

Annexure-I

Business Process Improvement Study for ETF Board.

1. Background

The employees' trust fund board was established by the Act No 46 of 1980 commenced operations in march 1981. It was established under the Ministry of Labour and brought under the Ministry of Finance in 1997 and currently under the Ministry of National Policies and Economic Affairs since October 2015. All public sector employees who are not entitled to the Govt. Pension Scheme and all private sector employees are members of this Fund while their employers are required to remit 3% of the gross earnings of their employees to the Fund, monthly. Hence, unlike the EPF, only the employer makes a contribution on behalf of the employee/member and hence, it is a non-contributory benefit to the member. During the past 35 years, the Fund has grown rapidly and achieved a total Fund of about Rs 218.5 Billion by end of December 2015 whilst serving to about 2.5 Million active members on behalf of whom about 76,000 Employers contribute to the Fund.

ETF at present has a conventional organization structure. The Act doesn't specify about the organization structure. But, in section 5, it is stated that the board may formulate rules for the conduct of its operations. The overall responsibilities of the management for the activities of the fund lies with the board of directors. The board comprises of nine members of which four are appointed by the relevant minister and one member nominated by the employers' federation of Ceylon and two members by trade unions having more than 100000 members each.

The chairman of the board is selected at the discretion of the minister in charge and he is also the chief executive officer (CEO) of the trust fund as provided by the Act.

The ETF board was initially structured as a centralized organization, mainly due to the fact that the majority of Employers were concentrated in western province. After completion of restructuring program of Regional office network with the opening of Regional offices and district offices in most potential areas a rapid development took place in the enforcement & legal activities. Subsequent to this most of member services, activities such as claims acceptance, claims payments, member awareness programs decentralized.

The functional areas of the ETF board can be broadly divided into operations and support services. The operational areas are identified as collection & employer relations, member services and investments. The human resources management, finance, IT, Legal, Statistics, Planning research development and internal audit functions have been recognized as support services.

As specified by the Act, the chairman is empowered to perform duties as CEO of the organization. The general manager and additional general manager will function under the direct supervision of CEO. Each functional area is headed by a deputy general manager(DGM). The position of working director has been established to assist chairman/ CEO.

Accordingly, a comprehensive organization structure has been developed to ensure the smooth functioning of the organization. The details of each functional area is given below.

The Sri Lankan government is experiencing financial and social pressures to deliver services more efficiently. Information technology is recognized as being central to redesigning the way in which organizations work together to deliver better services to the community. When combined with the commitment of government organizations to collaborate and consider alternative ways of business, the potential for improvements to services can be significant.

So, ICTA in collaboration with the ETF has taken the initiative of improving the business process of ETF managing functions while introducing a new centralized IT solution. In order to accomplish above objective, a detail process improvement study to be carried out initially and identify necessary process changes of the ETF board. Initial process improvement study is essential to identify the inefficiencies and unproductive process flows in the existing systems within the ETF operations. This must be carried out with a detail process improvement study and therefore ICTA needs to obtain service from a consultancy firm for the process improvement study.

2. Current Situation

Currently, ETFB head office is located in 1st Floor, Labour secretariat, Narahenpita, Colombo. It has legal & enforcement office located in No.122, Nawala, Narahenpita. It has Administration & HR, Finance, Investment and Supplies Office is located in No 44/5, Narahenpita Road, Nawala. ETFB has 11 divisions mentioned below 945 employees for efficient service delivery.

Organization Structure & Divisions

The present organization is hierarchical in nature and consists of 6 levels of management and 8 job categories each involved in different operational and administrative functions. There are eleven major divisions.

The purpose of each Division is set out as follows.

	Division	Aims & Purposes	Main Functions	
1.	Member Services	To increase the range of financial & welfare benefits to the members & ensure that such benefits reach a large cross section of the member ship	Updating and maintaining of member accounts, issuing annual member statements to members, processing of statutory benefits and maintain other benefits schemes for members	
2.	Accounts	To increase the range of financial & welfare benefits to the members & ensure that such benefits reach a large cross section of the member ship	Updating and maintaining of member accounts, issuing annual member statements to members, processing of statutory benefits and maintain other benefits schemes for members	
3.	Collection & Employer Relations	<ol style="list-style-type: none">1. To enroll all employers who are mandatory to subscribe to the fund as contributors.2. To promote voluntary contribution to the fund from self-employed and migrant workers.	Collection of contributions and surcharges, legal and enforcement activities and to attract self-employment sector for the ETF member ship.	
4.	Investments	<ol style="list-style-type: none">1. Ensure safety of investments	manage investment portfolio of the board.	

		<p>2. Maintenance of liquidity</p> <p>3. Ensure optimum return on investments.</p>		
5.	Human Resource Management	To train and development and maintain competent and value driven team of employees to maximize human productivity	Human Resource administration and development activities	
6.	Finance	To ensure efficient and effective management of all finance functions to facilitate smooth operations of the organization.	Preparation of monthly and annual accounts, annual budget, and effecting staff and other payments, government taxes, coordination of government audit matters, preparation of co-operate plan and other information management reports.	
7.	Information Technology	Providing all IT services to user departments, efficiently and effectively, in order to increase the entire productivity of the board and to provide better service for the entire ETF membership.	Cater IT needs of the organization	
8.	Audit & Assurance	<p>To ensure that the efficient & effective systems and procedures are in place so as to;</p> <p>1.Promote productivity improvement</p>	Establish adequate systems of internal controls	

		<p>2.Ensure transmitting correct and reliable information to the management for decision making.</p> <p>3.Ensure accountability and transparency of transactions at optimum level.</p> <p>4.Ensure that external and internal rules & regulations applicable are adequately compiled with</p> <p>5.Ensure tangible & intangible assets (Information) of the board are adequately protected.</p>		
9.	Planning Research and Development	To ensure that the efficient & effective planning and R & D systems and procedures are in place so as to maintain the efficiency and effectiveness of decision making with regards to policies, systems, process and activities.	Improve the operations of the organization.	
10.	Statistics	To ensure that efficient & effective database is available to make efficient and effective decision in all operating areas.	Preparation, maintenance, and effective use of real time database which can provide the information required for efficient and effective decision by the key stake holders both internal and external.	

11.	Legal	To ensure that enforcement and compliance are effectively and efficiently supported by legal infrastructure in providing services to internal and external customers.	Efficient and effective enforcement of the Act to maximize, compliance and enrolment of members.	
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