

Appropriation Head 138 - Report of the Auditor General of the Ministry of Indigenous Medicine and the Departments under that Ministry –2012

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This report comprises two Parts

Part 1 - Summary Report of the Accounts of the Ministry and the Departments under the Ministry.

Part 2 - The Detailed Report relating to each Appropriation Head

Part – 1

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Summary Report on the Accounts of the Ministry of Indigenous Medicine and the Department under that Ministry.

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1. Department under the Ministry.

Head of Expenditure	Name of Department
----- 220	----- Department of Ayurveda

2. Accounts

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2:1 Appropriation Account

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(a) Total provision and expenditure

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The total net provisions made for the Ministry and the Department under the Ministry totalled Rs.1,391,773,600 and out of that a sum of Rs.1,063,276,624 had been utilized by the end of the year under review. Accordingly, the savings out of the net provisions of the Ministry and the Department had been Rs.88,356,742 and Rs.240,140,234 respectively or 18.75 per cent and 26.09 per cent respectively of total net provisions. Details appear below.

**P.S.No. 2014/339 First Instalment – Part V Ministries & Departments - Report of the Auditor General 2012**

Appropriation Head	Ministry/ Department	Net Provision as at 31 December 2012		Utilization as at 31 December 2012		Balance as at 31 December 2012	
		Recurrent	Capital	Recurrent	Capital	Recurrent	Capital
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
138	Ministry of Indigenous Medicine	190,627,000	280,625,000	154,053,341	228,841,917	36,573,659	51,783,083
220	Department of Ayurvedha	624,148,000	296,373,600	609,671,540	70,709,826	14,476,460	225,663,774
	<b>Total</b>	<b>814,775,000</b>	<b>576,998,600</b>	<b>763,724,881</b>	<b>299,551,743</b>	<b>51,050,119</b>	<b>277,446,857</b>

2:2 Advance Accounts

2:2:1 Advances to Public Officers Accounts

Limits Authorized by Parliament

The following limits authorized by Parliament for the Advances to Public Officers Accounts of the Ministry and the Department under the Ministry had been complied with.

Head	Item Number	Expenditure		Receipts		Debit Balance	
		Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
138	13801	85,000,000	7,031,290	3,000,000	8,127,400	36,000,000	19,485,964
220	22001	30,000,000	19,353,671	19,000,000	29,588,286	171,000,000	79,731,843

2:3 General Deposit Accounts  
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The balances of the General Deposit Accounts of the Ministry and the Department under the Ministry as at 31 December 2012 totalled Rs.9,104,518 and the details thereon are given below.

Ministry / Department -----	Account Number -----	Balance as at 31 December 2012 -----
		Rs.
Ministry of Indigenous Medicine	6000/0000/00/0015/0050/000	834,956
Department of Ayurvedha	6000/0000/00/0015/0101/000	8,269,562
Total		----- 9,104,518 =====

Part 2

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The Detailed Report on each Appropriation Head

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1. Appropriation Head 138 – Ministry of Indigenous Medicine

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1:1 Scope of Audit

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The audit of the Appropriation Account including the financial records, reconciliation statements, books, registers and other records of the Ministry of Indigenous Medicine for the year ended 31 December 2012 was carried out in pursuance of provisions in Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. The Management Audit Report for the year under review was issued to the Secretary to the Ministry on 12 August 2013. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the accounts and reconciliation statements presented to audit and tests of samples of transactions. The scope and extent of such review and tests were such as to enable as wide an audit coverage as possible within the limitations of staff, other resources and time available to me.

1:2 Responsibility of the Chief Accounting Officer for the Accounts and Reconciliation Statements

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The Chief Accounting Officer is responsible for the maintenance, preparation and fair presentation of the Appropriation Account and the Reconciliation Statements in accordance with the provisions of Articles 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other statutory provisions and Public Finance and Administrative Regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Accounts and Reconciliation Statements that are free from material misstatements whether due to fraud or error.

1:3 Audit Observations  
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According to the Financial Records and Books for the year ended 31 December 2012, it was observed that except for the effects of the general observations appearing at (a) to (c) and other major observations appearing in paragraphs 1:4 to 1:11 herein, the Appropriation Account and the Reconciliation Statement of the Ministry of Indigenous Medicine had been prepared satisfactorily.

(a) Non-maintenance of Registers and Books  
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The Ministry had not maintained the following registers.

Type of Register -----	Relevant Regulations -----
Register of Fixed Assets	Treasury Circular No. 842 of 19 December 1978.
Register of Damage and Losses	Financial Regulation 110

(b) Budgetary Variance  
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The following observations are made.

- (i) Out of the total net provisions of 12 Recurrent Objects amounting to Rs.22,340,000 a sum of Rs.15,566,562 had been saved and those savings ranged between 40 per cent to 98 per cent of the net provisions.
- (ii) Out of the total net provisions of 06 Capital Objects amounting to Rs.27,900,000, a sum of Rs.12,962,874 had been saved and those savings ranged between 40 per cent to 95 per cent of the net provisions.
- (iii) The entire provisions made for one Capital Object and 03 Recurrent Objects amounting to Rs.400,000 and Rs.210,000 respectively had been saved without being utilized.

(c) Reconciliation Statement of the Advances to Public Officers Account  
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The following observations are made.

- i. According to the Reconciliation Statement as at 31 December 2012 of the Advances to Public Officers Account Item No. 13801, the balances that remained outstanding as at that date totalled Rs.400,681 and the Ministry had failed to recover those outstanding balances.
- ii. Even though the loan balance of an officer transferred out of the Ministry to another Ministry in the year 2005 amounting to Rs.288,618 had been settled by the Summary of Account for December 2006, that balance had been shown in the accounts as a loan balance recoverable from officers transferred out. Even though it was replied that action will be taken to obtain the approval of the Treasury for the elimination of that balance from the books of the Ministry such action had not been taken even according to the Advances to Public Officers Account for the year 2012.
- iii. The loan balances recoverable older than 03 years amounted to Rs.96,063.

1:4 Good Governance and Accountability  
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1:4:1 Internal Audit  
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The post of the Internal Auditor of the Ministry had fallen vacant from 01 July 2012 and the Internal Audit Unit had not functioned since that date.

1:4:2 Implementation of the Audit and Management Committee  
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Only two meetings of the Audit and Management had been held during the year under review.

1:5 Assets Management

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(a) Conduct of Annual Boards of Survey  
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According to the Public Finance Circular No. 441 of 09 December 2009 as amended by the letter No. PF/Board of Survey 01 of 17 December 2010 of the Director General of Public Finance, the Board of Survey for the year 2012 should have been completed and the reports thereon should be furnished to the Auditor General before 31 March 2013. Nevertheless, the Ministry had not furnished those reports even by 30 September 2013. The last Board of Survey conducted had been for the year 2011.

(b) Irregular Utilization of Assets of Other Institutions  
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The following observations are made.

- (a) Even though all maintenance work of a motor vehicle of the Ministry of Plantation Industries given to the Ministry of Indigenous Medicine had been done by the Ministry of Indigenous Medicine action had not been taken year 2013 to effect the legal transfer of the motor vehicle to the Ministry.
- (b) A van of the Department of Ayurveda had been obtained on 25 May 2010 for the temporary use of the Ministry of Indigenous Medicine for one week. Nevertheless, that van had not been returned to the Department of Ayurveda even by the end of the year 2013.

(c) Unsettled Liabilities  
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The following observations are made.

- (i) Liabilities amounting to Rs.5,766,765 as at 31 December 2012 had not been shown in the Appropriation Account.
- (ii) Liabilities amounting to Rs.439,810 exceeding the provision made for an Object by a sum of Rs.101,607 had been incurred.

1:6 Non-compliances

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(a) Non-compliance with Laws, Rules and Regulations  
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Non-compliance with the provisions in laws, rules and regulations observed during the course of audit test checks are analysed below.

Reference to Laws, Rules and Regulations  
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Non-compliance  
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(a) Financial Regulations  
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(i) Financial Regulation 104

Damages and Losses had not been reported to the Auditor General.

(ii) Financial Regulation 115(3)(b)

Even though sum of Rs.10,411 that should have been paid prior to 30 November of the preceding year had been paid in the year under review, a certificate for that payment from an authorized officer had not been obtained.

(iii) Financial Regulation 210(2)

Even though a penalty for delay amounting to Rs.2,564 had been paid due to the failure to pay the electricity bills of the Government Homeopathy Hospital Welisara, that penalty had not been recovered from the officers responsible.

(iv) Financial Regulation 760

Even though a shortage of 14 categories of high value goods had been observed according to the Board of Survey Report for the year 2011, action thereon according to Financial Regulations not been taken.

(v) Financial Regulation 772

Action had not been taken for the disposal



of 71 categories of goods identified for disposal at the Boards of Survey for the year 2011 of all the institutions of the Ministry of Indigenous Medicine including the Government Homeopathy Hospital Welisara.

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|--|--|
| (b) Public Administration Circular No. 41/90 of 10 October 1990. | Fuel consumption of the pool motor vehicles belonging to the Ministry of Indigenous Medicine had not been tested.                |
| (c) Public Administration Circular No. 26/92 of 19 August 1992.  | The State Emblem had not been painted on all motor vehicles of the Ministry other than the motor vehicles allocated to officers. |

1:7 Weaknesses in the Implementation of Projects

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Youth Herbal Farming Villages Project  
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The Ministry of Indigenous Medicine had selected 50 farmers of 05 contiguous villages in the Division of the Alawwa Divisional Secretariat for the implementation of the Osu Govi Programme for Youth. The Project had been commenced in the year 2010 with 10 groups of 05 farmers in each group and a sum of Rs.600,000 had been spent on the Project from the year 2010 to the year 2012. The following matters were observed at an audit test check of the Project.

- (a) Prickly nightshade (Katuwelbatu) had been cultivated without carrying out a proper study of the area or obtaining the instructions of the Agricultural Research Officer of the area and the cultivation had failed. Even though solanum (elabatu) had been cultivated a part of that cultivation had also been destroyed by a fungal disease.
- (b) The solanum crop had neither been sold nor purchased by the Ministry and the solanum crop had ripened even by 30 August 2012, the date of audit.

- (c) Even though instructions of cultivation systems had been given from time to time, instructions for successful cultivation from an Agricultural Instructor had not been received.
- (d) Every group had not introduced groups of 5 new farmers for cultivation in the next season in accordance with the Project Proposal.
- (e) Even though the primary objective of the Project was to encourage the farmers to cultivate herbs, the enthusiasm of the farmers for the cultivation project had diminished due to reasons such as action not taken up to 30 August 2012 for the purchase of their crops and non-receipt of proper instructions to safeguard the crops from the destruction caused by fungal diseases.
- (f) Even though the field reports of the Alawwa Osu Govi Programme for Youth dated 24 June 2012 had recommended the uprooting and sale of the solanum cultivation threatened with destruction and immediate provision of instructions to the farmers for the cultivation of prickly nightshade, the following problems had arisen due to the failure to implement the recommendations even by 30 August 2012, the date of audit.
  - (i) Even though certain farmers had packed in gunnies cut and dried uprooted solanum plants, those had perished due to the inability to sell them.
  - (ii) Even though the prickly nightshade seedlings in the nurseries had flowered, instructions to plant the seedlings in the fields had not been given to the farmers even by 30 August 2012, the date of audit.
  - (iii) Even though each farmer had been given 02 white sandalwood seedlings costing Rs.150 in the market for planting as perennial crops, 23 seedlings in the cultivated lands inspected had perished.
- (g) Activities such as giving proper instructions to the farmers to make the project a success, communication of such instructions to all the groups, creation of the market for the purchase of the crops of the farmers, or the purchase of those products for use by the drug factories of the institutions under the Ministry and taking follow up action up to the sale of crops had not been carried out effectively.

1:8 Performance

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(a) Annual Action Plan  
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The following observations are made in connection with the Action Plan of the Ministry for the year 2012.

- (i) Provision amounting to Rs.6,600,000 had been made under the Object 138-1-2-1503-1 for the Homeopathy Medical Clinics and 7 Homeopathy Medical Clinics had been conducted at a cost of Rs.5,513,899. But action had not been taken to identify places for holding new clinics or for the appointment of Doctors. Out of the provision made for this purposes a sum of Rs.1,086,101 had been saved.
- (ii) Even though provision amounting to Rs.12,000,000 had been made under the Object No. 138-2-3-2502-2 of the Action Plan for the repair of the building of the Homeopathy Medical Council, repair of Training Centres and the repair of the parapet wall and the gate, a sum of Rs.5,245,572 had been saved as the work had not been completed in the year 2012.
- (iii) Even though provision amounting to Rs.95,000,000 had been made under Object 138-2-3-2502-3 for 04 Youth Herbal Farming Villages planned, only the Herbal Garden at Padaviya had been commenced and the programmes at Horowpathana, Nuwaragama Palatha Central and Medawachchiya had not been commenced.
- (iv) Even though provision amounting to Rs.800,000 had been made under the Object 138-2-3-2502-6 for the establishment of a new Herbal Farming Village and Herbal Farming Company for the youths, the Herbal Farming Company planned had not been commenced.

(b) Poshana Mandira Programme  
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The Poshana Mandira Programme had been implemented with the objective of raising the nutrition level of the public by popularizing local food and drink. A sum of Rs.1,242,605 had been spent on this from the year 2007 to the year 2012 and in collaboration with the Deyata Kirula Exhibition 03 Poshana Mandiras had been constructed including the Poshana Mandira at Moneragala. The following observations are made in this connection.

- (i) No follow up action had been taken on the achievement of the objectives of the Construction of Poshana Mandira and their performance.
- (ii) According to the agreement, the persons who obtained cunjee carts should credit a sum of Rs.500 out of the monthly sales of cunjee to the Health Development Fund. But the evidence of such credit made was not available in the relevant files.

1:9 Losses and Damage  
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Out of the 2,222 packets. of Globules valued at Rs.367,901 of the Government Homeopathy Hospital, it was revealed that 2,103 unusable packets valued at Rs.348,198 had been deposited in the laboratory since 10 July 2005. No action had been taken thereon even up to the year 2013.

1:10 Management Weaknesses  
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1:10.1 Construction of Hela Veda Gewal  
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Forty two Weda Gedaras had been constructed in 14 districts by December 2012 at a cost of Rs.43,438,389 under the Weda Gedara Project commenced by the Ministry of Indigenous Medicine in the year 2006. The following weaknesses were observed in this connection.

- (a) Even though the Ministry owns the Weda Gewal as the land on which those are constructed had been transferred to the Ministry of Indigenous Medicine, instructions had not been issued or agreements had not been entered into in connection with the use of those for providing treatment on continuous basis or the manner in which physicians should function.
- (b) Whether the Weda Gewal are to be given to the physician's lineage or the manner in which the buildings belonging to the Ministry of Indigenous Medicine should be used had not been stated.
- (c) The Weda Gewal had been given over for use by the physicians without any written conditions.
- (d) The follow up action on this matter had been at a weak level.

1:11 Human Resource Management

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Approved Cadre and Actual Cadre  
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The position of the cadre as at 10 April 2013 had been as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
(i) Senior Level	42	33	09
(ii) Tertiary Level	04	02	02
(iii) Secondary Level	265	242	23
(iv) Primary Level	56	50	06
Total	367	327	40

Action had not been taken even up April 2013 to fill 40 vacancies.

2. Appropriation Head 220 – Department of Ayurveda  
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2:1 Scope of Audit  
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The audit of the Appropriation Account including the financial records, reconciliation statements, books, registers and other records of the Department of Ayurveda for the year ended 31 December 2012 was carried out in pursuance of provisions in Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. The Management Audit Report for the year under review was issued to the Head of Department on 27 August 2013. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the accounts and reconciliation statements presented to audit and tests of samples of transactions. The scope and extent of such review and tests were such as to enable as wide an audit coverage as possible within the limitations of staff, other resources and time available to me.

2:2 Responsibility of the Chief Accounting Officer and the Accounting Officer for the Accounts and Reconciliation Statements  
-----

The Chief Accounting Officer and the Accounting Officer are responsible for the maintenance, preparation and fair presentation of the Appropriation Account and the Reconciliation Statements in accordance with the provisions of Articles 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other statutory provisions and Public Finance and Administrative Regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Accounts and Reconciliation Statements that are free from material misstatements whether due to fraud or error.

2:3 Audit Observations  
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According to the Financial Records and Books for the year ended 31 December 2012, it was observed that except for the effects of the general observations appearing at (a) to (d) and other major observations appearing in paragraphs 2:4 to 2:11 herein, the Appropriation Account and the Reconciliation Statement of the Department of Ayurveda had been prepared satisfactorily.

(a) Presentation of Accounts  
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Even though the Reconciliation Statement of the Advances to Public Officers Account Item No. 22001 in respect of the year under review should be presented to audit by 31 March 2013 that had been presented only on 10 April 2013 after a delaying 10 days.

(b) Budgetary Variance  
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- (i) Net provision amounting to Rs.296,376,600 had been made for capital expenditure and the savings thereunder after the utilization of Rs.70,709,826 during the year under review amounted to Rs.225,663,774 and represented 76 per cent of the net provision.
- (ii) The entire provision totally Rs.49,180,000 made for 15 Recurrent and Capital Objects had been saved as there was no utilization.
- (iii) The savings out of the provisions made for 02 Recurrent Objects after the utilization of provision amounted to Rs.506,902 or 70 per cent of the net provision made.
- (iv) Even though provision amounting to Rs.20,000,000 had been obtained under Supplementary Allocation for the Object 220-2-2-0-2502-01 only a sum of Rs.2,692,392 had been utilized. As such provision amounting to Rs.17,307,608 or 87 per cent had been saved.

(c) General Deposit Account  
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The balance of the General Deposit Account as at 31 December 2012 amounted to Rs.8,269,562 and action in terms of Financial Regulation 571 had not been taken on the balances older than 02 years amounting to Rs.347,689.

(d) Reconciliation Statement of the Advances to Public Officers Account  
-----

The following observations are made.

- (i) According the Reconciliation Statement as at 31 December 2012 of the Advances to Public Officers Account Item No. 22001, the balances that remained outstanding as at that date totalled Rs.4,478,746 and the Department had failed to recover those outstanding balances.
- (ii) The reasons for the difference of Rs.38,225 between the total of the Individual Balances Classification Summary and the balance of the Control Account as at the end of the year had not been identified.
- (iii) Even though the festival advance balances should be recovered in ten monthly installment's in terms of Section 13.5 Chapter XXIV of the Establishments Code, the festival advances granted to 06 officers in the years 2010, 2011 and 2012 had not been recovered even by the year 2013.
- (iv) The loan balance of 06 officers transferred from other institutions amounting to Rs.460,426 had not been settled in terms of the National Budget Circular No. 118 of 11 October 2004.

2:4 Assets Management  
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(a) Idle and Underutilized Assets  
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It was observed during the course of audit test checks that certain assets had been either idle or underutilized as analysed below.

Category of Assets	Number of Units	Idle or Underutilized Period
-----	-----	-----
Ayurvedic Hospital, Photocopier	01	From 01 March 2012 to July 2013
Borella		
	Drugs Dryer	01 --
	Tablet Production Machine	01 --
	Drugs Mixing Machine	01 --
	Leaf Grinder	02 --
	Radiology Machine	01 --
Ayurvedic Research Densino Meter	01	From the year 2007 to 31 December 2012
Laboratory, Nawinna		



(b) Conduct of Annual Boards of Survey  
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The following observations are made.

According to the Public Finance Circular No. 441 of 09 December 2009 as amended by letter No. PF/Board of Survey/01 dated 17 December 2010, the Board of Survey for the year 2012 should be conducted and the reports thereon should be furnished to the Auditor General before 31 March 2013. Nevertheless, the Department had not furnished those reports even by 30 September 2013. The last Board of Survey conducted had been for the year 2011.

(c) Assets given to External Parties  
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Even though a van belonging to the Department had been given for one week to the Ministry on a request made by the Ministry of Indigenous Medicine on 25 May 2010 the van had not been recovered by the Department even up to the year 2013.

(d) Unsettled Liabilities  
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The following observation is made.

The unsettled liabilities of the Department as at 31 December 2012 totalled Rs.154,637,349.

2:5 Non-compliances  
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(a) Non-compliance with Laws, Rules and Regulations  
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Instances of non-compliance with the provisions in laws, rules and regulations observed during the course of audit test checks are analysed below.

Reference to always, Rules and Regulations -----	Value  ----- Rs.	Non-compliance  -----
(a) Establishments Code ----- Chapter VII Section 1.6	--	The salaries obtained by the employees of Haldummulla, Pattipola and Pinnaduwa Herbal Gardens for 501 days of no-pay leave had not been recovered
(b) Financial Regulations -----		
(i) Financial Regulation 94(1)	784,000	No commitment should be incurred unless financial provision exists therefor in the Annual Budget Estimates. Even though provision for the year under review had not been made for the Object 220-2-5-2103 commitments amounting to Rs.784,000 had been incurred.
	30,430,827	Even though liabilities could be incurred, liabilities exceeding the approved expenditure for the year 2012 under 14 Objects had been incurred and such excesses amounted to Rs.30,430,827.
(ii) Financial Regulation 94(2)	33,052,472	In incurring liabilities for the annually recurrent services, such amount incurred should not exceed 50 per cent of the average provision during the preceding three financial years. Nevertheless, such limit had exceeded the provisions by Rs.33,052,472 in respect of 06 Objects. The Treasury concurrence for that had not been obtained.

(iii)	Financial Regulation 104	--	The felling and theft of the Sandalwood tree about 30 years old on 22 September 2011 had not been reported to the Auditor General.
(iv)	Financial Regulation 165(4)(a)	--	The books and registers of the Shroff of the Ayurvedic Hospital Borella had not been checked by the relevant Staff Officer.
(v)	Financial Regulation 187(3)	200,000	As the money received by the Shroff of the Ayurvedic Hospital Borella is remitted once in 7 days, about Rs.200,000 is retained in the Shroff's Division.
(vi)	Financial Regulation 753(2)	--	All the Divisions in the Production Unit of the Ayurvedic Hospital Borella do not issue Goods Received Notes for the goods received from the General Stores.
(vii)	Financial Regulation 755(1)	--	The officers in charge of the goods of Powder Division and the Decoction and Oils Division of the Ayurvedic Teaching Hospital, Borella had not handed over the goods to the successor on leaving after transfers.
(viii)	Financial Regulation 772	185,390	Action had not been taken over a period of 02 years for the disposal of unusable materials valued at Rs.185,390 remaining in the Finished Goods Store of the Ayurvedic Research Laboratory.
(ix)	Financial Regulation 1646(a) and (b)	--	Motor Vehicle Log Books maintained had not been updated. The Daily Running Charts and Monthly Performance Summaries of pool motor vehicles of the Department of Ayurveda had not been furnished to the Auditor General.

- (x) Financial Regulation -- The Department had not updated the  
1647(e) Register of Motor Vehicles.

2:6 Weaknesses in the Implementation of Projects  
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The following observations are made in connection with the repair of the Panchakarma Building of the Ayurvedic Hospital, Borella.

- (a) The notice inviting bids had been published only in the English Language. As the notice had been published only in one language, quotations for the procurement had been received from two bidders only.
- (b) All repairs needed had not been identified before inviting the bids. As such a bill for additional work amounting to Rs.3,021,142 by 31 December 2012 had been furnished and that represented 16 per cent of the contract value.
- (c) Action in terms of Section 8.13.4 of the Government Procurement Guidelines had not been taken in the preparation of estimates for repairs.
- (d) Even though the repairs to the second floor had been completed and handed over, water was seeping from the third floor to the second floor lavatory.
- (e) According to the contract agreement, the repairs should have been completed by 02 March 2012. Nevertheless, the work had not been completed even by 02 December 2012, the date of audit. Liquidated damages had not been recovered for the delay.

2:7 Performance  
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- (a) The following proposals in the Action Plan for the year 2012 had not been implemented. Details shown below.
- i. Testing the antioxygen percentage in selected fruit and vegetables purchased for drugs by the Institute of Ayurvedic Research.

- ii. Improve the Microbiology Laboratory and conduct researches.
- iii. Prepare a small handbook on medicinal herbs for the Advance Level Students.
- iv. As the Tissue Culture Division had remained dormant over a period exceeding one year, the extraction the essential chemical compounds of red sandalwood through tissue culture technology.

(b) Hospitals Performance  
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The following activities shown in the Action Plan of the Gampaha Wickramarachchi Ayurvedic Hospital had not been carried out during the year under review.

- (i) Preliminary work on the construction of the ten storeyed Hospital Complex.
- (ii) Construction of the Temporary Office Complex before the construction of the ten storeyed Hospital Complex.
- (iii) Construction of 02 outdoor guardrooms.
- (iv) Acquisition of the land adjoining the new building by the Hospital.
- (v) Establishment of an extensive wards complex (including Children's, Bhikku and Maternity).
- (vi) Establishment of a fully equipped Pathology Laboratory with modern equipment and trained technicians.
- (vii) Tiling the floors of the two Pancha Karma Units, construction of pantry cupboards, partitioning of the interior and purchase of equipment required to provide Pancha Karma Treatment with improved facilities.

(c) Herbal Gardens  
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The following observations are made.

- (i) The uncultivated extents of the Pinnaduwa and Haldummulla Herbal Gardens of the Department had been 01 acre and 04 acres respectively while that extent of the Pattipola Herbal Garden had not been computed.
- (ii) The expenditure of the Herbal Gardens for the year under review as compared with the income had varied drastically.

Name of Herbal Garden	Income	Expenditure	Expenditure as a Percentage of Income
-----	-----	-----	-----
	Rs.	Rs.	
Pinnaduwa	1,300,084	4,927,616	379
Haldummulla	2,044,901	53,206,966	2,602
Pattipola	291,325	19,635,251	6,740

- (iii) Considerable variances in the herbs produced annually by all Herbal Gardens were observed. Details appear below.

Name of Herbal Garden	Number of Plants		
	2010	2011	2012
-----	-----	-----	-----
Pinnaduwa	44,254	58,186	69,358
Haldummulla	11,730	32,819	44,278
Pattipola	5,994	8,241	5,767
	-----	-----	-----
	61,978	99,246	119,403
	=====	=====	=====

- (iv) The followings were observed in connection with the physical inspections of the Herbal Gardens.

- \* Raw materials obtained from the Herbal Gardens for the production of drugs by the Production Units of the Hospitals of the Department and the Sri Lanka Ayurvedic Drugs Corporation had been at a very low level.
- \* Surveys of goods and herbal plants had not been done.

- \* A register of herbs had not been maintained.
  - \* Medicinal plants had not been named
  - \* Action not taken for the settlement of the plans of the lands of Herbal Gardens and the roads.
  - \* Excessive expenditure on overtime and travelling.
  - \* Unsatisfactory states of attendance and leave of employees.
  - \* Lack of timely supply of the physical resources needed for the maintenance of Herbal Gardens.
- (v) Even though the Pinnawala Herbal Garden had issued herbs valued at Rs.461,020 free of charge in the year 2012, the details thereof had not been furnished to audit.
- (vi) The following activities included in Action Plan of the Pinnaduwa Herbal Garden for the year 2012 had not been carried out.
- \* Installation of a name board for the Garden (There was no name board for the access road to the Garden)
  - \* Construction of a netting houses for the maintenance of planting material's.
  - \* Construction of a polythene houses for the production of planting materials.
  - \* Construction of special arches with creepers.
  - \* Construction of a centre for the collection and processing of herbal plant parts.
  - \* Construction of a summer hut, cabanas and benches in the Garden.
  - \* Construction of ponds for special hydroponic plants.
  - \* Utilization of the uncultivated land (1.5 acres)
  - \* Marketing promotion of medicinal plants

- \* Providing technical advice, commencement of training programmes, awareness programmes for school children, supply of planting materials at subsidized prices and publicity for the development of medicinal herbs in the Garden.
- (vii) Even though a contract of Rs.1,690,416 had been awarded to the Government Factory for carrying out repairs to the roof of the Greenhouse of the Haldummulla Herbal Garden, the repairs had not been completed even by 07 May 2013, the date of audit.
- (viii) Estimates for repair of the old lecture hall of the Haldummulla Herbal Garden had not been prepared.
- (ix) Action had not been taken to clear about 04 acres of the Haldummulla Herbal Garden for cultivation, protection of the boundary fence, carrying out repairs to the old lecture hall, painting of the office and carrying out repairs to the Binkohomba Greenhouse.
- (x) Even though the kitchen of the Circuit Bungalow of the Pattipola Herbal Garden should have been constructed at an estimated cost of Rs.2,699,394 and handed over before 15 February 2013, the construction work had not been completed even by June 2013.
- (xi) The following activities of the Pattipola Herbal Garden included in the Action Plan prepared for the year under review had not been carried out.
- \* Construction of a netting house.
  - \* Construction of a tube well.
  - \* Construction of a small cattle shed for cattle.
  - \* Construction of a main gate and construction of a plants sale stall, children's park and two lavatories close to the gate.
  - \* Painting of the glasshouse.
  - \* Establishment of a Pancha Karma Medical Centre.
  - \* Construction of a biogas unit for the use of the Circuit Bungalow.
  - \* Construction of 02 lavatories for males and females.



2:8 Losses and Damage  
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The following observations are made.

- (a) Penalty interest amounting to Rs.14,005 for the period from October 2010 to November 2012 had been paid due to the delay in the settlement of electricity bills of the hospital.
- (b) Even though a Sandalwood tree about 30 years old growing in the premises of the Department had been stolen on 22 September 2012, action thereon in terms of Financial Regulation 104 had not been taken.
- (c) According to the letter No. 03/05/01/2/14 dated 07 March 2013 of the Internal Audit Division of the Department, a white sandalwood tree in the premises of the Pallekele Herbal Garden had been fallen and stolen on 10 October 2012. Nevertheless, action thereon in terms of Financial Regulation 104 had not been taken.
- (d) The decayed roof of the Greenhouse of the Haldummulla Herbal Garden used for the planting of bingkohomba had not been repaired and due to seepage of rain water from the roof 200 bingkohomba plants and 16 mother plants had been destroyed. A bingkohomba plant is valued at Rs.100 and as the value of mother plants had not been determined, a loss of Rs.20,000 had been incurred.
- (e) The sum of Rs.65,843 recoverable in connection with 322 ½ days of no-pay leave and 35 days of half-pay leave obtained by a labourer of the dispensary of the Ayurvedic Hospital, Yakkala from the year 2001 to 31 December 2012 had not been recovered even by 06 March 2014, the date of audit.
- (f) According to the Leave Registers 85 employees had obtained half-pay and no-pay leave in the years 2010 and 2011. Action had not been taken even up to the audit inspection in February 2013 for the recovery of money from the salaries of the respective employees. The recoverables from the salaries of 51 employees amounted to Rs.247,382 and the recoverables from the other 34 employees had not been computed and furnished to audit.
- (g) The value of outdated drugs in the store of the Ayurvedic Hospital, Yakkala at the time of audit inspection in February 2013 amounted to Rs.10,872. The bottles of finished drugs valued at Rs.6,589 had been damaged by rats.

2:9 Uneconomic Transactions  
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The following observations are made.

- (a) The GCMS machine purchased by the Ayurvedic Research Institute for Rs.14,605,000 in the year 2005 remained in the laboratory without being fully utilized.
- (b) Fifty coir mattresses purchased by the Department and handed over to the Ayurvedic Hospital on 24 October 2012 had been left piled up as those were not usable.

2:10 Management Weaknesses  
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The following observations are made.

- (a) The Department had purchased 6 multimedia units at Rs.72,950 per unit without the recommendation of the Technical Evaluation Committee for the Ayurveda Hospital, Borella, and Ayurvedic Research Institute, Nawinna and the Ayurveda Training Institute.
- (b) The dates of return of books borrowed from the library of the Ayurvedic Research Institute had not been determined. Fourteen instances where the users of the library had been keeping 19 books for more than one year were observed. Action had not been taken for the recovery of the books or for the recovery of the value of lost books from the persons concerned.
- (c) The following differences were observed between the quantities of oils appearing in the stock books of the Outpatients Department of the Wickramarachchi Ayurvedic Teaching Hospital, Yakkala and the physical balance.

Category of Oils	According to Book balance as at 07 February 2013	Physical Balance	Difference
	Bottles	Bottles	Bottles
Sarshapadi Oil	(628)	00	628
Neelyadi Oil	1,137	1,110	(27)
Bakuchi Oil	75	150	75
Pinda Oil	(1,135)	60	1,395
Peenus Oil	4,530	4,875	345

- (d) Proper and clear instructions on the supply of meals to the indoor patients of the Ayurvedic Hospitals of the Department had not been issued to the Hospitals. (For example, the amount of food per meal of a patient had not been stated).
- (e) The following matters were revealed at the audit of the procedure adopted by the Department for the issue of certificates for the registration and the renewal of registration of the Ayurvedic Services (Pancha Karma) Institutions.
- (i) The number of Ayurvedic Services (Pancha Karma) Institutions registered with the Department of Ayurveda as at 11 March 2013 had been 107. The procedure adopted for the examination of the services rendered by those at least once annually, the non-renewal of registrations and the subsequent follow up had been at a minimum level.
- (iii) Even though the Committee for the formulation of orders for the registrations of Private Ayurveda (Medical and Allied) Services Institutions had met in April 2012, those orders had not been approved even by 11 March 2013.
- (f) It was observed that the ambulance handed over by the Department to the Bandaranaike Ayurvedic Research Institute on 04 January 2010 had been used in 15 instances from the year 2012 to February 2013 for normal transport purposes. Those had been so used mostly for the physicians and officers for travelling to their residences or for banking purposes. The distance so travelled could not be ascertained.

- (g) The Ayurvedic Research Institute had purchased two time card machines on 24 May 2011 for Rs.85,000 at the rate of Rs.42,500 per machine. Those time card machines had not been used.
- (h) The following matters were observed at the examination of the Library of the Ayurvedic Teaching Hospital, Borella.
  - (i) The library administration had been assigned to a physician. The library had not been opened daily due to the busy duty schedule of the physician.
  - (ii) The library did not have a proper Accession Register.
  - (iii) Books borrowed from the library had not been formally recorded while 112 books physically available in the library had not been recorded in the register.
  - (iv) The physical resources of the library had been idle due to the very low level of the use of library books and not making proper use of books.
- (i) The following matters were revealed at an examination of the offices of the Ayurvedic Research Institute.
  - (i) Even though the Attendance Register is closed daily, the time of the red line drawn had been later changed to allow the officers arriving late to sign the register.
  - (ii) The time of arrival and departure of officers recorded had been altered subsequently.
  - (iii) As a practice certain officers fail to sign the register and that had been irregularly noted in the register on the subsequent day.
  - (iv) Even though the approved cadre of the Institute is 21 only 10 officers are in service at present.

- (j) The drugs produced by the Production Unit of the Ayurvedic Teaching Hospital, Borella such as pastes and powders are kept in open containers until packing and as such those could be subject of the risk of contamination by water, dust and waste matter.
  
- (k) The following matters were observed at an examination of the Paying Wards Complex of the Ayurvedic Teaching Hospital Borella.
  - (i) Possibility of the collapse of the ceiling of the meal serving room of the Male Paying Ward.
  - (ii) The locks of lavatory doors of room Nos. 8 and 9 had broken down.
  - (iii) As the window panes of patients rooms cannot be closed those had been tied.
  - (iv) Doors of rooms were decayed.
  - (v) The window pane of room No. 3 of the Female Paying Ward was missing.
  - (vi) Water seeps through the ceiling into the rooms.
  - (vii) Taps of certain lavatories were not in working condition.
  
- (l) An examination of the Daily Running Charts of the pool motor vehicles of the Department revealed that the officer in charge of the motor vehicles had not examined the quantity of fuel obtained and the date and signed.
  
- (m) The quantity of dry drugs of the Dry Drugs Store of the Ayurvedic Hospital, Yakkala according to the stock books amounted to 77.155 kilogrammes and the physical balance amounted to 66.2 kilogrammes, thus revealing shortage of 11.555 kilogrames of dry drugs. Action in terms of Financial Rgulation had not been taken in that connection.
  
- (n) Even though dry drugs received by the hospital as donations should be recorded in the stock books, the dry drugs received as donations by the Ayurvedic Hospital, Yakkala, had not been recorded in the stock books of the stores.
  
- (o) An outdated stock of about 44 kilogrammes of cannabis remained in the Dry Drugs Store even by February 2013.

- (p) The following weaknesses were observed in connection with the issue of finished drugs produced by the Production Unit of the Gampaha Wickramarachchi Ayurvedic Hospital.
- (i) Drugs had been issued by using the same list number.
  - (ii) According to List No. A552868 of 08 January 2013 fifty bottles of Rakthashodaka Decoction had been noted as issued from the Production Unit. But that had not been recorded in the stock book of the Finished Drugs Store.
  - (iii) When the finished drugs are handed over from the Production Unit to the stores, the officer taking over had not signed the Register of Handover of Drugs of the Production Unit.
  - (iv) In one instance of issue of bottles of drugs from the Production Unit to the Store the quantity and the date had not been recorded.

## 2:11 Human Resource Management

### ----- Approved Cadre and Actual Cadre -----

The position of the cadre as at 31 December 2012 had been as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
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(i) Senior Level	228	198	30
(ii) Tertiary Level	131	47	84
(iii) Secondary Level	280	168	112
(iv) Primary Level	851	590	261
Total	1,490	1,003	487
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Action had not been taken even by the end of the year under review to fill 487 vacancies.