

## Private Health Services Regulatory Council - 2010

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### 1. Financial Statements

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#### 1.1 Qualified Opinion

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In my opinion, except for the effects of the matters described in paragraph 1.2 of this report, the financial statements give a true and fair view of the financial position of the Private Health Services Regulatory Council as at 31 December 2010 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

#### 1.2 Comments on Financial Statements

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##### 1.2.1 Sri Lanka Public Sector Accounting Standards

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The following observations are made.

- (a) A statement of changes in equity and a cash flow statement had not been prepared and presented as a component of financial statements in terms of Sri Lanka Public Sector Accounting Standard 01.
- (b) Necessary disclosures in respect of fixed assets costing Rs.3,131,511 and accumulated depreciation of Rs.240,178 existed as at the end of the year under review, had not been made.

##### 1.2.2 Lack of Evidence for Audit

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The certificate of fixed deposits valued at Rs.5,000,000 invested in the year 2008 had not been made available to audit and relevant evidence had not been made available to ensure the accuracy of the interest income on deposits valued at Rs.806,849.

#### 1.3 Non-compliance with Laws, Rules, Regulations and Management Decisions

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The following non-compliances were observed.

<b>Reference to Laws, Rules, Regulations and Management Decisions</b>	<b>Non-compliance</b>
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(a) Section 11 of the Finance Act, No.38 of 1971	The Council had invested sums of Rs.9,992,823 and Rs.5,000,000 in the years 2007 and 2008 in Treasury Bills and Fixed Deposits respectively without obtaining the concurrence of the Minister of Finance and approval of the relevant Minister.

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| (b) | Financial Regulations of the Democratic Socialist Republic of Sri Lanka. Financial Regulation 395 | Even though Bank Reconciliation Statements should be prepared before the 15th day of the following month in respect of the position of transactions existing at the end of each month, the Bank Reconciliation Statements had not been prepared for the year under review. |
| (c) | Treasury Circular No. IAI/2002/02 of 28 November 2002   | A Register of Fixed Assets had not been maintained for computers costing Rs.2,034,970.   |
| (d) | Treasury Circular No.842 of 10 December 1978  | A Register of Fixed Assets had not been maintained for fixed assets costing Rs.1,096,540.  |

## **2. Financial Review**

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### **2.1 Financial Results**

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According to the financial statements presented, the financial result of the Regulatory Council for the year under review had been a surplus of Rs.970,888 as compared with the corresponding surplus of Rs.1,437,715 for the preceding year, thus indicating a deterioration of Rs.466,827 in the financial result of the year under review as compared with the preceding year. The decrease in the income from registration of private medical institutions by Rs.1,761,000 had mainly attributed to the above deterioration.

Taking into consideration the employees' remuneration and depreciation for non-current assets, the contribution of the Council for the years 2007, 2008, 2009 and 2010 had been Rs.11,168,903, Rs.6,711,807, Rs.2,871,214 and Rs.2,530,453 respectively, thus indicating a continuous deterioration in the contribution of the Council from the year 2007 to the year under review.

## **3. Operating Review**

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### **3.1 Performance**

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The following observations are made.

- (a) A proper methodology had not been prepared and implemented to fulfill the objectives of the Council in terms of the Private Medical Institutions (Registration) Act, such as the development and monitoring of Standards to be maintained by the registered private medical institutions, implementation of a

method of evaluation of Standards maintained, ensure the quality of patient care services rendered or provided and ensure that minimum qualifications, for recruitment and minimum Standards of training of personnel, are adopted by all private medical institutions.

- (b) No steps whatsoever had been taken even by the end of the year under review to implement a Scheme of Accreditation systematically for private medical institutions, to prepare **regulations** to be followed by the Provincial Directors of Health Services in the registration of private medical institutions and in the renewal of those registrations and to **formulate** orders in respect of procedures or practices to be followed in accepting and finally dismissing a certain complaint made against a certain private medical institution or a person attached to the institution by a relevant or dissatisfied person for the fulfilment of objectives of the Council.
- (c) Only 419 private medical institutions had been registered in the year under review as compared with the registered number of 602 in the preceding year and that number had decreased by 30 per cent. The Council had not prepared and implemented a proper methodology to identify the number of private medical institutions which should be registered, to get them registered and implement provisions of Section 4 of the Act in respect of institutions which are not registered.
- (d) As the Regulatory Council had not prepared Performance Reports for the year under review, the progress of functions performed could not be examined.

#### **4. Accountability and Good Governance**

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##### **4.1 Presentation of Financial Statements**

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Even though the annual financial statements should be presented to the Auditor General within 60 days after the closure of the year of accounts in terms of Section 6.5.1 of the Public Enterprises Circular No. PED/12 of 02 June 2003 and the Treasury Circular No.01/2004 of 24 February 2004, the financial statements for the year under review had been presented to audit on 04 January 2016, after a delay of four years.

##### **4.2 Corporate Plan**

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Even though a Corporate Plan should be prepared for a period not less than 03 years to achieve the vision and mission of the Council in terms of Section 5.1 of the Public Enterprises Circular No. PED/12 of 02 June 2003, the Regulatory Council had not prepared a Corporate Plan.

**4.3 Action Plan**

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An Action Plan had not been prepared for the year under review.

**4.4 Internal Audit**

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An internal audit had not been carried out for the year under review.

**4.5 Procurement Plan**

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A Procurement Plan had not been prepared for the year under review.

**4.6 Budgetary Control**

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A budget had not been prepared in terms of Section 5.2.1 of the Public Enterprises Circular No. PED/12 of 02 June 2003