

**1. Financial Statement**

**1.1 Opinion**

The audit of the financial statements of the **Ayurveda** Medical Council for the year ended 31 December 2025 comprising the statement of financial position as at 31 December 2025 and the statement of financial performance, statement of changes in equity and cash flow statement for the year then ended, and the notes to the financial statements, including material accounting policy information, 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, the accompanying financial statements give a true and fair view of the financial position of the council as at 31 December 2025, and of its financial performance and its cash flows for the year then ended in accordance Sri Lanka Public Sector Accounting Standards.

**1.2 Basis for Opinion**

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

**1.3 Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Public Sector Accounting Standards, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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 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 Responsibility 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 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 Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on 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 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 Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

- Whether the organization, systems, procedures, books, records and other documents have been properly and adequately designed from the point of view of the presentation of information to enable a continuous evaluation of the activities of the Council, 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 the preparation of Financial Statements

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

Reference to Laws, Rules, Regulations etc.	Non-compliance	Management Comment	Recommendation
(a) Part III of the Ayurveda Act No. 31 of 1961			
(i) Section 11(1)(e)	Even though three members elected by the registered Ayurvedic Medical Officers from among themselves should be appointed as members of the Council, the actions had not been taken to appoint those three members even during the year under review.	Since it is difficult due to the high cost involved and the outdated methodology for conducting the election as per the Gazette No. 13564 dated 15 March 1963, the attention will be paid on this matter during an amendment that will be made in future to the relevant sections of the Ayurvedic Act, No. 31 of 1961.	The actions should be taken in accordance with the Ayurveda Act and expeditious steps should be taken to remove the practical difficulties that make it impossible to proceed so. Since this is a deficiency that has been pointed out for many years, it should be prioritized.
(ii) Section 18 (c) and (d)	The number of nursing officers registered with the Council had been 39 and Ayurvedic Pharmacists registered with the Council had been 260 as at 31	The new <b>Ayurveda</b> Medical Council appointed on 01.01.2025 decided at the Council meeting held on 09.09.2025 that the registration of the nursing officers; who are being trained from	The actions should be taken to achieve the objectives of the Act and expeditious steps should be taken to remove the practical difficulties that make it impossible to do so.

December 2025 and since a system of timely renewal of registration had not been followed, those figures had not been updated. Although 100 nurses trained under Western medical methods had been recruited for the Ayurveda medical field instead of following a system of recruiting and training nursing officers specific to the Ayurveda medical field, the objectives of the Act had not been able to be achieved to the desired level.

the government nursing training schools, with the **Ayurveda** Medical Council is not mandatory as they have obtained registration with the Nursing Council, and the regulation of Ayurvedic pharmacists is being reviewed by the Sub-Committee to Review the Method of Registering the Ayurvedic Professionals. The registration of Ayurvedic pharmacists has started from 13.01.2026.

Since this is a deficiency that has been pointed out for many years, it should be prioritized.

(iii) Section 19(1)(a)

Even if the Council should take steps to appoint a Registrar to act as the Secretary of the Council as well as the Chief Officer of the Staff, the recruitments had been made continuously on contract and acting bases without taking steps to appoint a Registrar to that post on permanent basis.

The Salary Code HM-1-1 has been approved to recruit the Registrar of the **Ayurveda** Medical Council, and the Department of Management Services has informed that a Postgraduate Degree (Masters) in a relevant field is mandatory in addition to the basic degree according to the recruitment procedure related to the said code. The recruitment procedure prepared accordingly has been forwarded to the Department of Management Services by the Secretary to the Ministry of Health and Mass Media on 19.02.2026, and the activities related to the

Even though this process has been implemented for the past several years, sufficient progress has not yet been made. Consequently, the expedite actions should be taken in accordance with the Ayurveda Act.

recruitment of the Registrar will be carried out immediately after the receipt of the approval.

(iv) Section 55(1)(e) and Section 55(2)

(i) As per a decision taken by the 24th New Medical Council appointed on 01 January 2025, it had been stated that the prescribed written and oral examinations would be conducted once the recommendations of the Sub-Committee to Review the Method of Registering the Ayurvedic Professionals appointed on 11 February 2025 were submitted and gazetted. However, the written and oral examinations had not been conducted due to the non-submission of the recommendations of the said committee even if a period of more than 13 months had passed as at 20 February 2026.

Since the procedure being followed at present for registering traditional doctors has not been formally published in a government gazette in accordance with sub-section 03 of Section 82 of the Ayurveda Act No. 31 of 1961, conducting these investigations has been temporarily suspended as it was decided that those criteria are not legal. The matter has been referred to the Attorney General on 07.07.2025 and 20.11.2025 for the clarification of its legal status, and these investigation activities will be taken up once those recommendations are received.

The proceedings should be made to take immediate steps as per the **Ayurveda Act**.

(ii) 476 and 485 applicants had paid Rs. 2,426,500 and

Since the procedure being followed at present for registering traditional doctors has

-DO-

Rs. 2,037,000 not been formally respectively for published in a the applications government gazette in called for the accordance with sub-written and oral section 03 of Section examinations of 82 of the Ayurveda Act Ayurvedic No. 31 of 1961, practitioners conducting these prior to the investigations has been decision taken by temporarily suspended the new Medical as it was decided that Council in terms those criteria are not of the years 2024 legal. The matter has and 2025. been referred to the Although the Attorney General on written and oral 07.07.2025 and examinations 20.11.2025 for the should be clarification of its legal conducted as per status, and these the terms investigation activities /methods will be taken up once prevailed at the those recommendations time of calling are received. applications, the Council had not proceeded accordingly.

- (v) Rule No. 10 of the Registered Ayurvedic Medical Practitioners (Professional Conduct) Rules No. 01 of 2014 of the Ayurvedic Medical Council under the Paragraph (f) of the Section 18 to be read in conjunction with Section 19 and 50
- Although all doctors registered with the council are required to renew their registration once every 05 years, 327 doctors who have exceeded 05 years had not proceeded accordingly.
- The awareness has been raised through the print media and by the Provincial Ayurveda Commissioners. The steps taken to date have increased the quantity of renewing the registration of graduate doctors in the public service, and more attention is being paid for renewing the registration of traditional doctors.
- The proceedings should be done in accordance with the published **Ayurveda** Medical Council Rules. The steps should be taken to adopt the appropriate methods to encourage registration and collect income from registration renewal.
- (b) Paragraph (c) of the Budget management had not
- The approval of the **Ayurveda** Medical
- The proceedings should be done as

Circular No. 01/2023 dated 27 January 2023 has been paid to plan and implement the strategies to minimize the recurrent and operational costs of the council by introducing methods such as the use of information and communication technology, digitalization, and providing online services. Council has been granted on 10.02.2026 for the creation of computer systems, and these activities will be carried out in the year 2026. per the provisions of the circular.

- (c) Paragraph 02 of the Public Enterprise Circular No. 01/2021 dated 16 November 2021 The strategic plan to be prepared in accordance with paragraph 2.3 of the guidelines on corporate governance for the public enterprises introduced had not been prepared in accordance with the said provisions. The steps will be taken to prepare it in accordance with the 2.3 of the guidelines on the corporate governance of public enterprises. The proceedings should be done in line with the guidelines.

## 2. Financial Review

### 2.1 Financial Results

The operational result of the year under review was a surplus of Rs. 9,033,449, and the deficit of the preceding year corresponding / against thereto was Rs. 218,629. Accordingly, an improvement of Rs. 9,252,078 was observed in the financial result. The increase of the operational income of the year under review by Rs. 8,697,778 compared to the preceding year had been the main reason for this improvement.

## 3. Operational Review

### 3.1 Management Inefficiencies

Audit Issue	Management Comment	Recommendation
(a) Due to the delays in submitting the sub-committee report, the preparation of the co-curricular syllabus in line with the manual for	The draft committee report has been submitted for approval by the council on 10.02.2026 and the steps will be taken to review it over again and to initiate these activities immediately.	The sub-committee report should be obtained immediately and the necessary actions should be taken.

training local and Siddha medical practitioners had also been further delayed, and as the written and oral examinations were not conducted, the council had lost its due income due to the non-conduct of mobile offices proposed to be held throughout the year to collect the registration fees and to induce the doctors; whose registrations had not been renewed, to renew their registration.

- |   |  |   |
|---|--|---|
| (b) The official website of the council had been inactive and even if it had been planned to be modernized to suit the present, those activities had not been accomplished to date. | The quotations for the creation of a new website as per the approval of the Council had been called on 09.02.2026 and the prior meeting to clarify the matters was held on 18.02.2026. Accordingly, the steps will be taken to prepare this website immediately. | The actions should be taken to prepare the official website of the Council immediately. |
|---|--|---|

**4. Accountability and Good Governance**

**4.1 Annual Action Plan and the Progress of Targeted Activities**

<b>Audit Issue</b>	<b>Management Comment</b>	<b>Recommendation</b>
Out of the 48 activities to be performed in line with the action plan for the year under review, 15 activities had not been started, and the 06 activities had not reached the expected progress and the performance of those activities had remained in a range between 45 and 85 percent.	The steps are being taken to review and prepare the Action Plan prepared for the year 2026 and the Institutional Plan 2026-2030. Accordingly, the activities that could not be completed in the year 2025 will be completed in the year 2026.	The actions should be taken to achieve performance in line with the action plan.