

## General Sir John Kotelawala Defence University - 2022

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### **1. Financial statements**

#### **1.1 Qualified Opinion**

The audit of the financial statements of the General Sir John Kotelawala Defence University for the year ended 31 December 2022 comprising the statement of financial position as at 31 December 2022 and the statement of comprehensive income, statement of changes in equity, and cash flow statement for the year then ended and notes to 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 presented in Parliament appear in this report.

In my opinion, except for the effects of the matters described in paragraph 1.5 of this report, the financial statements give a true and fair view of the financial position of the University as at 31 December 2022, and its financial performance and 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 based on the matters described in paragraph 1.5 of this report. 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 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 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 University'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 University or to cease operations, or has no realistic alternative but to do so.

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

As per Sub-section 16(1) of the National Audit Act, No. 19 of 2018, the University 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 University.

#### 1.4 Audit Scope

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:

- Appropriate audit procedures were designed and performed to identify and assess the risk of material misstatement in financial statements whether due to fraud or errors in providing a basis for the expressed audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- An understanding of internal control relevant to the audit was obtained in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University'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 University'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 University 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 University and whether such systems, procedures, books, records and other documents are in effective operation;

- Whether the University has complied with applicable written law, or other general or special directions issued by the governing body of the University;
- Whether the University has performed according to its powers, functions and duties;
- Whether the resources of the University 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 Standards

Non-compliance with Reference to the Relevant Standard	Management Comment	Recommendation
a) The short term investments of Rs. 12,302,509,267 comprised fixed deposits valued at Rs. 11,930,031 maintained in US \$ , fixed deposits valued at Rs. 363,478,006 maintained in Rupees, the savings accounts maintained in US \$ worth Rs. 1,064,103,259 included in cash and cash equivalents worth Rs. 1,157,534,667, and savings accounts maintained in Rupees valued at Rs. 93,431,408; nevertheless, detailed notes had not been disclosed in that connection in the financial statements in terms of Sections 29 (b) and 21 (f) of Sri Lanka Public Sector Accounting Standard 01.	As balances of considerably higher values are maintained in bank accounts and short term investments, publishing those account numbers would put the confidentiality at risk.	Action should be taken in accordance with Sri Lanka Public Sector Accounting Standards.
b) Contrary to Section 48 of the Sri Lanka Public Sector Accounting Standard 01, credit balances of Rs. 25,974,068 included in the receivable advances totalling Rs. 141,420,431 had been shown after being set off.	Corrective measures will be taken on the classification error.	The Standards should be followed.
c) A disclosure had not been made on the Teaching Hospital of the University and the Metropolitan Campus in terms of Section 63 (b) of the Sri Lanka Public Sector Accounting Standard 01.	Financial positions of all the institutions have been separately shown in detail for convenience of the users though, it does not function as an economic entity as mentioned in the audit query.	The Standards should be followed.

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| d) | A disclosure had not been made on the capital deposits of Rs. 203,978,109 and other deposits amounting to Rs. 191,524,819 relating to the year under review in terms of Section 95 (c) of Sri Lanka Public Sector Accounting Standard 01.  | A disclosure on capital and other deposits mentioned in the audit query, has been made in detail under Note Nos. 14, 15, and 16 to the financial statements.   | The Standards should be followed. |
| e) | Contrary to Section 150 (b) of Sri Lanka Public Sector Accounting Standard 01, nature of operations of the Kotalawala Defence University had not been disclosed.   | As had already been disclosed under institutional information in the financial statements, nature of operations of the Kotalawala Defence University had not been specifically mentioned in writing. | The Standards should be followed. |
| f) | A disclosure had not been made on cash and cash equivalents amounting to Rs. 1,156,517,317, nor had a reconciliation been made in terms of Section 56 of Sri Lanka Public Sector Accounting Standard 02.   | As balances of considerably higher values are maintained in bank accounts and short term investments, publishing those account numbers would put the confidentiality at risk.                        | The Standards should be followed. |
| g) | As the closing balance of US \$ 2,907,306.52 maintained in 03 bank accounts had not been converted to the final ratio by the University in terms of Section 26 (a) of the Sri Lanka Public Sector Accounting Standard 05, the profit had been overstated by Rs.16,286,441, and the closing balances of US \$ 32,619,412 maintained in 06 fixed deposit accounts had not been converted into final ratio. As such, the profit had been overstated by Rs. 182,730,690. | The values of foreign currencies had been computed based on the average of sale and purchase rates existed as at 31 December, and hence, no computation had occurred.                                | The Standard should be followed.  |
| h) | Although 81 out of the 91 items received as donations from the Ministry of Health and miscellaneous institutions, those assets had not been assessed and brought to accounts in terms of Section 14 (a) and (b) of the Sri Lanka Public Sector Accounting Standard 07. Ten of those items still  | Will be settled in due course.   | The Standard should be followed.  |

remained at the stores even by the date of audit.

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| i) | Seven of the 11 vehicles pertaining to the Southern Campus valued at Rs. 5,099,200 had not been revalued in terms of Section 49 of the Sri Lanka Public Sector Accounting Standard 07. Although 04 of the 11 vehicles had been revalued, the revaluation profit had been computed considering the net carrying amount of all 11 vehicles, thus making an effect of Rs. 1,568,047 on the reserves. Furthermore, action had not been taken to revalue 11 vehicles of the University valued at Rs. 74,601,130, two plots of land in Jaffna valued at Rs. 1,500,000 that had been accounted for in the years 2019 and 2020, and buildings cost of Rs. 16,054,366 and vehicles of the Metropolitan Campus worth Rs. 4,279,691. The revalued amounts of 03 vehicles cost of Rs. 3,800,000 had not been shown in the reports of revaluation and hence, the values of those vehicles had omitted from the accounts. | As information necessary for the revaluation could not be obtained, the valuer had not included the revaluation of vehicles and lands mentioned in the said audit query. Corrective measures will be taken in due course. | The Standard should be followed.                 |
| j) | In computing the revaluation profit after revaluing the vehicles of the University of Ratmalana, the revaluation profit of Rs. 43,586,522 in the revaluation reserve account generated in a preceding year from the revaluation of vehicles, had been deducted in 02 instances, thus computing the profit earned through revaluation of vehicles in the year under review contrary to Section 52 of the Sri Lanka Public Sector Accounting Standard 07. As such, the value of revaluation reserves had been understated by Rs. 87,173,044 in the statement of financial position and the statement of changes in equity for the year under review.  | Corrective measures will be taken.  | The Standard should be followed.                 |
| k) | According to significant accounting policy number 2.2.4 mentioned in the financial statements of the year 2022, it  | Corrective measures will be taken.  | The accounting policies should be complied with. |

was stated with respect to accounting for stocks that valuation would be done either on cost or net realization value, whichever is less. Nevertheless, expired stocks valued at Rs. 10,216,967 existed in the stock of medical supplies worth Rs. 101,017,561 as at 31 December of the year under review. As this did not comply with the Section 38 of Sri Lanka Public Sector Accounting Standard 09, the stock was overstated by Rs. 10,216,967.

### 1.5.2 Accounting Deficiencies

Audit Issue	Management Comment	Recommendation
a) An unidentified balance of expenditure amounting to Rs. 2,674,015 existed in the bank reconciliation statement of the Self-Financing Fund of the Bank of Ceylon. As that expenditure had not been shown in the ledger accounts, the profit had been overstated by Rs. 2,674,015 in the financial statements.	The unidentified expenditure of Rs. 2,674,015 will be identified as shown in Annexure "A" and accounted for.	Action should be taken to identify expenditure and record in the accounts.
b) Of the printing income amounting to Rs. 3,130,415 receivable in the year under review , an income of Rs. 698,598 had been received by the Institution on 07 January 2022. However, that income had not been credited to the account receivable but credited to the revenue again, thus overstating the profit of the year under review by Rs. 698,598.	Corrective measures will be taken.	Income should be properly accounted for.
c) Fees on food and accommodation relating to the foreign students enrolled for academic activities, should be recovered prior to the end of the relevant month in terms of Section 3 (g) of the agreement. Nevertheless, a sum of US \$ 7,052.39 receivable from 05 students enrolled for 05 courses could not be recovered even by the date of audit on 30 April 2023. This sum had not been shown under other receivables in the	A Board has been appointed to write off the sum from the accounts after recognizing the sum of US \$ 7,052.39 as being further unidentifiable.	Receivable balances should be disclosed in the financial statements, and Action should be taken to recover such balances expeditiously.

financial statements as at 31 December 2022.

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| d) | Nine items of medical equipment worth Rs. 216,253,061 for which no payments had been made despite being supplied during the period from 11 March 2021 to 24 April 2023, had not been accounted for and remained idle at the store.  | Corrective measures will be taken in due course.  | Medical equipment should be brought to accounts.  |
| e) | Medicines worth Rs. 13,589,319 purchased by the teaching hospital of the University in the year under review, had been provided for other hospitals, and no entry had been made in the accounts in that connection.   | Corrective measures will be taken in due course.  | Stocks being returned should be updated in the accounts.  |
| f) | There were 69 vehicles with the University as per schedules provided by the transport division. However, only 55 vehicles had been revalued as per the revaluation reports. Three of those 55 vehicles had not been included in the schedule given by the transport division. | As information essential for revaluation could not be obtained, the valuer had not included the vehicles mentioned in the said audit query in revaluation. Corrective measures will be taken in due course. | All the assets should be revalued in accordance with the standards. Information on vehicles in schedules and revaluation reports should be tallied. |

### 1.5.3 Unreconciled Control Accounts or Records

Subject	Value as per Financial Statements Rs.	Value as per Corresponding Reports Rs.	Difference Rs.	Comment of the Management Rs.	Recommendation Rs.
Advances	54,121,219	7,726,291	53,348,590	Corrective measures will be taken in due course.	Balances in the financial statements should tally with the corresponding reports.

## 1.6 Accounts Receivable and Payable

### 1.6.1 Receivables

Audit Issue	Management Comment	Recommendation
Balances receivable by the end of the year under review amounting to Rs. 2,431,817 relating to the printing division of the KDU	Corrective measures will be taken in due course.	Action should be taken for the prompt recovery of debtors balances.

had remained unrecovered over a period of 02-07 years whereas course fees due amounting to Rs. 219,672,408 had remained unrecovered over a period of one year whilst action had not been taken up to the date of audit on 03 April 2023 to recover a sum of Rs. 26,780,000 relating to the year 2020 and Rs. 18,041,500 relating to the year 2021 being the course fees due of the post graduate division. Furthermore, advances totalling Rs. 88,331,021 obtained by the officers during 2013-2022 had not been recovered although a period ranging from 01 month to 09 years had elapsed.

### 1.6.2 Payables

<b>Audit Issue</b>	<b>Management Comment</b>	<b>Recommendation</b>
Action had not been taken to settle the creditors balance totalling Rs. 35,639,977 continued to exist over 03-04 years in the balance of Rs. 125,941,615 payable as at the end of the year under review.	Corrective measures will be taken in due course.	Action should be taken to settle the creditors balances.

### 1.7 Non-compliances with Laws, Rules, Regulations, and Management Decisions etc.

<b>Reference to Laws, Rules, and Regulations, etc.</b>	<b>Non-compliance</b>	<b>Management Comment</b>	<b>Recommendation</b>
a) Sir John Kotelawala Defence Academy Act, No. 68 of 1981 as amended by Acts Nos. 27 of 1988 and 50 of 2007.	Awarding degrees on fee-levying basis to local and foreign students who were not either cadet officers or Government officer, had been commenced in the year 2011. Eleven of 31 degree courses had been allowed to be followed only by non-cadet students enrolled on fee-levying basis. Furthermore, it had been informed at the meeting of the COPE held on 21 March 2018 that the Sir John Kotelawala Defence Academy Act be	The draft Cabinet Memorandum had been sent to the Ministry of Defence on 2023.04.21	Amendment of the Act should be expedited in accordance with the decision of the COPE taken on 21 March 2018.



- amended in a manner suitable for the University covering areas such as enrollment of students and validity of decisions taken by the Governing Council. Nevertheless, amendment of the Act had not been completed even in the year under review.
- b) Section 11 of the Finance Act, No. 38 of 1971. Consent of the Minister of Finance and approval of the relevant Minister had not been obtained on the sum of US \$ 32,619,412 invested in 06 fixed deposits during the year under review. Those funds had been invested in fixed deposits on short-term basis by obtaining approval of the Board of Management. Action should be taken in accordance with provisions of the Finance Act.
- c) Public Finance Circular, No. 01/2020 dated 28 August 2022.
- (i.) Advances totalling Rs. 7,726,291 given by the University in 37 instances in terms of Financial Regulation 371 (5), had not been settled even by 31 December 2022; and, by that time, a period ranging from 10 days to 06 months had lapsed. Will be settled in due course. Action should be taken in accordance with the Financial Regulations.
- (ii.) Contrary to Financial Regulation 371 (2) (a), advances totalling Rs. 18,777,100 had been given in excess of the limit by the University in 55 instances. Will be settled in due course. Action should be taken in accordance with the Financial Regulations.

during the year  
under review.

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| d) | Financial Regulation 110.   | A register on losses and damages had not been maintained by the University.  | Will be corrected in due course.   | Action should be taken in accordance with the Financial Regulations. |
| e) | Financial Regulation 570.   | Contract retention monies amounting to Rs. 76,879,769 had been obtained with respect to the construction of Teaching Hospital of the University. Although a period of over 05 years had lapsed after completion of the project, action had not been taken in accordance with Financial Regulations to credit those monies into the revenue.              | Prompt action will be taken to settle those monies.  | Action should be taken in accordance with the Financial Regulations. |
| f) | Internal Circular No. “අංකවිඳ/කොළාච්චි063/PC/58/2021(04)” dated 28 September 2021 of the Executive Director | Despite being emphasized that verification of arrival and departure times through finger scanners was mandatory for the private staff of the Hospital in order to regularize payments, there were instances in which it had not been so done. As such, it was observed that internal control on the payment of overtime had not been properly exercised. | Action will be taken in due course to formalize internal control on the payment of overtime. | Action should be taken in accordance with the internal Circulars.    |

## 1.8 Non-compliance with Tax Regulations

Audit Issue	Management Comment	Recommendation
The University had not acted as a public enterprise liable for tax in terms of Inland Revenue Act up to the date of audit.	Corrective measures will be taken in due course.	Action should be taken in terms of the Inland Revenue Act.

## 2. Financial Review

### 2.1 Financial Results

Operating result of the year under review was a surplus of Rs. 82,991,812 as compared to the corresponding surplus of Rs. 88,166,939 for the preceding year, thus observing a deterioration of Rs. 5,175,127 in the financial result. This deterioration had mainly been attributed by the decrease in recurrent grants of the Government and increase in personnel emoluments.

### 2.2 Trend Analysis of in the major Income and Expenditure Items

- a) The total revenue of the year under review had decreased by Rs. 1,491,504,592 or 13.78 per cent as against the preceding year whereas the hospital income, the main source of revenue, had increased by 34.41 per cent as against the preceding year. The decrease in revenue had been attributable to the decrease in miscellaneous income; and, out of the miscellaneous income, the hotel income had decreased by Rs. 19,567,129 equivalent to 93.32 per cent.
- b) Total expenditure of the year under review had increased by 12.72 per cent or Rs. 793,708,019 as compared to the preceding year due to increase in personnel emoluments, expenses on service agreements, and other recurrent expenses by 15.86 per cent, 33.96 per cent and 60.01 per cent respectively. As for the Contractual Services, the official entertainment expenses had increased by 165.3 per cent or Rs. 19,058,383 and, of the other recurrent expenses, expenses on clinics had increased by 274.60 per cent equivalent to Rs. 65,301,209, exam fee expenses had increased by 174 per cent or Rs. 35,881,176, miscellaneous expenses had increased by Rs. 327.29 per cent equivalent to Rs. 30,282,704 and expenses on publications, welfare & security had also increased by Rs. 30,966,705 representing 318.87 per cent.

### 2.3 Ratio Analysis

- a) Rate of return on equity being 1.86 per cent for the preceding year, had decreased to 0.3 per cent in the year under review whilst earning profits by the University had been on the decline further.
- b) The current ratio being 3.21:1 for the preceding year, had deteriorated to 2.7:1 by the year under review.
- c) Debt to Equity Ratio stood at 4.13:1 in the preceding year, and that had decreased to 0.76:1 in the year under review. However, the said decrease had been attributable to the increase in revaluation reserves following the revaluation of lands, buildings and vehicles of the University.

## 3. Operating Review

### 3.1 Identified Losses

Audit Issue	Management Comment	Recommendation
Due to failure of the management in settling the	Action will be taken for the settlement in due course.	Losses sustained by the Hospital should be

electricity bills of the Hospital on time, fines totalling Rs. 26,143,639 had been paid by the Hospital on bills of the year 2022. Thus, a loss equivalent to that amount had been sustained by the Hospital.

minimized through timely settlement of electricity bills.

### 3.2 Management Inefficiencies

Audit Issue	Management Comment	Recommendation
<p>The Teaching Hospital of the University had been established on a land in extent of 21.5815 hectares owned by the Sri Lanka Transport Board and located in the division of Divisional Secretariat, Kesbewa, and legal rights to the land had not been vested in the University even by the end of the year under review. Nevertheless, the value of buildings of the Teaching Hospital constructed on that land totaled Rs. 45,385,484,229 whilst a cost of Rs. 1,216,884,293 had also been incurred on development of the land. Although a period of over 06 years had lapsed by the end of the year under review since the constructions had been completed, the process of acquisition of the land had not been completed.</p>	<p>According to the information mentioned in the draft, the University owns 03 ambulances instead of one.</p>	<p>The land acquisition process should be completed expeditiously.</p>

### 3.3 Operational Inefficiencies

Audit Issue	Management Comment	Recommendation
<p>Contrary to Sections 6(a) and (b) of the agreement between the Teaching Hospital of the Kotelawala Defence University and the students, 125 students of the University and the staff had left the University. Furthermore, bonds worth Rs. 83,928,395 relating to</p>	<p>Will be settled in due course.</p>	<p>Bond values should be recovered from the students who violate conditions of the agreement.</p>

the academic year 1998/99 up to the year under review, could not be recovered.

### 3.4 Underutilization of Funds

Audit Issue	Management Comment	Recommendation
A loan amount of US \$ 201,629,000 had been granted by the National Savings Bank in the year 2013 for construction of the Teaching Hospital of the Kotelawala Defence University. Of that, a sum of US \$ 180,143,872.11 had been spent whilst a sum of US \$ 21,485,127.81 equivalent to Rs. 7,467,476,280 allocated for purchasing medical instruments, had not been utilized even by 31 December 2022.	Action will be taken for settlement in due course.	Action should be taken to ensure efficient utilization of funds.

### 3.5 Idle or Underutilized Property, Plant and Equipment

Audit Issue	Management Comment	Recommendation
a) Medical instruments worth Rs. 161,624,484 purchased during 2017-2022 had been retained idle at the stores. As the use of ward number 07 and 03 emergency care units of the Teaching Hospital had been discontinued from May 2022, items in those wards valued at Rs. 212,456,698 remained idle over a period of one year. As such, the total value of assets that remained idle, amounted to Rs. 374,081,182.	Those instruments are made use of in instances where medical equipment are sent for repairs and when a medical officer is appointed again.	The medical instruments purchased should be effectively utilized.
b) At the time of constructing the Teaching Hospital of Kotelawala Defence University in the year 2018, a Pneumatic Tube System had been installed among 56 divisions at an expenditure of US \$ 530,000 for transporting laboratory samples and reports. However, only 47 of the 56 divisions had used the system in the year 2022, of which 24 divisions had used data as low as 2-100.	At present, a skilled staff and software do not exist for maintenance of this system. Assistance of the local agent should be sought to ensure smooth functioning and maintenance of the system.	The Pneumatic Tube System should be used at maximum capacity for affairs of the Hospital.

### 3.6 Delays in Projects or Capital Work

Audit Issue	Management Comment	Recommendation
<p>A tripartite agreement had been entered into between the Secretary to the Ministry of Defence, Amrita Technologies and ThinkCube Systems on 24 January 2022 in order to install a health information management system at the Teaching Hospital of Kotelawala Defence University at an expenditure of US \$ 1,300,334.21. According to the agreement, the system should have been installed by 24 February 2023 though, it had not been so done even up to the date of audit on 31 May 2023.</p>	<p>The delay in making initial payments had caused the project to delay. The initial delay still has its effect on the project.</p>	<p>Action should be taken to install the system as had been planned.</p>

### 3.7 Procurements Management

Audit Issue	Management Comment	Recommendation
<p>a) As for the procurement of 1120 cement bags at the value of Rs. 2,982,011 in the year under review, the procurement activities had been done in 03 phases, hence, presenting before a main tender board had been omitted given the total value of the supply contrary to Guideline 2.14.1 of the Procurement Guidelines. Furthermore, as per Guidelines 5.4.10, 5.3.11 and 8.9.1 of the Procurement Guidelines, the activities such as obtaining a performance security and a bid surety, and entering into an agreement, had not been done.</p>	<p>Due to issues in obtaining bids, activities relating to performance security, bid surety, and entering into an agreement could not be done.</p>	<p>Action should be taken in accordance with the Procurement Guidelines.</p>
<p>b) The Circular No. 01-41/2019 of the Ministry of Health dated 2019.07.22 stated that emergency medical supplies should be obtained only from outlets of the State Pharmaceuticals Corporation, and in case of non-availability of such pharmaceuticals at those outlets,</p>	<p>Corrective measures will be taken in due course.</p>	<p>Action should be taken in accordance with Circulars of the Ministry of Health.</p>

purchases should be made by following the Procurement Guidelines only after being verified on the non-availability. However, according to the audit test check, pharmaceuticals valued at Rs. 3,053,808 had been purchased without obtaining verifications in writing as to the availability of those pharmaceuticals at outlets of the State Pharmaceuticals Corporation.