

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the Ayurvedic 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 and notes to financial statements for the year then ended 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 presented to Parliament in pursuance of provisions in Article 154 (6) of the Constitution appear in this report.

In my opinion, the financial statements give a true and fair view of the financial position of the Ayurvedic 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 (SLAuS). 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 determines 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 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 intend to liquidate the Council or to cease operations, or has no realistic alternative but to do so.

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

As per Sub-section 16(1) of the National Audit Act, No. 19 of 2018, the 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 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 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 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 audit 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 audit report. However, future events or conditions may cause the Institute 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

Institute and whether such systems, procedures, books, records and other documents are in effective operation;

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

1.5 Non-compliances with Laws, Rules, Regulations, and Management Decisions

Reference to Laws., Rules, and Regulations, etc.	non-compliance	Comment of the Management	Recommendation
(a) Part 111 of the Ayurveda Act, No. 31 of 1961.			
(i) Section 11(1)(e)	Three members should be elected as members of the Council by the registered ayurvedic practitioners from themselves. However, action had not been taken even in the year under review to appoint those three members.	A poll should be held by the Commissioner of Ayurveda in terms of Gazette Notification, No. 13564 dated 15 March 1963 to appoint 03 ayurvedic practitioners as members of the Council, and recommendation of the million on the poll to be held has not yet been received. The Ayurvedic Medical Council should be allowed to function independently by amending the Ayurveda Act, and the composition of the Council should also be revised accordingly.	The Ayurveda Act should be followed.
(ii) Sections 18(c) and (d)	Thirty nine nursing officers and 260 dispensers had registered with the Council as at 31 December 2021. As a methodology had not been put in place to	Information has been requested from the Department of Ayurveda and provincial Commissioners of Ayurveda in order to update the details of nursing officers and dispensers registered with the Ayurvedic Medical Council. As the nursing officers have	-do-

renew the registration in a timely manner, those numbers had not been up-to-date.

registered under the Council for western medicine, they have refused to be registered with the Ayurvedic Medical Council.

(iii) Section
19(1) (a)

Although a Registrar shall be appointed who shall act as Secretary to the Council and Chief Officer of the Staff, a Scheme of Recruitment had not been prepared for that post and approval of the Department of Management Services had not been obtained thereon. A Registrar had not been appointed preeminently; instead, appointments had been made continuously on contract or acting basis.

A Registrar had been appointed full time to the Ayurvedic Medical Council since 05 April 2021 under approval of the Council. The rules and amended laws relating to the preparation of a Scheme of Recruitment for that post have been forwarded to the Department of Legal Draftsman. Once the final reports is received, the Scheme of Recruitment will be prepared and forwarded to the Department of Management Services.

Ayurveda Act should be followed.

(b) Financial
Regulations of
the Democratic
Socialist
Republic of Sri
Lanka.

(i) Financial
Regulation
135 (1)

Authority on financial control should be delegated among several officers in a manner that each transaction become under supervision of few officers. Contrary to that, the Shroff, in addition to his general duties, had been entrusted with the custody of petty cash, preparation of vouchers for petty cash, and maintenance of petty cash book.

The Shroff has been maintaining the petty cash imprest under supervision of the Financial Assistant since 18 April 2022. Preparation of vouchers for petty cash is done by another Management Service Officer. Having revised the duty lists, action will be taken to entrust the Chief Management Assistant with the custody of petty cash, and preparation of vouchers for petty cash. The relevant officers have been instructed to seek approval of the Registrar before making payments on petty cash.

The Financial Regulations should be followed.

- | | | | |
|--|---|--|--|
| (ii) Financial Regulation 371 (2) (b) | Ad hoc Sub-Imprests should be settled as soon as the completion of the intended purpose within a period of 10 days. Nevertheless, 16-34 days had been spent to settle 02 of the 29 ad hoc Sub-Imprests obtained in the year 2021 valued at Rs. 133,000. Furthermore, the advance should be issued on the day prior to the commencement of the task, but 04 ad hoc Sub-Imprests valued at Rs. 183,000 had been issued prior to 04-06 days of the commencement of the task. | The relevant officers have been instructed to follow the Financial Regulations. | Action should be taken as per the Financial Regulations. |
| (iii) Financial Regulation 385 (1) (a) | In case of a bank account being maintained, a sum of Rs.500 or more, should be paid via a cheque. However, distress loans totalling Rs. 1,098,500 had been paid in cash to 11 officers during the year under review without issuing cheques. | Payments had been made in cash for the sake of officers' convenience following their request. Nevertheless, the relevant officers have been instructed to issue cheques for all the payments over Rs. 500 in due course. | - Do. |
| (iv) Financial Regulation 391, 394, & 396. | Action had not been taken as per Financial Regulations on 02 cheques valued at Rs.5,500 that remained unencashed even by 31 December 2021 after being issued in December 2020. | Those cheques were issued relating to the written test conducted by the Council for traditional ayurvedic practitioners. A Council Paper has been submitted to credit the value of those cheques to the revenue and make payments through new cheques had a request been made by the relevant persons later. | - Do. |

- (c) Paper No. 14/13/08 (03) of the Ayurvedic Medical Council dated 05 July 2005, and Gazette Notification, No. 1884/36 dated 15 October 2014. All the practitioners registered under the Council should renew their registration after 05 years, but the Council had not put in place a proper methodology for the renewal of registration. As such, 19,158 practitioners whose registration had exceeded 05 years as at 31 December 2021, did not renew their registration.
- The ayurvedic practitioners have been made aware through printed media and provincial Commissioners of Ayurveda that they should renew their registration once in five years in terms of Gazette Notification, No. 1884/36 dated 15 October 2014. A process has been commenced to prepare lists of ayurvedic practitioners failing to renew the registration at district levels and informing them in that connection through the provincial Commissioner of Ayurveda thereby encouraging them to renew their registration.
- Action should be taken to introduce proper methodologies to renew the registration of ayurvedic practitioners.

2. Financial Review

2.1 Financial Results

The operating result of the year under review was a surplus of Rs.115,858 as compared to the corresponding surplus of Rs.45,912 in the preceding year thus observing an improvement of Rs.69,946 in the financial result. A sum of Rs.155,460 out of the audit fees allocated up to the preceding year totalling Rs.756,060 had been credited to the revenue of the year under review considering an over- allocation, thus attributing to the said improvement.

2.2 Analysis on Trends in the Main Items of Revenue and Expenditure

- (a) Excluding the government grants for salaries and allowances of the council, the revenue of the council for the preceding year amounting to Rs.6,183,477 had decreased by Rs.705,430 or 11.4 percent to Rs.5,478,047 in the year under review.
- (b) The total expenditure of the Council for the preceding year amounting to Rs.12,137,565 had increased by Rs.580,084 or 4.8 per cent to Rs.12,717,649 in the year under review. The increase in the operating expenditure of the Council by 46 per cent as against the preceding year had attributed thereto.

3. Operating Review

3.1 Management Inefficiencies

Audit Observation	Comment of the Management	Recommendation
-----	-----	-----
(a) Investigation of 41 out of 238 complaints received during the 05	A complaints register for recording complete	All the complaints of significance received

preceding years on professional misconduct of the practitioners registered with the Ayurvedic Medical Council and fake ayurvedic practitioners, had not been concluded even by 30 April 2022. Furthermore, 18 of the 50 complaints received in the year under review had been forwarded to the Police for further investigations, but no follow-up action had been taken on those complaints. Complete information had not been recorded in the complaints register so that taking follow-up action on the complaints and evaluating the progress could not be done.

information on the complaints is maintained since year 2022 so that follow-up action can be taken on the complaints received by the Council and the progress can be reviewed timely. Action will be taken to conclude the other investigations without delay.

by the Council should be investigated and further action should be taken. Follow-up action should be taken on the complaints forwarded to the Police. Complete information should be maintained in a manner that follow-up action would be taken later with progress reviewed timely.

- (b) A member of the Council who had been alleged through a preliminary report of inquiry on taking bribes for registering a person as a traditional practitioner, forging the signature of a teaching practitioner, and misusing his membership, had continuously been allowed to take part in the meetings of the Council at which decisions would be taken on that matter as well.

A Police investigation is in progress in this regard. A statement has been recorded from the accused before implementing the recommendations mentioned in the charge sheet prepared by the investigating officer. The member of the Medical Council, the private Secretary of the Malevana Sobhitha Thero, has been summoned and a statement has been recorded. Once an investigation report is prepared anew and presented to the Council, the issue would be taken for discussion again.

Impartiality should be ensured in taking decisions on the accused.

3.2 Operating Inefficiencies

Audit Observation

Comment of the Management

Recommendation

- (a) According to the accounts presented, a cumulative profit of Rs.3,871,274 had existed as at 31 December 2021, but except for the gratuity investment account, action had not

Not commented.

Action should be taken to invest in assets to ensure going concern of the

been taken to make a fixed deposit or other investment asset.

Council.

- (b) It was reported that 26,183 practitioners had been registered with the Medical Council whereas 3,800 had deceased as at 31 December 2021. However, a methodology had not been in place to update information on the deceased traditional practitioners thus cancelling their registration and notifying the public. As such, it was observed that there existed the possibility of misusing the registration certificates of the deceased practitioners.
- Names are eliminated from the registers upon the death certificate, a document certified by the Divisional Secretariat, or being notified by the Registrar of Marriages and Deaths. Names of the practitioners whose names have been so eliminated, are informed to the provincial Commissioner of Ayurveda.
- Accurate and up-to-date statistics should be maintained enabling accuracy in decision making.
- (c) As of 31 December 2021, the registration of students according to the criteria prepared for the evaluation of the applicants expected to be registered as traditional Ayurvedic doctors during the training period had not been implemented.
- Newspaper advertisements had been published relating to the preregistration of applicants aspiring to be registered as traditional ayurvedic practitioners, and applications are being received. The Medical Council has approved to implement this methodology with effect from 2025.
- Registration of students should be commenced soon.

4. Accountability and Good Governance

4.1 Annual Action Plan

Audit Observation	Comment of the Management	Recommendation
(a) Two activities mentioned in the Action Plan prepared for the year under review could not be executed during the year under review. Physical progress 04 other activities remained less than 50 per cent.	Due to reasons such as, applications had not been received in the year 2021 for the registration of ayurvedic dispensers and nursing officers, and difficulty in allowing people to gather due to Covid-19, certain	The Action Plan should be followed thus acquiring the expected performance.

activities were executed by less than 50 per cent.

- | | | | |
|-----|---|--|---|
| (b) | Performance indicators had not been set to evaluate the activities such as, registration of ayurvedic practitioners, traditional ayurvedic practitioners, ayurvedic nursing officers and dispensers, conducting examinations for them, and issue of results thus failing to review the performance. | Plans with emphasis on durations have been included in the Action Plan since the year 2022 relating to accepting applications for registration of traditional ayurvedic practitioners, conducting interviews, and conducting written examinations. | Reviews should be conducted with indicators set for evaluating the performance of activities. |
|-----|---|--|---|

4.2 Sustainable Development Goals

Audit Observation

Comment of the Management

Recommendation

Every Government institution should adhere to the “Year 2030 Agenda” on sustainable development of the United Nations. However, the Council had not been aware as to the measures to be taken in respect of activities under its scope in the year under review.

Members of the Council have been informed on the matters relating to the “Year 2030 Agenda” on sustainable development of the United Nations, and action is taken to prepare the programs to be implemented.

Targets and indicators should be identified to evaluate the performance relating to the achievement of Sustainable Development Goals.

..