

Homoeopathic Medical Council - 2021

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the Homoeopathic Medical Council for the year ended 31 December 2021 comprising the statement of financial position as at 31 December 2021 and the statement of financial performance, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, 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 and Finance Act No. 38 of 1971. My comments and observations which I consider should be reported to Parliament appear in this report.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Medical Council as at 31 December 2021 and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

1.2 Basis for 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 Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Public Sector Accounting Standards 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.

In preparing the financial statements, management is responsible for assessing the Medical Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Medical Council or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Medical Council financial reporting process.

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

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 Medical Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Medical Council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Medical Council to cease to continue as a going concern.
- 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.

The scope of the audit also extended to examine as far as possible and as far as necessary the following;

- Whether the organization, systems, procedures, books, records and other documents have been properly and adequately designed from the point of view of the presentation of information to enable a continuous evaluation of the activities of the Medical Council, and whether such systems, procedures, books, records and other documents are in effective operation;
- Whether the Medical Council has complied with applicable written law, or other general or special directions issued by the governing body of the Medical Council;
- Whether the Medical Council has performed according to its powers, functions and duties; and
- Whether the resources of the Medical Council had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

1.5 Non-compliance with Laws, Rules, Regulations and Management Decisions etc.

Reference to Laws, Rules Regulations etc.	Non-compliance	Comment of the Management	Recommendation	
(a) Section 5 (1) of the Payment of Gratuity Act No. 12 of 1983	Although the gratuity should be paid within 30 days from the date of termination of the service of an officer, gratuity had not been paid to a medical officer, who had left the service on 15 July 2021. It was observed that a surcharge of Rs. 52,140 had to be paid due to non-payment of gratuity within the stipulated period to the Registrar, who had left the service on 09 November 2021.	That the new Registrar has been instructed to pay the gratuity promptly and that the Registrar who had left the service on 09 November 2022 has been informed to receive the gratuity payable to him, but he has refused to obtain it.	Payment of Gratuity shall be made in accordance with the provisions of the Act.	
(b) Homeopathy Act No. 10 of 2016	(i)Sub-Sections (d) and (e) of Section 15	A Homeopathic Institution had not been established by the Homoeopathic Medical Council. Since action had not been taken to prepare minimum standards, rules and regulations for regulating homeopathic institutions providing treatment in homeopathic medicine except the Government Homeopathic Teaching Hospital, the task of regulating those institutions had not been carried out.	That the Medical Council does not have the financial provision for the establishment of a homeopathic institution, and the establishment of the institution has been temporarily postponed until the country's economic situation stabilizes as the capital expenditure allocated to the Council has not been provided for this year. Determination of the minimum standards for regulation and the preparation of regulations is being carried out at the moment.	Action should be taken as per the provisions of the Homeopathy Act.
(ii)Sub Section 28 (6)	The register maintained by the Medical Council for registration of homeopathic medical practitioners had not been maintained in an updated manner to separately identify the medical practitioners, who had paid	That the officers were instructed to maintain the documents separately for registration charges and charges for renewal of registration, that the documents are being	-Do-	

charges for the renewal of the registration and who had not paid charges for the renewal and to identify arrears of charges.

maintained separately at present and it was not possible to submit the documents at the time of the audit due to omission.

(iii) Section 30

Applications had been invited for the examination in the year 2018 although the rules and regulations for the examination to be held for the registration of Homeopathic Medical Practitioners had not been formulated. Due to this, the examination could not be held even by 31 October 2022 and the registration of the Medical Practitioners had also been delayed.

That the Regulations for the registration of Homeopathic Medical Practitioners were gazetted on 10 June 2022, formation of the Examination Committee has been completed, the preparation of the question papers is being carried out and the examination will be held in the second week of January.

-Do-

(iv) Sub-section 31

Although a register of homeopathic pharmacists should be maintained for the registration of homeopathic pharmacists, action had not been taken to maintain the register even by 31 October 2022.

The Homoeopathic Regulations are currently being prepared and registration of pharmacists can be done as soon as the regulations are gazetted.

-Do-

(c) Establishments
Code of the
Democratic
Socialist
Republic of Sri
Lanka

(i) Section
16.1 of
Chapter
II of the
Establish
ments
Code

Although the Head of the institution should take responsibility in conducting the examinations for confirmation in the service, promotion and promotion by efficiency bar examinations etc. within the prescribed dates, action had not been taken to conduct the efficiency bar examinations even by 31 October 2022, the date of audit for 32 officers in relation to 04 posts, for which recruitments had been made from the year 2014 up to the year 2021

That the Medical Council has authorized the Department of Ayurveda to conduct the Efficiency Bar Examination, the Department of Ayurveda has informed that this will be conducted promptly and the Medical Council will take action in the future to extend the probationary period of the officers until the examination is conducted.

Action should be taken as per the provisions of the Establishments Code.

Due to this, these officials could not be confirmed in the service and action had not been taken even to extend their probationary period.

(ii) Section 1.3 of Chapter XII of the Establishments Code
 Although a leave application should be normally received to the office of the Authority approving leave at least seven days prior to the date of commencement of leave, the officers of the Office of the Medical Council had not submitted and approved leave applications.
 That all the officers have been strictly informed to submit the application to the officer approving leave at least 7 days in advance for obtaining leave and that the Registrar has been instructed to take action in this regard.
 -Do-

(iii) Section 1.7 of Chapter XII of the Establishments Code.
 The leave register had not been maintained in an updated manner as per General 190 Form.
 Due to the prevailing Covid situation, it was not possible to update the leave register in the proper manner and instructions have been given to the Registrar to update it correctly.
 -Do-

(iv) Section 3.1 of Chapter XII of the Establishments Code
 Even though it is not allowed for an officer to leave his place of work without obtaining permission, the officers of the Medical Council had left without obtaining permission and the Register of Movements had not been properly maintained.
 That the Register of Movements is currently being maintained systematically.
 -Do-

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

 (i) FR 133
 An Internal Audit Division had not been established for the Council and internal audit had not been carried out by the Internal Audit Division of the State Ministry of Indigenous Medicine Promotion, Rural and Ayurvedic Hospitals Development and Community
 Action will be taken in coordination with the Ministry in the near future to conduct an internal audit.
 Action should be taken as per the Financial Regulations.

Health for the year under review.

(ii) FR 751 Although all the goods received to the institution should be immediately entered in the inventory book, the goods purchased in the year 2020 worth Rs.255,140 had not been included in the general materials and surgical materials registers. Due to the prevailing covid situation, the work of the office could not be carried out on time and instructions have already been given to the registrar to properly maintain the documents. -Do-

Public Although money should be Enterprises deposited in an account Circular No. maintained in a state bank as per 2/2018 dated 14 the provisions of the Circular, the November 2018. course fees amounting to Rs.1,204,500 charged in the year 2009 had been deposited in a savings account in a private bank. That the Medical Council has decided to withdraw this amount from the private bank and to deposit it as a fixed deposit in a state bank. Action should be taken in terms of the provisions of the Public Enterprises Circulars. The balance of that account had been Rs. 2,022,267 as at 31 December 2021.

(f) Section 6.5.1 of Although approved financial Public statements and a draft of the Enterprises annual report must be submitted Circular No. to the Auditor General within 60 PED/12 dated days after the end of the financial 02 June 2003. year, the accounts prepared for the financial year of 2021 had been submitted on 04 October 2022 with a delay of more than 07 months. That there is no Accountant in the Council, the external accountant, who had carried out accounting activities had provided the files with a delay due to the Covid situation in the country, -Do-

2. **Financial Review**

2.1 **Financial Result**

The operating result of the year under review was a deficit of Rs.312,581 and the corresponding deficit of the previous year had been Rs. 1,719,379. Accordingly, an increase of Rs. 1,406,798 was observed in the financial result. The increase in recurrent provision of the Government by Rs.1,946,404 was the major reason for that.

3. Operational Review

3.1 Transactions of Contentious Nature

Audit Observation	Comment of the Management	Recommendation
Books, each with a value of Rs.5,000 for collecting public funds had been printed in the name of “Homeopathic Fund”, without any provision for authorizing the collection of public funds and without formal approval. The Council had no any information regarding the year of printing, the total number of public funds collecting sheets that had been printed, the income from the sale of the public funds collecting sheets and the banking of the money. There had been a shortage of 159 books between the lowest book number and the highest book number and the total amount that could have been collected from that had been Rs.795,000. A stock of 416 books had been remained, and action had not been taken to cancel or dispose of those public funds collecting books even by 31 October 2022.	That a committee has been appointed to destroy these public funds collecting papers and they will soon be disposed of and removed in the near future.	This stock of books for collecting public funds should be promptly disposed of and removed.

3.2 Idle or underutilized Property, Plant and Equipment

Audit Observation	Comment of the Management	Recommendation
A building had been constructed in the year 2008 to start a homeopathic medical college according to the provisions of the Homeopathy Act No. 10 of 2016, and furniture and other necessary equipment worth Rs.1,199,254 had been provided to it in the year 2009. It had not been possible to start the studies even by 31 October 2022 as the legal framework related to the commencement of the studies had not been prepared. Accordingly, the fixed assets that had been purchased remained idle for over 13 years and the building had been used for the office of the Homeopathic Medical Council without using it for its intended purpose.	That many resources such as a teaching hospital, lecturers and professors, who have obtained qualifications in Department of Study level for each subject are required to initiate a medical college, and the constructed building with 04 rooms has been developed as per the verbal instructions of the Secretary of the Ministry to avoid the destruction of the building, and the building will be used temporarily as the Office of the Medical Council as any of these resources are not available in Sri Lanka at present.	Steps should be taken promptly to utilize the constructed building and the purchased equipment for the relevant purpose.