

Head 220 - Department of Ayurveda - 2021

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Department of Ayurveda for the year ended 31 December 2021 comprising the statement of financial position as at 31 December 2021 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 Officer on 31 May 2022 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 03 August 2022 in terms of Section 11(2) of the National Audit Act, No.19 of 2018. This report will be tabled in Parliament in pursuance of provisions in Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka 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 paragraph 1.6 of this report, the financial statements give a true and fair view of the financial position of the Department of Ayurveda as at 31 December 2021, and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Qualified Opinion

My opinion is qualified based on the matters described in paragraph 1.6 of this report. I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibility for the financial statements is further described in the Auditor's Responsibility Section. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Responsibilities of the Accounting Officer for the Financial Statements

The Accounting Officer is 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 the determination of the internal control that is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As per Section 16(1) of the National Audit Act, No.19 of 2018, the Department is required to maintain proper books and records of all its income, expenditure, assets and liabilities to enable the preparation of annual and periodic financial statements.

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 Responsibility 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 summary 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 and its materiality depends on the influence on economic decisions taken by users on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Appropriate audit procedures were designed and performed to identify and assess the risk of material misstatement in financial statements whether due to fraud or errors in providing a basis for the expressed audit 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.
- An understanding of internal control relevant to the audit was obtained in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the 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.
- Evaluate the overall presentation, structure and content of the financial statements including 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 Requirements

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

- (a) The financial statements are consistent with the preceding year,
- (b) The recommendations mentioned in the paragraph 1.6.3 in this report about the preceding year had been implemented.

1.6 Comments on the Financial Statements

1.6.1 Accounting Deficiencies

Audit Observation -----	Comments of the Accounting Officer -----	Recommendation -----
(a) Due to the work in progress amounting to Rs. 836,749,569 as at 31 December 2020 and equipment purchases worth Rs. 14,900,000 that were debited to related expenditure subjects on that date were not accounted as non-financial assets in the previous year, those expenses were added to the opening balance of property, plant and equipment in the year under review, but the relevant amendment was not disclosed in the accounting notes.	There was a recording error in the accounting of assets by the CIGAS programme and it has been corrected by journal entries.	Although the CIGAS computer programme has indicated that an error in accounting of assets has been corrected through journal entries, adjustments to opening balances should be disclosed by the accounting notes according to generally accepted accounting principles.
(b) Although Rs. 4,697,345 of office furniture and equipment purchased during the year under review had been debited to the relevant expenditure subjects and that were not accounted as non-financial assets.	There was a recording error in the accounting of assets by the CIGAS programme and it has been reported to the treasury by journal entries.	Should be corrected errors and prevented such lapses by regular reconciliation of treasury printed notes with departmental books.
(c) Out of the supplementary provision of Rs. 67,500,000 made under the expenditure subject of purchase of machines and machinery under acquisition of capital assets, Rs. 11,809,305 was spent on the purchase of furniture equipment.	It has been submitted a need of ayurvedic hospitals document for obtaining additional allocations under the budget proposals. Acquisition of capital assets while granting additional provision for this – Provision has	Also because the furniture equipment requirement document had not been submitted to the treasury to get the allocation, the requirement documents

been made for all requirements under the expenditure subject of purchase of machines and machinery and accordingly, the requirements have been purchased to fulfill the basic hospital requirements. were brought from the hospital at the time of incurring the expenses, but due to that enough attention was not paid to it during the distribution of goods, provision should be made and spent according to the nature of the expenditure.

1.6.2 Lack of Audit Evidences

Audit Observation	Comments of the Accounting Officer	Recommendation
Due to that the department did not supervise the execution of the tasks related to Rs. 204,055,596 spent under the provisions assigned to the building department and the district secretaries did not follow up and did not take steps to obtain details related to the expenses, the transactions could not be satisfactorily vouching.	The expenses related to the amount spent have been properly recorded in the asset ledgers by the treasury summaries.	Action should be taken to proper monitoring of capital project works carried out by other departments, follow-up on progress and maintenance of adequate records should be done.

1.6.3 Non-maintenance of Registers and Books

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) According to Financial Regulations 891(1), the bail deposit register was not updated.	The bail register will be updated correctly by getting bail from the officers who have to deposit the bail in future.	The bail register should be maintained in a formal manner as per the Financial Regulations.
(b) Damages and losses register was prepared, but it was not prepared in the format prescribed in Financial Regulations 110 and it was not updated.	The damages and losses register is prepared and maintained up-to-date as per the format mentioned in the Financial Regulations 110.	The damages and losses register should be maintained in a formal manner as per the Financial Regulations.

2. Financial Review

2.1 Expenditure Management

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) The total estimated provision of Rs.15,500,000 which had been made for 05 subjects of capital expenditure remained and out of the provision of Rs.34,600,000 that were made for 07 capital expenditure subjects, Rs.26,734,376 or between 57 percent and 92 percent of the provisions were remained.	Due to the corona epidemic situation and restriction of imports and the inability to implement procurement activities, the provisions remain.	Expenditure estimates should be prepared as accurate and realistic as possible in accordance with the provisions of Financial Regulations 50 with considering the role of the department, expenditure trends of previous years, market and the environmental factors.
(b) Out of the provision of Rs.15,000,000 made for 02 capital expenditure subjects, the provision of Rs.6,738,981 were transferred to other expenditure subjects and a provision of Rs.7,288,520 was remained.	-do-	-do-
(c) Although Rs.277,000,000 had been provided through supplementary estimates for 04 capital expenditure subjects, out of that, Rs.181,744,101 was remained.	-do-	Due to it is financial management weakness of non-using provisions more than two-thirds of the allocations for essential and specific capital projects under the supplementary estimates.
(d) Out of the provision of Rs.130,000,000 which was made for 02 expenditure subjects under medical supplies, Rs.42,879,976 was transferred to other expenditure subjects without being spent for the purposeful tasks of those expenditure subjects and a provision of Rs.15,226,152 was remained.	Due to the establishment of Corona inter-treatment centers in Navinna and Borella ayurveda hospitals, as the treatment of normal patients, less medicines had to be ordered, the provisions allocated for medicines were saved and the provisions were transferred from the expenditure subjects which savings could be	Expenditure estimates should be prepared as accurate and realistic as possible in accordance with the Financial Regulations 50 with considering the role of the department, expenditure trends of previous years, market

expected to the expenditure and other environmental subjects which additional factors. provision should be made.

- (e) Although provision of Rs.245,000,000 had been made through supplementary estimates for a recurrent expenditure subject, out of that, Rs.103,712,290 was saved. According to approval of the Cabinet of Ministers, allocations were allocated according to the estimated production cost to provide free medicine manjusa to the people to prevent the corona epidemic, but these savings are due to that the work can be done at a lower cost than when the market prices are quoted. -do-

2.2 Incurring into Liabilities and Obligations

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>(a) The liabilities of Rs.24,776,561, which were stated in the statement of liabilities presented as note No. (iii) of the financial statements were also included in the statement of liabilities entered as note No. (iv) in accordance with Financial Regulations 94(2) and 94(3).</p>	<p>The relevant officials were informed to correct this mistake in the next year.</p>	<p>The liabilities to be recognized under the provisions of 94(1) of the Financial Regulations should be recognized separately as liabilities incurred for annually recurring services or supplies and liabilities on the basis of total cost estimates and reported in the relevant form.</p>
<p>(b) Although ordered purchase agreements had been entered, the cost of hospital furniture of Rs.4,203,756 and the cost of computers and accessories of Rs.28,110,150, which had not yet been received by 31 December 2021, were not included in the statement of liabilities enters as note No. (iv) in the financial statements.</p>	<p>The obligations entered for the future accounting years will be included in the statement of obligations entered as note No. (iv) in the financial statements.</p>	<p>Obligations entered for the future accounting years should be included in the statement of obligations entered as note No. (iv) in the financial statements.</p>

2.3 Non-compliance with Laws, Rules and Regulations

Reference to Laws, Rules and Regulations	Observation	Comments of the Accounting Officer	Recommendation
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	Non-compliance		
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(a) Section 10 of the Ayurveda Act No. 31 of 1961.	Ayurvedic hospitals, Ayurvedic pharmaceutical factories, Ayurvedic dispensaries or Ayurvedic medicine stores are required to be registered by the Ayurvedic Commissioner, but due to the non-inclusion of the provisions of the registration details of Panchakarma medicine and massage centers into the Act, the practice of Panchkarma medicine could not be regulated.	According to the Ayurveda Act, only an Ayurvedic hospital, an ayurvedic pharmaceutical factories, an Ayurvedic dispensary or Ayurvedic medicine stores can be regulated and massage centers are not include under that category, registration has been approved only for hotels and tourist attractions approved by the Tourism Board under the order of the Secretary of the Ministry.	Action should be taken to establish a formal legal framework for the regulation of Panchakarma and massage centers.
(b) Code of Financial Regulations of the Democratic Socialist Republic of Sri Lanka			
(i) Financial Regulation s 103	Although Rs.101,600 related to 04 vehicle accidents with a total loss of Rs.165,850 were covered by insurance compensation, those accidents were not act in terms of (c), (d), (e),(f),(g) and (h) of Financial Regulations 103(1).	The files related to the accidents of the year 2021 were given to the committee for conducting the inquiry in terms of Financial Regulations 104(4) and the reports have not been received till now.	Should be act in accordance with Financial Regulations.

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| (ii) | Financial Regulations 371 (b) | Although the ad-hoc sub imprest is received on a date close to the work and should be settled immediately after the completion of the work, ad-hoc sub imprest of Rs.218,960 were issued to 03 officials on 11 cases between 02 days and 10 days before the date of commencement of the work and between 11 days and 123 days had been spent to settle the ad-hoc sub imprest and the remaining amount of Rs.407,200 received by an officer in 19 cases. | Due to that the advance requests for receiving of funds from the treasury for vouchers entered through the ITMIS online programme have to be entered in the computer system about two weeks, it had to be included into the advance register before the respective dates. | Observations have been prepared based on the dates on which the money was given to the officials and the submitted comments are not acceptable. Should be act in accordance with Financial Regulations. |
| (iii) | Financial Regulations 770(4) | 02 cabs, a bus and 05 motorbikes, which were not in running condition from many years, were not repaired and used or disposed. | 02 cabs, 01 bus and 04 motorbikes which were not in running condition owned by the Department of Ayurveda and to be disposed were handed over to the Ministry of Health on 14 February 2022 for disposal along with the vehicles of the Ministry of Health and as one motorbike belongs to the Ministry of Indigenous medicine, the ministry has been informed about it. | Should be act in accordance with Financial Regulations. |

- (iv) Financial Regulation s 756(6) Although the board of surveys for the year under review should be completed before 15 March 2022, the work had not been completed by 15 May 2022. Due to the situation of corona epidemic and lack of fuel, the board of survey was not done at Anuradhapura community health promotion office, Medavachchiya kidney hospital, Mihinthale ayurveda hospital and Kanneliya osu uyana, the board of survey of Borella national hospital is to be completed and that the board of survey has been done for the year 2021 in other institutions.
- (c) Paragraph 3.1 of Public Administration Circular No. 30/2016 dated 29 December 2016. Although government vehicles should be re-checked the fuel combustion after every fuel check after a period of 12 months or after 25,000 km or after a major engine repair, whichever comes first, it was not done accordingly about the vehicles of the department. A committee has been appointed to carry out the fuel combustion test of the vehicles owned by the Ayurveda Department and this inspection has been temporarily stopped due to the fuel crisis in the country and the increase in fuel prices. Should be act in accordance with circular provisions.
- (d) Paragraph 2(iv) of Public Administration Circular No. 09/2009 dated 16 April 2019. Although time based payment of overtime and holiday payment shall be verified by fingerprint machines, Rs.55,335,614 was paid as overtime and holiday payments during the year under review based on attendance records only without the use of fingerprint machines. Due to that the Secretary of the ministry had been informed that the fingerprint machines were installed in all institutions and hospitals under the Ayurveda Department in the year 2020, but since the Ministry of Health does not use fingerprint machines, it is not necessary to act accordingly in the Ayurveda Department. Should be done as per the Public Administration Circular provisions.

as well, fingerprint machine records were not used for payment of overtime and holiday payments in the year 2021.

2.4 Advance Account Balances

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>(a) According to sections 1.6, 1.7 and 6.3 of Chapter XXIV of the Establishment Code and paragraph 1.1.7 of National Budget Circular No. 118 dated 11 October 2004, although the loan balances of the transferred officers are to be settled within three months, the sum of outstanding loan balances of 10 transferred officers as at 31 December 2021, which exceeded a period of 05 years, was Rs.316,249.</p>	<p>Many of these have been informed by that institutions that they are not working in the institutions to which they have been transferred and as they discover the information about the institutions that have actually been transferred, they will take steps to carry out further activities as per the provisions of the Establishment Code as soon.</p>	<p>Should be followed the provisions of the Establishment Code and the National Budget Circular and action should be taken to recover this amount from the officials who have not fulfilled the responsibility according to the Financial Regulations 104 (2) "b".</p>
<p>(b) Although it is imperative that the disciplinary actions against the suspended officers be completed as soon as possible as per section 21.3 of chapter XLVIII of the Establishment Code, they had failed to recover Rs.198,885 from 04 officers who had been suspended from 01 to 03 years passed and Rs.198,260 from 06 officers who had been suspended over 05 years.</p>	<p>Rs.37,970 has been recovered from 02 officials by May 2022.</p>	<p>Should be act in accordance with the Establishment Code.</p>
<p>(c) When an officer is due to retire, the details of all debts to be charged from him should be submitted to the Director of Pensions as per the provisions mentioned in section 4.2.4 of chapter XXIV of the Establishment Code and according to the section 4.2.5, it shall be recovered from the converted pension or gratuity of the officer. The total loan balance to be charged from 18 officers who retired</p>	<p>Rs.575,815 has been recovered from 06 officials by May 2022.</p>	<p>-Do-</p>

more than 3 months as at 31 December 2021 was Rs.1,429,037 and whether the arrangements for the recovery of the said debt had not been made in accordance with the provisions of the Establishment Code or whether there were any other reasons for that. Among those loan balances, there was Rs.62,050 more than 04 years old to be charged from 03 retired officers.

- (d) Although the loan amount should be recovered by the Attorney General after submitting the national identity card numbers of the officers who left the service but that were not reinstated to the Election Commissioner, inquire about their residence details and verify the assets of those officers by the Divisional Secretary in accordance with paragraph 3(e) (ii) of Public Finance Circular No. 05/2019 dated 27 June 2019, the total debt balance of Rs.1,207,060 to be charged from 23 officers who left the service for more than 03 months as at 31 December 2021 had not been recovered and out of that, 68 percent or Rs.825,560 were loan balances that were more than 05 years old.
- The loan balances of the officers who left the service are currently being processed, further delays have occurred due to deficiencies in personal files, incorrect information presented in previous debtor analyses and non-clearance of loan balances in due time and that progress will be reported in future.
- Action should be taken as per the circular provisions.

3. Operational Review

3.1 Planning

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>Although the pharmaceutical production division of Borella Ayurveda Teaching Hospital had planned to produce 13,500 bottles of 23 types of oils and 790 kg of 08 types of guggul during the year under review, due to lack of staff and insufficient supply of herbal ingredients, only 2,977 bottles of 09 types of oil and 268 kg of 07 types of guggul were produced.</p>	<p>When planning future production activities, divisional heads were informed about the preparation of estimates taking consideration about the capacities of the physical and human resources of the department.</p>	<p>Plans should be prepared as resources can be utilized to the maximum extent according to the comments of the Accounting Officer.</p>

3.2 Annual Performance Report

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Although the department had submitted a draft of the 2021 annual performance report along with the financial statements, it was not properly prepared as per the format mentioned in the guideline No. 14 issued by the Public Finance Department under paragraph 10.2 of Public Finance Circular No. 2/2020 dated 28 August 2020.	The officials were instructed to prepare the annual performance report correctly in future according to the format mentioned in the guideline No. 14 issued by the Public Finance Department under paragraph 10.2 of the Public Finance Circular No. 2/2020 dated 28 August 2020.	A draft annual report prepared in the correct format should be submitted with the accounts from the year 2022 onwards.
(b) Although the Ayurveda department should table the performance report related to the reviewed year in the parliament within 150 days after the end of the financial year as per Public Finance Circular No. 402 dated 12 September 2002, the performance report for the year 2020 had not been tabled in parliament by 30 May 2022.	There were no comments.	As per the provisions of the Public Finance Circular, performance reports should be tabled in the parliament.

3.3 Procurements

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) 1,239 units of office furniture belonging to 23 items with a total cost of Rs.20,799,715 and 312 units of hospital furniture with a total of Rs.6,987,850 were purchased from a supplier in Matala during the year under review. It was observed the deficiencies of the procurement was planned at the end of the year under review, no subject matter expert was appointed to the technical appraisal committee appointed in respect of office furniture, preparation of specifications and inadequate attention has been given in obtaining the equipment in accordance with the specifications, payments have been made without formally confirming that all equipment has been received in accordance with the specifications, payment for	The requirement documents were prepared based on the written requests received from each division, a subject expert has been appointed to the technical evaluation committee for the purpose of hospital furniture, all equipment has been physically checked and payment has been made, considering the situation of corona epidemic in the country at that time and the shortage of raw materials, the relevant officials were	Procurement should be conducted by maintaining written evidence to confirm that procurement guidelines were correctly followed and conducted in a transparent manner.

equipment supplied in excess of the ordered quantity, receiving and paying for equipment different from the ordered equipment, not charged late fees and payment of Rs.11,809,305 under an non-provisioned expenditure subject in the procurement process.

informed that no late fees were charged for the delay in the supply of goods and that such deficiencies should not be made in future.

- (b) Cabinet approval was obtained for a project to distribute 60 lakhs of suwadharani medicine manjusa costing Rs.1,000 per unit to control the Covid-19 epidemic through indigenous medicines. In the beginning, a supplementary provision of Rs. 250,000,000 was allocated to supply 250,000 manjusas to the Western Province and Rs.142,562,809 was spent. Suppliers were selected as 07 suppliers for the production of medicines and porridge, one supplier for printing packages, one supplier for printing cardboard boxes and leaflets and 07 suppliers to pack medicines and porridge in order to be able to give all the functions of medicine manjusa preparation to one supplier without paying attention to the time taken by calling the prices, the quality of the products and reducing the cost etc. Also, it was observed that there were deficiencies in this procurement process such as selection of suppliers subject to completion of various defects in bid evaluation, disregarding technical committee recommendations, failure to complete all procurements on time, extension of time without approval of the procurement board, non-imposition of late fees, payment beyond the prices of the price committee. Although it was observed deficiencies in this procurement such as to be considered some medicines as expired and removed due to non-safe storage of medicines in manjusa, irregular distribution, expiry date printed on the packages before the medicine is filled and beneficiaries did not get enough time to use the medicines before the expiry date, lack of monitoring and follow-up on the delivery and use of the medicines to the target beneficiaries, 183,776 out of 250,000 manjusa planned to be distributed in the Western

The defects found during the evaluation of the bids have been rectified before the payments, action was taken in case of problematic situation such as storage distribution and printed expiry date, monitoring and follow-up activities were carried out, priority was given to Gampaha district due to the situation of covid disease and other districts were largely covered and the objectives of the project could not be achieved 100 percent.

Project proposals should be implemented only to achieve essential and priority objectives using government funds sparingly and procurement activities should be conducted following the procurement guidelines correctly and ensuring transparency.

Province were distributed only in Gampaha district, although the cabinet approved to follow emergency procurement methods to distribute 60 lakhs of manjusa all over the island within 60 days, even though 122 days have passed by 31 December 2021, not even 05 percent of the project has been completed.

3.4 Assets Management

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Department head office premises, hospitals including Borella teaching hospital, herbal gardens, community health regional offices and 17 resort bungalow lands were not handed over to the department. However, Rs.21,059,428 was spent on new constructions in these lands and Rs.29,274,335 was spent on maintenance during the year under review.	Although the head office premises of the department, hospitals, herbal gardens, community health regional offices, resort bungalows have not been handed over to the department, the money has been spent on carry out essential maintenance and development works and the preliminary work necessary to transfer the ownership of these lands to the department has been started.	The acquisition of the relevant land should be expedited.
(b) A van with a total cost of Rs.8,400,000 purchased from Toyota Lanka in the year 2012 under the lease installment payment system was not handed over to the department after the lease period.	A request to transfer ownership of this vehicle to the Ayurveda department has been sent to the Commissioner General of Motor Traffic on 09 October 2018, the Commissioner General of Motor Traffic has informed that this transfer has been delayed due to the covid epidemic situation and the collection of transfer activities of many vehicles and the necessary action will be taken in future.	Necessary arrangements should be made without delay to hand over the ownership of the van to the department.
(c) According to Assets Management Circular No. 01/2017 dated 28 June 2017, information about asset purchases and disposals was not reported to the Comptroller General's office.	Accept the audit observation.	Arrangements should be made to provide the relevant reports within the prescribed time limits.

3.5 Losses and Damages

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>An ayurvedic doctor who worked at Manchanthoduai ayurvedic hospital and it was transferred to Wennappuwa Pradeshiya Sabha during the 15 months from July 2012 to September 2013 was paid Rs.548,376 as salary by the Ayurvedic Department. Only Rs.260,000 was charged as installments in 04 cases without taking any action against the responsible officials in this regard. Almost 10 years had passed since the default payment of the remaining Rs.288,376, but no legal action was taken against the concerned doctor or surcharge was not taken from the responsible officers in accordance with Financial Regulations 104 (2) “b”.</p>	<p>According to the order given by the Health service Committee of the Public Service Commission regarding the fraudulent receiving of salaries by this ayurvedic doctor, the Commissioner of North Western Provincial Council has been notified to take disciplinary action through the North Western Provincial Public Service Commission.</p>	<p>Since the North Western Provincial Public Service Commission had only taken disciplinary action in relation to the salaries paid without asking from the department and Rs.288,376 should be collected from the salaries paid by the department, it is necessary to take legal action in this regard or surcharge from the responsible officers in terms of Financial Regulations 104 (2) “b” and action should be taken to introduce control systems that ensure up-to-date and continues relations between the personnel control division and the salary control division.</p>

3.6 Management Inefficiencies

Audit Observation

The department had 02 buses, 02 lorries, 09 cabs, 07 vans, 05 motor cars, 02 jeeps, 09 ambulances, 06 three-wheelers and 55 vehicles including tractors and motorcycles and an amount of Rs.13,172,415 was spent on fuel supply and repairs to these vehicles. But, it was observed that there was not a satisfactory situation in terms of vehicle administration and safety in the department due to log books and running charts related to these vehicles were not regularly updated, fuel tests were not done, servicing and repairs were not carried out without delay, fuel filling for vehicles was not carried out under the supervision of a staff officer, vehicles accidents were not reported to the police conducting investigations without formal delay and without charging the from the relevant responsible officials, focusing only on covering losses through insurance compensation and not following adequate control measures to prevent drivers' irregularities.

Comments of the Accounting Officer

The vehicles repairs and services, tires and batteries etc. are recorded in log books, necessary repairs and services of vehicles are carried out by managing the available provisions, fuel order for vehicles is checked with running charts and supervised under staff officer, when there is full insurance, repairs will be made under it and if not, the complaint should be recorded and relevant legal measures should be taken and prosecution should be carried out, so that no police reports have obtained in vehicle accidents where minor or other parties have not been injured and arrangements are made to cover the losses from the concerned responsible officer or through insurance compensation as per the F.R. 104(4) inspection reports given by the committee appointed to conduct vehicle accident investigations.

Recommendation

According to comments of the Accounting Officer, as the control procedures are not being observed that they are being carried out properly, more attention should be paid to the matters mentioned in the paragraph and should be taken necessary steps.

3.7 Unresolved Audit Paragraphs

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>14 machines and equipment were purchased for the Bandaranayke Ayurveda Research Institute on 16 March 2015 without properly identifying the need and without carrying out a feasibility study at expenditure of Rs.28 million and out of which 8 machines worth Rs.21 million had not been installed by 15 October 2021. A committee appointed on 05 October 2020 had identified that 06 machines with a total cost of Rs.14,591,311 were not required for the production plant. Since this contract was executed without entering into a proper contract agreement and agreements for service and repair, the installed machinery and equipment also remained unusable by the year under review. Accordingly, the total amount of Rs.28,342,712 spent for this project was an uneconomical expenditure.</p>	<p>The Secretary of the ministry has informed that an expert committee will conduct an investigation on the existing machines and equipment in the Navinna Research Institute and take further action in this regard and proceed accordingly.</p>	<p>All machines should be made available for effective utilization or use in ayurvedic hospitals or Ayurvedic Corporation for production of medicines and necessary action should be taken against all officials who contributed to this purchase without properly identifying the need and without proper feasibility study.</p>

4. Achievement of Sustainable Development Goals

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>According to sections 3.6, 3.9,11 and 11.2 of the Sustainable Development Act No. 19 of 2017, its resources should be managed efficiently in order to achieve the objectives of the institute and the goals to be achieved by the organization in order to achieve the sustainable development goals and the existing gaps in order to achieve those goals, as well as appropriate indicators for measuring</p>	<p>There were no comments.</p>	<p>Measures should be taken to identify targets, indicators and measure progress in relation to achieving sustainable development goals.</p>

progress should be identified. But, the department had not identified such indicators and the extent to which the goals were achieved and the deviations as well as the various areas that needed attention.

5. Human Resources Management

Audit Observation -----	Comments of the Accounting Officer -----	Recommendation -----
(a) Although it was planned to prepare and implement a management data system for the department, the relevant data system had not been established by the end of August 2022. Accordingly, it was difficult to efficiently obtain updated management information related to the department and its affiliates, hospital, medical centers and the entire system of institutions and it was observed that the department's staff arrival and departure control, performance control, salary control, overtime expenditure control, personal file control etc. were at a weak level.	The further work in this regard was delayed due to corona situation in the country and suitable arrangement will be prepared immediately for the future work.	A management data system should be established which can coordinate the activities of all the departments like head office premises of the department, hospitals, herbal gardens, community health regional offices etc.
(b) Although the approved carder of the department was 2,647 as at 31 December 2021, the actual staff on that date was 1,939 with 708 vacancies equal to 27 percent of the approved carder. 663 out of 830 senior level approved staff or 80 percent were vacant in these vacancies, which had a severe impact on the performance of the department as well as the hospitals under it. Also, 260 employees equivalent to 10 percent of the staff were employed on casual, temporary and contract basis.	The approval of the Department of Management Services had been sought for recruitment for the posts of primary grade medical officer and nursing officer and no approval has been given yet for new recruitments.	Restructuring of staff should be done to get maximum productivity from existing human resources giving priority to senior level posts and essential posts in hospitals.
(c) Although there were 18 posts in the department to be held by senior medical officers of the Sri Lanka Ayurvedic medical service, out of that, permanent officers were appointed to only 02 positions and appointments were made to 09 positions on duty cover and temporary basis. Remaining 06 posts remained	The information required to refer the upgrade promoted Ayurvedic medical officers to the service places has been submitted to the State ministry and the Public Service Commission, but since the appointments for those positions have not been made	In the presence of upgrade medical officers, lower grade officers should not be appointed on duty cover and temporary basis to the positions held by those officers.

vacant till 30 May 2022.

yet, suitable officers have been assigned to the respective positions for duty cover work.