

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 2019 comprising the statement of financial position at 31 December 2019 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. The summary report containing my comments and observations on the financial statements of the Department of Ayurveda was issued to the Accounting Officers on 16 June 2020 in terms of Section 11 (1) of the National Audit Act No. 19 of 2018. The Annual Detailed Management Audit Report relevant to the Department was issued to the Accounting Officer on 16 December 2020 in terms of Section 11 (2) of the National Audit Act No. 19 of 2018. This report is presented to Parliament in pursuance of provisions in Article 154 (6) of the Constitution to be read in conjunction with Section 10 of the National Audit Act, No.19 of 2018.

In my opinion, except for the effects of the matters described in the Paragraph 1.6 of this report, the accompanying financial statements prepared in accordance with the provisions in the State Accounts Circular No.271/2019 dated 03 December 2019 give a true and fair view of the financial position of the Department of Ayurveda as at 31 December 2019, 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 opinion.

1.3 Responsibility of the Chief Accounting Officer and the Accounting Officer on 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 provisions in 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 Sub-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.

In terms of Sub-section 38 (1) (c) of the National Audit Act, the Accounting Officer shall ensure that an effective internal control system for the financial control exists in the Department and carry out periodic reviews to monitor the effectiveness of such systems and accordingly make any alterations as required for such systems to be effectively carried out.

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 judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's 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

I express the following matters in accordance with Section 6 (1) (d) and Section 38 of National Audit Act, No. 19 of 2018.

- (a) The financial statements are consistent with the preceding year.

- (b) According to the observations included in Paragraphs 1.6.2(c), 1.6.5, 1.6.6 (a) , 1.6.7 and 5.1 of this report, the recommendations made by me in my report on the financial statements presented for the preceding year had not been implemented.

1.6 Comments on Financial Statements

1.6.1 Statement of Financial Performance

Audit Observation	Recommendation	Comments of Accounting Officer
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Although Rs. 51.974 million and Rs.57.225 million had been respectively shown as receipts and payments of advances in the statement financial performance presented, receipts and payments of advances were established as Rs. 53.309 million and Rs. 58.560 million respectively as per the Treasury printouts, thus observing a difference at Rs.1,335 million.	Financial statements should be prepared with due consideration in accordance with the circular provisions.	The fact that acceptations of loan balances of the officers arrived in and left on transfers in the year 2019 had been brought to accounts under erroneous Heads, that the recoveries had been erroneously stated in Treasury printouts, those errors remained unchanged in Treasury printouts in spite of taking steps to correct such errors and accordingly, that the relevant corrections were made again as in the previous case according to the instructions of the State Accounts Department.

1.6.2 Statement of Financial Position

Following Observations are made.

Audit Observation	Recommendation	Comments of Accounting Officer
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(a) Receivable advance of Rs. 787,894 as at 31 December 2019 had not been disclosed as a financial assets in the statement of financial position presented.	Financial statements should be prepared with due consideration in accordance with the circular provisions.	Advance of Rs. 782,147 thus unsettled has been shown as unsettled imprest balances in the Form ACA-3 of the financial statements and it is the payment made to the officers engaged in the presidential election, 2019. The relevant advance has been settled at present.

- (b) Although the imprest balance to be settled under the current liabilities had been shown at Rs. 5,748 in the statement of financial position presented, it was Rs. 787,894 according to the monthly accounts summary. Accordingly, a difference of Rs. 782,146 was observed. - Do - That difference represents the unsettled advance of Rs. 782,147 and only the actual value of Rs.5,748 settled to the Treasury has been shown in the statement of financial position.
- (c) Even though the cost of Property, Plant and Equipment as at 01 January 2019 was Rs. 2,815.872 million according to the statement of financial position presented, it was Rs. 4,672.221 million according to the Form ACA-6 presented together with the financial statements and Rs. 4,303.982 million as per the Treasury computer printouts, thus observing a difference of Rs. 1,856.349 million and Rs. 1,488.110 million respectively. - Do - Due to an error in the computer system of the Cigas Programme, some values included in the system have not been included in the summary of the Asset Account and necessary steps are being taken to rectify those errors in the future.
- (d) According to the statement of financial position presented, loan balances of the public officers as at 31 December 2019 amounted to Rs.114.056 million, whereas it was Rs. 114.223 million according to the individual balance list of the Department, thus observing a difference of Rs.0.167 million. - Do - Many differences pointed out have now been settled and Rs.22,773 to be further settled will be settled in the future by rectifying the erroneous total of the individual balances.

1.6.3 Cash Flow Statement

Audit Observation	Recommendation	Comments of Accounting Officer
Even though the expenditure incurred on other expenditure heads had been stated as Rs.3.491 million in the cash flow statement, it had been stated as Rs.2.709 million in the monthly accounts summary. Accordingly, the difference of Rs.0.782 million was observed.	Financial statements should be prepared with due consideration in accordance with the circular provisions.	As a sum of Rs.782,147 paid to the Departmental staff at the Presidential Election by an advance had not been recognized as an expenditure incurred on other ministries and departments, this difference had occurred.

1.6.4 Reconciliation Statement on Imprests

The following observations are made.

Audit Observation	Recommendation	Comments of Accounting Officer
(a) Although the expenditure incurred on other ministries, departments and district secretariats had been shown as Rs.3.491 million in the Imprest Adjustment Account presented, it was Rs.2.704 million according to the monthly accounts summary, thus observing a difference of Rs.0.787 million.	Financial statements should be prepared with due consideration in accordance with the circular provisions.	A sum of Rs.782,147 paid to the Departmental staff for the election duty, 2019 by an advance had not been stated in the monthly accounts summary as an expenditure incurred on other ministries and departments
(b) Unsettled advances of Rs.787,894 as at 31 December 2019 had not been shown in the Imprest Adjustment Account submitted.	Financial statements should be prepared with due consideration in accordance with the circular provisions.	Unsettled advance of Rs.782,147 as at 31 December 2019 has been included in the sum of Rs.3,491,698 incurred on the other ministries and departments in the Imprest Adjustment Account.

1.6.5 Non-maintenance of Registers and Books

It was observed during the course of audit test checks that the Department had not maintained certain following documents while some other documents had not been maintained in an updated manner.

Audit Observation	Recommendation	Comments of Accounting Officer
<p>(a) Security Register</p> <p>A Register of Security inclusive of the details of all the officers, employees including the hospital staff required to give securities had not been updated in terms of Financial Regulation 891(1).</p>	<p>A Security Register including the details of the officers required to give securities should be maintained in terms of Financial Regulation 981(1).</p>	<p>A Security Register of the public officers is being maintained at present.</p>
<p>(b) Inventories of Electrical Fittings</p> <p>An Inventory of Electrical Fittings had not been maintained in accordance with Financial Regulation 454(2).</p>	<p>An Inventory of all Electrical Fittings, apparatus etc, in Government Buildings, should be prepared and maintained as referred to in Financial Regulation 454(2).</p>	<p>Electrical fittings and fixed assets have been stated in Form General 44 in terms of Financial Regulation 454(2).</p>
<p>(c) Record of Losses and Damages</p> <p>The Record of Losses and Damages had not been updated in terms of Financial Regulation 110.</p>	<p>In terms of provisions in Financial Regulation 110, a Record of Losses and Damages should be maintained in an updated manner in the form given thereunder.</p>	<p>The Record of Losses and Damages has already been referred to the Government Audit Division.</p>

1.6.6 Lack of Evidence for Audit

The following observations are made.

Audit Observation	Recommendation	Comments of Accounting Officer
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(a) Although the cost of non-financial assets as at 31 December 2019 amounted to Rs.4,714.751 million as per the financial statements presented, the updated register of fixed asset, board of survey reports, printouts of Cigas computer programme or sufficient other evidence had not been furnished to Audit to confirm the accuracy of that value.	Non-financial assets should be documented based on relevant source documents and those records and source documents should be furnished to the Audit in order to established values and other details.	Once the computer errors of the Cigas programme is debugged, printed copies of the register of fixed assets can be submitted to the Audit. Although board of surveys of all the institutions belonging to the Department for the year 2018 have been completed, completion of the board of survey activities for the year 2019 have been delayed due to Corona epidemic situation.
(b) Even though Rs.1,856.349 million had been adjusted to the cost of non-financial assets of Rs.2,815.872 million as at 31 December 2018, the journal entries related to those adjustments had not been made available to the Audit.	-Do-	Even though action has been taken to provide any file including procurement files at the requests made by the Audit, it is regretted the indication that such information was not submitted.
(c) Interm of Note ACA-6 presented together with the financial statements, the cost of non-financial assets purchased during the year under review was Rs.42.529 million. Nevertheless, schedules had not been furnished to Audit to confirm that amount.	-Do-	The value of assets purchased during the year 2019 has been correctly recorded in the monthly account summaries and expenditure ledgers and those amounts have been included in the financial statements. The printouts taken from the Cigas programme can be furnished to audit in the future.

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| (d) | Out of total net provision of Rs.355.106 million made for 25 capital Objects, provision of Rs.341.062 million had been saved and the percentage of savings had ranged from 50 to 100 per cent of total net provision of those Objects. No procurement files or other documents had been submitted to Audit to establish the accuracy of the facts that had been stated in the financial statements as the reasons for the above savings. | In the submission of financial statements of a certain year to the Audit, all necessary information for examining the accuracy of the facts cited as reasons for savings of the net provisions should be submitted. | Due to stoppage of non-priority capital expenditure as per the National Budget Circular No.4/2019 and non-receipt of imprests, capital provisions have been saved. |
| (e) | No evidence had been furnished to Audit to confirm the compliance with Financial Regulation 571 in respect of deposits of Rs.3.806 million credited to the Government revenue during the year under review. | Evidence should be furnished to Audit to confirm that the Financial Regulation 571 was followed in connection with the deposits. | Once the relevant customers were informed, the deposits older than two years have been credited to the Government Revenue. |

1.6.7 Certifications to be made by the Accounting Officer

Audit Observation

Recommendation

Comments of Accounting Officer

In terms of provisions in Section 38 of the National Audit Act No.38 of 2019, the Accounting Officer shall ensure that an effective internal control system for the financial control exists in Ministry and carry out periodic reviews to monitor the effectiveness of such systems and accordingly make any alterations as required for such systems to be effectively carried out and that such review makes in writing and submits a copy thereof to the Auditor General. Nevertheless, statements had not been furnished to audit to the effect that such reviews had been made.

Action should be taken in terms of provisions in Section 38 of the National Audit Act No.38 of 2019

In order to rectify some defects found in the internal control system, circulars have been issued in 2018 and 2019 and the copies of those circulars have been referred to the Government Audit Division. The Internal Audit Division examines as to whether these circulars are followed and copies of those circulars are again submitted herewith.

1.6.8 Non-compliance with Laws, Rules and Regulations

Instances of non-compliance with laws, rules and regulations observed during the course of audit test checks are analysed below.

Observations		Recommendation	Comments of the Accounting Officer
Reference to laws, rules and regulations.	Value	Non compliance	
	Rs.		
(a) Paragraphs 5.2.1, 5.2.2, 5.2.3 and 5.8 of Chapter XIX of the Establishments Code of the Democratic Socialist Republic of Sri Lanka.	-	The Department had not taken steps to maintain a register on official quarters since inception. Rent had been recovered less than the due rental from the Director of the hospital and a nursing officer who were residing at official quarters of the Borella Hospital. House rents had not been recovered from the ambulance driver resided in an official quarters, a nursing officer who was occupying the rooms which are liable to levy economic charges and other residential drivers including the drivers of the Indegenous Medicine Division. Electricity and water charges of those quarters and the rooms had not been recovered from those officers and such expenditure had become a burden to the hospital.	Action should be taken in accordance with the provisions of the Establishments Code.
			Not commented.

(b)	Financial Regulations of the Democratic Socialist Republic of Sri Lanka F.R. 104 (3) and (4)	187,706	Neither preliminary report nor final report had been prepared in respect of 03 vehicle accidents caused during the year under review. The loss incurred due to a vehicle accident caused in the year 2018 had not been assessed and entered in the books and inquiries too had not been conducted as required by the Financial Regulations.	Action should be taken in accordance with the Financial Regulations.	Action should be taken to submit those reports expeditiously
(c)	President's Circular No.PS/PCMD/C /13/2019 dated 28 March 2019.	13,013,556	No separate water metes and electricity meters had been installed for 04 stalls which were using electricity and water of the Borella Ayurveda Hospital and for the Postgraduate Institute of Indegenous Medicine functioning under the University of Colombo from 02 June 2017 and no charges whatsoever had been recoverd for electricity and water consumption. A committee had not been appointed relating to energy conservation and to ensure efficient use of electricity and water in terms of the circular provisions. The Department had not taken follow up measures in respect of circular provisions.	Action should be taken in accordance with the circular provisions	Not commented.

2. Financial Review

----- Imprest Management -----

Audit Observation -----	Recommendation -----	Comment of the Accounting Officer -----
Although the total net provision made during the year under review for the Objects of foods and beverages and uniforms and medical supplies relating to the patient treatment services and research projects under the development programme amounted to Rs.130.2 million and Rs.52.5 million respectively, actual expenditure was Rs.77.41 million and 28.7 million respectively. Accordingly, the savings had been Rs.52.79 million and Rs.23.8 million representing 41 per cent and 45 per cent respectively. Even though the Department demanded imprests, Treasury had not made adequate amount of imprests and therefore, it had not been possible to use the provisions allocated by Parliament. As a result, there had been issues regarding the uninterrupted maintenance of essential services of the hospitals.	Action should be taken to maintain uninterrupted patient treatment services by obtaining and effectively using the provisions allocated.	It is accepted that the provisions have been remained. Hospitals have been maintained so as not to become dysfunctional within the limit of provisions made.

2.2 Revenue Management

Audit Observation -----	Recommendation -----	Comment of the Accounting Officer -----
Although the estimated revenue for the year under review amounted to Rs.15.55 million, actual income was Rs.30.95 million. Accordingly, the variation was Rs.15.4 million or 99 per cent.	Realistic revenue estimates should be prepared.	Since the deposits older than two years were credited to the Government revenue in the year 2019, it had exceeded the estimated revenue and this matter will be taken into consideration in the preparation of revenue estimates for the ensuing year.

2.3 Reconciliation Statement of the Advances to Public Officers Account

Audit Observation	Recommendation	Comment of the Accounting Officer
<p>According to the loan reconciliation statement on Advances to Public Officers Account, total outstanding loan balances other than the balances applicable to the officers left on transferred amounted to Rs.1.88 million. Those outstanding loan balances had continued to exist over a period of 02 to 05 years.</p>	<p>The loan balances of the officers transferred among the offices of the Department should be settled within 03 months from the date of transfer in terms of the provisions referred to in Paragraph 1 of the National Budget Circular No.118 dated 11 October 2004. Similarly, the outstanding loan balance due from the officers transferred to the Provincial Councils should be settled as stipulated in Paragraph 03 of the above circular. As it is stated in Paragraph 8 of the above circular that disciplinary action will be taken according to Section 8.1 and 8.2 of Chapter XLVII of the Establishments Code against the officers who fail to comply with the above requirement, action should be taken accordingly.</p> <p>Similarly, provisions of Section 4 of Chapter XXIV of the Establishments Code should be followed in respect of loan balances of an officer who had retired, died, terminated the service or was released to a Public Corporation before settling a loan.</p>	<p>The outstanding loan balances of the public officers have been lessened as compared with the previous instances and further steps are in progress in this connection.</p>

2.4 Incurring Liabilities and Commitments

The following observations are made.

Audit Observation	Recommendation	Comment of the Accounting Officer
<p>(a) In terms of State Circular No.255/2017 dated 27 April 2017, based on the commitments identified, the value of goods and services procured relating to those commitments and certified quantum of work completed regarding the agreements reached should be recorded as liabilities. Nevertheless, liabilities amounting to Rs.18.1</p>	<p>A method should be established to properly discover the all the liabilities applicable to the year under review.</p>	<p>The relevant divisions had not submitted the payment vouchers related to the certified work and information on the financial cost to the Accounts Division even by 28 February 2020 and the total value of the vouchers to be settled up to February 2020 has been shown as the liabilities.</p>

million relevant to 11 construction contracts had not been included in the financial statements presented.

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| (b) | According to the financial statements presented, liabilities relating to the State Pharmaceutical Corporation and Sri Lanka Ayurvedic Drugs Corporation amounted to Rs.0.876 million and Rs.19.961 million respectively, whereas such values amounted to Rs.1.608 million and Rs.34.638 million according to the confirmations obtained from those institutions. Hence, there was a deference of Rs.0.732 million and Rs.14.677 million respectively. | -Do- | -Do- |
| (c) | The value of certified contract works amounting to Rs.145.74 million payable as at 31 December 2018 for the construction of 08 storied building under the 02 stage of the project for the development of Borella Ayurvedic Hospital in to a teaching hospital had not been disclosed and instead, only a sum of Rs.3.276 million paid to the contractor in the year 2020 had been disclosed as liabilities. | -Do- | -Do- |

2.5 Utilization of Provisions made for Other Ministries and Departments

Audit Observation	Recommendation	Comment of the Accounting Officer
<p>The Department of Ayurveda had transferred provisions of Rs.214.81 million to the Building Department and the district secretariats and the actual expenditure was Rs.216 million. Physical progress of those projects had not been furnished to Audit.</p>	<p>Action should be taken to carry out small scale constructions under the direct supervision of the staff of the Department consisting of an Engineer, Engineering Assistant and a Technical Officer and to carry out relevant procurement activities by the Department itself.</p>	<p>The fact that the physical progress of the constructions of the year 2019 has been sent herewith, provisions for the Youth Herbal Farm Programme has been transferred to the District Secretariats in the year 2019, the construction of agrarian well at the Padaviya Herbal Farm has been discontinued due to not providing the spot inspection report relating to the construction by the Divisional Secretariat and remaining projects have been implemented in accordance with the agreements and certain projects have already been completed.</p>

3. Operating Review

3.1 Failure to carry out progress review on the activities

The following observations are made.

Audit Observation	Recommendation	Comment of the Accounting Officer
<p>(a) No performance indicators had been set for the evaluation of progress of the functions of all the sections, sub-institutions, hospitals and herbal gardens operating under the Department and progress of the activities had not been reviewed.</p>	<p>Performance indicators should be set for the relevant functions and progress thereof should be reviewed.</p>	<p>Future measures will be taken by obtaining the report of the committee appointed to set the performance indicators as expeditiously as possible.</p>

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| <p>(b) Due to not preparing an Action Plan for the year under review, progress review report too had not been prepared. As a result, matters such as not performing functions, carrying out activities contrary to the main functions, failure to achieve expected outcome, abandonment of projects, delays in the execution of projects and the projects commenced with delays, could not be examined.</p> | <p>Action should be taken to prepare the Action Plan and review the progress baded on it.</p> | <p>The fact that there is a scarcity of the human resource. New Development Officers are being trained on this subject. Action will be taken to submit progress review reports relevant to the Action Plan prepared for the year under review.</p> |
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3.2 Failure to Discharge Functions

3.2.1. The following observations are made on the failure of the Department to discharge the functions to be discharged in terms of Ayurveda Act No. 31 of 1961

Audit Observation	Recommendation	Comment of the Accounting Officer
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<p>(a) For the purpose of carrying out objectives referred to in Section 07 of the Act, the Commissioner General of Ayurveda had been vested powers to establish and maintain ayurvedic hospitals and affiliated institutions by Section 08 of the Act. Nevertheless, no action had been taken to identify suitable premises to establish new hospitals and affiliated institutions and to prepare plans by taking into account the locations of the ayurvedic hospitals and affiliated institutions established by the provincial councils, local government bodies and the central Government.</p>	<p>After conducting a proper study, a plan for the establishment of Ayurveda hospitals and affiliated institutions should be prepared and implemented.</p>	<p>Audit observations are accepted and necessary steps will be taken to plan and carry out these constructions following a proper study.</p>

(b) Without being identified the standards and Standards and criteria Not commented.

criteria pertaining to ayurveda teaching hospitals, ayurveda research hospitals and herbal gardens, the Department had established 04 ayurveda teaching hospitals, 07 ayurveda research hospitals and 08 herbal gardens. This situation had affected the provision of qualitative patient treatment services and teaching activities of the ayurvedic students.

pertaining to ayurveda teaching hospitals, ayurveda research hospitals and herbal gardens should be identified.

(c) No steps had been taken even by 30 September 2020 to make regulations as per the Section 10 (4) of the Act with regard to the procedure to be followed in the registration of institutions relating to the ayurvedha including ayurvedic hospitals, ayurvedic pharmacies, ayurvedic dispensaries and ayurvedic stores in the private and public sector according to the Section 10 of the Act and to prepare and legalize a Guideline inclusive of those regulations.

Action should be taken in accordance with the provisions in the Ayurveda Act No.32 of 1961.

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(d) As per Section 10 of the Act, ayurvedic hospital, ayurvedic pharmacy, ayurvedic dispensary or ayurvedic store maintained by the central government, provincial councils and local government bodies including all the private institutions related to Ayurveda should be registered. Although private institutions affiliated to the ayurvedha had been registered only if applications were made for the registration, no system had been set in motion to identify the non-registered institutions. Only 04 institutions and 04 pharmacies affiliated to the Ayurveda and maintained under the central government, provincial councils and local government authorities had been registered. Accordingly, it was observed that all the government institutions affiliated to the ayurvedha had not been registered.

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In accordance with Section 10 of the Ayurveda Act No.32 of 1961 and Pharmacy Orders published in the Gazette No.229/3 dated 06 September 1976, if medicines are manufactured for sale to the public and the market, registration under the Department of Ayurveda should be obtained for that purpose. Since the manufactories and the Ayurveda Drugs Corporation functioning under the Colombo and Kandy Municipal Councils issue their productions to the market, registration has been obtained. As the Ayurvedic hospitals owned by the government, provincial councils and local government authorities

manufacture medicines only for the use of patient's treatment services, registration has not been obtained and the hospitals remained under the purview of the Department of Ayurveda are regulated through the Development Division.

- (e) Adequate trained staff and physical resources had not been made available to the Technical Division of the Department which had been entrusted with the responsibility of registering institutions involved in the Ayurveda in private and public sector and ensuring consumer safety at qualitative level by implementing orders made for the purposes of ayurvedic medical practices and surgical medicine. It had been an obstacle to qualitatively ensure the consumer safety by adequately regulating the private and public institutions affiliated to the Ayurveda and the Ayurvevedic productions.
- In terms of Ayurveda Act No.31 of 1961, arrangements should be made to ensure the better performance of the activities assigned.
- Due to lack of adequate space facility to handle the number of files available in the Technical Division, sample of drugs undertaken to submit to the formula committee and the physical resources, there is a delay in carrying out duties, whereas necessary steps have been taken to meet the daily requirements by properly managing the available resources.
- (f) Action had not been taken even by 30 September 2020 to establish and maintain computer information system regarding the private ayurvedic treatment centres, Pnachakarma centres, ayurvedic hospitals, manufacturies and ayurvedic dispensaries registered with the Department of Ayurveda and for the new registration and renewal of imported and indogeneous medicines and no action had been taken to introduce a system such as obtaining applications for registration through online method.
- Action should be taken to establish and maintain a computer system with better control inclusive of all information relevant to activities of the Technical Division such as registration and issue of licences.
- Although a computer information system should be developed for all the subjects of the Technical Division, avalibale human and physical resouces are inadequate for that purpose and therefore, measure are expected to be taken in this regard in the future.

- (g) The Department of Ayurveda had taken steps to register the Panchakarma centres which are not included in the list of institutions to be registered under Section 10 of the Act. Nevertheless, due to failure to regulate those Panchakarma centres on proper criteria base, the term of Ayurveda, which remained in existence over a longer period in Sri Lanka, had been subject to marketing purposes as per the other requirements of the business community. Action should be taken in accordance with the Ayurveda Act no.31 of 1961. Not commented.
- (h) Although Ayurvedic College and Hospital Board had been established under the provisions from Section 22 to 32 of the Act to carry out activities relating to Ayurvedic Teaching Hospital affiliated to the College of Ayurvedic Medicine, drugs manufactory, drugs repository, the pharmacy, the Board had not taken steps since its inception on the administration of the teaching hospitals affiliated to the Colleges of Ayurvedic Medicine and to make recommendations regarding the charges to be recovered from the patients admitted in terms of Section 30 (l) of the Act. It had not involved in the development activities of the Borella Ayurveda Hospital. Further, the book titled “ Management of Hospitals” had been published by the Board in July 2013 by introducing 10 Ayurvedic Formats and 04 Health Formats including details such as hospital staff structure, management structure, employment details of the ayurvedic medical practitioners and other staff, specifications and the duty hours. Since legal sources with circulars and legal provisions which formed the basis of the facts of this book had not been prepared, this book could not be used as a legal instrument. Nevertheless, it had been recommended for the Efficiency Bar examinations of the medical officers and it was observed that the hospital directors were using the same in the hospital administration. Action should be taken in accordance with the Ayurveda Act no.31 of 1961. Not commented.

(i) In terms of Sections from 33 to 41 of the Act, an Ayurvedic Research Working Committee had been established in the year 1963 and subsequently, it was amended as Ayurvedic Research Committee. Some of the following duties expected from the Ayurvedic Research Committee had not been fulfilled and evidence had not been presented to confirm that some of the duties had been fulfilled.

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| (i) | The procedure to be followed in conducting ayurvedic researches had not been identified. | Action should be taken in accordance with the Ayurveda Act no.31 of 1961. | - Do - |
| (ii) | Although 06 Ayurvedic Research Hospitals had been established by 2019, no evidence were furnished to Audit to the effect that the researches had been conducted or on the new findings of the researches and that the people had been educated thereon. | - Do - | - Do - |
| (iii) | Ayurvedic and Yunani Codes had been approved by this Committee in the years 1976 and 1998. Nevertheless, those journals, which contribute to take number of measures for the forward march of the Ayurveda such as standardization of manucatured drugs, control of imported readymade drugs, control of various suspicious drugs in the market though propaganda activities and provide protection for the medical practitioners engaged in the Ayurvedic therapy and the patients receiving ayurvedic treatments, had not been updated. | -Do- | - Do - |

(iv)	The Sidda Medicine Code had not been prepared even by the date of this report.	-Do-	- Do -
(v)	No action had been taken to standardize the drugs specified in the drugs formulas and the ayurvedic treatment systems relating to the ayurvedic therapy treatments.	-Do-	- Do -
(j)	In terms of Section 77 of the Act, an Ayurvedic Code shall be made to impose regulations to prohibit, regulate or control the manufacture, sale, supply, distribution or dispensing of any article, substance or drug for the purpose of Ayurvedic medicine and surgery. Even though compilation of Ayurvedic Code was commenced in the year 2012 according to the order made by the Supreme Court and Rs.564,580 had been spent thereon in the years 2017 and 2018, it had been failed to complete and legalize the Ayurvedic Code even by 30 September 2020.	-Do-	According to the order of the fundamental rights case No.226/2012 being tried in the Supreme Court, the committee appointed from the year 2013 to prepare the Ayurvedic Code has not drafted and submitted the relevant Code to the Department and the Ayurvedic Code drafted by the new committee appointed for this purpose in 2018 is being reviewed and corrected by a committee of experts.

3.2.2. The following observations are made on non-compliance with the provisions in the Service Minute of the Sri Lanka Ayurvedic Medical Service appeared in the Extraordinary Gazette No.924/2 of 1996.

Audit Observation	Recommendation	Comment of the Accounting Officer
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(a) Such number of posts comprising the officers in primary, secondary and first grade of the Medical Officers Category shall be determined based on the criteria specified in Section 6.1.1 of the Service Minute so as to consist of one medical officer for 75 patients at the Out Patient Department, one medical officers covering 35 beds in the Residential Section and at one medical officer for the	Action should be taken in accordance with the provisions in the Service Minute of the Sri Lanka Ayurvedic Medical Service published in the Extraordinary Gazette No.924/2 of 1996	Not commented.

Drugs Manufactory Division and its in charge and 07 sections. Accordingly, as per Section 27 of the Service Minute, the required number of Ayurvedic Medical Officers should be approved under each scheduled posts for each grade in keeping with the requirements of the ayurvedic institutions of the central government, provincial councils and the local government authorities. Nevertheless, the Department of Ayurveda had not taken steps to identify and get approved the required number of Ayurvedic Medical Officers based on the above criteria for the 03 main divisions of the hospitals. According to the criteria specified in the Service Minute, the number of Ayurvedic Medical Officers to be in the Out Patient Department, Residential Section and the manufactory is 32, whereas the number of General Ayurvedic Medical Officers attached to those divisions as at 30 September 2019 was 96. Accordingly, 64 General Ayurvedic Medical Officers had been excessively attached contrary to the Service Minute.

- (b) In terms of Section 13.1.3 of the Service Minute, seniority list should be maintained in respect of each grades, whereas seniority lists had not been maintained for primary, secondary and first grades. Likely, in accordance with the Sections from 22 to 26 of the Service Minute, no action had been taken to grant annual promotions as per the number of vacancies out of the approved number of posts in the Supra and Special Grade of the 03 categories of Ayurvedic Medical Officer, Research and Education.

-Do-

-Do-

- (c) In terms of Section 10.1.3 of the Service Minute, no separate waiting lists had been maintained for the 03 categories of Ayurveda, Siddha and Yunani for the purpose of recruiting the graduate medical officers who have satisfied the qualifications in the scheme of recruitments to the vacancies in the approved cadre. Although recruitments should be made only for the number of vacancies in the approved number of posts of Ayurvedic Medical officers as per the order of the waiting list, total of 650 medical officers including 180 excess medical officers had been recruited in January 2018.
- Provisions of the Service Minute of the Sri Lanka Ayurvedic Medical Service published in the Gazette 924/2 of 1996 should be followed. As adequate number of patients do not seek ayurvedic medical treatments and there is no capacity in the Government Ayurvedic Hospitals and the affiliated institutions to provide employments to all Ayurvedic graduates, attention of the authorities concerned should be focused to take policy decisions so as to provide alternative employment opportunities for the Ayurvedic graduates.
- Do-
- (d) Even though there were 34 Ayurvedic Medical Officers in excess in the Borella Ayurveda Hospital by 30 September according to the criteria specified in Section 6.1.1 of the Service Minute, the approved cadre had been increased by 34 Ayurvedic Medical Officers with the objective of using new eight storied building. Nevertheless, the new building had not been opened for the patients treatment services even by 30 November 2020.
- Provisions of the Service Minute of the Sri Lanka Ayurvedic Medical Service published in the Gazette 924/2 of 1996 should be followed.
- Do-

- (e) As per the Appendix III of the Service Minute, an Ayurvedic Medical Officers in Grade II who has obtained a postgraduate degree from an institution recognized by the Sri Lanka Government and the University Grants Commission and has satisfied qualification of obtaining a certificate from the Board of Management of the relevant university, can be promoted to the Specialist Grade. According to the Gazette Notification 1882/50 dated 03 October 2014 which had amended the method of promotion to the Specialist Grade, the officer should have followed a fulltime postgraduate degree of not less than 03 years in a local or foreign university recognized by the Sri Lanka Government or University Grants Commission in any subject specified under 10 identified field. Thereafter, on completion of a fulltime clinical/research training for not less than 02 years under the supervision of a consultant medical officer in the field and after obtaining a certificate registered with a Postgraduate Academic Board of Ayurveda/Sidda/Unani/medicine recognized by the Sri Lanka Government or University Grants Commission, the relevant medical officer becomes a specialist medical officer in the relevant field. The following observations are made in this connection.
- Action should be taken to produce Ayurvedic Medical Specialists in terms of Appendix III of the Sri Lanka Ayurvedic Medical Service Minute stated in the Extraordinary Gazette No.924/2 of 1996 and the Gazette Notification No.1882/50 dated 03 October 2014.
- Do-
- (i) The number of Ayurvedic Medical Specialists for the identified 10 fields had not been determined and approved.
- (ii) Postgraduate Academic Boards had not been established even by 30 September 2019.

(iii) Although the medical officers who had received promotions to the Specialist Grade before the issue of Gazette Notification No.1882/50 dated 03 October 2014 had not established the filed they had specialized, they were operating treatment units naming General (*Kaya Chikithsa*), Therapy, Pediatric, Surgical and Shalakya in the Borella Ayurvedic Hospital.

(iv) It was observed according to the above matters that the Department of Ayurveda had failed to produce Ayurvedic Medical Specialists under the 10 relevant fields.

(f) Consultant Medical Officers of the Indigenous Medicine Institute had participated in teaching and treatment activities of the Borella Ayurveda Hospital since a long period. The following observations are made in this connection.

Action should be taken in terms of Note 3 of the amended Ayurvedic Medical Service Minute, 2014. -Do-

(i) As per the Note 3 of the Amended Ayurvedic Medical Service Minute, 2014, the qualified consultant medical officers who are appointed by the Department of Ayurveda on the recommendations of the Borella Indigenous Medicine Institute should be involved in teaching and treatment activities of the hospitals. Nevertheless, the consultant medical officers who had not so been appointed had arrived in the Borella hospital for those activities. No specific methodology had been identified and implemented in this connection.

- (ii) Although these consultant medical officers had participated in patients treatment services of the Out Patient Department and Residential Section of the hospital, no proper methodology had been established in the hospital to confirm the attendance of the medical officers

3.3 Annual Performance Report

 The following observations are made

Audit Observation	Recommendation	Comment of the Accounting Officer
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(a) Although the Department of Ayurveda should table the Performance Report relating to the year under review in Parliament within 150 days from the close of the financial year as required by State Finance Circular No.402 dated 12 September 2002, Performance Report for the year 2018 had not been tabled in Parliament even by 30 September 2020.	The Annual Performance Report should be tabled in Parliament on due date in accordance with the State Finance Circular.	Not commented.
(b) The Performance Report presented for the year under review had included only the progress of 4 activities of the Establishment and Administration Divisions of the Department and the progress had not been presented indicating the work load that remained in hand at the begging of the year out of the duties assigned to the Establishment and Administration Division, Technical Division, Examination Division and Development Division, the work load assigned during the year, the amount of work completed during the year and remaining amount of work as at the end of the year. As such, performance of those divisions could not be evaluated. Further, details of the construction activities had not been separately	Performance Reports should be presented so as to be able to evaluate performance of each division.	Action will be taken to present the Performance Report so as to evaluate performance of all the divisions in the future.

disclosed by categorizing as continuous, new and abandoned projects.

3.4 Depositing Securities by the Public Officers

Audit Observation	Recommendation	Comment of the Accounting Officer
<p>It was not established that all the officers who are required to give security had furnish such securities in terms of provisions in the Financial Regulation 880 and no security register had been maintained in terms of Financial Regulation 891 with the names of all the officers required to give security including the hospital staff consists of the Directors, Deputy Directors, Medical Officers in charge of the divisions and the Store Keepers.</p>	<p>Action should be taken in accordance with the Financial Regulations.</p>	<p>Officers have been instructed to follow the provisions specified in the Financial Regulation 880 and 891.</p>

3.5 Management Weaknesses

3.5.1 Meenamatha Agreement

Audit Observation	Recommendation	Comment of the Accounting Officer
<p>Even though Sri Lanka had entered into the Meenamatha international agreement as a partner to completely get rid of the use of mercury by the year 2020, no action had been taken to look for the possibility of recognizing alternatives for the mercury in the ayurvedic drugs production and to confirm whether the prescribed dose is maintained in the production of ayurvedic drugs.</p>	<p>Consumer safety should be assured by taking measures to look for the possibility of recognizing alternatives for the mercury in the ayurvedic drugs production and to confirm whether the prescribed dose is maintained in the production of ayurvedic drugs.</p>	<p>The fact that mercury is an essential element in the production of ayurvedic drugs and there are no alternatives to replace, the prescribed dose of the mercury is tested before granting approval of the Formula Committee and that action will be taken to obtain test reports on mercury dose contained in the drugs randomly collected from the market and the Government hospitals in the future.</p>

3.5.2 Production of Drugs According to the Formulas Not Approved by the Formula Committee

Audit Observation	Recommendation	Comment of the Accounting Officer
Out of 326 drugs manufactured in the Borella Ayurveda Hospital, 143 drugs had been manufactured according to the formulas not stated in the Yunani Medicine Code and approval of the Formula Committee had not been obtained for those formulas.	Approval of the Formula Committee should be obtained before manufacturing the drugs not included in the Medicine Code.	Action will be taken to obtain the approval of the Formula Committee and the Ethic Review Committee (ERC) for the production of medicines in the future.

3.5.3 Procurement of Dried and Raw Medicines by the Department of Ayurveda

The following observations are made.

Audit Observation	Recommendation	Comment of the Accounting Officer
(a) As attention had not been focused on the procurable quantity of medicines of the herbal gardens of the Department prior to carrying out procurement activities on the raw and dried medicines by the Department of Ayurveda, 2,194 kilograms of 18 types of raw medicines and 1,447 kilograms of 8 types of dried medicines produced in those herbal gardens had not been procured during the year under review. Expenditure of Rs.391,070 and Rs.326,182 had been incurred for the purchase of those medicines from the suppliers without being procured them from the said herbal gardens.	Necessary steps should be taken to increase the domestically procurable quantity of medicines including the herbal gardens to meet the raw and dried medicine requirement of the hospitals. Similarly, after taking into account the quantities procurable from the herbal gardens, limited provisions should be effectively spent by carrying out procurements only for the requirement.	Annual medicine requirements of all the hospitals are obtained by the end of each year. As the Supply Division had not received information on the procurable medicines from the herbal gardens, procurement activities were carried out accordingly. Since the Supply Division has received the details on the dried medicines procurable from the herbal gardens in the year 2021, action will be taken to procure the remaining quantity of medicines by following the procurement process.

- (b) It was observed that in many instances, the Borella Ayurveda Hospital had procured raw and dried medicines at higher price than the prices of the raw and dried medicines procured by the Ayurvedic Drugs Corporation from the same suppliers. Prices of 19 out of 20 raw medicines subjected to the audit test check had increased from 25 to 537 per cent and the prices of 06 out of 10 dried medicines had increased from 10 to 100 per cent than the prices fixed for the drugs purchased by the Ayurvedic Drugs Corporation.
- Procurement activities should be carried out to select suppliers so as to minimise the cost of raw and dried medicines.
- Even though letters were referred to the Ayurvedic Drugs Corporation on several occasions enquiring the prices of dried medicines, replies were not given thereon and purchasing is made on the approval of the Procurement Committee by forwarding the annual needs sent by the hospitals and the prices quoted by the supplies to the Technical Evaluation Committee.

3.5.4 Use of Finegrprint Scanners at the Hospitals and Institutions Established Under The Department of Ayurveda

Audit Observation	Recommendation	Comment of the Accounting Officer
<p>Records of 06 out of 07 fingerprint scanners purchased at a cost of Rs.381,200 in May 2011 had not been used to establish arrival and departure of the officers. Nevertheless, based on the time not confirmed by the fingerprint scanners of the employees of 18 hospitals and institutions established under the Department of Ayurveda, a sum of Rs.45,852,415 had been paid as overtime and holyday pays during the year 2019 alone</p>	<p>Arrival and departure of all the public officers should be confirmed by fingerprint scanners and taking action to pay overtime and holyday pays based on such confirmations lies under the fulfillment of responsibilities assigned to the Accounting Officers under Financial Regulation 128 (1)(a) and therefore, action should be taken accordingly.</p>	<p>All the fingerprint scanners are being used and more fingerprint scanners have to be purchased in order to take steps in accordance with the Public Administration Circular No.09/2009 dated 16.04.2009. Therefore, action will be taken in accordance with the circular soon after the installation of those machines.</p>

3.5.5 Providing Trainings to the Officers Engaged in the Field of Ayurveda

Audit Observation	Recommendation	Comment of the Accounting Officer
<p>The National Institute of Indigenous Medicine had been established with the objective of providing trainings to the officers engaged in the field of Ayurveda in the central government, provincial councils and local government Institutions Island wide by planning training programmes under 6 fields. However, due to lack of computer data base maintained inclusive of information of the officers engaged in the field of Ayurveda throughout island to provide trainings, officers had not been called for the trainings according to a proper plan during the year under review. Instead, the names of the officers to be trained had been sought form the heads of the departments and they had provided the names of the officers for trainings at their discretion.</p>	<p>A data base inclusive of the officers who are engaged in the Ayurvedic field island wide and required to give trainings by the National Institute of Indigenous Medicine should be established and thereby, trainings should be given on a proper plan so as to upgrade the standard of the patient treatment services provided by the officers thus engaged in the field of Ayurveda.</p>	<p>Not commented.</p>

3.5.6 Procuring Raw and Dried Medicines to the Teaching Hospital, Borella

The following observations are made.

Audit Observation	Recommendation	Comment of the Accounting Officer
<p>(a) As the contract for the supply of raw and dry medicines to the Borella Teaching Hospital for the year 2019 had been awarded with a delay in April 2019, it had not been possible to procure the raw and dry medicines continuously. It had resulted in the decrease of the production by 10,829 bottles in the <i>Kwatha and Arishta</i> Section, 60 kilograms in the <i>Rasa</i> Section , 297 bottles in the Ointment Section and by 140 kilograms in the</p>	<p>The procurement activities relating to the supply of raw and dried medicines should be carried out in time for the maintenance of drugs production without shortage.</p>	<p>Due to the delay in the receipt of Technical Evaluation Committee reports and the delay occurred in passing the budget for the year 2019, the contract had to be awarded in April 2019.</p>

Pills Section during the first half of 2019 compared to the first half of the year 2018.

- (b) The Borella Ayurvedic Hospital had not carried out procurement activities on raw and dried medicines as per each drugs formula and as such, raw and dried medicines required for a single drugs formula had to be purchased from several suppliers. Since the suppliers had not supplied medicines required for a drugs formula in time, the continuous drugs production had been hindered. As a result, there was a shortage of 15 out of 69 types of drugs identified as essential to a teaching hospital for a period from 10 to 60 days and another 25 types of drugs for a period from 60 days in excess of 120 days during the first half of 2019.
- By way of introducing a formal system to order the medicines to the other pharmacies including raw and dried medicine stores and main readymade drugs stores to carry out procurement activities on raw and dried medicines on time and to procure raw and dried medicine for a drug formula, production must be carried out according to a proper plan and thereby, continuous drugs production should be maintained without any shortage.
- Prior to carry out procurement activities, requirements of the hospitals for the following year are enquired and the formula system is not followed as the each drug is sent separately.
- (c) Even though activities such as issuing, receiving and packing of raw and dried medicines are carried out by the dried drugs stores, readymade drugs stores, sections of the manufactory, internal and external dispensaries and the kitchen of the Borella Ayurvedic Hospital with the use of weighing instruments available in those sections, no action had been taken to obtain annual licences for such weighing instruments.
- Action should be taken to obtain licences for all the weighing instruments available in the Hospital annually.
- No complaints have been made up to date on the defects of the weighing instruments available in the hospital at present. Nevertheless, action will be taken to obtain annual licences for the weighing instruments in consultation with the Department of Measurement Units, Standards and Services in the future.

3.5.7 Readymade Drugs Manufactured by the Ayurvedic Hospital, Borella

Audit Observation	Recommendation	Comment of the Accounting Officer
<p>The batch number, manufactured date and the expiry date of the drugs manufactured by the manufactory of the Borella Ayurvedic Hospital had not been stated and action had been taken to recognize the drugs as being expired when the drugs become discoloured and changed the nature as per the knowledge of the Store Keepers and the Pharmacists. It was observed at the audit test check carried out on 25 October 2019 that 04 bottles of ointments and syrups purchased from external institutions were being issued despite their expiry in the years 2016 and 2018 subsequent to their issuance to the internal dispensary of the hospital.</p>	<p>Necessary steps should be taken to mark the batch number, manufactured date and the expiry date on all the drugs manufactured and arrangements should be made to ensure prevent from using the expired medicines.</p>	<p>Not commented.</p>

3.5.8 Cost of the Readymade Drugs Manufactured by the Ayurvedic Hospital, Borella

Audit Observation	Recommendation	Comment of the Accounting Officer
<p>It was observed that the cost of raw materials, labour and machine hours added to the production process by each section of the production division in converting a drug formula into a readymade drug of the Borella Ayurvedic Hospital was not calculated and the possible waste during this process had not been standardized. Likely, no method had been recognized to identify, minimize and remedy the average waste, if any. Hence, the performance of the contribution made to the drugs production by each section of the manufactory could not be recognized. Similarly, it had not been possible to compute the cost of the manufactured drugs and without being charged the</p>	<p>Necessary steps should be taken to control the average waste by standardizing and minimize the abnormal waste in the drugs production process. Action should be taken to introduce a method to identify the cost of the drugs and accordingly, charges of the paying wards should be recovered on their actual cost.</p>	<p>The fact that only the required quantity of raw materials is obtained from the stores for the drugs production after cleaning, washing, drying and mincing such raw materials; that the raw materials are affected by the elements and various activities such as storing; as production requirements are demanded considering those matters, constant attention is drawn on the wastes; although wastes of any raw material can be identified, specific quantity of wastes cannot be named as the waste; that the pre-processing section of the drugs manufactory identifies the waste in the production of liquid related medicines such as decoctions; that the hospital lacks a staff with thorough knowledge and machinery and equipment required for the formation of a system by taking</p>

actual value of the drugs issued to the patients in the paying wards, charges had been recovered on a price quoted from the Corporation.

into consideration the matters such as raw materials required for the production of drugs,labour, electricity, mechanized packging, printing activities, waste, quality and standards in order to identify the actual value of the medicines issued to the patienets in the paying wards and to compute the cost of the readymade drugs.

3.5.9 Patient Care Services Offered by the Ayurvedic Hospital, Borella.

 The following observations are made.

Audit Observation

Recommendation

Comment of the
Accounting Officer

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<p>(a) As for providing patient care, many are the responsibilities that the Ayurvedic Medical Officers are entrusted with within the Ayurvedic system of treatments. Such a responsibility can not be delegated to someone else, but certain Ayurvedic treatments had been delegated to the junior staff by the Ayurvedic Medical Officers. In that backdrop, the Ayurvedic system of treatments had become reminiscent of the approach followed by the Western medicine. As the traditional doctors specially attached to the hospitals had performed all the areas of Ayurvedic treatments, there was a trend among the patients to be attracted to them.</p>	<p>A review should be held on the areas of Ayurvedic system of treatments entrusted with the Ayurvedic Medical Officers that can possibly be delegated to the Nursing Officers, Masseur, and Attendants, thereby determining the specific areas that each party is entrusted with. As such, the responsibilities can be entrusted with the Ayurvedic Medical Officers and the other staff.</p>	<p>No comments made.</p>

- (b) It was observed that the external and internal pharmacies of the Ayurvedic Hospital, Borella had dispensed medicines in the categories of “*Kalka, Guli, Thaila, Churna, Arishta, Asawa, and Kwatha*” to the outpatients without providing them with the written information on names and dosages of the medicine whereas only a limited number of Medical Officers of the outpatient department provided the patients with written instructions as to how the medicine should be used whilst many others had not done so. As such, it was not possible to determine as to whether all the patients including the elders opting for Ayurvedic treatments, had followed the required dosage of medicine. Action had not been taken to introduce a suitable Format and a proper methodology in that connection.
- Necessary action should be taken to issue written instructions to the patients as to how the medicines should be used.
- Action will be taken in due course to give instructions to the patients on the names and dosages of the medicine. Certain medical practices such as, drinking of fresh water, hot water, been honey, boiled mountain knotgrass (*Pol Pala*), and exposure to specific medicinal smokes, are not practical to communicate to the patient in writing. As for the patients with ailments in hearing, speech, vision, senile disabilities and mental health, explanations are made based on the experience and skills of the Medical Officer and the staff as well.

3.5.10 Contribution of the Outpatient and Inpatient Units of the Ayurvedic Hospital, Borella

The following observations are made.

Audit Observation	Recommendation	Comment of the Accounting Officer
<p>(a) A number of 61 Ayurvedic Medical Officers along with 83 other staff members had been attached to the outpatient unit whilst 45 Medical Officers and 114 other staff members had been attached to the inpatient unit. According to the statistical data of patients for the month of September 2019, the outpatient unit offers treatments for 493 patients per day, whereas the inpatient unit treats patients in 181 beds at 13 wards. As such, patient care had been done with separate staff attached to the two units. However, treatment units, clinics and wards had not been established thus failing to enable coordination between the two units. Due to this reason, the hospital staff including the Ayurvedic Medical Officers, remained underutilized.</p>	<p>A methodology should be put in place to uplift the performance of Ayurvedic Medical Officers and the other staff by appointing the approved number of Ayurvedic Medical Officers in accordance with the criteria set out in the Service Minute of the Ayurvedic Medical Service; thus, it is necessary to take prompt action for the improving the quality of patient care service provided by the outpatient and inpatient units.</p>	<p>Not commented.</p>
<p>(b) Treatment units had not been established in the outpatient unit in accordance with a proper methodology and a scientifically-devised plan. Treatment units for general medicine (<i>Kaya Chikithsa</i>), dermatology, joint diseases, and diabetes had been maintained under the three categories of Ayurveda, Siddha, and Yunani at the discretion of Ayurvedic Medical Officers; thus, 47 treatment units had been maintained without a basis for patient care including units under the same name and special units under miscellaneous names such as Yunani(Consultancy), Yunani(Special), general medicine (Consultancy), general medicine (Special), and general medicine (Dermatology).</p>	<p>-Do-</p>	<p>-Do-</p>

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|-----|--|------|------|
| (c) | Although the Ayurvedic Hospital, Borella was a main hospital relating to teaching Ayurvedic medicine, the outpatient unit to which 61 Ayurvedic Medical Officers had been attached, was not functional for 24 hours. Instead, after 6.00 PM on working days, after 12.00 PM on Saturdays, after 1.00 PM on Sundays, and on the public holidays, the outpatient unit had remained closed. | -Do- | -Do- |
| (d) | The emergency treatment unit that should remain functional for 24 hours in a hospital, had not been actively maintained at least during the period of outpatient unit remaining functional. It was observed in the inspection carried out on 12 September 2019 that medicines and other items remained unused and idle over longer periods. A Medical Officer had been attached to the emergency treatment unit with effect from 04 June 2019, but he had been temporarily released to the manufacturing facility following the verbal instructions given by the Director of the hospital. As such, the emergency treatment unit remained further non-functional since 22 June 2019. | -Do- | -Do- |
| (e) | Action had not been taken to prepare a roster for the pharmacist, dispenser, and ticket clerk attached to the outpatient unit, and supervise their duties. Those employees limited their duty hours at their own will to 06 hours a day by stating that they performed duties from 12.00 noon to 2.00 PM thus ending their daily duties at 2.00 PM. | -Do- | -Do- |
| (f) | Duty shifts had not been prepared for the Consultants. Days for conducting treatment sessions had been decided at their own discretion. Consultants pertaining to general medicine (Kaya chikithsa) – Yunani, Siddha, dermatology, and surgical treatments, had offered treatments for 06 days a week as usual from Monday to Saturday. However, the | -Do- | -Do- |

Consultants providing treatments for adults, children, *Ruwanari*, and *Swastha*, had conducted clinics for 02, 03, and 04 days a week respectively. It was not explained as to how they performed their duties during the other days, and it was observed that they had not made their presence at the inpatient unit.

- (g) The physical inspection carried out on 17 October 2019 at the wards 02, 04, and 06 revealed : timber used in the patients’ beds had rotten with insects breeding, some of the mattresses had become unusable, rats bred in ward 03 as confirmed by the patients and the ward remained dirty, and the patients faced difficulties due to obnoxious odor emanating from toilet pits at the premises of the hospital. Action should be taken for the hospital to be kept healthily and hygienically. -

3.5.11 Health Education Provided by the Ayurvedic Hospital, Borella.

Audit Observation	Recommendation	Comment of the Accounting Officer
<p>-----</p> <p>An Ayurvedic health education unit had not been established at the Ayurvedic hospital, Borella thus failing to conduct awareness programmes for the outpatients and inpatients. The Department of Ayurveda too had not shown interest in the subject of health education.</p>	<p>-----</p> <p>A health education unit should be established thus preventing diseases through awareness programmes conducted for the patients.</p>	<p>-----</p> <p>Not commented.</p>

3.5.12 Staff Administration of the Ayurvedic Hospital, Borella.

The following observations are made.

Audit Observation	Recommendation	Comment of the Accounting Officer
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(a) A permanent staff of the Ayurvedic Hospital, Borella, comprising 07 Ayurvedic Medical Officers, and 08 members of the supporting staff, had been attached to the Parliamentary clinic held permanently from Monday to Saturday and 05 more clinics held on 02 days a week outside the hospital premises. The medicines required for those clinics had been supplied through the stores of the hospital. The Ayurvedic Medical Officer had been attached to the clinic held in Parliament from the year 2007 whereas the pharmacist and attendants had been attached thereto since the years 2011 and 2013 respectively. The basis on which they had been selected for that clinic and the reason for them not to be subject to the annual transfer scheme, had not been explained to the Audit. Moreover, no follow-up action had been taken on the duties of those clinics, statistical data of patients, and usage of medicines.	Action should be taken to attach the Medical Officers and other staff to the clinics held outside the hospital premises under a proper methodology subject to a transfer scheme; properly maintain the duties of those clinics and patients' statistical data, and take follow-up action on the usage of medicines.	The relevant officers have been instructed to prepare a methodology for selecting the Medical Officers and supporting staff to the clinics held outside the hospital premises ; although instructions were given to collect accurate data, such instructions had not been followed, and hence, a Circular will be issued emphasizing the necessity to act with transparency.

- (b) Information relating to the arrival and departure of the hospital staff attached to the 06 clinics held outside the hospital premises, along with documentary evidence to confirm that the clinics had been held, were not collected from the relevant institutions. Entries on arrival had not been maintained properly (check roll). Furthermore, leave of 03 Ayurvedic Medical Officers attached to those clinics had not been updated with respect to the year 2019. Leave and entries on arrival (check roll) pertaining to an Ayurvedic Medical Officer participating in the Parliamentary clinic 02 days a week, had not been updated during the period from January to December 2019. That Medical Officer had failed to inform on his inability to report for duty in the year 2017, and hence, a sum of Rs. 109,762 had been recovered from him in 06 installments as no-pay leave for 48 days. He had not regularly reported for duty and participated in the clinics during the year 2018 as well. As applications for leave had not been furnished, it was not verified as to how a number of 48 days had been calculated for the year 2018 as being the number of failures to inform on the inability to report for duty. The Director had not taken action to inform this to the Department, but letters had continuously been issued in order for that Medical Officer to be attached to the clinic. The same Medical Officer had failed to continuously report to duty in the
- Records of arrival and departure of the staff including the Ayurvedic Medical Officers attached to the clinics should be obtained from the relevant institutions, thereby maintaining the check roll and taking action in terms of Establishments Code on the officers failing to report for duty.
- Director of the hospital has been informed to maintain a register of arrival and departure under the Head of the institutions where clinics were held, thus taking further action. Except for one of the Medical Officers attached to the clinics in the year 2019, leave pertaining to other Medical Officers have been completely recorded. Instructions were issued to the Deputy Commissioner to take disciplinary action against that Medical Officer. The Director of the hospital has been instructed to furnish the leave particulars of that Medical Officer to the Deputy Commissioner with immediate effect.

year 2019 as well, but salaries and allowances had been paid as usual.

- (c) The Ayurvedic Medical Officers and Pharmacists should perform their duties for 05 weekdays together with a half day on Saturdays whilst attendants should perform their duties for 06 days a week. Even though clinics had not been held in Parliament on Saturdays, the staff attached to those clinics had not reported for duty at the Ayurvedic hospital, Borella, nor had they applied for leave.
- Action should be taken to ensure that the officers attached to the clinics perform their duties.
- Instructions were given to attach the Ayurvedic Medical Officer, Pharmacists and the attendants of the Parliamentary clinic, to the hospital in Borella, and change the officers after 06 months through duty rosters in due course.
- (d) Transfers had not been done in accordance with Section 2.2.1.1 of the annual transfer scheme for the officers of the Sri Lanka Ayurvedic Medical Service. Seventy four of the 112 Medical Officers attached to the Ayurvedic Hospital, Borella, had not been transferred over periods of 5-23 years.
- It is necessary to carry out annual transfers in accordance with the transfer scheme.
- All the Medical Officer with a service period of over 05 years at the same place of work will be transferred with effect from January 2021.
- (e) Seventy three posts of Male Nursing Officer, 07 posts of Nursing Sister, and 08 posts of female Nursing Officer had fallen vacant at the Ayurvedic Hospital, Borella as at 30 April 2019. However, without taking action to fill those vacancies, 02 Nursing Officers, a female Nursing Officer and a Nursing Sister had been recruited on contract basis. Furthermore, action had not been taken to identify a methodology for recruiting, and promoting to the Ayurvedic Nursing Service.
- A methodology should be identified to recruit, train and promote Ayurvedic Nursing Officers. Action should be taken to prepare a Scheme of Recruitment, and prepare and implement an island wide transfer scheme.
- Not commented.

Action had not been taken to prepare a Scheme of Recruitment, and prepare and implement an island wide transfer scheme.

- (f) An Ayurvedic Medical Officer of supra grade had been appointed to officiate full time in the post of Registrar of the Ayurvedic Medical Council from 24 July 2018, whilst the same Medical Officer had been appointed to the permanent post of Deputy Director of the Ayurvedic Hospital, Borella with effect from 01 January 2019 and she had also been appointed to cover the duties of Director of the Hospital with effect from 31 January 2020. As she had been entrusted with the responsibilities of several posts, she was unable to perform the fulltime duties of her permanent post of Deputy Director of the Hospital. As such, her involvement in the administration of the Hospital had become inadequate. Action had not been taken to fill the vacancy in the post of Director of the Ayurvedic hospital, Borella.
- Action should be taken in terms of Service Minutes of the Ayurvedic Medical Service to promptly make recruitments to the posts of super grades, thus improving the quality of patient care services by filling the vacancies.
- Do-
- (g) Given the backdrop within the existing legal provisions that the Ayurvedic Medical Officers involved in offering treatments at the Hospital are not provided with a free time between 12.00 noon and 2.00 PM, it was observed that the Ayurvedic Medical Officers doing the administration of the Hospital, enjoyed the free time from 12.00 noon to 2.00 PM.
- Duties should be performed in accordance with provisions of the Public Administration Circulars.
- Do-

- (h) Two posts of Scientist, 08 posts of Consultant Medical Officer, 05 posts of special Medical Officer, 08 posts of Scientific Officer, 18 posts of Research Officer, 03 posts of Medical Research Technician, and 14 posts of Technical Officer had been approved for the project to improve researches on the management of treatments for non-communicable diseases implemented by the Bandaranaike Memorial Ayurvedic Research Institute. However, action had not been taken to fill the vacancies in those posts and fill 05 of the 11 posts approved for the post of Research Assistant whilst failing to provide laboratory facilities; instead, research instruments costing Rs. 164,965,735 had been purchased in the years 2013 and 2014. Despite those instruments remaining idle, research instruments costing Rs. 38,047,100 had again been purchased in the year 2016 as well. Instruments costing Rs. 65,068,677 therefrom had remained idle without being used as at 30 September 2020 whereas instruments costing Rs. 137,944,158 remained underutilized.
- As the project had not been commenced on a proper plan following a feasibility study and action had not been taken to recruit staff while the research instruments had been purchased, objectives of the project could not be achieved. As such, prompt action should be taken to achieve the project objectives by recruiting the relevant staff, use the research instruments at their maximum capacity, and execute a proper methodology to provide the public with results of the researches.
- Action will be taken to recruit the staff and prepare the Memorandum of Understanding.
- (i) With the objectives of conserving the traditional knowledge and promoting indigenous medicine, equipment had been purchased spending Rs. 23,557,178 to be used for a central repository containing information about traditional medical practitioners
- Prompt action should be taken to achieve the project objectives by recruiting the relevant staff, and execute a proper methodology to provide the public with results of the researches.
- Action is being taken to recruit the permanent staff. Until the staff is recruited, officers have been attached at present based on requirements.

from every nook and cranny. However, due to failure in approving and making recruitments to 07 posts pivotal for the performance of that unit such as, officer in charge of the audio-visual unit, programme producer, technical officer, video editor, audio editor and assistant, and computer operator along with 03 camera operators, those instruments remained idle even by the end of the year 2019.

- (j) A comparison of the approved and actual cadre of the Ayurvedic Teaching Hospital, Borella as at 31 August 2019 revealed vacancies for 06 Nursing Officers, 06 Pharmacists, 16 Masseurs, 04 Hospital Clerks, 69 Attendants, 54 Ayurvedic Service Assistants, and 07 Chefs. In the backdrop where those posts essential for the patient care services remained vacant, the officers and the employees had habitually obtained leave by informing through telephone, thus highly inconveniencing the patients visiting the Hospital to obtain treatments. The management had not taken measures to draw attention thereon and introduce a system of internal control.
- Duties should be assigned to the hospital staff in accordance with provisions of the Establishments Code whilst taking action to establish an internal system of control relating to the leave.
- Vacancies had come into existence due to reasons such as, promotions and transfers taken place from the year 2018 to 2019, and failure to provide successors to the officers who had either been transferred or retired.

3.5.13 Instruments and Surgical Items Required for the Ayurvedic Hospital, Borella

Audit Observation	Recommendation	Comment of the Accounting Officer
<p>Action had not been taken to estimate the annual requirements of instruments and surgical items relating to each division of the Ayurvedic Hospital, Borella. Instead, surgical items and instruments had been purchased from the State Pharmaceuticals Corporation of Sri Lanka subject to a maximum value of Rs. 200,000 per month. As such, the surgical items and instruments had not properly been provided for various units of the Hospital by maintaining an adequate stock balance.</p>	<p>The annual requirement of surgical items and instruments of the Hospital should be identified, and an adequate stock balance should be maintained, thus taking action to continuously supply surgical items and instruments to the various units of the Hospital.</p>	<p>Not commented.</p>

3.5.14 Maintenance of the Ayurvedic Hospital, Borella

Audit Observation	Recommendation	Comment of the Accounting Officer
<p>(a) Action had not been taken in the year under review to enter into an agreement with the Ceylon Electricity Board in regard to the electrical maintenance works of the Ayurvedic Hospital, Borella, nor had a proper methodology been introduced relating to the electrical maintenance works. Electrical appliances had been purchased from the open market by spending a sum of Rs. 216,370 in August and September 2018 contrary to Guideline 1.2.1(f) of the Government Procurement Guidelines. Those items had not been recorded in the stocks register of the stores. Irrespective of that, the Department had made payments for the vouchers presented for the settlement of advances and reimbursement of petty cash. Due to non-existence of a stock balance for electrical appliances by April 2019, it was revealed in the examination of jobs done by the technician that electrical maintenance</p>	<p>A proper methodology should be put in place so that the electrical maintenance works of the Hospital are maintained without affecting the quality of patient care services.</p>	<p>Not commented.</p>

works of the Hospital had been carried out since that month through the monies collected from the patients in the relevant ward.

- (b) Toilet pits of the Ayurvedic Hospital, Borella overflowing over longer periods and constant failure to repair them, had unfavorably affected the patient care services. Nevertheless, the Department of Ayurveda had failed to provide a permanent solution in that connection, but only temporary repairs had been done. Furthermore, the drainage system had not been examined regularly, nor had a maintenance division been established to carry out such essential services.
- A permanent solution should be introduced to avoid this situation. Maintenance activities should be carried out by a specific division.
- Do-

3.5.15 Donations Granted to the Ayurvedic Hospital, Borella

Audit Observation	Recommendation	Comment of the Accounting Officer
<p>A proper and systematic methodology had not been introduced for accepting, inventorying, and registering the donations such as, monies, instruments, linen clothes, and raw & dried herbals granted by the patients to the 47 treatment units of the outpatient department, 03 paying wards & 10 non-paying wards in the inpatient department, medicines manufacturing facility, office of the Hospital Director, and the office of the Nursing Sister of the Ayurvedic Hospital, Borella. Thirty seven electric appliances, 14 wooden and plastic items, and 87 other items & instruments received in the year 2019 as donations, had not been recorded in the inventory.</p>	<p>A methodology should be introduced to accept the financial and non-financial donations received by the Hospital whilst encouraging the donors.</p>	<p>Instructions have been issued to inventory the donations given to the Hospital with transparency, and inventory the items not inventoried thus far.</p>

3.5.16 Use of Uniforms at the Ayurvedic Hospital, Borella.

Audit Observation	Recommendation	Comment of the Accounting Officer
<p>Action had not been taken to introduce a uniform for 20 officers in the posts of Dispenser, and Technician of the Ayurvedic Hospital, Borella by consulting the Director General of the institution. However, a sum totaling Rs. 186,000 had been paid in the year under review as uniform allowance at Rs. 9,300 per month.</p>	<p>Action should be taken to introduce a uniform for the officers for whom a uniform has not been given. The uniform allowance paid, although a uniform had not been introduced, should be recovered from the officers responsible.</p>	<p>It has been proposed to appoint a committee to introduce a uniform to the posts for which no uniforms have been introduced thus far.</p>

3.5.17 Cafeteria, Sales Outlet of the Corporation, and Milk Bar of the Ayurvedic Hospital

The following observations are made.

Audit Observation	Recommendation	Comment of the Accounting Officer
<p>(a) The sum totaling Rs. 2.46 million that should have been recovered at Rs. 41,000 per month since January 2015 by the Department to be credited to the Government revenue from a person maintaining the cafeteria at the Ayurvedic Hospital, Borella, had been recovered by the Sports and Welfare Association of the Hospital.</p>	<p>Action should be taken to recover the lease rent of the cafeteria from the Sports and Welfare Association in order to be credited to the Government revenue. Action should be taken against the responsible officers.</p>	<p>It is noted down by me to look into the recovery of charges on water, electricity, and ground rent to be credited to the Government revenue relating to the maintenance of cafeteria.</p>
<p>(b) A sales center had been constructed by the Sri Lanka Ayurvedic Drugs Corporation at the premises of the Ayurvedic Teaching Hospital, Borella in the year 2017 by spending a sum of Rs. 641,128, but the formal approval obtained thereon was not made available to the Audit. The water and electricity expenses of that sales center had become a burden of expenditure for the Department, and a rental had not been recovered.</p>	<p>A lease rent should be recovered from the sales center and credited to the Government revenue.</p>	<p>It has been noted down to look into that matter as well.</p>

(c) No lease rents had been recovered since the year 2014 from the milk bar maintained at the premises of Ayurvedic Teaching Hospital, Borella by the National Livestock Development Board (NLDB).

-Do-

Action will be taken to recover the economic lease rent.

3.5.18 Stage 2 of Improving the Ayurvedic Hospital, Borella into a Teaching Hospital

The following observations are made.

Audit Observation	Recommendation	Comment of the Accounting Officer
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<p>(a) The new seven storied building of the Ayurvedic Hospital, Borella facilitating 434 beds had been constructed by spending a sum of Rs. 1,164.13 million and handed over to the Department on 31 December 2018. However, the building could not be made use of for patient care services over a period of 23 months by 30 November 2020 as the water sump and the sewage system had not been included in the construction plans and the engineering estimate.</p>	<p>Plans should be prepared by properly identifying the requirements. The relevant officers should be held accountable for the responsibility over the heavy expenses incurred by the Government for identifying the requirements once the contract is awarded without doing so.</p>	<p>A common water sump had been designed for both outpatient building and the 07 storied building, but that would be insufficient in case of a fire breaking out at both buildings; hence, a new water sump should be constructed in view of extinguishing fire. It had been planned to dispose waste into the sewage system down the road by using the sump. However, according to the Circular issued by the Colombo Municipal Council in the year 2016, human waste should first be filled into the repository before being released to the sewage system down the road. As such, the necessity arose to construct a repository of sewage. Necessary action has been taken to obtain a separate Cabinet approval for the two works.</p>

(b) Although 200 television sets, 108 water geezers, and 166 air conditioners had been installed at a total cost of Rs. 7.37 million, the building could not be made use of until their warranty periods expired. It was also observed that practical issues of miscellaneous nature would arise when constructing a water sump and a sewage system anew.

-Do-

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(c) Action should have been taken in accordance with the contract agreement to execute works on time and make payments to the contractor without delay. However, payments could not be made within the specified period of time for the bills furnished by the contractor due to failure in obtaining provision sufficient for each year since the year 2015. In the aftermath of the delay in making payments for the bills, the contractor had requested penalties for delay totaling Rs. 27.91 million.

The officers who failed to comply with the contract agreement, should be held accountable.

Although the project had been commenced in the year 2015, provision had not been made in that year. As such, payments could not be made to the contractor hence the request for penalties for delay.

(d) The contractor had been paid a sum of Rs. 152,169,944 for administrative activities including the charges on water and electricity consumed during constructions. Nevertheless, it was revealed that the contractor had illegally obtained electricity from the Ayurvedic Hospital, Borella without being authorized to do so, but fees had not been charged from the contractor for the total amount of electricity consumed. Due to damages caused to the water pipes of the Hospital while transporting goods for constructions, the water bill for the period from 11 September to 12 October 2016 had increased by a sum of Rs. 324,411. Nevertheless, no further action had

Action should be taken to recover the charges on electricity and water from the contractor.

Not commented.

been taken in that connection as well, thus failing to recover the loss.

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| (e) | Approval had been given through the Cabinet Decision dated 29 August 2018 to increase the total estimated cost for this construction from Rs. 1,113.15 million to Rs. 1,906.41 million and spend a sum of Rs. 300 million for purchasing items required for the Hospital. However, given that the estimated cost had increased by 71 per cent, the observation made by the Minister of Finance that the variation should be evaluated by appointing a Procurement Committee and a Technical Evaluation Committee, had not been heeded. | Action should be taken in accordance with the Cabinet Decision, No. අමප/18/1788/814/050 dated 29 August 2018. | -Do- |
| (f) | Approval of the Cost Estimate Review Committee had not been sought on the variation as mentioned in Section 03 of the Public Finance Circular, No. 1/2019 dated 05 February 2019. | Action should be taken in accordance with Section 03 of the Public Finance Circular, No. 1/2019 dated 05 February 2019. | -Do- |

3.5.19 Performance of the Community Health Medical Officers of Ayurveda

The following observations are made.

Audit Observation	Recommendation	Comment of the Accounting Officer
(a) Approval had been granted through the Cabinet Decision, No. අමප/13/0163/542/003-11 dated 10 October 2014 to absorb 308 Ayurvedic Community Health Medical Officers into the post of Medical Officer of the primary grade in the Ayurvedic Medical Service of Sri Lanka with effect from 01 October 2014 subject to a mandatory service period of 05 years in the Divisional Secretariats of the provinces where the kidney disease had prevailed, other than the Western,	Action should be taken in accordance with the Cabinet Decision. Remedial action should be taken on the deviations therefrom. Measures should be taken to supervise, evaluate and assign duties relating to the prevention of kidney disease to all the Community Health Medical Officers .	Not commented.

Central, and Sabaragamuwa Provinces. Contrary to the said Cabinet Decision, 164 Assistant Community Health Medical Officers had been attached to the Western, Central, and Sabaragamuwa Provinces since 31 December 2019.

- (b) Those 164 officers had not been supervised or assigned with duties relating to the prevention of kidney disease under this programme implemented in the year 2014. An Action Plan had not been prepared by the Department of Ayurveda in order to examine the services rendered during the period of 05 years up to 2019. Furthermore, no methodology was in place to review the progress, evaluate the performance and ensure productive involvement of the Community Health Medical Officers island wide in the prevention of kidney disease. Salaries and allowances paid under this programme implemented since 2014, to those 164 officers only for the years 2018 and 2019 totalled Rs. 197,283,650 and Rs. 228,218,477 respectively.

-Do-

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3.5.20 Performance of the Community Health Promotion Programme Held in Anuradhapura

The following observations are made.

Audit Observation	Recommendation	Comment of the Accounting Officer
(a) With the objective of uplifting the lifestyle of rural masses without adequate health facilities by means of indigenous medicine, the project to facilitate community health through techniques of indigenous medicine, had been implemented in Anuradhapura district during September 2001 and September 2003 as a pilot project. As the project became non-functional thereafter, the Cabinet Paper for implementing the project again in Anuradhapura district from the year 2004 with more efficiency and implement the project in other districts based on the progress thereof, had been approved by the Cabinet subject to furnish a report on the progress achieved during 2001-2003 and submit a detailed project report to the Treasury. Nevertheless, neither the progress report, nor the detailed project report had been presented to the Treasury.	Action should be taken in accordance with the Cabinet Decision. Corrective measures should be taken on the deviations therefrom.	Further action is being taken in accordance with the recommendation made by the Cabinet.

- (b) Cabinet approval had been granted for the project to be implemented in Anuradhapura district as a pilot project up to the year 2005 before being implemented in other districts after the year 2005 based on the success thereof. However, success of the project had not been evaluated in the year 2005, and action had not been taken to implement the project in other districts as well. Instead, the project had been implemented in the Anuradhapura district itself over a period of 14 years without being approved by the Cabinet. -Do- -Do-
- (c) This pilot project was implemented under supervision of the Ministry of Indigenous Medicine, and the supervision had been entrusted to the Department of Ayurveda since the year 2018. The actual expenditure on this project relating to the period 2015 – 2019 totaled Rs. 608,306,465. However, due failure in adhering to a well-prepared Action Plan since its inception, the progress thereof had not been reported properly. Instead of doing so, the number of monthly awareness programs held, had been reported as the progress. -Do- -Do-

4. Achievement of Sustainable Development Goals

Audit Observation	Recommendation	Comment of the Accounting Officer
The targets to be achieved by the Institution for fulfilling the Sustainable Development Goals along with gaps in achieving those targets and the indicators suitable for measuring the progress, should have been identified. The Department had not identified such indicators thus failing to recognize the level of achieving the goals, the deviations and the miscellaneous areas requiring attention.	Action should be taken to identify the targets and indicators relating to the achievement of Sustainable Development Goals and evaluate the progress. Attention should be brought on the deviations therefrom.	The observation is accepted. Instructions have been given to the Development Division to prepare the suitable indicators.

5. Good Governance

5.1 Internal Audit

Audit Observation	Recommendation	Comment of the Accounting Officer
A Chief Internal Auditor along with only two more officers had been attached to the Internal Audit Unit established in terms of Financial Regulation 134 (1) to carry out internal audits of the 10 Ayurvedic Hospitals & sub-institutions, the entire Department including 06 herbal gardens, and the Ayurvedic Medical Council. As those two officers had been attached to the duties relating to the Board of Survey during January – August every year and miscellaneous programs on the distribution of herbal drinks or <i>Osu Pan</i> , independence of the Internal Audit Unit was not verified.	Human and physical resources sufficient for auditing should be provided. Action should be taken in terms of Financial Regulation 134 (1) to ensure that the Internal Audit unit should be independent of the control of those who are responsible for or are actually carrying out the financial and accounting operation of the department, as well as those engaged in the execution of schemes and projects or performance of works and services rendered by the department.	It is agreed with the observation. A post of Chief Internal Auditor will be created in place of the post of Internal Auditor in due course and staff will be attached thus establishing an Internal Audit Unit capable of functioning independently.