community.
- Social Media Campaigns for the public through the official Sri Lanka CERT|CC Facebook page.
- Work from Home Guidelines and awareness webinar for the public and administrators shared through Official Public channels.
- Information Security and Digital Signatures online session for Law student and Government officers.
- Cyber security awareness session for Internet Society of Sri Lanka.
- Awareness session for Inland Revenue Department on Introduction to Cyber Threats, Social Media and Mitigation.
- Countermeasures and Forensics Webinar for university students participated as a panelist.
- Cyber Guardian e Newsletter published every month for School Children.
- Webinar by Women IGF 2020 on Internet Safety.

## **2. Awareness through Electronic/Print Media**

Sri Lanka CERT|CC provided information for 7 newspaper articles. Furthermore, attended 03 live TV programs, 02 live radio programs and provided recorded content for 06 TV and 15 radio programs. Sri Lanka CERT|CC live streamed 7 sessions on social media platforms.

## **3. Annual Cyber Security Week 2020 (eCSW 2020)**

The e-Cyber Security Week (eCSW 2020) theme was "Pandemic, the new Cyber norm", the Hacking Challenge was conducted 28th October 2020. Approximately 900 participants for the online sessions from 19th to 23rd October 2020. A number of presentations including but not to Cyber security strategy of Sri Lanka by Sri Lanka CERT, Covid-19, SARS and Ebola Vs Defacement, Phishing and DDoS by Cyber4Dev, EU, ATM frauds on the rise by Sri Lanka CERT, Understanding malicious activities from distributed honeypots by APNIC, the Impact of the telecommunications network on national security by TRC, Sri Lanka, Cyber security during Covid-19 by ST Engineering, Way forward to secure your website by Sri Lanka CERT, DNS ecosystem security by ICANN, Business email compromise cases/money laundry/cyber profiling by Interpol, Virtual learning environments and the impact to the learning today and beyond by University of Queensland, Security analytics and Detecting threat evading the radar by CISCO, Panel Discussions on Challenges faced during COVID-19 lockdown period in Sri Lanka and Challenges in addressing cybercrime in Sri Lanka were conducted.

## **4. Security Alerts**

- An Average of 1000 compromised IPs per month were informed to ISPs.
- 38 critical security alerts were published and sent to subscribers.

## 6.6 PUBLICATIONS

### ***Website***

The Sri Lanka CERT website publishes security related awareness bulletins for the public via News Alerts and a Knowledge Base. Glossaries, case studies and FAQs are among some of the other published items.

### ***E-mails***

Disseminating security related information via e-mail alerts to Sri Lanka CERT website subscribers.

### ***Newsletters***

Sri Lanka CERT|CC publishes and circulates 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 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 against these attacks.

## 6.7 INFRASTRUCTURE DEVELOPMENT & STAFF CAPACITY BUILDING

### **1. Internal Infrastructure & Process Improvements**

- Implemented several proposed recommendations of SIM3 Maturity Model assessed by Estonian experts.
- Developed the new website for Sri Lanka CERT|CC.
- Performed Server Hardening for Web hosting in LGC Premises.
- Developed a Training Book for Interns.
- Developed a guideline on 'Best practices for secure website development'.

### **2. Staff Capacity Building - Local Initiatives**

Staff members of Sri Lanka CERT participated in following capacity building activities;

- RTIR Configuration workshop (CERT/Cyber4Dev)
- Crisis Management (Cyber4Dev)
- Workshop on presentations (Cyber4Dev)

### **3. Staff Capacity Building – International Initiatives**

- DNS Ecosystem Security (Teleconference)
- Training on "Safeguarding Critical National Infrastructure (CNI) – Risks and Opportunities" (ITU)(Teleconference)

- Webinar on Broken Access Control (Open webinar)
- Webinar on SQL injection attacks (Open webinar)
- Webinar on Network Penetration Test (Open webinar)
- New Approach for modern threat detection, investigation and response webinar
- Webinar on Advanced Network Exploitations (Open webinar)
- OWASP May webinar on Network Penetration testing
- Webinar on Digital Forensics - Volatility & Autopsy (Open webinar)
- Webinar on Hacking Docker Containers (Open webinar)
- Webinar on Cyber Incident Planning and Response (ISACA)
- Webinar on Learn to Think Like a Hacker to Stop Attacks Faster Strengthen Your Security Posture with the MITRE ATT&CK Framework (ISACA)
- Webinar on Hacking iOS apps for beginners (Open webinar)
- Webinar by ISMG on Cloud Security
- Webinar on Why Patch if you don't Fix it? (ISACA)
- Webinar on Introduction to the Risk IT Framework (ISACA)
- Webinar on 'Hacking and Protecting My Wi-Fi by condition zebra (Open webinar)
- Webinar on Android application hacking for beginners (Open webinar)
- Webinar on Mac forensics, Drone Forensics, FTK tutorial (by Credence Security)
- Teleconference on Combatting Financial Frauds through Effective Money Interception Mechanisms (Interpol)
- Email based Attacks and Mitigation (Teleconference)
- Blue team training (Webinar by Soteria)
- Cyber Emergency Preparedness & Management Training (by Cyber4Dev)
- Webinar on Intellectual Property and Patent Rights (FITIS)
- Advanced CSIRT Technical Training (by Cyber4Dev)
- Web Log Analysis Training (by Cyber4Dev)
- Webinar on 'Sharpen up Cyber Security Defenses for the New Normal with an Agile, Flexible, and Predictive Strategy' (ISACA)

## 6.8 NATIONAL PROJECTS

Project Name	Project Status (Simple Description)
National Cyber Security Operations Center- NCSOC	Procurement of Physical space for the monitoring center is completed.
Implementation of National Certification Authority-NCA	The key generation ceremony was held, whilst the point-in-time audit was completed.
Cyber Security Capacity and infrastructure development	Procurements relating to the purchasing of computer hardware and software were completed.
National Surveys on Information and Cyber Security	The Public Officer's Information and Cyber Security Readiness Survey was conducted in 117 government organizations.
	The Critical Information Infrastructure Readiness Survey was conducted in 59 organizations and the

	data validation was completed for 51 organizations.
Development of a Web Portal to increase citizens' awareness on cyber security (www.onlinesafety.lk)	The Prototype of the web portal was developed and the domain name was obtained from LK domain registry.

Table 2: National Projects

## 6.9 SPECIAL PROJECTS

### Cyber Security Projects with European Union (Cyber4Dev)

- Sponsored two CERT staff to participate for APRICOT conference (Australia)
- Supported SIM3 implementation work to develop communication stratify, incident classification, RFC for CERT
- Following training programs were conducted for CERT staff in February 2020
  - Workshop on ticketing
  - Briefing on UK Incident Management Model & Briefing on Incident Exercising
  - Technical Exercise Run through & PM Planning session
- Following training programs were conducted for CERT staff in Nov-Dec 2020
  - Advanced CSIRT Training (3 days)
  - Ticketing System (1/2 day)
  - Log Analysis (2x ½ days)

## 7 ACHIEVEMENTS

### 7.1 CYBER SECURITY BILL

The Cyber Security Bill was drafted, revised, and submitted for review.

### 7.2 INFORMATION SECURITY FRAMEWORK

The following drafts are being reviewed;

- Handbook of Information Security – An Implementation Guide
- Baselines Security Standards (BSS)
- Web Application and Hosting Guidelines
- Access Control Policy

### 7.3 MEMBERSHIPS

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
- Membership of TF-CSIRT

## 8 INTERNATIONAL COLLABORATION

### 8.1 CAMP

- Re-elected as a member of the CAMP Operations Committee for the year 2020-2021
- Participated in four CAMP operations committee meetings
- CAMP AGM and GCCD Cyber Security Seminar
  - Leading processes and procedures relevant to membership component in CAMP OC
  - Won the Best Operations Committee Member Award during the AGM
  - Made new contacts with cyber security related organization
- Reviewed membership application of Nicaragua TELCOR
- Prepared an article on “Key Generation Ceremony of the National Certification Authority of Sri Lanka” for CAMP Newsletter
- Participated in offline discussions on CAMP AGM 2020
- Prepared an award acceptance speech video (Best OC member) to present in AGM 2020
- Participated for CAMP AGM 2020 and GCCD seminar (online)
- Reviewed membership application of Nepal CSRI
- Participated for CAMP Regional Forum for Arabic Region representing CAMP OC
- Reviewed and discussed about R&R arrangements
- Reviewed, discussed and finalized the suggestions for implementing Working Groups within CAMP

### 8.2 APCERT

- Participated for six APCERT steering committee meetings including at APRICOT 2020 (Australia)
- Continuing with network monitoring project “Tsubame” with JPCERT|CC
- Organized and conducted meetings with the working group members as the Convener of APCERT working group – Critical Infrastructure Protection
- Participated for APCERT working group teleconferences- Policy and Planning, Membership
- Conducted APCERT online training on “Digital forensic procedures and interesting artifacts” for the APCERT members
- Participated for APCERT cyber drill 2020 working group discussions
- Participating APCERT cyber drill 2020
- Participated for APCERT AGM Program Committee Meeting
- Sponsored FIRST and APNIC to obtain the APCERT membership
- APCERT AGM and Conference 2020 (Teleconference)
  - Appointed as a Member of the program committee of AGM

- Presented the progress of Critical Infrastructure Protection working group at the AGM
- Contributed to several APCERT working groups
- Proposed to have 2021 APCERT AGM in Sri Lanka
- Participated for the APCERT steering committee election 2020-2022

## 9 FUTURE PLANS

### 9.1 FUTURE PROJECTS TO BE IMPLEMENTED

- Establishment of a Sectoral CERT for Education Sector (EduCERT)

### 9.2 PROJECTS IN CONCEPTUAL STAGE

- Establishment of Cybersecurity Call center
- Outreach and Awareness Activities

## 10 BOARD AUDIT COMMITTEE

The Board Audit Committee (BAC) was appointed by the Board of Directors of Sri Lanka CERT on the 13<sup>th</sup> of July 2020. The Board Audit Committee comprises of the following members;

1. Mr. Vimukthi Janadara – Chairman of the BAC
2. Mr. K V K Alwis
3. Mr. Jayantha Fernando

The BAC met twice this year, on the 9<sup>th</sup> of October 2020 and the 27<sup>th</sup> of October 2020.

The report by BAC is attached as Annex A.

## 11 REPORT OF THE AUDITOR GENERAL

Audited Financial Statement of 2020 along with Auditor General's Report for the year 2020 is attached as Annex B.

## 12 FINANCIAL HIGHLIGHTS

<b>Expenses</b>		
<b>Recurrent Expenses</b>	Rs.	Rs.
Personnel Emoluments	61,305,892.00	
Communication	2,560,693.00	
Rent of Premises & Electricity	8,412,336.00	
Office Expenses	933,482.00	
Maintenance	1,483,026.00	
Insurance	1,806,261.00	
Consumables	281,635.00	
Professional Fees	1,020,000.00	
Secretarial Fees	474,620.00	
Bank Charges	18,150.00	

Audit Fee	150,000.00	
Refreshments	73,230.00	
		78,519,325.00
<b>Capital Expenses</b>		
Project Expenses		34,018,066.00
		<b>112,537,391.00</b>

<b>Revenue</b>		
<b>Grant Income from the Treasury</b>	Rs.	Rs.
Grant Income for Operational Expenses	62,205,423.00	
Grant Income for Capital Expenses	33,804,000.00	
Transferred from Unutilized Grant Income Account	11,483,044.00	
		107,492,467.00
<b>Earned Revenue</b>		
Manage Security Services & Others	5,102,891.00	
Interest Income	378,611.00	
		5,481,502.00
		<b>112,973,969.00</b>

**Note:**

1. Recurrent budget allocation 2020 – 84.7M
2. Capital budget allocation 2020 – 324.75M

## 13 CONCLUSION

In the year 2020, there was an increase in the number of information security incidents while new challenges were posed by the pandemic. Despite these, Sri Lanka CERT was able to successfully perform its operations.

An increased focus was given towards securing sensitive government information assets. This included the development of policies, capacity building initiatives, improvements to information infrastructure and monitoring of key public facing resources.

The establishment of the National Certification Authority, drafting the Cyber Security Bill, Development of the Information Security Framework for government organizations and Monitoring of critical public facing resources are some of the activities carried out during the year as per the National Information and Cyber Security Strategy.

We believe Sri Lanka CERT is well positioned to build on its success in the coming year.

# Annex A

## **BOARD AUDIT COMMITTEE REPORT - 2020**

1. The Board of Directors of Sri Lanka CERT appointed the following members of the Board for the Board Audit Committee on 13<sup>th</sup> July 2020.

<u>Name</u>	<u>Date of Appointment</u>
(a) Vimukthi Janadara - Chairman	11 <sup>th</sup> January 2020
(b) Vasantha Alwis - Member	19 <sup>th</sup> February 2020
(c) Jayantha Fernando - Member	26 <sup>th</sup> December 2019

2. The Board Audit Committee held two meetings in 2020, as given below.

### **(1). The Meeting on 09<sup>th</sup> October 2020**

a. Members present:

- Vimukthi Janadara - Chairman
- Vasantha Alwis - Member
- Jayantha Fernando - Member
- K R T Menike - Superintendent of Audit
- Lal Dias – CEO, Sri Lanka CERT - Invitee
- Prasad De Silva – Head of HR & Admin - Invitee
- S Nishanthi Mendis – Representative from Nexia Management Services - Invitee
- Thomas Prins - Secretary

b. Summary of major points discussed:

- Approval for the Terms of Reference (TOR) of the Audit Committee
- Draft Financial Statements for 2018 and 2019
- Status of Audit Queries up to 30<sup>th</sup> September 2020
- Establishment of the Internal Audit Mechanism at Sri Lanka CERT
- Treasury / Line Ministry supervision of Sri Lanka CERT
- Outsourced activities of Sri Lanka CERT and matters regarding compliance under the Companies Act

### **(2). The Meeting on 27<sup>th</sup> October 2020**

a. Members present:

- Vimukthi Janadara - Chairman
- Vasantha Alwis - Member
- Lal Dias - CEO, Sri Lanka CERT - Invitee
- Prasad De Silva - Head of HR & Admin - Invitee
- S Nishanthi Mendis - Representative from Nexia Management Services - Invitee
- Thomas Prins – Secretary

b. Summary of major points discussed:

- Draft Financial Statements for 2018 and 2019
- Establishment of the Internal Audit Mechanism at Sri Lanka CERT
- Treasury / Line Ministry supervision of Sri Lanka CERT
- Outsourced activities of Sri Lanka CERT and matters regarding compliance under the Companies Act
- Budget for the year 2021 which was submitted to the Line Ministry
- Submission of Financial Progress as at 30<sup>th</sup> September 2020

3. The Board Audit Committee, in general checks the progress of projects being carried out by Sri Lanka CERT and the management of funds provided by the Government of Sri Lanka for both projects and recurrent operations. The Board Audit Committee noted that the following National Projects are being carried out by Sri Lanka CERT as budgeted for the year 2020.

<b>Project Name</b>	<b>Funds Allocated for 2020 LKR in Millions</b>
1. National Cyber Security Operations Centre	232.70
2. Establishment of National Certification Authority for Sri Lanka	44.02
3. National Survey on Information and Cyber Security	23.58
4. Cyber Security Capacity and Infrastructure Development	8.73
5. Improve the Cyber Security Readiness of 10 Government Organizations	0.60
6. Designing and Development of Web portal to Increase Stakeholders Awareness on Cyber Security	4.50
7. Development of National Competency Standards for Information and Cyber Security	6.10
8. Development of Online Modules on e-Learning for Government Officers	0.40
9. Cyber Security Capacity Building Program	1.00

4. The Board Audit Committee also observed that the Covid-19 situation has significantly impacted the progress of the above projects.

5. Further, the management of funds for both projects and recurrent operations is well within the allocated budget.

Signed by,  
Vimukthi Janadara  
Chairman  
Board Audit Committee

# Annex B



# ජාතික විගණන කාර්යාලය

## தேசிய கணக்காய்வு அலுவலகம்

### NATIONAL AUDIT OFFICE



මගේ අංකය  
எனது இல.  
My No.

CAM/E/CERT/01/2020/03

මගේ අංකය  
உமது இல.  
Your No.

දිනය  
திகதி  
Date

29 June 2022

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 2020 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 2020 comprising the statement of financial position as at 31 December 2020 and the statement of Profit & 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 2020, 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 the property, plant and equipment, accumulated depreciation and net carrying value as at 31 December 2020 were Rs.19,519,710, Rs.14,779,590 and Rs.4,740,120 respectively. However, the updated fixed assets register and the detail schedules had not made available for audit to ascertain the accuracy of such balances.



- (b) 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.
- (c) As per the financial statement of the Company, the amount due from ICTA (Private) limited as at 31 December 2020 was Rs.40, 215,928. As the balance confirmation from ICTA (Private) limited had not been received to the audit up to April 2022, audit was unable to ascertain the accuracy of such balance.

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 Other information included in the Company's 2020 Annual Report.**

The other information comprises the information included in the Company's 2020 Annual Report but does not include the financial statements and my auditor's report thereon, which I have obtained prior to the date of this auditor's report. Management is responsible for the other information.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If based on the work I have performed on the other information that I have obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

#### **1.4 Responsibilities of management and those charge 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.

#### **1.5 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**

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

2.1.1 Except for the effects 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.

2.1.2 The financial statements of the Company comply with the requirement of section 151 of the Companies Act, No. 07 of 2007.

2.1.3 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.

2.1.4 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.

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

2.2.1 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 cause of business as per the requirement of section 12 (d) of the National Audit Act, No. 19 of 2018.

2.2.2 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**

Guideline 9.2 and 9.3.1 of the Public Enterprises Circular No.PED/12 dated 2 June 2003.

The Company does not have an approved organization Chart with an approved cadre and Scheme of recruitment and promotion for each post.

2.2.3 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.

2.2.4 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 as allowances to the Chief Executive Officer of the Company during the year under review. However, approval for payment had not been submitted to the audit.

**(b) Project Progress**

(i) The period of National Cyber Security Operations Centre (NSSOC) project was 2016 to 2018 and it had been extended up to 2021. However, even after 5 years period, the physical progress of the project as at 31 December 2020 was only 47 percent.

(ii) The National survey on information and Cyber Security project was scheduled to be completed within the period of 2019 to 2020. However, the physical progress of the project as at 31 December 2020 was only 80 percent and it had not been completed as scheduled.

  
**W.P.C. Wickramaratne**

Auditor General

# SRI LANKA CERT (PRIVATE) LIMITED

## FINANCIAL STATEMENTS 2020



**SRI LANKA CERT (PRIVATE) LIMITED**  
**STATEMENT OF PROFIT AND LOSS**

**FOR THE YEAR ENDED 31ST DECEMBER 2020**

(ALL FIGURES ARE IN SRI LANKAN RUPEES)

	<u>NOTE</u>	<u>2020</u> Rs	<u>(Restated)</u> <u>2019</u> Rs
<b>Grant Income</b>	<b>4</b>	109,985,588	118,389,200
<b>Expenses</b>			
Personnel Emoluments	<b>5</b>	(61,305,892)	(53,410,858)
Operational Expenses	<b>6</b>	(19,706,552)	(17,758,775)
Project Expenses	<b>7</b>	<u>(34,018,066)</u>	<u>(47,079,967)</u>
<b>Net Surplus/(Deficit) on Grant Activities</b>		(5,044,921)	139,600
<b>Other Revenue</b>	<b>8</b>	5,481,502	15,905,753
<b>Net Surplus/(Deficit) before Taxation</b>		436,581	15,905,753
Less : Taxation		-	-
<b>Net Surplus/(Deficit) after Taxation</b>		<u><u>436,581</u></u>	<u><u>15,905,753</u></u>



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

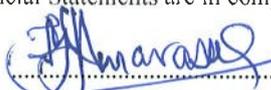
AS AT 31ST DECEMBER 2020

(ALL FIGURES ARE IN SRI LANKAN RUPEES)

	<u>NOTE</u>	<u>2020</u> Rs	(Restated) <u>2019</u> Rs
<b><u>Assets</u></b>			
<b><u>Non-Current Assets</u></b>			
Property, Plant & Equipment	9	4,740,120	4,626,580
Intangible Assets	10	2,498,747	3,861,700
		<u>7,238,867</u>	<u>8,488,280</u>
<b><u>Current Assets</u></b>			
Prepayments	11	5,221,085	1,387,692
Other Receivables	12	40,215,928	82,714,503
Cash & Cash Equivalents	13	33,267,641	10,476,919
		<u>78,704,653</u>	<u>94,579,114</u>
<b>Total Assets</b>		<b><u>85,943,520</u></b>	<b><u>103,067,394</u></b>
<b><u>Equity &amp; Liabilities</u></b>			
<b><u>Equity</u></b>			
Stated Capital	14	20	20
Accumulated Surplus		61,372,384	60,935,803
<b>Total Equity</b>		<u>61,372,404</u>	<u>60,935,823</u>
Deferred Revenue for Grant Assets	15	7,238,867	8,488,280
Unutilised Grant Income	16	-	11,483,044
<b><u>Non-Current Liabilities</u></b>			
Retirement Benefit	17	13,370,188	12,274,000
<b><u>Current Liabilities</u></b>			
Deferred Revenue for Expenses	18	3,494,061	-
Trade & Other Payables	19	468,000	9,886,247
		<u>3,962,062</u>	<u>9,886,247</u>
<b>Total Equity &amp; Liabilities</b>		<b><u>85,943,520</u></b>	<b><u>103,067,394</u></b>

The Accounting Policies and notes on pages 5 through 19 form an integral part of the Financial Statements.

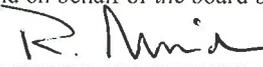
These Financial Statements are in compliance with the requirements of the Companies Act No. 07 of 2007. □

  
 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

08 - 02 - 2022



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

**FOR THE YEAR ENDED 31ST DECEMBER 2020**  
**(ALL FIGURES ARE IN SRI LANKAN RUPEES)**

	Stated Capital Rs	Accumulated Surplus Rs	Total Rs
<b>Balances as at 31st December 2017</b>	20	34,851,154	34,851,174
Surplus for the Year			
- As previously reported	-	12,514,270	12,514,270
- Prior year adjustments (Note 23)		(2,335,374)	(2,335,374)
		10,178,896	10,178,896
<b>Re-stated balance as at 31st December 2018</b>	20	45,030,050	45,030,070
Surplus for the Year	-	15,905,753	15,905,753
<b>As at 31st December 2019</b>	20	60,935,803	60,935,823
Surplus for the Year	-	436,581	436,581
<b>As at 31st December 2020</b>	20	61,372,384	61,372,404

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 2020**  
**(ALL FIGURES ARE IN SRI LANKAN RUPEES)**

	Note	<u>2020</u> Rs	(Restated) <u>2019</u> Rs
<b>Cash Flows from Operating Activities</b>			
Surplus/(Deficit) for the Year		436,581	15,905,753
<b>Adjustments for;</b>			
Depreciation & Amortization		2,493,121	482,299
Provision for Gratuity		2,581,188	1,574,750
Gratuity Paid		(1,485,000)	(1,725,000)
Deferred Revenue for Grant Assets Adjustment		(1,249,413)	8,468,279
		<u>2,776,477</u>	<u>24,706,082</u>
<b>Working Capital Changes</b>			
(Increase) / Decrease in Prepayments		(3,833,393)	(88,380)
Increase / (Decrease) in Other Payables		(9,418,247)	(3,214,748)
Increase / (Decrease) in Unutilised Grant Income		(11,483,044)	11,483,044
Increase / (Decrease) in Deferred Rev for Exp		3,494,061	-
(Increase) / Decrease in Other Receivables		42,498,575	(28,985,529)
		<u>24,034,430</u>	<u>3,900,469</u>
<b>Cash Flows from Investing Activities</b>			
Acquisition of Property, Plant & Equipments		(1,243,709)	(8,950,579)
Net Cash Generated (Used in) from Investing Activities		<u>(1,243,709)</u>	<u>(8,950,579)</u>
Cash & Cash Equivalents as at the beginning of the Year		10,476,919	15,527,029
Net Cash Generated (Used in) during the Year		22,790,721	(5,050,110)
<b>Cash &amp; Cash Equivalents as at the End of the Year</b>	(A)	<u><u>33,267,641</u></u>	<u><u>10,476,919</u></u>
<b>(A) Analysis of Cash &amp; Cash Equivalents as at the end of the year</b>			
Cash at Bank & in Hand		33,267,641	10,476,919
		<u><u>33,267,641</u></u>	<u><u>10,476,919</u></u>



**SRI LANKA CERT (PVT) LTD****NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2020****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. At the beginning of 2020 Sri Lanka CERT|CC was under the Ministry of Defence and was assigned to Presidential Secretariat on 25 September 2020 by the Gazette No. 2194/74. Thereafter, Sri Lanka CERT|CC was reassigned to Ministry of Technology on 20th November 2020 by the Gazette No. 2202/25.

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. Principal 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, 2020 was authorized for issuance by the directors on 08th February 2022.

**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) LTD****NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2020****2.1. Statement of compliance**

The financial statements of the company, have been prepared and presented in accordance 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

**2.2 Use of Estimates & Judgments**

- The preparation of financial statements in conformity with SLFRS/LKAS 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 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.

**2.3 Going Concern**

The Directors have made an assessment on the Company's ability to continue as a going concern and they do not intend either to liquidate or to cease operations.

**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 2020**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 2020Financial 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 2020**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) LTD****NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2020****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 2020****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. (The useful life of the software is 3 years)

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 2020****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 2020

(ALL FIGURES ARE IN SRI LANKAN RUPEES)

	<u>2020</u>	<u>(Restated)</u> <u>2019</u>
	Rs	Rs
<b>NOTE 04 GRANT INCOME</b>		
Grant Income - Operational	62,205,423	70,687,334
Grant Income - Project	33,804,000	47,219,566
Deferred Grant Income - On Grant Assets	2,493,121	482,299
Transferred from Unutilised Grant Income A/C	11,483,044	-
	<b>109,985,588</b>	<b>118,389,200</b>
<b>NOTE 05 PERSONNEL EMOLUMENTS</b>		
Salaries & Wages	42,889,733	36,696,500
EPF Expenses	5,146,768	4,403,580
ETF Expenses	1,286,692	1,104,765
Consultant fees	8,520,000	8,520,000
Interns Allowance	586,332	661,164
Gratuity Provision	2,581,188	1,574,750
Over Time	295,179	450,099
	<b>61,305,892</b>	<b>53,410,858</b>
<b>NOTE 06 OPERATIONAL EXPENSES</b>		
Telephone & Internet Charges	2,560,693	2,575,692
Insurance Expense	1,806,261	1,558,215
Rent Expense	8,412,336	5,358,455
Travelling - Foreign	-	1,669,360
IT Equipments Maintenance	212,465	154,293
Professional Fees	1,020,000	1,020,000
Secretarial Fee	474,620	286,300
Bank Charges	18,150	15,250
Courier Charges	82,392	93,753
Maintenance & Repairs Expense	98,142	174,512
News papers & periodicals	24,690	24,900
Audit Fee	150,000	150,000
Meeting Expenses	73,230	65,763
Other Office Expense	58,528	93,789
Tax surcharge	-	10,000
Water	42,234	62,188
Staff Welfare	73,231	779,496
License Renewal	1,172,419	1,919,113
Advertising Expense	67,592	14,400
Training Expenses	-	227,600
Travelling - Local	658,046	712,348
Stationery & Printing	208,404	311,048
Depreciation & Amortization	2,493,121	482,299
	<b>19,706,552</b>	<b>17,758,775</b>



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

**FOR THE YEAR ENDED 31ST DECEMBER 2020**

(ALL FIGURES ARE IN SRI LANKAN RUPEES)

	<u>2020</u>	(Restated) <u>2019</u>
	Rs	Rs
<b><u>NOTE 07 PROJECT EXPENSES</u></b>		
Sri Lanka Telecom PLC	13,919,040	16,283,472
Epic Lanka (Pvt) Ltd	10,368,000	12,768,000
The Associated Newspapers of C	43,740	756,596
Aitken Spence Travels (Pvt) Ltd	-	9,564,320
Data Management Systems (Pvt) Ltd	3,832,637	-
LOLC Technologies Limited	-	3,703,019
KPMG	2,948,400	-
BOD Malayasia IT Auditors	-	2,366,539
S W R D Bandaranaike Memorial	911,736	-
Multi Tech Solutions (Pvt) Ltd	776,100	-
Tertiary and Vocational Education	700,000	-
ISACA Sri Lanka Chapter	-	1,432,520
Procons Infotech (Pvt) Ltd	250,000	-
Institute for Participatory Interaction	124,500	-
Techno Forms (Pvt) Ltd	-	62,000
Other	37,663	-
Pace Institute (Pvt) Ltd	71,250	-
CPCP members	35,000	75,000
TEC & PPC members	-	68,500
	<b><u>34,018,066</u></b>	<b><u>47,079,967</u></b>

**NOTE 08 OTHER REVENUE**

Earned Revenue		
- Cyber Security Week 2020	-	9,636,478
- Manage security services & others	5,102,891	6,129,675
Interest Income	378,611	-
	<b><u>5,481,502</u></b>	<b><u>15,766,153</u></b>



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

AS AT 31ST DECEMBER 2020

(ALL FIGURES ARE IN SRI LANKAN RUPEES)

**NOTE 09 PROPERTY, PLANT & EQUIPMENT**

9.1	Cost	Balance as at 01.01.2020 Rs	Additions Rs	Disposals/ Transfers Rs	Balance as at 31.12.2020 Rs
	Furniture and Fittings	2,999,607	820,869	-	3,820,475
	Computers	14,634,960	422,840	-	15,057,800
	Office Equipment	641,435	-	-	641,435
		<b>18,276,002</b>	<b>1,243,709</b>	<b>-</b>	<b>19,519,710</b>
9.2	Accumulated Depreciation	Balance as at 01.01.2020	Charge for the Year	Disposals/ Transfers	Balance as at 31.12.2020
	Furniture and Fittings	2,999,607	63,835	-	3,063,442
	Computers	10,114,184	1,043,696	-	11,157,880
	Office Equipment	535,631	22,637	-	558,268
		<b>13,649,422</b>	<b>1,130,169</b>	<b>-</b>	<b>14,779,590</b>
9.3	Net Book Value			<u>2020</u> Rs	<u>2019</u> Rs
	Furniture and Fittings			757,033	-
	Computers			3,899,920	4,520,776
	Office Equipment			83,167	105,804
				<b>4,740,120</b>	<b>4,626,580</b>

Sri Lanka CERT (Pvt) Ltd executed its valuation of all assets classes in December 2021 through the Valuation Department. The valuation report will be issued in January 2022 by them.



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

AS AT 31ST DECEMBER 2020

(ALL FIGURES ARE IN SRI LANKAN RUPEES)

**NOTE 10 INTANGIBLE ASSETS**

10.1	Cost	Balance as at 01.01.2020 Rs	Additions Rs	Disposals/ Transfers Rs	Balance as at 31.12.2020 Rs
	Software and Publications	6,915,175	-	-	6,915,175
		<b>6,915,175</b>	<b>-</b>	<b>-</b>	<b>6,915,175</b>
10.2	Accumulated Amortisation	Balance as at 01.01.2020	Charge for the Year	Disposals/ Transfers	Balance as at 31.12.2020
	Software and Publications	3,053,476	1,362,953	-	4,416,429
		<b>3,053,476</b>	<b>1,362,953</b>	<b>-</b>	<b>4,416,429</b>
10.3	Carrying Value			2020 Rs	2019 Rs
	Software and Publications			2,498,747	3,861,700
				<b>2,498,747</b>	<b>3,861,700</b>



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

AS AT 31ST DECEMBER 2020

(ALL FIGURES ARE IN SRI LANKAN RUPEES)

	<u>2020</u>	<u>(Restated)</u> <u>2019</u>
	Rs	Rs
<b>NOTE 11 PREPAYMENTS</b>		
Prepaid Expenses - Insurance	1,727,023	1,387,692
- License Renewal	3,494,061	-
	<u>5,221,085</u>	<u>1,387,692</u>
<b>NOTE 12 OTHER RECEIVABLES</b>		
ICT Agency of Sri Lanka (Pvt) Ltd.	40,215,928	40,215,928
Government Grant Receivables - Operational Fund	-	7,760,675
- Projects	-	34,737,900
	<u>40,215,928</u>	<u>82,714,503</u>
<b>NOTE 13 CASH AND CASH EQUIVALENTS</b>		
BOC A/C	(16,139,911)	10,456,919
Savings A/C	28,397,140	-
Fixed Deposit	20,270,411	-
Bank Guarantee Margin A/C	720,000	-
Petty Cash	20,000	20,000
	<u>33,267,641</u>	<u>10,476,919</u>
<b>NOTE 14 STATED CAPITAL</b>		
Fully Paid 02 Ordinary Shares	20	20
	<u>20</u>	<u>20</u>
<b>NOTE 15 DEFERRED LIABILITY FOR GRANT ASSETS</b>		
Amount Recognized as at 01st January	8,488,280	20,000
Income Deferred during the Year	1,243,709	8,950,579
	<u>9,731,989</u>	<u>8,970,579</u>
Transferred to Profit & Loss A/c	(2,493,121)	(482,299)
Balance as at 31st December	<u>7,238,867</u>	<u>8,488,280</u>
<b>NOTE 16 UNUTILISED GRANT INCOME</b>		
Unutilised Grant Income as at 01 January	11,483,044	-
Unutilised Grant Income A/C for the year	-	11,483,044
	<u>11,483,044</u>	<u>11,483,044</u>
(-) Transferred to Profit & Loss A/c	(11,483,044)	-
Balance as at 31st December	<u>-</u>	<u>11,483,044</u>



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

AS AT 31ST DECEMBER 2020

(ALL FIGURES ARE IN SRI LANKAN RUPEES)

	<u>2020</u>	<u>(Restated)</u>
	Rs	Rs
<b>NOTE 17 RETIREMENT BENEFITS</b>		
Balance as at 01st January	12,274,000	12,424,250
Charge for the Year	2,581,188	1,574,750
Payments	(1,485,000)	(1,725,000)
Balance as at 31st December	<u>13,370,188</u>	<u>12,274,000</u>

The gratuity liability is funded in a fixed deposit and not actuarially valued.

**NOTE 18 Deferred Revenue for Expenses**

Deferred Revenue for Prepaid Expenses

3,494,061	-
<u>3,494,061</u>	<u>-</u>

**NOTE 19 OTHER PAYABLES**

CAS Corporate Services (Pvt) Ltd

Digital Mobility Solutions

Lanka Bell Ltd

Auditor General - Audit Fee 2016 &amp; 2017

Auditor General - Audit Fee 2018 &amp; 2019

Auditor General - Audit Fee 2020

ANCL - Lake House

CPCP members

Epic Lanka (Pvt) Ltd

ISACA Sri Lanka Chapter

LOLC Technologies Limited

Sri Lanka Telecom PLC

TEC &amp; PPC members

Techno Forms (Pvt) Ltd

-	73,000
-	62,024
-	14,327
-	336,000
318,000	318,000
150,000	-
-	134,303
-	75,000
-	2,648,000
-	1,432,520
-	982,062
-	3,680,512
-	68,500
-	62,000
<u>468,000</u>	<u>9,886,247</u>

**NOTE 20 RELATED PARTY DISCLOSURES**

20.1 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>



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

**AS AT 31ST DECEMBER 2020**

(ALL FIGURES ARE IN SRI LANKAN RUPEES)

**20.2 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>2020</u>	<u>2019</u>
<b>Key Management Personnel Compensation</b>		
Short-Term Employee Benefits	-	-
	-	-

**NOTE 21 EVENTS OCCURRING AFTER 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 22 COMMITMENTS AND CONTINGENCIES**

**22.1 Commitments**

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

**22.2 Contingencies**

There were no significant contingent liabilities as at reporting date.

**NOTE 23 ADJUSTMENT ON CORRECTION OF ERROR**

The company has restated the financial statements for the year 31st December 2018. The restatement reflects the corrections in accounting related to Amount Receivable from ICT Agency (Pvt) Ltd.

The amount of Rs. 2,335,374/- received from ICTA to settle project expense in 2018, the company accounted as Project Income while the ICT Agency (Pvt) Ltd (ICTA) recorded to settle the Amount Payable to Sri Lanka CERT (Pvt) Ltd. It was corrected as follows;

	Rs
Receivable from ICT Agency (Pvt) Ltd as at 01/01/2018	42,551,302
Less : Amount received from ICTA	<u>(2,335,374)</u>
Receivable from ICT Agency (Pvt) Ltd as at 31/12/2018	<u>40,215,928</u>

