

Head 220 Department of Ayurveda

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Department of Ayurveda for the year ended 31 December 2018 comprising the statement of financial position as at 31 December 2018 and the statement of financial performance and cash flow statement for the year then ended 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. According to the Section 11 (1) of the National Audit Act No.19 of 2018, the summarised report which included my comments and observations on the financial statements of the Department of Ayurveda was issued to the Accounting Officer on 31 May 2019. As per the Section 11 (2) of the National Audit Act No.19 of 2018, the annual detailed Management Audit Report relating to the Department was issued to the Accounting Officer on 31 May 2019. This report is submitted to the Parliament as per the Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the Section 10 of the National Audit Act No. 19 of 2018.

In my opinion, except for the effects of the matters described in paragraph 1.6 of this report, the financial statements give a true and fair view of the financial position of the Department of Ayurveda as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with Generally accepted Accounting Principles.

1.2 Basis for Qualified Opinion

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

1.3 Responsibilities of Chief Accounting Officer and Accounting Officer for the Financial Statements

The Chief Accounting Officer and the Accounting Officer are responsible for the preparation of financial statements that give a true and fair view in accordance with Generally Accepted Accounting Principles and Section 38 of the National Audit Act No. 19 of 2018 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.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Department of Ayurveda 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 Department.

As per the Sub Section 38(1) d of the National Audit Act No. 19 of 2018, the Chief Accounting Officer and the Accounting Officer should assured to prepare and maintain an

effective internal control system for the financial control of the Department and the progress of the system should be reviewed timely. Accordingly amendments should be made as to maintain the system effectively.

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

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

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgement 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 Departments' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- 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 the Accounting Officer regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

1.5 Report on Other Legal and Regulatory Requirements

Section 6 (d) of the National Audit Act, No. 19 of 2018 includes specific provisions for following requirements.

- (a) There was no requirement of preparing financial statements by the Department of Ayurveda relating to the previous year. Hence it could not be stated that the financial statement for the previous year were correspond with the financial statement for the year under review.
- (b) There was no requirement of preparing financial statements by the Department of Ayurveda relating to the previous year. Hence recommendations on the financial statements had not been presented.

1.6 Comments on the Financial Statements

1.6.1 Presentation of Accounts

The following observations are made.

Audit Issue	Recommendation	Comments of the Accounting Officer
(a) Annual Financial statements		
According to the Public Accounts Circular No. 267/2018 dated 21 November 2018, Annual financial statements should be submitted to the Auditor General before 28 February 2019. Nevertheless it had been submitted to audit on 19 March 2019 in a delay of 18 days.	Actions should be taken as per the Public Accounts Circular.	Submission of financial statements was delayed because the format for preparing financial statements was complicated as compared with the previous years and the Department of Public Accounts had informed to change an entry in the financial statements and will be submitted on due date in future.
(b) Reconciliation Statement of Advances to Public Officers Account		
According to the provisions of the Public Accounts Circular mentioned above, Reconciliation Statement of Advances to public Officers Account should be submitted to audit on or before 28 February 2019. Nevertheless it had	Actions should be taken as per the Public Accounts Circular.	Not Commented

been submitted to audit on 30 April 2019 in a delay of 2 months.

1.6.2 Financial Performance Statement

The following observations are made

Audit Issue	Recommendation	Comments of Accounting Officer
<p>(a) According to the paragraph 3 of the Public Accounts Circular No. 267/2018 dated 21 November 2018, figures of the financial performance statement should be complied with the figures mentioned in the final accounts statements of the Treasury. However receiving of total revenue of the financial performance statement submitted to audit had been shown as Rs.1,847.97 million understating Rs.101.11 million from the figures of the final accounts statements of the Treasury as follows.</p>		
<p>(i) According to the final accounts statements of the Treasury, even though the receipts of deposits was Rs.24.57 million it had been mentioned as Rs.21.01 million in the financial performance statement thus a sum of Rs.3.56 million had been understated.</p>	<p>Actions should be taken as per the provisions of the Public Accounts Circular No. 267/2018 dated 21 November 2018.</p>	<p>Receiving of deposits was included in to the financial performance statement by calculating without considering cross entries. Hence it was not compared with the values shown by audit.</p>
<p>(ii) According to the final accounts statements of the Treasury, even though the receipts of advances was Rs.43.86 million it had been mentioned as Rs.1.79 million in the financial performance statement thus a sum of Rs.42.07 million had been understated.</p>	<p>Actions should be taken as per the Public Accounts Circular</p>	<p>Receiving of advances were included in to the financial performance statement by calculating without considering cross entries. Hence it was not compared with the values shown by audit.</p>
<p>(iii) According to the paragraph 7 (ii) of the above mentioned</p>	<p>Actions should be taken as per the</p>	<p>Other receipts were included in to the financial performance</p>

Circular a sum of Rs.71.56 million collected by the Department on behalf of the Other Revenue Accounting Officers should be mentioned as other receipts considering as imprests received from the Treasury. However it had been mentioned as Rs.16.08 million thus a sum of Rs.55.48 million had been understated.

Public Accounts Circular.

statement by calculating without considering cross entries. Hence it was not compared with the values shown by audit.

- (b) According to the instructions of the above mentioned Circular, expenditure of the financial performance statement should be shown based on the figures mentioned in the final accounts statements of the Treasury. Nevertheless expenditure included in the financial performance statement had been understated by Rs.103.07 million due to act contrary to such instructions. Details are given below.

- (i) According to the final accounts statements of the Treasury, even though the recurrent and capital expenditure was Rs.2,032.04 million, it had been shown as Rs.1,946.50 million in the financial performance statement. Hence a sum of Rs.85.54 million had been understated.

Actions should be taken as per the Public Accounts Circular

Recurrent and capital expenditure were only shown in the financial performance statement without entering cross entries and surcharges made for expenditure items. Hence it was not compared with the values shown by audit.

- (ii) According to the final accounts statement of the Treasury, even though the deposit payments were Rs.26.68 million, it had been shown as Rs.21.06 million in the financial performance statement. Hence a sum of Rs.5.62 million had been

Actions should be taken as per the Public Accounts Circular

Deposit payments were calculated and entered into the financial performance statement without including cross entries. Hence it was not compared with the values shown by audit.

understated.

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| <p>(iii) According to the final accounts statement of the Treasury, even though the advance payments were Rs.64.74 million, it had been shown as Rs.52.84 million in the financial performance statement. Hence a sum of Rs.11.90 million had been understated.</p> | <p>Actions should be taken as per the Public Accounts Circular</p> | <p>Advance payments were calculated and entered into the financial performance statement without including cross entries. Hence it was not compared with the values shown by audit</p> |
| <p>(c) According to the financial performance statement, even though the balance of the imprest account as at 31 December 2018 was Rs.172.41 million (adverse), according to the observations mentioned in (a) and (b) the said balance (adverse) should be Rs.174.37 million. Hence a sum of Rs.1.96 million had been understated in the financial performance statement.</p> | <p>Actions should be taken as per the Public Accounts Circular</p> | <p>Balance of the imprest account was calculated without including cross entries and was entered into the financial performance statement. Hence it was not compared with the values shown by audit.</p> |
| <p>(d) According to the paragraph 7 (vi) of the Public Accounts Circular mentioned above even though an imprest adjustment account should be prepared, the imprest adjustment account prepared by the Department had not been complied with the said instructions.</p> | <p>Actions should be taken as per the Public Accounts Circular</p> | <p>The imprest adjustment account prepared accordance with the Circular was presented.</p> |

1.6.3 Financial Position Statement

The following observations are made

Audit Issue	Recommendation	Comments of the Accounting Officer
<p>Although a sum of Rs.2,815.87 million had been shown in the financial position statement as the value of the property, plant and equipment, according to the statement of assets of the Treasury</p>	<p>Actions should be taken as per the provisions of the Public Accounts Circular No. 267/2018 dated 21 November 2018.</p>	<p>This balance could not be compared because feeding all assets to the CIGAS programme was not completed and after feeding all assets, the difference pointed out by audit</p>

the said value was Rs.4,303.98 million. Accordingly the value of assets had been understated by Rs.1,488.11 million in the financial position statement.

can be compared.

1.6.4 Cash Flow statement

The following observations are made.

Audit Issue	Recommendation	Comments of the Accounting Officer
<p>(a) The cash flow generated from operating activities had been shown as Rs.1,825.17 million in the cash flow statement. However as per the monthly accounts summaries submitted to audit and other information received to audit, the said amount was Rs.1,905.27 million. Accordingly, a sum of Rs. 80.10 million had been understated.</p>	<p>Actions should be taken as per the provisions of the Public Accounts Circular No. 267/2018 dated 21 November 2018.</p>	<p>Although cross entries were not included in the amounts shown in the cash flow statement, cross entries were included in the amounts calculated by audit. Hence this difference was shown.</p>
<p>(b) Although a sum of Rs.1,325.94 million had been shown in the cash flow statement as the value of the cash flow incurred for operating activities, as per the monthly accounts summaries submitted to audit and other information received to audit, the said amount was Rs.1,511.17 million. Accordingly, a sum of Rs.158.23 million had been understated.</p>	<p>As mentioned above</p>	<p>- do -</p>
<p>(c) Although any receipt generated from investment activities had not been shown in the cash flow statement, the value of Rs.39.54 million recovered</p>	<p>As mentioned above</p>	<p>- do -</p>

from instalments of advances given to public officers had not been shown under the investment activities.

- (d) Although a sum of Rs.421.14 million had been shown in the cash flow statement as the cash flow incurred for investment activities, as per the monthly accounts summaries submitted to audit and other information received to audit, the said amount was Rs.433.59 million. Accordingly, a sum of Rs.12.45 million had been understated. As mentioned above - do -
- (e) Although the department had not engaged with financial activities, a sum of Rs.51.08 million had been shown under the financial activities. As mentioned above - do -

1.6.5 Reconciliation Statement for Advances to Public Officers Account

The following observations are made

Audit Issue	Recommendation	Comments of the Accounting Officer
----- According to the financial position statement presented to audit, the balance of the advances to public officer's account as at 31 December 2018 was Rs.108.80 million. However according to the control account of the Department and the list of individual balances, the said loan balance was Rs.101.11 million and Rs.108.16 million respectively. Hence there were differences of Rs.7.69 million and Rs.0.64 million respectively.	----- Actions should be taken as per the Financial Regulation 427.	----- Legal activities for recovering such balances had been assigned to the Investigation and Legal Officer and those activities are being proceeded.

1.6.6 Registers and Books not being maintained

It was observed in sample audit examinations that the following certain registers had not been maintained by the Department and certain registers had not been maintained properly and up to date.

Audit Issue	Recommendation	Comments of the Accounting Officer
----- (a) Security Register ----- A Register of security of public officers including information of officers who should keep securities had not been prepared.	----- Actions should be taken as per the Financial Regulation 891 (1).	----- It was informed the Administration Section to maintain the said register.
(b) Register for Electrical Equipment ----- A register for electrical equipment had not been maintained.	----- Actions should be taken as per the Financial Regulation 454 (2).	----- The job relating to maintain the said register was assigned to the Development Section
(c) Register for Losses and Damages -----		

Losses and Damages Register had not been updated.	Actions should be taken as per the Financial Regulation 110.	Register is being updated by the Administration Section
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1.6.7 Documentary Evidence not made available for Audit

Audit evidence had not been made available to audit for following transactions.

Audit Issue	Recommendation	Comments of the Accounting Officer
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According to the financial statement presented, even though the cost of non-financial assets as at 31 December 2018 was Rs.2,815.87 , those assets could not be satisfactorily verified because updated fixed assets register, board of survey reports and other sufficient evidence had not been made available to audit.	Non-financial assets belonged to the Department should be registered based on the information sources and should be presented for verification.	Actions to be taken to submit said reports immediately after completing Board of surveys and the fixed assets register to be submitted after entering into CIGAS programme.

1.6.8 Certification which should be submitted by the Accounting Officer

According to the provisions of Section 38 of the National Audit Act No.19 of 2018, even though the Accounting Officer should be assured for the following matters, actions had not been taken accordingly.

Audit Issue	Recommendation	Comments of the Accounting Officer
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(a) The Chief Accounting Officer and accounting officer should assured to prepare and maintain an effective internal control system for the financial control of the Department and the progress of the system should be reviewed timely. Accordingly amendments should be made as to be able to maintain the system effectively. Those reviews should be done in writing	Actions should be taken as per the provisions of Section 38 of the National Audit Act No.19 of 2018.	It was noted to take actions in this regard in future.

and a copy of such report should be presented to the Auditor General. However statements had not been made to audit to prove that such reviews had been made.

- (b) The Chief Accounting Officer and accounting officer should assured to be prepared annual and other financial statements within due periods of time and in addition to that the Chief accounting officer should responsible to present annual reports relating to the audited entity to the Parliament. However such requirements had not been fulfilled.
- Actions should be taken as per the provisions of Section 38 of the National Audit Act No.19 of 2018.
- Although preparation of financial statements was completed , the performance report drafted since then had to be sent in order to avoid delays because activities of the performance report was not completed. The performance report was sent to the approval of the Ministry at the moment.
- (c) The Chief Accounting Officer and the Accounting Officer should assured that there was an effective methodology for implementing internal audit process properly. However the said requirement had not been fulfilled.
- Actions should be taken as per the provisions of Section 38 of the National Audit Act No.19 of 2018.
- Lack of human resources was affected to that situation.

1.6.9 Non –Compliance with Laws, Rules and Regulations.

Instances of non-compliances observed in sample audit tests are analyzed below.

Audit Issue	Reference to Laws, Rules and Regulations	Non Compliances	Recommendation	Comments of Accounting Officer
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Financial Regulation 633 of Financial Regulations of the Democratic Socialist Republic of Sri Lanka		Printing jobs of which the Government Printer had informed that could not be printed, should only get printed by external printing presses subject to the approval of the Secretary to the Ministry. However 4 printing jobs valued at Rs.1.68 million had got printed from private presses without obtaining such approval.	Actions should be taken as per the Financial Regulations	It was noted to take actions as pointed out by you in future.

2. Financial Review

2.1 Revenue Management

The following observations are made

Audit Issue	Recommendation	Comments of the Accounting Officer
According to the revenue estimate prepared for the year under review, the other revenue was Rs.15.35 million whilst the actual other revenue was Rs.29.05 million. Hence the variation was Rs.13.70 million or 89 per cent.	Actions should be taken as per the Financial Regulation 85 (1) (d)	Estimates cannot be prepared in 100 per cent accuracy and actions will be taken to prepare estimates in maximum accuracy in future.

2.2 Expenditure management

The following observations are made

Audit Issue	Recommendation	Comments of Accounting Officer
(a) According to the observations shown below it was confirmed that accurate and realistic estimates had not been prepared as per the provisions of the Financial Regulations 50.		
(i) Although the total net provision made for the Department was Rs.2,241.6 million, out of that only a sum of Rs.2,032.04 million had been utilized as at 31 December 2018. Hence savings of net provision was Rs.209.55 million.	Actions should be taken as per the Financial Regulations 50	Although the savings from the total net provision of the year 2018 was Rs.209,557,018 out of this provision, bills amounting to Rs.90,374,830 and out of the provisions transferred to other Departments, bills amounting to Rs.49,302, 261 had been saved due to unavailability of imprests.
(ii) Although provision of Rs.40.50 million had been made by supplementary estimate allocations	When obtaining provisions by supplementary budget estimates, it should be estimated as to fit for the requirement.	There were commitments for the provisions saved as at 31 December 2018 under the recurrent expenditure items and the relevant vouchers

for 3 recurrent expenditure items, out of that a sum of Rs.27.32 million had been saved as at 31 December 2018 without utilizing.

could not be settled due to lack of imprests. Hence savings were shown in the supplementary estimates.

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| <p>(iii) According to the Financial Regulation 66, even though provision of Rs.75.75 million had been transferred for one recurrent expenditure item and 5 capital expenditure items, the total saving of the said 6 expenditure items as at 31 December 2018 was Rs.78.52 million.</p> | <p>Actions should be taken to transfer the provisions through an accurate estimate.</p> | <p>Essential repairs of Ayurveda Hospitals and institutions affiliated to the Department had been handed over to the Department of Building by transferring provisions under the Financial Regulation 66. Nevertheless savings were shown due to lack of imprests.</p> |
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| <p>(b) Out of the total net provision of Rs.148.41 million made for 17 capital expenditure items, a sum of Rs.117.56 million had been saved due to reasons such as procurement activities not being proceeded properly, provisions not being transferred at the beginning of the year and certain activities not being included into the action plan. The said savings were in a range of 55 per cent to 100 per cent.</p> | <p>Actions should be taken as per the Financial Regulations 50.</p> | <p>The confined provision was lined up as per the requirements of hospitals and out of that provisions were transferred for the renovations which should be given priority. Accordingly the relevant transfers had to be made after obtaining permission, thus transfers could not be done at the beginning of the year.</p> |
| <p>(c) Provision of Rs.40 million made for research and development under expenditure item 220-02-</p> | <p>Attention should be paid for fulfilling activities approved by the Parliament.</p> | <p>This expenditure was incurred from the savings of the research and development expenditure item on my</p> |

03-4-2507 had not been incurred for research and development activities. Instead, a sum of Rs.138,700 for staff capacity building programme and Rs.569,295 for post graduate courses fees of 3 Ayurveda doctors had been incurred.

discretion, because provisions of 220-01-01-2401 and 220-02-04-2401 was over and capacity building and training programmes were essential to officers and employees. Further documents required for replying to the expenditure incurred for the post graduate course were in your section and after receiving those documents replies will be submitted.

2.3 Entering into Liabilities and Commitments

The following observations are made

Audit Issue	Recommendation	Comments of Accounting Officer
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Liabilities relating to construction of Boralla Hospital as at 31 December 2018 amounting to Rs.47.23 million had not been included into the Statement of Liability. As a result, liabilities had been understated by the same amount. However provision of Rs.159.35 million had been requested from the Treasury for the year 2019 to settle liabilities.	A methodology should be established to recover the all liabilities relating to the year under review.	Said liabilities were not shown in the Statement of Liability because the vouchers relating to said liabilities were not received to the accounts section until the month of February 2019.

2.4 Utilization of Provisions made to other Departments

The following observations are made

Audit Issue	Recommendation	Comments of Accounting Officer
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(a) Twenty one activities had been assigned to the Department of Building during the year under review and provision of Rs.110.74 million had been made in this regard. Out of	Procurement of minor scale constructions should be done by the Department and constructions should be done under the supervision of the staff of the Department consisting the	Relevant renovations were completed in the year 2018 using the provision transferred to the Department of Buildings. However payments were not made for relevant vouchers due to lack of

that provision a sum of Rs.103.27 million had been saved as at 31 December 2018. Accordingly the financial progress was 7 per cent and information relating to the physical progress had not been made available to audit.

Engineer,
assistant and the Technical
Officer

Engineer
imprests and this saving was
remained due to the
expenditure not being
reported. Hence data relating
to the physical progress could
not be presented.

- (b) Provisions of Rs.29.23 million had been made for various 34 activities of 8 District Secretariat offices during the year under review. Out of that a sum of Rs.12.54 million had been saved as at 31 December 2018. Accordingly financial progress was 57 per cent and information relating to the physical progress had not been made available to audit.

Provisions should be made
after obtaining accurate
estimates from District
Secretariat Offices and
follow up actions should be
carried out on activities
fulfilled by the District
Secretariat Offices.

Renovation activities assigned
to the District Secretariat
Offices were completed in the
year 2018 and expenditures
were not reported as at 31
December due to lack of
imprests. Transfers to
Anuradhapura District
Secretariat Office were, for
salaries and wages of officers
of the Community Health
Promotion Service and
provisions relating to other
expenses of the project.

2.5 Recovering and Issuing Advances to Public Officers

The following observations are made

Audit Issue	Recommendation	Comments of Accounting Officer
----- According to the reconciliation statement presented to audit, total of outstanding balances excluding the loan balances of officers who were transferred as at 31 December 2018 was Rs.1.93 million. Although those balances had been brought forward since a period of 01 to 5 years follow up actions relating to recover those balances were in a feeble condition.	----- Actions should be taken as per the National Budget Circular No. 118 dated 11 October 2004 and Section 4 of Chapter XXIV of the Establishment Code.	----- Not commented

2.6 Issuing and Settlement of ad hoc sub imprests

The following observations are made

Audit Issue	Recommendation	Comments of Accounting Officer
----- According to the Financial Regulation 371(5) ad hoc sub imprest obtained for a special work should be settled within 10 days after completing the work. However ad hoc imprest obtained in 32 instances amounting to Rs.1.61 million had been settled in a delay of a period of 15 days to 220 days after completing the work.	----- Actions should be taken as per the Financial Regulation 371 (5).	----- After completing the expenses, immediate actions are taken to settle the balance of the ad hoc imprest to the Shroff. A considerable period of time was taken to settle the advance because it was not taken into accounts until all deficiencies of the settlement voucher were completed. All institutions were informed to send advance settlement vouchers to the accounts section within due period of time.

2.7 Surcharges

The following observations are made

Audit Issue	Recommendation	Comments of Accounting Officer
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(a) A sum of Rs.7.03 million had been incurred to supply of food for the participants of training programmes were held by National Institute of Traditional Medicine (NITM) under the Department of Ayurveda. Procurement procedure had not been followed for supply of food. Payment had been made by the Department for the bill value presented under the name of the Welfare Society adding 10 per cent profit margin to the amount incurred for food purchased from external parties and supplied by the Welfare Society of the Department.	Actions should be taken as per the provisions of the Government Procurement Guideline.	Approval was given by the former Commissioner of Ayurveda for supply of food by the note 02/01/02 – 1 of the file and the letter presented by the Welfare Society relating to obtain profit was attached herewith.
(b) Under the Programme for promotion of Indigenous medical Treatment for prevention of Chronic Kidney Disease , transport allowances amounting to Rs.67,500, allowances for accounting work for 9 officers amounting to Rs.150,000 and attendance allowances of monthly progress meeting for 05 officers amounting to Rs.14,250 had been paid without any authority during the year under	Payment made without the authority should get refunded.	Not commented

review.

- (c) Out of 24 rooms of the hostel of National Institute for Traditional Medicine (NITM), one room had been reserved in full time for accommodation of 2 officers of the Media Unit of the Ministry of Indigenous Medicine for the period from the year 2007 to 31 December 2018 the date of audit. However actions had not been taken to recover a sum of Rs. 803,000 as fees for the said period of time.
- Actions should be taken to recover the fees according to the standard protocol.
- National Institute for Traditional Medicine (NITM) had informed in this regard and actions will be taken in future.

Although two rooms had been provided for accommodation of 4 officers of the Investigation Section of the Ministry for the period of 2 months from 27 September 2018 to 27 November 2018, actions had not been taken to recover a sum of Rs.12,000 as fees from them. Further basis for determination recovering of hostel fees and approval thereon had not been submitted to audit and fees had not been revised since the year 2015.

- (d) A total sum of Rs.1.97 million had been recovered from a person who was conducted the Canteen of the Ayurveda Teaching Hospital Borralla from January 2015 as Rs. 41,000 per month. However the said income had been given to the Sports and Welfare
- The rent recovered from the canteen conducted in a Government building should be credited to the State Revenue. Actions should be taken to get refunded from the Welfare Society and to credit to the State Revenue.
- A letter dated 21 December 2014 was sent to the Commissioner of Ayurveda informing that actions to be taken to recover water, electricity and rent which should be recovered to the Government for conducting the canteen. Proper actions were not taken by the then

Society of the Hospital without taking actions to credit to the State Revenue.

Commissioners and it was noted to take actions after searching.

3. Operational Review

3.1 Planning

The following observations are made.

Audit Issue	Recommendation	Comments of Accounting Officer
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<p>According to the provisions of the Public Finance Circular No. 01/2014 dated 17 February 2014, even though the action plan should be prepared for the year 2018, following deficiencies were observed in the action plan prepared.</p>		
<p>(a) Action plan had not been prepared including the activity plan prepared based on the priorities of the annual budget, time line to be implemented and expected outcome or result from those activities.</p>	<p>Actions should be taken as per the Public Finance Circular.</p>	<p>Although information of sub institutions was collected up to the final quarter of 2018, action plan had to be revised due to delay of receiving correct data. Action plan for the year 2019 is being prepared with the correct time frames and actions to be taken to submit it quickly.</p>
<p>(b) Action plan had not been prepared as to be correctly identified activities based on the requirements of each sections, sub institutions, hospital and herbal gardens under the Department.</p>	<p>Actions should be taken as per the Public Finance Circular.</p>	<p>Relevant information was included in the procurement plan presented along with the action plan 2019.</p>

Further activity relating to purchase raw and dry drugs for Ayurveda hospitals had not been included in it.

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| (c) | Specific activities for each herbal garden had not been identified by paying separate attention for climate and weather conditions and other factors relating to cultivate herbal plants had not been included in the action plan. | Actions should be taken as per the Public Finance Circular. | Although a general action plan was prepared for the year 2018, separate development plans were prepared for each herbal garden in the year 2019. |
| (d) | A sum of Rs.33.86 million had been incurred for purchasing raw and dry drugs from local suppliers for production of drugs during the year under review and a proper and systematic method for obtaining such requirement from herbal gardens had not been identified and implemented. | A proper and systematic method to get provided the requirement of raw and dry drugs from herbal gardens of the Department should be identified and implemented | There was no possibility to remove huge trees from Herbal gardens and develop it as a farm and actions to be taken to obtain maximum harvest using the development plan prepared. |
| (e) | Attention of the Department had not been paid for searching possibilities to begin under-cultivation of short term herbal plants in the land of 223 acres in extent of which cultivated by 6 herbal gardens. | Actions should be taken to search the possibility for beginning of under-cultivations of short term plants | Attention was paid in this regard at the moment and actions to be taken to obtain maximum harvest using the development plan prepared. |

3.2 Progress of the Role not being reviewed.

The following observations are made

Audit Issue	Recommendation	Comments of Accounting Officer
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(a) Performance indicators for evaluation of the progress of activities relating to all	Performance indicators for evaluation of the progress of activities should be built	A committee was appointed for building up relevant performance indicators and it

sections under the Department, institutions, hospitals and herbal gardens had not been built up and progress of the activities had not been reviewed. up and progress of activities should be reviewed. was noted to take actions obtaining the report of the committee soon.

- (b) Progress review reports relating to the action plan prepared for the year under review had not been prepared even up to 30 April 2019. As a result, activities not being fulfilled, activities contrary to main role, expected level of outcome not being obtained, abandoned of projects without completing, delays of fulfilling projects and projects which work had been commenced in delay could not be examined. A methodology should be established as to be updated the progress of the action plan and actions should be taken to achieve expected benefits during the year under review by supervising progress of the action plan. New Development Officers are being trained for the subject due to lack of human resources. Progress reports relating to the action plan prepared for the year will be sent to audit before 10 June.

3.3 Annual performance Reports

The following observations are made.

Audit Issue	Recommendation	Comments of Accounting Officer
(a) According to the Public Finance Circular No. 402 dated 12 September 2002, the performance report relating to the year under review should be tabled in the Parliament within 150 days after the close of the financial year. However performance report of the years 2017 and 2018 had not been tabled in the Parliament even up to 30 April 2019.	Actions should be taken as per the Public Finance Circular and Section 16 (2) of the National Audit Act No. 19 Of 2018.	Performance Report for the year 2017 had been sent on 22.05 2019 for tabling.
(b) Progress of 4 activities relating to the Administration Section only had been included in to the	Performance reports should be presented as possible as to evaluate	Not commented

performance report presented for the year under review. Information relating to progress of 6 activities had not been presented.

Further information relating to activities which should be fulfilled at the beginning of the year, amount fulfilled during the year and amount to be fulfilled as at the end of the year had not been mentioned for 4 sections.

activities relating to each section.

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| (c) | Information relating to construction activities had not been disclosed clarifying Continuous , new and abandoned | Actions should be taken to report all information relating to construction. | Not commented |
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3.4 Procurement

The following observations are made.

Audit Issue	Recommendation	Comments of Accounting Officer
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(a) According to the Guideline 4.2.1 of the Government Procurement Guideline a master procurement plan had not been prepared.	Actions should be taken as per the Government Procurement Guideline	It is expected to be prepared since the year 2020.
(b) According to the Guideline 4.2.2 of the Government Procurement Guideline, separate procurement activities had not been identified specifically in the procurement time table prepared and progress reports of procurements had not been made available to audit.	Actions should be taken as per the Government Procurement Guideline	Procurement plan for the year 2018 was attached to the reply. (including the time frame)
(c) Raw and dry drugs purchasing for Ayurveda Hospital and planned constructions in herbal Gardens had not been included in the procurement	Procurement plan should be prepared as including the all subjects relating to the procurement process.	Purchasing of raw and dry drugs was included in the medical supplies expenditure code 1204 as

plan for the year under review.

well.

- (d) A sum of Rs.39.41 million in the previous year and Rs.8.40 million in the year under review had been incurred for Trade Med International Symposium on traditional and complementary medicine and trade fair. Out of that, bid documents, conditions of contract, amount of bids issued, amount of bids received, bid opening reports, reports of Technical Evaluation Committees and Procurement Committees, contract value, agreement entered into with suppliers, bid bonds and performance bonds relating to the procurement valued at Rs.46.42 million had not been presented to audit.
- Actions should be taken as per the provisions of Government Procurement Guideline. Information required to audit should be submitted without delay.
- Benefits achieved from the exhibition were mentioned in the performance report for the year 2017 and all files in this regard were submitted to audit.

Further information relating to entire expenditure of the said International symposium and Trade exhibition and information to be confirmed that expected benefits were achieved had not been presented to audit.

- (e) The following deficiencies were observed in the procurement for purchasing High End Color Doppler Ultra Sound Scanner with 4D volume probe facilities at a cost of Rs.14.9 million for the female ward of Bandaranayaka Ayurveda Research Hospital Nawinna.
- Actions should be taken as per the provisions of Government Procurement Guideline
- Bids were not called on market shopping method.
- (i) According to the Guideline 2.14.1 of the Government Procurement Guideline, even though the Department Procurement Committee can proceed for procurements less than Rs.10 million, exceeding the said financial limit, procurement of total value of Rs.14.9 million had been preceded by the Department

Procurement Committee following the shopping method.

- (ii) Although bids had been called from 12 institutions, bid had been received only from 2 institutions. Out of that, one institute had presented the bid with 4D volume Probe. Only one bid had been presented to supply of 4D volume Probe facility of which a decisive factor of the specifications. Hence the procurement could not be fulfilled transparency and competitive manner.
- (iii) The procurement Committee had decided to purchase the machine based on the letter presented by the Medical Officer who had requested the said Scanner mentioning that the facility of 4D volume Probe was compulsory.
- (iv) A such scanner which consisted with high technology and capacity level was not in the Castle Street Women's Hospital which is a prominent hospital treating for diseases of women in western method. The Medical officer who had made the request was not a Consultant. The machine had been purchased without considering the requirement of the machine for examinations she made or expected to be made and information relating to the Medical Officers who are able to operate the machine and get necessary results.
- (v) The machine had been taken over without confirming that the machine supplied was compared with the specifications and it had not

been trained to operate the machine.

- (vi) It had observed in an examination carried out subsequently that the correct 4D volume Probe computer software had not been installed in the machine supplied and there were deficiencies in the system and the printer was not operated properly.
- (vii) Although the said machine had been operated since 18 September 2018 based on the knowledge of the Medical Officer who had requested the machine, she had failed to identify that the 4D probe facility which was the Medical Officer expected from the Scanner and considered as compulsory was not included in the machine.

3.5 Assets Management

The following observations are made

Audit Issue -----	Recommendation -----	Comments of Accounting Officer -----
(a) The GCMS machine at the cost of Rs.14.60 million which had been purchased to Ayurvedic Research Institute in the year 2000 had been used for the test in 9 instances only during a period of almost 6 years since December 2012 to August 2018.	Requirement should be identified properly before purchasing machine and actions should be taken as per the provisions of the Treasury Circular Letter No. 320 dated 21 July 1993, in connection with the losses occurred to the Government on the decisions of officers who are not comply with.	For the time being , the machine is being used for examinations.
(b) Although the Densitano Meter and the computer	Actions should be taken to repair and use or disposed	This Densiteno Meter was recommended to dispose and

connected to it belonged to the Ayurvedic Research Institute at the cost of Rs. 3.21 million was out of order, actions had not been taken to repair and use or properly disposed. It had been remained in the Research Institute more than a period of 08 years as at 31 December 2018.

properly.

several institutions were inquired about the requirement of the Densiteno Meter. However any institute was not informed that they need the Meter. Hence further actions to be taken after inquiring the Ministry.

3.6 Securities for Government officers

The following observations are made

Audit Issue

According to the terms of the Financial Regulation 880, it was not confirmed that officers who should keep securities had kept securities and as per the provisions of the Financial Regulation 891, a register including the name of officers who should keep securities had not been maintained.

Recommendation

Actions should be taken as per the Financial Regulations.

Comments of Accounting Officer

It was informed to get actions as per the Financial Regulations 880 and 891.

3.7 Losses and Damages

The following observations are made

Audit Issue

The loss relating to the damage occurred due to an accident taken place to a motor vehicle belonged to the Department in the year 2016 was Rs. 158,100 and actions had not been taken to recover the said amount from responsible parties even up to 30 April 2019.

Recommendation

Actions should be taken to recover from responsible parties or write off from the books as per the Financial Regulations.

Comments of Accounting Officer

Not commented.

3.8 Management Inefficiencies

 The following observations are made

Audit Issue	Recommendation	Comments of Accounting Officer
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(a) In a ground of 63 officers who should get directly contributed to activities of Project of Enhancing the research capacity of Bandaranayake Memorial Institute for establishing Treatment Management System for non-communicable diseases were vacant and necessary laboratory facilities not being completed, research equipment at the cost of Rs.164.96 million had been purchased during the period from the year 2013 to the year 2015. Further research equipment at a cost of Rs.38.04 million had been purchased in the year 2016 whilst the said equipment was remained idle. Out of that, equipment at the cost of Rs.65.06 million were remained idle as at 30 April 2019 without being used and equipment at the cost of Rs.137.94 million were remained underutilized.	Actions should be taken to get used the equipment purchased and to achieve expected objectives.	Actions to be taken to recruit staff and to prepare a Memorandum Of Understanding.
(b) Taking a decision to conserve the knowledge of all traditional medical practitioners in Island wide and to established an global hub for Audio and Visual Information, in order to be conserved traditional knowledge and promote indigenous medicine , equipment necessary for the said center had been	Actions should be taken to recruit relevant officers and to be achieved the objectives of the Project.	Actions are being taken to recruit necessary staff and officers were given as per the requirement until then.

purchased incurring a sum of Rs.23.55 million. Nevertheless the staff required directly to be conducted the said Unit consisting with 07 posts i.e. officer in charge for audio and visual unit, programme producer, technical officer, video editor sound editor and assistant ,computer operator and 3 posts of photographer had not got approved and recruited even up to the end of the year under review. Hence relevant equipment was remained idle.

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| (c) | Under the first stage, the building constructed in Mihinthale Illuppukanni area incurring a sum of Rs.39.94 million for Maithreepala Senanayaka Memorial Traditional Research Hospital and Museum had been handed over to the Department on 31 March 2017. However the said building had not been utilized for the intended purpose which had been planned even at 30 April 2019. | Hospital should be used for the intended purpose. | Officers were received under the annual transfers in this regard. Transfers were effected on 03.06.2019 and it is scheduled to be open the hospital soon. |
| (d) | According to the Section 77 of the Ayurveda Act No. 31 of 1961, Regulations should be made by the Commissioner of Ayurveda under this Act, Ayurvedic Code containing all such provisions in respect of all such matters as the authority empowered to make such regulations may deem necessary to prohibit, regulate or control the manufacture, sale, supply and distribution or dispensing of Ayurvedic Medicine and Surgery. Even though a sum of Rs.564,580 had | Ayurvedic Code should be prepared and published as per the Ayurveda Act. | The Ayurvedic Code drafted by the Committee appointed in the year 2018 is being reviewed. |

been incurred in this regard in the years 2017 and 2018, such a regulation had not been prepared even up to 30 April 2019.

- (e) Authority had been granted to the Commissioner of Ayurveda by the Section 08 of the Ayurveda Act No.31 of 1961 to establish Ayurveda Hospitals and Institutions affiliated to it in order to be carried out objectives specified in the Section 07 of the Act. However actions had not been taken to identify most suitable areas for establishment of new hospitals and affiliated institutions considering the location of Ayurveda Hospitals and Institutions affiliated to it established by the Provincial Councils, Local Government Institutions and the Government and to prepare plans.
- A plan to be established Ayurveda Hospitals and Affiliated Institutes should be prepared and implemented after a proper study.
- After a proper study, actions to be taken to carry out such constructions with an appropriate plan.
- (f) According to the Section 10 of the Ayurveda Act No. 31 of 1961, Ayurvedic Hospitals, Ayurvedic Dispensaries and pharmacies Ayurvedic Manufacturing Institutes which were conducted under the Government Institutions such as Provincial Councils and Local Government Institutions should be registered. Except the 4 manufacturing institutions established in 4 institutions i.e. Sri Lanka Ayurvedic Drugs Corporation, Colombo and Kandy Municipal Councils, and provincial Ayurveda Department of Galle, any other Ayurveda Hospital, Ayurveda Dispensary and Pharmacy or Ayurveda Manufacturing Institute had not
- According to the Section 10 of the Ayurveda Act No. 31 of 1961, all Government and private Ayurvedic institutions and manufacturing institutions should be monitored.
- Not commented.

been registered. Actions had not been taken to search in this regard and to get registered such institutions.

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| (g) | Actions had not been taken to establish and maintain a computerized data base in connection with Ayurvedic Treatment Centers, private Panchakarma Institutions, Private Ayurveda Hospitals, Private manufacturing centers and private emporiums and new registrations and renewal of registration of importation and indigenous medicine even up to 30 April 2019. | Actions should be taken to establish and maintain a computerized system with a proper internal control including all information relating to registration of Technical Section, issuing of licenses. | Actions will be taken to update and regularize the computer system in future. |
| (h) | The Department had issued import licenses for 886 categories of imported drugs and licenses for 892 local manufacturing drugs as at 31 December 2018. The following observations were revealed in this regard. | Actions should be taken to register the drugs under the drug category and to take disciplinary actions against to the relevant officers who had issued licenses for importation of drugs without the approval of the Formula Committee after carrying out an investigation and to strengthen the internal control relating to issue of licenses. | Not commented |
| | (i) The category of drug which had been issued licenses had not been registered with the name of the drug. | | |
| | (ii) There were instances of issued licenses for importation of drugs without the approval of the Formula Committee. Further there were instances of issued licenses which were taken under the imported drug categories with duty had been issued under the duty free categories. | | |
| | (iii) Technical testing which should be done before issuing licenses for imported and local categories of drugs | Actions should be taken to collect sample by the | Not commented |

had not been done by the Department directly through the Industrial Technology Institute (ITI) and licenses had been issued on the certificates presented by applicants after they had got tested from the Industrial Technology Institute (ITI).

Department and to obtain reports directly to the Department getting tested from an acceptable institution.

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| <p>(iv) Actions had not been taken to confirm the security of consumers by obtaining samples of imported and local drugs which issued licenses from the market and referring to technically tests.</p> | <p>Technical tests which should be carried out to confirm the security of consumers should be done.</p> | <p>Not commented</p> |
| <p>(v) Files relating to registration of drug samples and issuing of licenses were remained in the Technical Section insecure and informal way. Even though direct relationship should be maintained continuously with private companies and institutions in engaging with key functions of the Section, actions had not been taken to maintain files in a secure and formal way as to fit for the situation.</p> | <p>Immediate actions should be taken to formalize the Technical Section appropriately</p> | <p>Not commented</p> |
| <p>(i) Cabinet Approval had been granted on 10 October 2014 to absorb 308 Assistant Community Health Medical Officers to the post of Primary Grade Medical Officer of the Sri Lanka Ayurveda Medical Service since 01 October 2014 subject to a 5 years compulsory service period in the Provincial Secretariat</p> | <p>Actions should be taken as per the Cabinet Decision and actions should be taken to rectify contravenes, to assign duties relating to prevention of kidney disease to all Community Health Medical Officers and to supervision and evaluation.</p> | <p>Not commented</p> |

Divisions where kidney disease common, except for the Western, Central and Sabaragamuwa Provinces. However contrary to the Cabinet Approval 164 Primary Grade Medical Officers of the Sri Lanka Ayurveda Medical Service had been deployed in Western Central and Sabaragamuwa Provinces as at 31 December 2018.

This programme had been implemented since the year 2014 and duties relating to prevention of Kidney Decease had not been assigned to the said 164 Medical Officers under this programme. However supervision had not been carried out in this regard and a sum of Rs. 197.28 million had been paid to the said 164 officers as salaries and allowances during the tear 2018 only.

- (j) The provision made for the Project for Providing facilities for the Community Health through Indigenous Medical Techniques in order to uplift the livelihood of the rural community who have less health facilities based on the Indigenous Medical Techniques for the period from the year 2015 to the year 2018 was Rs.502.49 million and the actual expenditure was Rs.473.62.million.
- The project should be implemented according to a properly prepared action plan and follow up actions should be carried out in this regard.
- Not commented.

Reporting of progress had not been done formally due to the fact that actions had not been taken according to a properly prepared action plan at the beginning of the Project. Instead of that, number of monthly awareness programmes had been reported as

- the progress.
- (k) Provision of Rs.5.83 million had been approved by the Presidential Task Force for Prevention of Kidney Decease for a period of 6 months from 01 August 2018 in order to implement the Indigenous Herbal Treatment Promotional Programme under 6 activities and the total provision had been released to the Department on 23 August 2018 by a cheque. Although the period of the project had been further extended by 6 months since 01 February 2019, only 3 activities out of 6 main activities had been fulfilled as at 30 April 2019 and a sum of Rs. 591,366 had been incurred thereon. According to the President Assistant Secretariat letter dated 23 August 2018 of which the provisions had been made for this programme , the physical and financial progress of the programme should be reported to the Presidential Task Force for Prevention of Kidney Decease monthly by the parties related to the programme , such reports had not been sent.
- (l) Provision of Rs.20 million had been made from local funds in the year 2017 for implementing a Farmers participant Herbal Plant Cultivation Project in order to get supplied standard raw materials for the drug manufacturing industry based on Indigenous Medical Techniques of Sri Lanka. Out of that provision a sum of Rs.3.73 million only had been utilized. Provision had not been made for the said project for the year 2018. A sum of Rs.2.50
- Actions should be taken to fulfill the objectives of the Project within due period of time according to the laws, rules and regulations.
- Not commented
- Proper plans should be prepared to fulfill project objectives and actions should be taken to achieve objectives of the project without delay.
- Not commented

million had been utilized for this project from the provisions including Rs.3 million from the Young Farmers of Herbal Plant Project and Rs.2 million from Financial Regulation 66 transfers. The following observations were made in this regard.

- (i) The detailed action plan and progress reports for the year 2018 relating to this project had not been presented to audit even up to 24 May 2019.
- (ii) It had been mentioned in the Cabinet Memorandum presented for the said project that it had been planned to give state owned lands to 2000 farmers and to cultivate herbal plants in selected 5 districts by providing necessary financial provisions. According to the information presented to audit, out of 5 districts identified in the year 2017, only 96 farmers in 3 districts had been identified and the number of farmers had reduced up to 92 farmers during the year under review.
- (iii) The following observations were made in the audit examination carried out in connection with provision of Rs.1.42 million made during the years 2017 and 2018 in order to implement the activities of herbal plant cultivation projects which had been implemented Rawa Ala Grama Niladharee

division and Bogolla Grama Niladharee Division under the Provincial Secretariat Office of Polpithigama.

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| ❖ | Although a sum of Rs.75,000 had been issued to cultivate plant in the land for conservation of Ayurveda in Rava Ala Division, the land had not been prepared for cultivation of plant even up to 12 September 2018. Further 350 plants had been issued by the Department and proper methodologies had not been followed for the protection of plants thus 250 plants out of that, were destroyed and empty soil fillings were only remained. | A proper investigation should be carried out and disciplinary actions should be taken against to responsible officers. Actions should be taken to achieve the objectives of the project. | Agreed with the observation |
| ❖ | A sum of Rs.397,485 had been released to Rawa Ala division for cleaning the land and installing the fence. However a wire fence had been installed in a part of the land which was consisted with 2 ½ acres. | As mentioned above | Agreed with the observation |
| ❖ | Although provision of Rs.867,035 had been made for construction of agriculture well in Bogolla division, it had not been constructed even up to 12 September 2018. Further a sum of Rs.90,000 had been paid to Yaya 4 Bogolla Farmers Organization on 29 December 2017 and the said activity had not been fulfilled even up to 12 September 2018 | As mentioned above | Agreed with the observation |

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| ❖ | In order to cultivate in the selected portion of land located in the Bogolla division, approximately 300 plants of cloves, cuscus and gon kakiri had been given. However all plants were destroyed from the severe drought due to the absence of following proper methods to protect those plants. | As mentioned above | Plants were destroyed due to severe drought. |
| (m) | A sum of Rs.548,376 had been paid as salaries to a medical officer who had transferred to the Wennappuwa Pradeshiya Sabha from the Department on 13 July 2012 for a period of 15 months since then. Out of that , even though a sum of Rs.200,000 had been recovered, a total sum of Rs.485,470 including the rest of Rs.348,376 and Government charges of Rs.137,094 had not been recovered. | Actions should be taken as per the terms of the Establishment Code in respect of parties made over payment and to recover such amount. | The preliminary investigation conducted by the North West provincial Council was not completed and necessary actions will be taken by the Wennappuwa Pradeshiya Sabha. |
| (n) | Fifty two beds with mattresses had been purchased to the Ayurvedic Research Institute Nawinna in the year 2017 by incurring a sum of Rs.4.67 million. However the Consultant of the Ayurvedic Research Institute had informed to the Commissioner of Ayurveda that, those beds and mattresses were not up to the standard and there were possibility to get injured the patients as side corners of beds being thin due to sharp plates used for manufacturing of beds and mattresses had sagged and patients tend to slip off the bed with the bed sheet. After that | Actions should be taken to get supplied the standard beds and mattresses in a usable condition. | Payments had not been made for mattresses hence any disadvantage had not been occurred to the Government. |

mattresses had been repaired and however they were in an unusable condition.

- (o) Water sump and septic system had not been included into the construction plan and to the engineering estimate of construction plans of new building of Borella Ayurveda Hospital. The building of which the constructions had been completed incurring a sum of Rs. 1,164.12 without including the 2 items mentioned above had been handed over to the Department by 31 December 2018. The following deficiencies were observed in this regard.
- Plans should be designed after identifying necessary requirements. Without doing so, responsibility of the huge expenses of which the Government has to incurred identifying requirements after awarding the construction should be gone to the relevant officers. To be replied later
- (i) The building was remained unutilized even up to 30 April 2019.
- (ii) Although 200 televisions at the total cost of Rs.7.37 million, 108 water geezers and air condition machines had been fixed, the building could not be used until the warranty period of that equipment was expired.
- (iii) Although actions should be taken to get completed the work by the contractor within the due period of time as per the contract agreement and to make payments without delay, it was failed to make payment for the bills presented by the contractor within the due period of time as a result of sufficient provisions not being made for each year since the year 2015. The contractor had requested Rs.27.91 million as liquidated damages due

to delays of payment for the bills

- (p) Reports of 6 finger print machines out of 7 machines purchased incurring a sum of Rs.381,200 in May 2011 had not been used to confirm the arrival and departure. A sum of Rs.43.87 million had been paid as overtime payments and holiday pays during the year 2018 only based on the time which had not been confirmed by the finger print reports.
- (q) Although approved number of pharmacists posts which had been assigned initial duties such as receiving drugs for manufacturing of Ayurvedic drugs, distribution and maintaining registers and documents up to date for accounting properly, was 60, the existing pharmacists were 17. Hence the number of vacancies as at 31 May 2019 was 43. Even though 21 individuals had been trained for the pharmacists post incurring some of Rs.1.67 million as course fees during the period from the year 2009 to the year 2012, recommendations had been sent to the Secretary to the Ministry for 12 persons who had included in that 21 but not qualified for the post. However actions had not been taken to recruit the 6 qualified persons.
- (r) Handouts and posters had been printed by the National Institute of Traditional Medicine (NITM) incurring a sum of Rs.523,180 in the year 2017. However information relating to the number of handout and posters printed and the balance of the
- Actions should be taken as per the provisions of Public Administration Circular No. 09/2009 dated 16 April 2009.
- All finger print machines purchased are in use. Actions to be taken as soon the finger print machines purchased because more machines yet to be purchased.
- Actions should be taken to obtain the expected performance from qualified people who trained by incurring Government funds.
- Proper action to be taken paying attention in this regard.
- A proper internal control methodology should be identified and implemented for designing printing and storing of handouts and posters.
- For the time being a proper methodology for issuing handouts and posters had been commenced.

stock of handouts and posters as at the end of the year had not been presented to audit as a result of a proper internal control methodology not being identified and implemented in connection with receiving and issuing of handouts and posters.

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| (s) | A sales outlet had been constructed in the premises of the Boralla Ayurveda Teaching Hospital by the Ayurvedic Drugs Corporation in the year 2017 by incurring a sum of Rs.641,128 without having a proper approval and its electricity and water bills had become a burden to the Department. Actions had not been taken to recover a reasonable rent. | A rent should be recovered from the sales outlet and should be credited to the Government Revenue. | It was noted to search and take actions. |
| (t) | Rent had not been recovered since the year 2014 from the milk sales outlet of National Livestock Development Board (NLDB) which is being conducted in the premises of Boralla Ayurveda Teaching Hospital . | - do- | Actions to be taken to recover the economic rent. |
| (u) | Out of 2 air condition machines fixed in the laboratory of the Boralla Ayurveda Teaching Hospital , one was fully out of order and the other machine malfunctioned in time to time. This situation had directly affected to the operation of the Hematology analyzer which installed in the lab and having a capacity of doing almost 100 full blood count per month. Even though 2 air condition machine had been installed in the said laboratory on 12 March 2018 by incurring a sum of Rs.400,000 in | Remedies should be applied obtaining three phase electricity. | There was a delay in this regard and it was instructed the Development Section for immediate rectifications. |

order to maintain patient care services continuously, three-phase electricity required for such machines had not been obtained. As a result, both of the said machines could not be used even up to 02 May 2019 and due to that reason there were difficulty on testing full blood count.

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| (v) | Although revenue of Rs.2.16 million had lost because 2 rooms of the Panchakarma building of Boralla Ayurveda Teaching Hospital which consisted with 20 paying rooms were closed since a period of 2 to 3 years , due to decayed roof, dripping water from the ceiling, and ripping off tiles , actions had not been taken to renovate. | Actions should be taken to open 2 rooms after a proper renovation. | For the time being this is in use. |
| (w) | It was revealed that the generator installed to cover the area of Panchakarma ward No. 2 and No.5 and 2 paying wards of office premises which carrying out administration activities of the Boralla Ayurveda Teaching Hospital had only been operated in 10 machine hours and it had not been used after the year 2010. The panel board of the machine had been eaten by rats due to unavailability of proper protection for the machine and it had not been used even up to 02 May 2019. | Security of all assets belonged to the Department should be confirmed. | Actions were taken to control the rat infestation and renovation can be carried out within coming 2 weeks. |
| (x) | Twenty traditional special medical practitioners had been recruited on contract basis and attached to 6 Ayurveda Hospitals in connection with eye disease, orthopedics, burns, venom, psychiatric disease lumps wounds and cancers and a sum of Rs.5.96 million had been paid as allowances during the year | Approval for recruitment of special medical practitioners, basis of selection and their personal files should be submitted to audit. | A Maximum service is obtained by the said traditional special medical practitioners, personal files could not be found. |

under review. However authority for recruit of special medical practitioners, approval for recruitment of 20 special medical practitioners, the basis for selecting the said 20 and their personal files had not been presented to audit.

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| (y) | Although the purpose was to get an admirable contribution to the service referring for teaching to students of Indigenous Medical Faculties, a proper methodology for achieving those objectives had not been identified. | A proper methodology for achieving objectives should be identified. | Being engaged in teaching activities and delivering needful knowledge and proper methodology to be established. |
| (z) | After the establishment of Nawinna Ayurvedic Research Hospital in the year 1962, further 4 Ayurvedic Research Hospitals had been established during the period up to 2017. Evidence had not been presented to audit relating to researches carried out by those hospitals, new inventions made through such researches and awareness of public thereon. Further actions had not been taken to issue specific instructions and the methodology which should be followed when carrying out a research | Actions should be taken to issue specific instructions and the methodology which should be followed when carrying out a research. Information system of research should be maintained. A methodology should be prepared to aware General public about the new invention. | Information to be presented in future. |
| (aa) | Although it had been informed to present statistics relating to patients of Boralla Ayurveda Teaching Hospital before 10 of coming month, such statistics had not been presented by the relevant medical officers accordingly and statistics relating to the year 2018 had not been submitted | A proper methodology should be established for collecting information and data as to be able to use data reliably by the users and the management. | At the moment a medical officer was appointed for maintaining statistics of the hospital properly. |

completely even up to January 2019. A specific format had not been introduced for obtaining patients statistics and information had been submitted by medical officers using various formats with and without information such as sex, age, disease and first and second visit. Hence the said information could not be amalgamated.

4. Achievement of Sustainable Development Goals.

The following observations are made

Audit Issue -----	Recommendation -----	Comments of Accounting Officer -----
Although Targets which should be fulfilled for achieving Sustainable Development Goals, and prevailing gaps for achieving those objectives and appropriate indicators to measure the progress should be identified, the Department had not identified such indicators and achievements of and deviations from those objectives and various fields which should be paid attention.	Actions should be taken to Identify targets, indicators for achieving Sustainable Development Goals and to measure the progress and attention should be paid for deviations there from.	Agreed with the observation and the Development Section was informed in this regard and instructions were given to prepare necessary indicators.

5. Good Governness

5.1 Delivering Services to the General Public

The following observations are made

Audit Issue	Recommendation	Comments of Accounting Officer
(a) The web site of the Department had not been updated and information relating to activities and services carry out by Sub Institutions and Ayurveda Hospitals had not been included to the web site .Further facilities for submission of public complaints had not been allowed.	The web site should be updated as to be able to submit information to the General Public.	The web site is being updated.
(b) According to the Right to Information Act, Public complaints, response and remedies had not been registered.	According to the Right to Information Act, Public complaints, response and remedies should be registered.	Although Information officers had been appointed for all sub offices of the Department, those officers are engaged with the institutional activities due to lack of human resources. Hence all activities could not be able to complete 100 per cent as per the audit observation.

5.2 Internal Audit

The following observations are made.

Audit Issue	Recommendation	Comments of Accounting Officer
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(a) The Chief Internal Auditor and other two officers had only been appointed for the internal audit of the entire Department including Ayurveda Hospitals, 10 sub institutions and 06 herbal gardens and Ayurvedic Medical Council. The said two offices had been deployed in inventory survey activities and various programmes of herbal drinks for the period from January to August each year. Therefore the independency of the internal audit unit had not been secured According to the Financial Regulation 134(1).	Actions should be taken as per the Financial Regulations 133 and 134 and the section 40 of the National Audit Act No.19 of 2018.	It was agreed with the matter that independency of the internal audit was not secured. It is to be established the internal audit unit as to be able to work independently creating a post of Chief Internal Auditor instead of Internal Audit Officer and establishing the staff.
(b) According to the Financial Regulation 134 (2), it had been planned to fulfill 31 activities under 18 fields during the year under review in accordance with the internal audit plan. However the progress report had not been prepared as per the internal audit plan thus performance of the internal audit section could not be evaluated.	An internal audit should be carried out as per the Financial Regulations 134 and the section 40 of the National Audit Act No.19 of 2018.	Although the internal audit plan was prepared, actions could not be carried out as per the said plan due to lack of staff. It will be taken actions to maximize the performance of the internal audit after filling vacancies.

5.3 Audit and Management Committee

The following observations are made.

Audit Issue	Recommendation	Comments of Accounting Officer
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(a) According to the sub section 41(1) (a) of the National Audit Act No. 19 of 2018 ,	Actions should be taken as per the section 41 of the National Audit Act No.19	Not commented

actions had not been taken to review activities assigned to each section of the Department in the Audit and Management Committee. of 2018.

- (b) According to the sub section 41(1) (a) of the National Audit Act No. 19 of 2018 , actions had not been taken to review whether the activities expected from projects, programmes and plans completed by the Department were implemented as planned in the Audit and Management Committee. Actions should be taken as per the section 41 of the National Audit Act No.19 of 2018. Not commented

6. Human Resources Management

The following observations are made

Audit Issue -----	Recommendation -----	Comments of Accounting Officer -----
<p>Although there were 531 vacancies as at the end of the year under review, according to the financial statements prepared for the year 2018, even though provisions made had been saved without utilizing, except for the instances mentioned below, vacancies of staff had not affected to this savings. Accordingly it was observed in audit that approved cadre had been overestimated.</p>	<p>Actions should be taken to improve the performance by filling vacancies or if vacancies are not affected to the performance, actions should be taken to revise the cadre.</p>	<p>Not Commented</p>
<p>(a) Although 107 management assistant posts which were engaged in subjectivity, establishment and administration had been approved for fulfilling the functions assigned to the Department, 37 posts out of that had remained vacant as at</p>		

the end of the year under review.

- (b) Out of 16 senior level posts of the National Institute of Traditional Medicine (NITM) which had been established for conducting seminars, education classes ,and courses on Ayurveda among the key functions of the Department , a key post of Deputy Director(General) and out of 06 approved Government Management Assistant posts, 04 posts had remained vacant.
- (c) Twenty four out of seventy seven approved posts of senior level, Twenty two out of twenty three approved posts of tertiary level, forty five out of eighty four approved posts of secondary level which were directly contributed for fulfilling activities of Bandaranayaka Memorial Ayurvedic Research Institute which had been established in order to carry out researches for improving Indigenous medicine techniques which among the key functions of the Department had remained vacant.
- (d) In 09 hospitals under the Department, although 275 posts had remained vacant out of approved 1,021 posts under the essential 09 posts for conducting a hospital , actions had not been taken to fill those vacancies and essential posts of certain hospitals had not got approved.