

Sri Jayewardenepura General Hospital Board - 2021

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Sri Jayewardenepura General Hospital Board 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 report to Parliament, appear in this report.

In my opinion, except for the effects of the matters described in paragraph 1.5 of this report, the accompanying financial statements give a true and fair view of the financial position of the Board 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 Qualified Opinion

My opinion is qualified on the matters described in paragraph 1.5 of this report.

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

1.3 Responsibilities of 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 Board'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 intend to liquidate the Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Board's financial reporting process.

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

1.4 Auditor's Responsibility on 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 skepticism 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 Company'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 the Company'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 Company 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 Company, and whether such systems, procedures, books, records and other documents are in effective operation;

- Whether the Company has complied with applicable written law, or other general or special directions issued by the governing body of the Company.
- Whether the Company has performed according to its powers, functions and duties; and
- Whether the resources of the Company had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

1.5 Audit Observations on the preparation of Financial Statements

1.5.1 Non-Compliance with Sri Lanka Public Sector Accounting Standard

Non Compliance with the reference to particular Standard	Comment of the Management	Recommendation
(a) Although the assets and liabilities and income and expenditure should not be set off as per paragraph 48 of the Sri Lanka Public Sector Accounting Standard 1, credit balances amounting to Rs.9.95 million in the Hospital charges Debtor Account as at 31 December 2021 and debit balances amounting to Rs.1.58 million in the Trade Creditor Account had been set off against the opposite balances in those accounts instead of identifying the reasons for the accounts and making necessary adjustments. Moreover, Rs.118.03 million incurred for free medical treatment for the staff of the Hospital and Rs.35.31 million incurred for free medical treatment for religious priests and others had been set off from the hospital charges income and indicated in the financial statements.	These amounts will not be realized in future cash flows and any change would not be made to the result of the financial performance and thereby, the users of the financial performance reports will not be misled by that.	Action should be taken in terms of Sri Lanka Public Sector Accounting Standards.
(b) Due to not reviewing the useful lives of non-current assets annually in terms of paragraph 65 of Sri Lanka Public Sector Accounting Standard 7, fixed assets costed at Rs.3,555.50 million had been fully depreciated. However, they continued to be utilized further. Accordingly, action had not been taken to revise the estimated error occurred in accordance with Sri Lanka Public Sector Accounting Standard 3.	These assets have been used in the hospital even after the end of the useful life that had been set at the initial time and revaluation activities of land, buildings and motor vehicles have already been completed and accordingly, the related accounting revisions have been made. Action will be taken to submit the accounts to audit in the year 2022.	Action should be taken in terms of Sri Lanka Public Sector Accounting Standards.

1.5.2 Accounting Deficiencies

Audit Observation	Comment of the Management	Recommendation
(a) A specific methodology pertaining to accounting the charging of professional fees and repayments had not been identified. An amount of Rs.61.51 million had been credited to the payable professional fee account from the hospital fee income account on 31 December 2021 without specifically identifying the hospital fee and professional fee of the patients leaving the hospital on the credit letters.	That all the professional fees will be accounted on accrual basis with effect from the year 2022, in addition to this, the hospital has started a system of stating the professional fees on the patient's bill itself through the hospital software system by 25 October 2022, transferred from the hospital fee control account after correctly identifying the professional fees to be paid.	Action should be taken to identify a specific methodology pertaining to accounting of charging professional fees and repayments and to account them.
(b) The amount of Rs. 698.68 million to be paid for medicines and other surgical materials purchased from the Medical Supplies Division by the General Hospital Board from the year 2010 to the year 2021 had been set off to the sum of Rs. 748.55 million receivable from the Ministry for cardiac surgeries performed on patients referred to the hospital by the Ministry of Health. The approval of the General Treasury had not been obtained for this and the amount of Rs. 49.87 million to be received further from the Ministry had not been indicated in the debtor schedule.	That this set off has been done under the approval of the Secretary of the Ministry and the approvals of the Board of Directors of the relevant year, that the Ministry of Health has submitted a Cabinet Paper to obtain a separate expenditure Head for the values to be paid for these patients in the future as per the instructions of the General Treasury.	Arrangements should be made to obtain the approval of the General Treasury.
(c) As there had been no connection between the Systolic computer system and the Accpack computer system, approximately a value of Rs.115 million had been written off as trade creditors in the financial statements as at 31 December 2021 without preparation of journal vouchers in relation to various adjustments between the two computer systems. The net balance of Rs.29.32 million had been adjusted to the accumulated profit and loss without making the relevant adjustments from the prior year adjustments account. Although an amount of Rs.35.29 million had been paid to the creditors on 03 occasions as per the audit test checks carried out, it had been adjusted to the profit and loss account without making adjustment to the individual creditor balances.	Making adjustments through debit / credit notes is the methodology used in the relevant accounting software in the rectification of the negative balances existed in the balances of the creditors indicated in the previous years and the accounting defects, accordingly, a significant number of creditors had made arrangements to rectify the errors in the year 2021.	Action should be taken to establish a connection between the two computer systems and to make adjustments.

- (d) Although the actual cost incurred for the hostel building for female nurses, of which construction had been finalized, had been Rs.413.16 million, the value of the buildings had been overstated by Rs.64.26 million due to the capitalization as Rs.477.42 million under other buildings in the year under review. Moreover, the value of the work in progress account had been understated by Rs. 72.85 million due to the adjustment of the cost of the building by Rs. 486.01 million to the work in progress account.
- That action will be taken to rectify in the accounts in the year 2022.
- This error must be rectified.

1.5.3 Unreconciled Control Accounts or Records

Audit Observation

There had been a difference of 87.49 million according to the financial statements and lists, registers and computer reports submitted to audit regarding 05 subjects such as creditors as at 31 December 2021, debtors, professional fees payable, interest of disaster loans and miscellaneous creditors, and the reasons for the difference had not been explained.

Comment of the Management

Reconciliation activities in relation to this are being carried out.

Action should be taken to identify the reasons for the differences in errors and they should be rectified.

1.5.4 Documentary Evidences not made available for Audit

Audit Observation

As evidences such as time analysis, approvals of Board of Directors and subsidiary registers etc. regarding 04 account subjects such as hospital fees, totalling to Rs.491.07 million as at 31 December 2021, debtors, trade creditors, service charges and refundable tender deposits had not been submitted to audit, it was not possible to satisfactorily vouch or to verify or to accept in the audit.

Comment of the Management

- That action will be taken to find and submit the approval of the Board of Directors.
- That the balance confirmation letters for the creditors have already been forwarded to the relevant institutions and that the time analysis available through the existing accounting system has been submitted to the audit.

Recommendation

- Board approval must be submitted.
- Debtor and creditor time analysis should be presented with the financial statements.

1.6 Noncompliance to Laws, Rules, Regulations and Management Decisions

Reference to Laws, Rules and Regulations	Non compliance	Comment of the Management	Recommendation
(a) Sections 2.1 and 2.2 to 2.6 of Chapter II of the Establishments Code of the Democratic Socialist Republic of Sri Lanka.	Although action should be taken to prepare the schemes of recruitment including the necessary qualifications, salary scale of the post, age limit and the other relevant details for the posts in every service and every grade of the staff and to obtain the relevant approval for the said schemes by following the procedure specified in the Establishments Code, the scheme of recruitment had not been prepared and the approval had not been obtained for the schemes even by 15 December 2022.	An internal committee has been appointed to prepare the schemes of recruitment as the Consultant had not taken action in terms of the Conditions specified in the Agreement.	Action should be taken in terms of provisions stipulated in the Establishments Code of the Democratic Socialist Republic of Sri Lanka.
(b) Section 6.5.1 of the Public Enterprises Circular No. PED/12 dated 02 June 2003.	Although the approved financial statements and a draft of the annual report should be submitted to the Auditor General within 60 days after the end of the financial year, the financial statements related to the financial year 2021 had been submitted on 08 November 2022 with a delay of more than 08 months.	That the accounts for the year 2022 will be submitted on due date.	Action should be taken in terms of the provisions specified in the Treasury circulars.
(c) General Circular Letter No. Q2-84/2006 dated 10 May 2006 of the Director General of Health Services	Allowances amounted to Rs.3.48 million had been overpaid for various laboratory tests amounted to 154,687 carried out during the period from January 2021 to December due to making payments on piece rate for all the tests requested by the Medical Laboratory Technicians, who had been in night duty without complying with the provisions of the Circulars in the payment of allowances on the piece rate for laboratory tests carried out by the laboratory staff during the night time.	That action has been taken by giving the priority to the patient care service and as a remedial measure to that, a test document with the approval of the medical specialists has been prepared by representing all the Divisions of the laboratory through the letter dated 17.08.2022 and the approval has been obtained for that.	Action should be taken in compliance with the General Circulars of the Director General of Health Services.
(d) Letter of the Department of Management	Although the proposals for restructuring the approved staff should be prepared and forwarded to	The preparation of the proposals for the staff restructuring is in the	Action should be taken in compliance with the letter of the

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| Services bearing No. DMS/1758-Vol.1 dated 10 October 2016. | the National Salaries and Cadre Commission and the approval of the Department of Management Services should be obtained, action had not been taken accordingly even by 31 December 2022. | final stage and it has been submitted to the Department of Management Services for obtaining the approval. | Department of Management Services. |
| (e) Public Finance Circular No. PFD 08/2019 dated 17 December 2019. | Although an electronic procurement system should be implemented from the year 2020, action had not been taken in accordance with the provisions of the Circulars. | The preliminary work has been started in the year 2021 in this connection and it has not been possible to implement it duly owing to the COVID pandemic situation. | Action should be taken in compliance with the Public Finance Circulars. |
| (f) Management Service Circulars No. 02/2020 dated 26 October 2020 and No. 01/2020 dated 21 February 2020 | Even though the approval of the Department of Management Services should not be obtained to fill the vacancies of the approved positions only if the schemes of recruitment had been prepared and the approval had been obtained from the relevant parties, 237 officers had been recruited on temporary, contract, casual and permanent basis for 8 categories of employees in the years 2020 and 2021 without obtaining the approval of the Department of Management Services when the schemes of recruitment had not been prepared for the hospital staff. | That those posts in the Hospital have been filled with the approval of the Board of Directors for the purpose of carrying out the activities of the hospital efficiently. | Action should be taken in compliance with the Circulars of the Department of Management Services. |

2. Financial Review

2.1 Financial Results

The operating result of the year under review was a loss of Rs.254.19 million and opposite to that, the profit of the previous year had been Rs.173.8 million. Accordingly, a deterioration of Rs.427.99 million was observed in the financial result. This decline was mainly due to the increase in the expenditure during the year under review by Rs.157.79 million and the decrease in income by Rs.270.19 million.

3. Operational Review

3.1 Management Inefficiencies

Audit Observation	Comment of the Management	Recommendation
(a) It had been planned in the year 2016 to construct the administrative building of the hospital under the capital provision of		

the Government, and the contract had been awarded at an amount of Rs. 154.56 million on 22 November 2017. The following matters were revealed in this regard.

- (i) The consulting institution had informed the Hospital on several occasions from 18 May 2021 to 14 December 2021 that all the works of the building had been completed after 30 December 2020 subsequent to rectifying the deficiencies pointed out by the Hospital from time to time. Although the Hospital had taken over the building on 18 March 2022, the administrative building remained idle without using for the relevant purpose even by February 2023.
- The Department of Buildings, which is the consulting institution, has given the relevant recommendations to the Hospital on 15.06.2022 to extend the period of completion of the contract from 09.07.2020 to 14.01.2021 and that the building was handed over on 18 March 2022 after the identified defects were rectified by the contracting company.
- The administrative building should be used for the relevant purpose.
- (ii) According to the certifications of the Department of Buildings, the cost of this contract had been Rs. 168.44 million and non-fulfilment of the tasks such as non-air-conditioning of the auditorium, not tiling the floor of the auditorium, which had been stated in the preliminary estimates of the building, had not taken in to consideration in the calculation of the price variation of the contract amounted to Rest. Rs.13.88 million, which had been 8.98 percent of the contract cost.
- The relevant Technical Evaluation Committee of the Ministry has given recommendations based on the instructions given by the consulting company, the Department of Buildings for the problem related to the air conditioning system that had arisen during the construction, and their initial attention has been focussed only on the air conditioning system.
- In calculating the price variation, the unaccomplished tasks should be taken in to consideration.
- (iii) According to the decision of the Ministry Procurement Committee dated 21 October 2020, approval had not been taken for the contract price variation in terms of 8.13.4 of the Government Procurement Guidelines -2006.
- In this regard, arrangements will be made to get the necessary approvals by referring to the relevant parties.
- Arrangements should be made to obtain the due approvals.
- (b) The contract had been awarded on 09 November 2016 to a contractor at a cost of Rs.87.02 million (excluding VAT) for the construction of a three-storied

building to conduct offices for the workshop of the hospital and for the garden cleaning staff. The following matters were revealed in this regard.

- (i) The Central Engineering Consultancy Bureau had been selected as per the decision of the Board of Directors without following the procurement procedure for obtaining the consultancy services required to construct the building. It was observed that it had been agreed to pay 8 percent of the contract value or Rs. 6.96 million for consultancy services and that value was higher by Rs. 3.48 million compared to the State Engineering Corporation and higher by Rs. 2.61 million compared to the Department of Buildings. That the hospital had planned to start several construction projects during this period, if one organization was given the consultancy for all those projects, it would be difficult to start these projects within a specified period of time and accordingly the Hospital Board has approved this. Procurement procedure should be followed in obtaining the consultancy services.
- (ii) Although 0.05 percent per day and a maximum of 10 percent of the total contract cost could be charged as the late fee according to the standard bidding documents on construction tenders issued by ICTAD, the Hospital had lost a late fee of Rs.4.35 million due to the inclusion of it as 0.05 percent and the maximum as 5 percent in the contract agreement. The consultation institution has prepared the tender documents based on the tender documents issued by ICTAD and the consultation institution has mentioned 5 percent as late fees and it has been approved and implemented by the Technical Evaluation Committee and the Procurement Committee. Action should be taken as per the standard bidding documents on tenders issued by ICTAD.
- (iii) Twelve (12) containers had been hired at a cost of Rs.257,000 per month due to the demolition of the building, where the workshop was situated at the beginning of the construction of the building. As per the agreement, an additional hire expense of Rs. 13.36 million had to be incurred for 52 months by 30 September 2022 due to non-completion of the construction work by April 2018, It was also observed that the contractor had been selected without checking the financial capability of the contractor. That the Technical Evaluation Committee has evaluated the bidding documents related to this contract with the support of the consultation institution and recommendations had been issued and it has been approved by the Procurement Committee. Accordingly, the financial situation of the contractor may have been considered and recommendations have been made and that there is a possibility of releasing several containers in the next few weeks since it is now at the completion stage. In the selection of the contractor, the financial capability should be checked and arrangements should be made to complete the work of the building promptly as per the terms of the contract.

- (c) Professional fees had been charged from patients at the discretion of the medical specialists in relation to private treatment outside the office hours using hospital resources. The following observations are made in this regard.
- (i) Fees ranging from Rs.1,000 to Rs.120,000 had been charged as professional fees for surgeries and tests performed during the year under review. This situation will be evaded through the package system that is currently being introduced. A charging system for surgeries and tests, performed outside the office hours prepared in accordance with the standardized standards, should be implemented.
- (ii) Even though professional fees cannot be charged for surgeries performed on patients in paying wards during normal office hours in accordance with the decision of the Cabinet of Ministers bearing No. CP/1984/335(2) dated 18 July 1984 and in accordance with the decision of the Board of Directors dated 15 November 2000, a sum of Rs. 2.33 million had been charged as professional fees for surgeries performed during normal working hours in 14 occasions in the year 2021 as per the audit test checks carried out. In the examination of the operating theatre documents of the Cardiac Surgery Operating Theatre (CTOT) in this connection, the operating theatre had been used during normal office hours on the approval of the Director of the Hospital and there had been instances, where the time of performing surgery had not been indicated in that register. Only the book, where heart surgeries in paying wards are recorded, have been handed over to the audit department for this audit examination, these 5 surgeries had been performed during the very difficult period, when there had been a fuel crisis in the country, these surgeries were performed under such circumstances and in a manner that did not interfere with the patient care of heart patients and without cancelling the duties of the cardiac operating room. Action should be taken according to the decision of the Cabinet of Ministers and the Board of Directors.
- (iii) Although it had been recognized that the General Hospital Board had spent about Rs. 581,418 monthly as overhead costs for the surgeries and tests performed by the medical That the Hospital has charged fees by maintaining 30 percent profit for the services provided to the patients in this ward, the hospital gets high income for hospital charges, drugs A methodology of covering all the other costs incurred by the Hospital when charging and

specialists after their working hours, the total service charges credited to the income of the Board, out of the total professional charges amounting to Rs. 388 million paid to the staff in the year 2021, had been Rs. 583,035 only. Even though proposals had been submitted to the Board of Directors on 25 September 2019 regarding the increase of the service fee, they had been not possible to increase the service charges compared to the actual overhead cost incurred. Even though the system of charging a service fee of only 0.15 percent of the professional fee, which had been in operation since 1999, had been maintained until the year under review, the Administration of the Hospital had not taken action to make the necessary revisions in timely manner.

and consumables, surgery charges, test charges, etc. In addition, a fee of 0.15 percent out of the professional fees is charged to the Hospital, that even such a fee is not charged in the hospitals of the private sector.

paying for using operating theatres and other overhead (not covered by bills) expenses and professional fees should be implemented.

(iv) Professional fees amounting to Rs.76.91 million had been paid in the year 2021 for auxiliary medical and other staff based on the decision of the Board of Directors without obtaining the approval of the Cabinet of Ministers.

Those relevant measures are being taken to function in accordance with the decision of the Cabinet of Ministers.

The approval of the Cabinet of Ministers should be obtained.

(v) Four (04) visiting medical practitioners, who had not been included in the hospital staff, had performed surgeries using the hospital resources in the year 2021 and the medical practitioners had charged a sum of Rs. 6.59 million as the professional fees from the patients during the year 2021. Only 0.15 percent of service fee, out of that amount, had been charged by the Hospital. Three medical practitioners had not obtained the approval of the Board of Management to engage in private practice and the approvals related to engaging in private

That the Board of Directors of Sri Jayewardenepura General Hospital has granted approval for two medical practitioners to perform surgeries, and information will be submitted to the Board of Directors in relation to the other medical practitioners and arrangements will be made to take necessary actions.

In obtaining the services of visiting medical practitioners, appropriate approvals should be obtained and arrangements should be made to enter into an agreement in relation to the responsibilities.

practice by medical practitioners and charging of professional fees had not been submitted to audit. It was observed that in the context of not entering in to an agreement with those medical practitioners, the responsibility of the patient is entrusted to the Hospital.

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| (vi) Pay As You Earn taxes had not been levied on the professional fees paid back to Medical Specialists and other support staff and the Pay As You Earn taxes that had not thus been deducted for the years 2014, 2015 and 2016 had been Rs.108.52 million. | An appeal is being heard at the Tax Appeals Commission regarding this matter and it is expected to take further action in accordance with the decision to be given at the Commission. | After receiving the decision of the Tax Appeals Commission, action should be taken accordingly. |
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3.2 Operational Inefficiencies

Audit Observation	Comment of the Management	Recommendation
(a) The following matters were observed during the audit conducted in relation to the computer systems (Systolic-Accpack) of the Hospital.		
(i) The information available in the two systems, the Hospital Computer Module and Inventory Computer Module of Systolic Computer System existing in the Hospital Board is uploaded to Accpack computer system by data export and the occasions of not updating within the Accpack computer system, the changes that occur after entering the information of Hospital Computer Module and Inventory Computer Module into Accpack computer system, were revealed in an audit test check carried out. Due to this, it was observed that there is a risk of entering the information several times in the Accpack computer system in entering hospital fee refunds, cancelled goods received notes (GRN) and new goods received notes issued for cancelled bills of hospital charges or new bills on hospital charges. It was revealed during an audit test check carried out that the	To start automation of the data transmission process from the Systolic Health Information System (HIS) of the Hospital to the SageAccpac accounting system, Systolic Health Information System has been awarded to the Development Team at the amount of Rs.140,000 on 05 April 2022, Not including the updates of all the information in the computer systems to the Accpack computer system, that action has been taken to delegate authority regarding the procedures related to data entry,	Action should be taken to rectify the deficiencies in the computer system.

purchase costs and creditors in the Accpack computer system had been overstated by Rs.4.75 million, and the debtors and income earned from hospital charges had been overstated by Rs.1.84 million. It was further observed that due to not establishing a mutual connection (system link) between the computer systems existing in the hospital, updating of all the information available in these computer systems had not been included in the Accpack computer system and the procedures related to entering of data, checking and approving data in the computer system had not been carried out under proper authority and there could be a possibility of mistakes and frauds as the internal control in relation to that process had been in a very weak condition.

checking and approving in the computer system to an Assistant Accountant.

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| <p>(ii) In the current examination of the Ward Register (Current) pertaining to the patients, who had been admitted to the hospital on the relevant date, 14 patients, who had been discharged from the hospital on that date, but whose bills had not been settled were indicated in the computer system as patients admitted in the Hospital and bills had been processed for 12 of those patients from the date of admission until the date of audit, and bills totalling to Rs.23.98 million had been processed for the other two patients for 329 days and 5 days respectively. The reasons for representing the patients related to these Bed Head Tickets as currently hospitalized patients in the computer system had not been revealed to audit.</p> | <p>That instructions have been given to look into the matters mentioned, and action was taken to inquire in to the reasons for the related incidents from the officers responsible and if there has been a financial loss, the loss will be recovered from the relevant officers.</p> | <p>Necessary action should be taken in relation to the matters observed.</p> |
| <p>(iii) Although patients in relation to 5 wards had left the hospital after processing the final bills of patients in the examination of the item of Bill Finalized in the Ward Register in the computer system of the Hospital (Systolic – Hospital), it was observed that there had been 16 patients, who had been still indicated as patients in the computer system. Five (05) patients had paid a part of the bills and left the hospital and the receivables amounting to</p> | <p>That instructions have been given to look into the matters mentioned, and action was taken to inquire in to the reasons for the related incidents from the officers responsible and if there has been a financial loss, the loss will be recovered from the relevant</p> | <p>The matters observed should be inquired in to and necessary steps should be taken.</p> |

Rs.67,195 had not been indicated as a receivable value in the computer system. However, allowing patients to leave the hospital without paying bills completely was a matter of contention during the audit.

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| <p>(iv) Although the facility to change the records included in the system should be blocked after obtaining the required data for the preparation of financial statements, it had not been done so.</p> | <p>Action has already been taken to block it at the same time in a manner that it cannot be changed in any way in the systolic system subsequent to the completion of processing hospital bills.</p> | <p>Action should be taken to rectify the deficiencies observed in the computerized accounting system.</p> |
| <p>(b) The following matters were revealed during the examination of the laboratory tests conducted in the year under review.</p> | | |
| <p>(i) Comparison had not been made between the number of tests carried out at night time and the number of tests mentioned in the night sample acceptance report available in the computer system according to the register maintained by the institute regarding the night laboratory tests performed out by the Haematology and Bio Chemistry departments. In the examination carried out in relation to all the tests carried out in the night time pertaining to the period of January to December 2021, it was observed that the number of computerized tests had been reduced by 15,556 when compared to the number of tests included in the registers submitted by the Haematology Division and the number of computerized tests had been increased by 40,059 when compared to the number of tests included in the registers submitted by the Biochemistry Division. The relevant departments had not taken action to find out the causes for such changes and to rectify them.</p> | <p>That the night registers maintained separately in the Haematology and Biochemistry departments were the reports related to the tests that were actually conducted at night, and it was observed that there had been differences prior to this between the computerized information and the information in the submitted documents for the tests conducted at night and during the day. that it is not always the same value for various practical reasons.</p> | <p>A comparison should be made regarding the differences between the system and the registers.</p> |
| <p>(ii) The total number of samples (Sample acceptance report) entered into the computer system for the tests conducted during the night and the day in the year 2021 by the Haematology and Biochemistry Divisions had been 505,064. Accordingly, 7 laboratory</p> | <p>That many special tests are performed during the day shifts, that the tests, which are not performed during the night shifts have to be performed in the day shifts</p> | <p>As payments are being made for tests performed in the night time and an abnormal increase is being</p> |

technicians had been employed for the Haematology laboratories and 8 laboratory technicians had been employed for the Biochemistry laboratory during the day, only one laboratory technician had been employed per one department for night services. It was revealed that the number of sample tests conducted by 15 laboratory technicians in both of these Divisions in day time during the year 2021 had been 239,819 and 265,245 sample tests had been performed by two laboratory technicians in the night time. Accordingly, it was observed that more number of tests had been performed by one officer during the night time than the number of tests performed by each Division during the day time.

and that it is not possible to observed, action make a numerical should be taken to comparison between the look in to this night shifts and the day matter. shifts.

- (c) In the year 2017, Rs.508,950 had been paid as consultant fees to the Central Engineering Consultancy Bureau for preparing the Master Plan of the premises, where the Hospital Board was located and the work had not been completed even by 31 December 2021.

That CECB has already completed the engineering measurement plans, the work has been delayed due to the covid pandemic situation prevailed in the country and the rest of the work will be completed after preparing the Cooperate plan on the recommendation of the COPE.

If this turns out to be an idle expense, a sum of Rs.508,950 that had been paid should be recovered from the officials responsible for the payment.

3.3 Procurement Management

Audit Observation	Comment of the Management	Recommendation
(a) Guidelines 3.4, 3.5, 4.2 and 6.6.4 of the Guidelines for Selection and Employment of Consultants had not been followed in obtaining the services of a suitable consultant to prepare the Schemes of Recruitment (SOR) related to the Staff of the Hospital. Due to the lack of agreement of the hospital staff and trade unions for the draft report presented by the selected consultant, the Board of Management had been unable to take further action even by the year 2023.	According to the decision taken by the Board of Directors to prepare the Schemes of recruitment for Sri Jayewardenepura General Hospital, the Board of Directors has taken steps to obtain the relevant consultancy services, and without establishing the procurement entity, the	Action should be taken in compliance with the provisions of the Guidelines for Selection and Employment of Consultants.

Board of Directors has taken steps to obtain the consultancy services in accordance with the powers conferred on it by the Act and in accordance with the procurement guidelines.

- (b) Sri Jayawardenepura General Hospital had procured an ABP Monitoring System on 16 September 2021 at a cost of Rs. 2.08 million and the bidders, who had submitted bids for this procurement, had not submitted the registration of the National Medicines and Regulatory Authority related to the supply of medical equipment. Although the procurement had been awarded to the highest bid on 20 May 2021, subject to the Condition of obtaining the above registration as per the recommendation of the Technical Evaluation Committee, that registration had not been submitted even by 15 March 2022, the date of audit in terms of Guidelines 2.1 and 2.2 of the Guidelines for Procurement of Pharmaceuticals & Medical Devices. That there is an ISO certificate for this and that purchases have been made based on that. Action should be taken in compliance with the Procurement Guidelines.
- (c) For the purchase of 08 Harmonic Hand Pieces in the hospital, the relevant supplier had submitted a bid of Rs. 7.47 million for 8 devices at Rs. 933,900 per one device. Even though it had been recommended in the Technical Evaluation Committee held on 17 November 2020 to purchase only 02 units of this device and this device should be purchased at Rs. 868,900 by considering the prices of the year 2019, the Procurement Committee had functioned ignoring those recommendations. The tenderer had indicated in submitting the tender that it could be supplied within 3 to 5 days and even though this order should be completed within a period of 08 to 10 weeks and as per the tender conditions, only 03 of the relevant devices had been received within the specified period. Although the remaining 03 devices had been delayed for a period of 05 to 54 weeks, a late fee of Rs.280,170 to be charged as per the Tender Condition 26.1 had not been charged. Even though the prices The Technical Committee, which called the prices based on the quantity required annually has given recommendations for 2 devices and it has been found that the price of a unit has not been the price mentioned in the bid of the supplier, but the Procurement Committee has approved this purchase considering the recommendation of the Technical Evaluation Committee as the recommendation of the relevant bid, repeating a recommendation given earlier by the Technical Evaluation Committee. Action should be taken as per Tender conditions.

presented in the tender cannot be changed until the tender is completed according to tender conditions 14.5, in contrary to those conditions, one medical device in this tender had been supplied at a price of Rs. 1.58 million, that had been Rs. 644,391 more than the price mentioned in the tender after exceeding more than 81 weeks by the time of completing the tender and arrangements had not been made to charge late fees as per the Tender Conditions.

- (d) Although a representative of the Ministry of Health (not below the rank of Director), a representative of the State Pharmaceutical Corporation (not below the rank of Director), at least two Medical Specialists in the relevant field and a treasury representative should be appointed as members of the relevant Technical Evaluation Committee except in case of emergency procurements as per the Guideline 5.2.1 of the Guidelines for Procurement of Pharmaceuticals & Medical Devices of 2007, action had not been taken to appoint the recommended representatives to the Technical Committee in 05 instances in the procurement of Pharmaceuticals & Medical Devices totalling to Rs. 50.82 million according to the revelation in the audit test checks carried out.
- Since most of the purchases made by the Hospital were purchases less than Rs. 25 million, action has already been taken as per 2.8.5 of the Procurement Guidelines in the appointment of the Technical Evaluation Committees and action will be taken as per the instructions of the Additional Secretary (Procurement) of the Ministry of Defence on the future procurements.
- Action should be taken in compliance with the provisions mentioned in the Guidelines for Procurement of Pharmaceuticals & Medical Devices.

3.4 Human Resource Management

Audit Observation

A physiotherapist, who had been dismissed on 06 November 2017 had filed a case against the Hospital on 11 April 2018 at the Labour Tribunal in Homagama and the Labour Tribunal had held that the Hospital had made a constructive termination of the employment. Accordingly, the Hospital had to pay Rs. 2.77 million as salaries and allowances for the period of 4 years that the constructive termination had been in effect and had to reinstate the officer in the service and the Hospital had to idly incur a total expense amounting to Rs. 2.84 million including Rs. 64,000 for lawyer's fees.

Comment of the Management Recommendation

That the Labour Tribunal has taken this decision based on a decision taken by the former Management of the Hospital and action has been taken in accordance with that decision.

Should be recovered from the responsible officers.