

1. Financial Statement

1.1 Qualified Opinion

The audit of the financial statements of the Ayurvedic Medical Council for the year ended 31 December 2022 comprising the statement of financial position as at 31 December 2022 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, 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 Authority as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

1.2 Basis for Qualified Opinion

My opinion is qualified based 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 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 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 Authority 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 Section 16(1) of the National Audit Act No. 19 of 2018, it 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 Audit Observations on Preparation of Financial Statements

1.5.1 Non-compliance with Sri Lanka Public Sector Accounting Standards

Audit Observation	Comments of the Management	Recommendation
(a) Sri Lanka Public Sector Accounting Standard No. 01		
(i) As per paragraph 21(e) of the standard, a reconciliation between the budgeted figures and actual figures as a supplementary financial statement or the budgeted figures should be presented as a separate column in the financial statements, but not done in accordance with the relevant provisions.	That relevant adjustments will be made in the preparation of the accounts in the year 2023 and that the financial statements will be presented more accurately.	Actions should be done according to Sri Lanka Public Sector Accounting Standards
(ii) According to paragraph 28 of the standard, a statement of compliance should be clearly presented under the basis of preparation of the notes financial statements, but the relevant statement of compliance was not clearly presented.	That relevant adjustments will be made in the preparation of the accounts in the year 2023 and that the financial statements will be presented more accurately.	Actions should be done according to Sri Lanka Public Sector Accounting Standards
(iii) A summary of the significant accounting policies used, including the measurement bases used in the	That relevant adjustments will be made in the preparation of the accounts	Actions should be done according to Sri Lanka Public Sector Accounting

preparation of the financial statements in accordance with paragraphs 132(a) and 133 of the Standard, and other accounting policies relevant to the understanding of the financial statements in accordance with paragraph 132(c) had not been disclosed in the notes in accordance with paragraph 129(b).

in the year 2023 and that the financial statements will be presented more accurately.

Standards

(iv) According to paragraph 150 of the Standard, information such as the permanent location of the entity, legal nature, nature of operations, a description of the main activities and references to the statutes related to controlling the operations, etc. were not disclosed with the financial statements.

That relevant adjustments will be made in the preparation of the accounts in the year 2023 and that the financial statements will be presented more accurately.

Actions should be done according to Sri Lanka Public Sector Accounting Standards

(b) Sri Lanka Public Sector Accounting Standard No. 07

According to paragraph 50 of the standard, assets of the same nature and same use in the operations of an entity should be recognized as a group therefore property, plant and equipment should be identified as a class and accounted for, but property equipment costing Rs 6,979,238 was not identified and accounted for in such classes.

That electrical and non-electrical office equipment are listed separately and will be more clearly classified and presented in the year 2023.

Asset classes should be segregated and accounted for.

1.5.2 Accounting Deficiencies

Audit Observation	Comments of the Management	Recommendation
(a) Service candidates deposited directly into the council's bank account Rs. 23,300 had not been recognized and accounted for as income.	That will be included in the accounts of the year 2023.	All income related to the year should be identified and accounted for.
(b) A capital expenditure of Rs. 17,015 incurred to get a new telephone connection had been accounted as an recurrent expenditure in the year under review, and a complimentary	That will be included in the accounts of the year 2023.	Efforts should be made to properly identify and account for the expenses related to the year through cut-off

train season ticket fee of Rs. 11,100 related to the next year was accounted as an expense in the year under review, resulting in an expense of Rs. 28,115 had been overstated

procedures and classifications.

- | | | | |
|-----|---|--|---|
| (c) | Although the gratuity to be allotted to 10 officers of the council for the year under review was Rs. 293,715, it was accounted as Rs. 274,510, less than Rs. 19,205. | That this mistake has occurred in the calculation of gratuity for an officer who was recruited on 01 of January 2013 and that it will be corrected in the year 2023. | Arrangements should be made to accurately calculate and account for gratuity allocations. |
| (d) | A stock of postage stamps, stationery and medical certificate books amounting to Rs.775,774, which was not verified by a board of survey, was shown under current assets in the statement of financial position of the year under review. | That the stock has been dealt with on first receipt first issue policy and relevant disclosures will be made from the accounts for the year 2023. | Final stock verified by a board of survey should be accounted for. |

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

Reference to Laws, Rules, Regulations etc.	Non-compliance	Comments of the Management	Recommendation
(a) Section 111 of the Ayurveda Act No. 31 of 1961	(i) Section 111(1)(e) of the Ayurveda Act No. 31 of 1961, three members elected from among the registered Ayurvedic doctors should be appointed as members of the council, but no action was taken to appoint those three members even in the year under review.	According to Gazette No. 13564 dated 15 March 1963, on 07 June 2022, the Medical Council decided to amend the relevant sections of the Ayurveda Act No. 31 of 1961 due to the high cost of holding a poll and the outdated methodology.	Actions should be taken according to the Ayurveda Act and immediate steps should be taken to remove the practical difficulties that make it impossible to do so. This is a shortcoming that has been pointed out for years and should be given priority.

- (ii) Sections 18(c) and (d). As of December 31, 2022, the total number of nurses registered in the council was 39 and the number of Dispensers was 260, and the numbers had not been updated as a system of periodic renewal of registration. It was further observed that instead of following a method of recruiting and training nurses unique to the field of Ayurvedic medicine, the nursing training schools under the Ministry of Health had employed 39 nurses trained under Western medical methods for the field of Ayurvedic medicine, so it was not possible to fulfil the objectives of the Act. That nurses trained in western nursing are also referred to Ayurvedic hospitals and they are not registered with the Ayurvedic Medical Council as they are registered with the Sri Lanka Medical Council. That a three-month full-time training has been started for the western nurses coming to Ayurvedic hospital service and that a letter has been sent to the Provincial Commissioners and Central Ayurvedic Hospital Directors to update the information of dispensers and to collect information about unregistered dispensers. Efforts should be made to fulfil the objectives of the Ayurveda Act and immediate steps should be taken to remove the practical difficulties that make it impossible to do so. This is a shortcoming that has been pointed out for years and should be given priority.
- (iii) Section 19(1)(a). Although Council should appoint a registrar who should act as the secretary and the chief staff officer of the council, but instead of appointing a registrar to that position on a permanent basis, recruitments had been made continuously on the contract basis and on the work acting basis, therefore, it was observed that there was an obstacle to the proper conduct of the administrative work of the council. The rule related to preparing the recruitment procedure for the post of registrar has been forwarded to the Law Drafting Department and after receiving the final reports, it will be published in the gazette and accordingly, the recruitment procedure for the registrar of the Ayurveda Medical Council will be prepared and forwarded to the Management Services Department. This process has been going on for the past several years but not enough progress has been made so far. Urgent action should be taken as per Ayurveda Act.

- | | | | | |
|-----|---|--|---|--|
| (b) | Financial Regulations 756 (5) as amended by Public Finance Circular No. 01/2020 dated 28 August 2020 | Although the board of survey should be appointed before 15 December of the relevant financial year and the survey work should be completed before 31 January of the next financial year and the board of survey report should be forwarded to the Auditor General before 31 March, goods surveys had not been conducted in the reviewed year. | That the goods survey of the year under review was held on 22 March 2023 and that the relevant report be received and dealt with in accordance with Finance Regulation 756(5). | Action should be taken according to the Financial Regulation. |
| (c) | No. (GIR/2019/03-01 (Ins Q (iv))) of the Commissioner of Inland Revenue and para 2 of circular dated 09 July 2019 | Before paying Value Added Tax (VAT), it is necessary to confirm whether the VAT number of the supplier is active and whether the registered person is an active tax payer, but without such confirmation, VAT had been paid to 08 suppliers totalling Rs.45,561 on 12 occasions. | From the year 2023, it will be verified whether the VAT number of the relevant supplier is active. | The provisions of the Inland Revenue Commissioner's circular should be followed. |
| (d) | Ayurvedic Medical Council Rules published vide Gazette Special No. 1884/36 dated 15 October 2014 | Every Ayurvedic medical professional should renew his registration every 05 years, but due to the fact that the council has not identified and implemented a formal system for that, by 31 December 2022, 18,516 doctors whose registration has exceeded 05 years have not renewed their registration. Furthermore, the council had calculated that the amount of renewal fee for 430 doctors who had to renew their registration in the | That all the registered doctors of the Ayurvedic Medical Council are informed through the print media and the Provincial Ayurvedic Commissioners regarding the renewal every five years. That the list of doctors whose registration has not been renewed has been prepared at the district level and a program has been initiated to direct the renewal of registration by the | It should be done as per published Ayurveda Vaidya Sabha rules. Appropriate mechanisms should be established and followed to encourage registration and renewal of registration and to collect relevant revenue. |

previous year and the year under review would be Rs. 795,600, but appropriate methods were not followed to collect that income. Provincial Ayurvedic Commissioners and that mobile offices will be held for this purpose.

- | | | | | |
|-----|--|--|--------------|---|
| (e) | Public Enterprises Circular No. 01/2021 dated 16 November 2021 | According to the Circular "Guidelines on Corporate Governance for Public Enterprises" No. 4.2, the Audit Committee was supposed to hold 04 meetings for the 04 quarters of the year under review, but only one meeting was held in an quarter. | No comments. | Action should be taken according to the circular. |
|-----|--|--|--------------|---|

2. Financial Review

2.1 Financial Results

The operating result of the year under review was a surplus of Rs.3,295,163 as compared to the corresponding surplus of Rs. 104,858 in the preceding year thus observing an improvement of Rs. 3,190,305 in the financial result. In the year under review, excluding government grants, the operating income compared to the previous year has been increased by Rs. 7,187,927 and this was mainly responsible for this growth.

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 income of the council which was Rs.5,478,047 in the previous year had grown by Rs.7,226,644 or 132 percent to Rs.12,704,691 in the year under review.
- (b) The total expenditure of the council, which was Rs. 12,728,649 in the previous year, had increased by Rs. 3,880,879 or 30 percent to Rs. 16,609,528 in the reviewed year. This was due to the 46 percent increase in the council's operating expenses compared to last year.

3. Operational Review
3.1 Management Inefficiencies

Audit Observation	Comments of the management	Recommendation
Regarding the professional misconduct of the registered doctors of the Ayurvedic Vaidya Sabha and those who pretend to be unregistered Ayurvedic doctors, out of the 247 complaints received in the last 5 years, the investigations of 41 complaints had not been completed by 31 March 2023.	That a register of complaints have been maintained from the year 2022 so that the complaints received by the Ayurvedic Medical Council can be followed up and its progress evaluated in time.	All complaints, including those directed to the police, should be investigated and necessary further action should be taken and complete information should be maintained so that complaints can be followed up and progress can be evaluated in time.

3.2 Operational Inefficiencies

Audit Observation	Comments of the management	Recommendation
(a) As of 31 December 2022, it was reported that the number of registered doctors in the Medical Council was 26,650 and the number of deaths was 3,827, but no system was implemented to obtain accurate information about the deceased traditional doctors. Furthermore, it was observed that there is a possibility of misusing the registration certificates of the deceased doctors as there was no system in place to announce the cancellation of the registration to the public.	On the basis of a death certificate or a document attested by the Divisional Secretary or a notification made by the birth and death registrars that the name will be removed from the register and to inform the Provincial Ayurvedic Commissioners if the name has been cancelled, It will also be published on the official website of the Ayurvedic Medical Council.	Up-to-date and accurate statistics should be maintained for taking appropriate and correct decisions and measures should be taken immediately to prevent the possibility of misuse of registration certificates of deceased doctors.
(b) 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.	The newspaper notice related to the pre-registration had been published for the applicants who are expected to register and accordingly the applications are being received and the Medical Council has approved to implement this system from 2025.	Registration of students should start immediately.

4. Accountability and Good Governance

4.1 Annual Action Plan

Audit Observation	Comments of the Management	Recommendation
(a) Out of 08 activities included in the action plan prepared for the year under review, 02 activities, 25 percent could not be started during the year under review. Furthermore, it was observed that the physical progress in the work of forwarding forms related to doctors who have to renew their registration every five years, which is an activity included in the action plan, was as low as 30 percent.	Due to the lack of stationery, lack of fuel and the cyclical calling of staff to work, some activities had to be implemented less than 25 percent due to the breakdown of the close relationship between the Medical Council and the relevant service beneficiaries and the difficulty of gathering the people.	Action plan should be followed to achieve desired performance.
(b) Performance indicators had not been established and performance reviewed to evaluate the work of Ayurvedic doctors, traditional Ayurvedic doctors, Ayurvedic nurses and dispenser in the process of registration, conducting examinations for them, issuing examination results etc.	The Ayurvedic Medical Council focused on planning the necessary activities to establish performance indicators and accordingly, the acceptance of applications from the applicants who are expected to be registered as traditional healers from the year 2022 will be from March 01 to June 30, and the interviews will be conducted from July 01 to December 31, written tests will be held in February and It is also planned to be held in August and included in the action plan.	Performance indicators should be established and reviewed to evaluate the performance of the planned actions.

4.2 Budgetary Control

Audit Observation	Comments of the Management	Recommendation
In the year under review, the actual expenditure exceeded the estimated provision for recurrent expenditure in 8 expenditure subjects and it ranged from 112 percent to 140 percent. Accordingly,	Due to the increase in commodity prices due to the economic situation in the country, the council had to carry out its work on that day	Efforts should be made to use the budget as an effective financial control tool.

it was observed that the budget was not used as an effective financial control tool. by spending more than the estimated amount and the relevant officials were instructed to work within the respective estimated limits in the year 2023.

4.3 Sustainable Development Goals

Audit Observation	Comments of the Management	Recommendation
<p>According to the United Nations 2030 “Agenda” on sustainable development, although every government agency should act, the Assembly was not aware of how to operate in relation to the tasks under its purview in relation to the year under review.</p>	<p>According to the United Nations 2030 Agenda for Sustainable Development, the members of the Ayurvedic Medical Council have been informed about the matters covered by the Ayurvedic Medical Council and are working to prepare programs to be implemented.</p>	<p>Measures should be taken to identify targets, indicators and measure progress in relation to achieving sustainable development goals.</p>