

## **Ayurvedic Medical Council -2013**

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The audit of financial statements of the Ayurvedic Medical Council for the year ended 31 December 2013 comprising the financial position as at 31 December 2013 and the statement of financial performance, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information 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 Section 13(1) of the Finance Act, No.38 of 1971 and Sections 11-21 of the Ayurveda Act, No.31 of 1961. My comments and observations which I consider should be published with the Annual Report of the Council in terms of Section 14(2)(c) of the Finance Act, appear in this report.

### **1.2 Management's Responsibility for the Financial Statements**

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Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Public Sector Accounting Standards and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

### **1.3 Auditor's Responsibility**

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My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards consistent with International Standards of Supreme Audit Institutions (ISSAI 1000-1810). Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments the auditor considers internal control relevant to the Council's preparation and fair presentation of financial statements 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 Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. Sub-sections (3) and (4) of the Section 13 of the Finance Act, No.38 of 1971 give discretionary powers to the Auditor General to determine the scope and extent of the Audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**2. Financial Statements**

**2.1 Opinion**

In my opinion, the financial statements give a true and fair view of the financial position of the Ayurvedic Medical Council as at 31 December 2013 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

**2.2 Non- compliance with Laws, Rules, Regulations and Management Decisions**

The following instances of non- compliances were observed.

**Reference to Laws, Rules, Regulation, etc.**

**Non-compliance**

(a) Section 11(1) (e) of Part III of the Ayurvedic Act, No.31 of 1961

Even though 3 members selected out of the registered Ayurvedic practioners should be included in the composition of the Council, no registered Ayurvedic practioners had been appointed to the Medical Council. This had been pointed out in the audit reports for preceding years as well.

(b) Ayurvedic Medical Council Paper No.14/13/08(3) dated 05 July 2005

The renewal of registration by charging a fee from the registered practioners once in 5 years with effect from 01 January 2006 had not been carried out even by the end of the year under review.

(c) Establishments Code of the Democratic Socialist Republic of Sri Lanka. Section 36 of Chapter XII

No-pay leave abroad for 3 years had been approved for an officer without recovering the distress loan of Rs.132,200 and the festival advance of Rs.1000 from the officer.

(d) Financial Regulations of the Democratic Socialist Republic of Sri Lanka. Financial Regulation 169

The originals of 25 uncleared Money Orders amounting to Rs.8,745 were not available in the Office.

- (e) Letter No.DMS/E3/38/4/241/1-(vol)1 dated 04 June 2013 of the Director General of the Ministry of Finance and Planning.
- Even though the approval had been granted to pay incentives at a monthly maximum limit of Rs.1800 per officer of the staff of the Medical Council, incentives totaling Rs.112,300 had been paid to 11 officers during the year under review in excess of this limit. Provision for the payment of incentives had not been made in the Annual Budget.

### **3. Financial Review**

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#### **3.1 Financial Results**

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The operations of the Council for the year under review had resulted in a surplus of Rs.1,575,270 as against the deficit of Rs.96,820 for the preceding year. The increase in the total income by Rs,2,362,405 or 33 per cent as compared with the preceding year had been the reason for the increase of financial results.

### **4. Operating Review**

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#### **4.1 Performance**

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The following observations are made.

- (a) As there is no methodology to ensure whether the practioners who have not renewed their registration are alive at present, it cannot be ruled out in audit that deceivers can practice in the medical profession and issue medical certificates by using the credibility of an Ayurvedic practioners and using their registration numbers etc.
- (b) As the following sub – committees were not functioning from 2008 to the year 2013, the expected objectives from those committees had not been achieved
- (i) Sub-committees on the revision of Syllabus for the registration of traditional practioners.
  - (ii) Sub-committees on conservation of traditional cauterization treatment almost in disure.
  - (iii) Sub-committees on conservation of veterinary science.
  - (iv) Sub-committees on the establishment of a data base relevant to indigenous traditional knowledge
  - (v) Professional development committee on indigenous arthopaedic medicine.
- (c) Particulars of registered practioners in the year under review and the previous 2 years are given below.

**Number of Registered practioners**

	As at 31 December 2013	As at 31 December 2012	As at 31 December 2011
<u>Holistic</u>			
Graduates	2,190	2,109	1,974
Diploma holders	5,156	5,024	4,929
Traditional	5,385	5,340	5,295
<u>Traditional Special</u>			
Snake Poisons	3,494	3,469	3,442
Orthopaedic	2,229	2,182	2,138
Ophthalmogy	627	626	625
Dermatology	536	529	528
Ulcers/ wounds	364	360	355
Rabies	181	180	180
Burns	82	80	78
Psychiatry	151	149	144
Cauterization	07	07	07
others	658	658	658
<b>Total</b>	<b>21,060</b>	<b>20,713</b>	<b>20,353</b>

The number of ophthalmogy, dermatology, ulcers/wounds, burns, rabies and psychiatry traditional Specialist practioners had increased by only 17 in the year 2013 as compared with the year 2012. Cauterisation and other traditional special practioners had not been registered since the year 2010.

(d) Registration of practioners for the cash 5 years is given below.

<b>practioners</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Graduates	137	135	162	161	190
Diploma Holders	76	95	89	91	72
Traditional	45	45	30	75	48
Traditional Special	90	85	68	148	165
<b>Total</b>	<b>348</b>	<b>360</b>	<b>349</b>	<b>475</b>	<b>475</b>

The following observations are made in this regard.

- (i) As compared with the year 2009 registration of traditional special and graduate practioners had decreased whereas it had decreased by 45 percent and 28 percent respectively in the year 2013 as compared with the year 2009.
- (ii) Although the registration of Diplomate practioners had gradually increased from 2009 to 2012, it had again dropped in the year 2013.
- (e) Eventhough elephant practioners had not been registered during the year under review it was stated as 5 on the Performance Report.
- (f) Four “Helaweda Ruwanara” programmes had been conducted in the previous year and only two had been conducted in the year under review.

#### **4.2 Operating Inefficiencies**

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The following observations are made.

- (a) Even though 10,000 medical certificate books had been printed at a cost of Rs.480,000 on 26 December 2013, the balance of books as at 31 December 2013 was 10,236. According to the following data the issue of books from 2011 to 2013 had been at a low level and books had been printed irrespective of the requirements.

<b>Year</b>	<b>Number Medical Certificate Books issued</b>
2011	1,181
2012	1,256
2013	840

- (b) An advance of Rs.54,000 had been obtained on 23 December 2013 for the payment of attendance allowance for the Medical Council meeting held on 23 December 2013. Instead of refunding Rs.14,400 relating to 4 members who did not attend the meeting, only Rs.10,800 had been refunded at the time of advance settlement.

#### **4.3 Idle and Underutilized Assets**

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The Refrigerator purchased in the year 1998 for Rs.40,780 had been idle even by 24 January 2014.

**4.4 Personnel Administration**

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Cadre position of the Medical Council as at 31 December 2013 it given below.

<b>Post</b>	<b>Approved Cadre</b>	<b>Actual Cadre</b>	<b>Annual Salary</b>	<b>Overtime</b>	<b>Total Amount</b>
			<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>
Registrar	01	01	129,992	-	129,992
Labour Assistant	09	09	2,771,777	251,470	3,023,247
Office Labourer	02	02	376,696	21,674	398,370
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	12	12	3,278,465	273,143	3,551,609
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Although there are no vacancies in the cadre it was observed that officers had worked overtime.

**5. Accountability and Good Governance**

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**5.1 Corporate Plan**

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The Corporate Plan had not been updated for the year under review.

**5.2 Action Plan**

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Seventeen activities to be fulfilled according to the Action Plan for the year under review had not been implemented.

**5.3 Internal Audit**

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An Internal Audit Division had not been operated by the Council in the year under review in terms of Circular No. DMA/2009 (1) dated 09 June 2009 of the Department of Management Audit.

**5.4 Audit Committee**

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An Audit Committee had not been established for the year under review in terms of Public Enterprises Circular No. 55 of 14 December 2010.

**5.5 Budgetary Control**

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Considerable variances were observed between the actual expenditure of the year under review and the budgeted expenditure and as such the budget had not been made use of as an effective instrument of management control.

**6. Systems and Control**

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Weaknesses in systems and controls observed during the course of audit were brought to the attention of the Chairman of the Aurvedic Medical Council, from time to time. Special attention is needed in respect of the following areas of control.

- (a) Payment of Overtime
- (b) Attendance
- (c) Leave
- (d) Hire of Motor Vehicles