

Head 220 - Report of the Auditor General of the Department of Ayurveda - Year 2017

The Appropriation Account and the Reconciliation Statement under Head and Item Number stated in the First Schedule and Third Schedule of the Appropriation Act No. 24 of 2016 as amended by the Appropriation (Amendment) Act No. 32 of 2017 were presented to audit by the Department of Ayurveda. The financial and physical performance reflected from those accounts and the reconciliation statement were audited in terms of Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka .

1.2 Responsibility on the Financial Management and Accountability of the Chief Accounting Officer and the Accounting Officer

The Minister of Finance is charged with the raising of Revenue and the collection of other Government monies as well as with the general oversight of all the financial operations of Government in terms of Financial Regulation 124. The Minister of Finance appoints the Chief Accounting Officers to discharge above responsibility in terms of Financial Regulation 124 (2). The Head of the Department will be the Accounting Officer in respect of all financial transactions of his Department in terms of Financial Regulation 125 (1) (a) and the Revenue Accounting Officer has been appointed by the Treasury. This responsibility includes designing, implementing and maintaining internal controls relevant to the maintenance, preparation and fair presentation of Accounts and Reconciliation Statements presented within the limitations imposed by Parliament in accordance with the provisions in Article 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory Provisions, Government Financial Regulations and Administrative Regulations.

1.3 Scope of Audit

The audit of the Department of Ayurveda - Head 220 for the year ended 31 December 2017 was carried out in pursuance of provisions in Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka in respect of designing of financial and physical performance, Government expenditure, Government revenue, management of human and physical resources, applying of internal control systems, compliance with laws, rules and regulations and maintenance of updated books, registers, records and reconciliation statements, preparation and presentation of accounts in timely manner, issuance of performance reports to respective parties based on the performance indicators. The Management Audit Report for the year under review was issued to the Commissioner of the Department on 25 September 2018. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the plans, accounts, reconciliation statements and performance reports 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.

1.4 Audit Observation

The audit observations of the Department of Ayurveda for the year ended 31 December 2017 revealed in audit appear in Management Audit Report mentioned in paragraph 1.3 above in detail. The material and significant audit observations out of the audit observations included in the Management Audit Report appear in Paragraph 2.1 to 2.17 of this Report. The audit observations revealed in the execution of accountability as the Accounting Officer in accordance with provisions of the Financial Regulation 128 of the Democratic Socialist Republic of Sri Lanka, to ensure the adequacy of the financial administration are summarized and shown in the undermentioned table.

Accountability of the Accounting Officer in terms of Financial Regulation 128 (1)	Non - compliance with those provisions by Accounting Officer	Paragraph Reference to the Report included the observation
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Financial Regulation		

128 (1) (a)	The work of his Department is planned and carried out with due dispatch, having regard to the policy laid down by the Government and the intentions of Parliament in granting him financial provision for the activities authorized, and that an endeavor is made to complete the programme of work laid down for the year and/or to attain the targets specified	
	1. Non-preparation of Action Plan in an accurate manner.	2 .1.1
	2. Not planning the procurement activities adequately .	2.3.1
	3. Non-preparation of Budget Estimates in a realistic manner	2.9
	4. Deficiencies in preparation of Imprest Estimates	2.11
	5. Non- maintenance of Registers and Books	2.13

		6. Desired output level that could not be achieved	2.1.2 (b)
		7. Abandonment of Projects without completion	2.1.2 (c)
		8. Projects not obtained a progress though the Funds Released	2.1.2 (d)
		9. Deficiencies in implementation of Procurement Process	2.3.2
		10. Decrement in the value and the quality of the Assets	2.4 (a)
128 (1) (b)	The organization for financial control and accounting in his Department is effective, and provides adequately for the correct ascertainment, where necessary, of dues to Government, the systematic, complete and prompt collection of dues, and bringing to account of monies received, the authorization of commitments on behalf of the Government, the supervision and examination of services and supplies rendered, and the prompt and correct payment therefore from public funds.	1. Desired output level that could not be achieved 2. Abandonment of Projects without completion 3. Deficiencies in implementation of Procurement Process 4. Weaknesses in execution of services to the public 5. Deficiencies in Internal Audit	2.1.2 (b) 2.1.2 (c) 2.3.2 2.8 2.15
128 (1) (c)	The Financial Regulations and other supplementary instructions of the Government are adhered to in his Department, and that they are supplemented by Departmental Instructions, where necessary.	1. Non maintenance of Registers and Books 2. Non - compliance	2.13 2. 14

128(1) (d)	An adequate system of internal check for receipts, payments and issues is maintained and tested from time to time.	Deficiencies appeared in Public Officers' Advance Account .	
128 (1) (e)	Adequate and proper arrangements are made for the safe custody and preservation of money, stores, equipment and other assets belonging to the Government, or is in its custody, and that these are verified from time to time; and, where they are disposed of, such disposal is according to prescribed Regulations and Instructions.	<ol style="list-style-type: none"> 1. Deficiencies in Annual Board of Survey. 2. Deficiencies in Assets Management . 	<p>2.4 (d)</p> <p>2.4</p>
128 (1) (f)	Such information, statements and returns as are called for by the Chief Accounting Officer or the Treasury, are rendered correctly and promptly.	<ol style="list-style-type: none"> 1. Non- preparation of the Action Plan accurately 2. Not planning the Procurement activities adequately 3. Non- preparation of Budget Estimates in a realistic manner 4. Deficiencies in preparation of Imprest Estimates 5. Non- preparation of Annual Performance Report 	<p>2.1.1</p> <p>2.3.1</p> <p>2.9</p> <p>2.11</p> <p>2.1.3</p>
128 (1) (g)	Returns showing the progress of collection of dues to Government are rendered regularly to the Chief Accounting Officer.	<ol style="list-style-type: none"> 1. In respect of Public Officers' Advance Account 2. In respect of recovering the outstanding balances of Public Officers' Advance Account 	<p>2.10</p> <p>2.10</p>

128 (1) (i)	The activities of his Department are undertaken with due regard to economy, efficiency, propriety and integrity expected in the transaction of public business.	1. Desired output level that could not be achieved 2. Abandonment of Projects without completion 3. Projects not obtained a progress though the Funds Released	2.1.2 (b) 2.1.2 (c) 2.1.2 (d)
128 (1) (n)	Officers liable to provide Security do so in terms of the law and instructions in force.	Deficiencies in obtaining the Security from related officers	2.17
128 (1) (o)	The procedure laid down in Financial Regulations 103 to 108 is adhered to in case of losses to Government by the delays, negligence's, faults or frauds on the part of officers/ employees and surcharges are imposed on officers/employees responsible for such losses in terms of F.R.156 (1) .	Not obtaining Security Deposits from the officers who involved in financial matters	2.17

2. Material and Significant Audit Observations

2.1 Performance

2.1.1 Planning

The following observations are made in this regard.

- (a) The Action Plan for the year 2017 had not been prepared in terms Public Finance Circular No. 01/ 2014 dated 17 February 2014 and the following deficiencies were observed regarding the Action Plan prepared .

- (i) The Activity Plan properly prepared as per the priorities based on the Annual Budget relating to the year under review , Time Line to be implemented and the expected output / outcome of such activities had not been included in.
 - (ii) The activities that were based on the needs of the each Divisions under the Department, Sub institutions, Hospitals and the Herbal Gardens had not been properly identified.
 - (iii) Specific activities had not been identified for each herb garden paying attention separately in respect of the weather of the area, the climate and the other factors related to the cultivation of herbs .
- (b) The Key Performance Indicators had not been established for the evaluation of the activities relating to the each Divisions under the Department, Sub institutions, Hospitals and Herb Gardens and the progress of the activities had not been reviewed.

2.1.2 Functions not Fullfilled

The following observations are made.

(a) Not Achieving the Functions Consisted in the Action Plan

As per the Annual Action Plan, 80 key functions that had been made available from the Consolidated Fund had to be fulfilled during the year under review. Although the works of only 14 activities had been completed out of that as per information furnished to audit, due to the Progress Reports were not prepared , the financial progress thereof could not be identified . Actions had not been taken during the year under review even to commence the 07 main activities that were a sum of Rs. 304 million made available , 07 main activities that could not be identified the provisions made available due to the reasons such as , the delays in the acquisition of the lands proposed to be constructed, preliminary drafted plans that had to be revised and the procurements that had not been completed as planned as per the information furnished to audit.

(b) Desired output level that could not be achieved

The following observations are made in this regard.

- (i) Due to lack of detailed data for 16 activities included in the Annual Action Plan, the provision made available for them could not be identified. Similarly, Financial Progress also could not be identified due to lack of Progress Reports prepared. At the same time, the expected level of output of those activities also had not been gained as at 31 December 2017 .
- (ii) According to the Annual Action Plan , due to the lack of Progress Reports prepared in respect of 07 activities whereas the Provision made available amounted to Rs. 232 million , the financial progress could not be identified and the progress of the expected level of output had not been obtained as at 31 December 2017 .
- (iii) Due to the Progress Reports had not been prepared as per the Action Plan in respect of 29 major activities whereas the provisions made available from the Consolidated Fund amounting to Rs. 103.175 million, the Financial and Physical Progress of such activities could not be identified.

(c) Abandonment of Projects without Completion

Although a sum of Rs. 3.899 million had been incurred by 31 December 2017 out of the Rs. 20 million made available for 02 Herbal Development Projects, those Projects had been abandoned due to lack of identification of lands and the proper acquisition of the lands.

(d) Projects not Obtained a Progress though the Funds Released

The following observations are made in this regard.

- (i) A sum of Rs. 36.46 million had been saved by 31 December 2017 out of the provisions made to the Department of Buildings for the 12 constructions amounted to Rs. 46.66 million during the year under review. Accordingly, although the Financial Progress was 22 percent, Physical Progress was not furnished to audit.

- (ii) Out of the provision made available amounted to Rs. 70.94 million for the implementation of 34 activities in 17 District Secretariats during the year under review, the provision amounted to Rs. 44.71 million had been saved by 31 December 2017 . Accordingly, Financial Progress was 37 per cent and information in respect of Physical Progress was not submitted to audit.

(e) Functions not carried out Adequately

Although the actions had been taken to distribute herbal conjee and local herbal drinks on free of charge by incurring a sum of Rs. 645,133 under local herbal drink varieties promotion programme on the demand made by 34 various state agencies during the year under review, a proper programme had not been identified and implemented for the further expansion of the programme and to promote local herbal drinks.

2.1.3 Annual Performance Report

Although the Annual Report of the Department of Ayurveda should be tabled in Parliament for the year under review within the period of the year under review within 150 days of the financial year in terms of No. 402 of 12 September 2002 that Report had not been tabled in Parliament by 20 July 2018.

2.2 Foreign Funded Projects Implemented

A sum of Rs. 20 million had been made available from the Local Funds for implementing a Farmers Participated Herbal Cultivation Project during the year under review with the purpose of obtaining standard raw materials for the pharmaceutical production industry based on indigenous medicine methods in Sri Lanka and out of that only a sum of Rs. 3.731 million had been utilized. Accordingly, a sum of Rs. 16.269 million or 81 per cent out of the provisions made available had been saved . The following observations are made in this regard.

- (a) Although the approval of the Cabinet of the Ministers to cultivate medicinal plants granting lands belonging to the Government and financial allocations through 2,000

- selected farmers in the selected 05 Districts had been obtained , only 96 farmers in 03 Districts had been identified.
- (b) Even though the activities such as the preparation and supplying of certified standard seeds and planting material to farmers, release of funds for preparation of lands for cultivation and the purchase of raw materials and seeds in 06 herbal gardens had not been included in the Project Proposal during the year under review, the proper plans had not been prepared to achieve those proposals and the proposals also had not been implemented.
- (c) Since approximately a total of Rs. 2,660 million had incurred for the raw materials imported in the years 2015, 2016 and 2017 under the Tariff Concession on the Regulation of the Department, due to not achieving the expected objectives from the provisions of the Project commenced with the expectation of saving of the foreign exchange moving out for the raw materials within the country and obtaining high quality medicinal raw materials provisions had not been made available for this Project for the year 2018 .

2.3 Obtaining Supplies and Services by Procurement Process

The provision amounted to Rs. 1065.61 million had been made available to obtain supplies and services by performing as per the Government Procurement Guidelines to the Department and out of that the provision amounted to Rs. 613.53 million had been utilized as follows. Details are given below.

Object	Description of Object Code	Net Provision made Available	Utilization	Savings
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		Rs. Million	Rs. Million	Rs. Million
	Supplies			

1201	- Stationary and Office Requirement	3.600	3.425	0.174
1203	- Food and Beverages and Uniforms	38.325	37.089	1.236
1204	- Medical Supplies	98.000	73.348	24.652
1205	- Others	12.099	11.994	0.105

Acquisition of Capital Assets

2102	- Furniture and Office Equipment	14.232	11.623	2.609
2103	- Machines and Machine Equipment	12.045	4.712	7.333
2104	- Building Construction	882.310	467.788	414.522
2105	- Land and Betterment of Lands	5.000	3.553	1.447
	Total	1,065.611	613.532	453.079

2.3.1 Planning of Procurement

The following observations are made in this regard.

(a) Planning Procurement and Initial Stage

In terms of Guideline 4.2.1 of the Government Procurement Guidelines, the Department had not prepared a Master Procurement Plan for a minimum of 03 years.

(b) Pre- contract Stage

- (i) Although a Procurement Time Schedule for each procurement procedure should be prepared describing the steps for a certain procurement until its completion from the point of commencement in terms of Guideline 4.2.2 of Government Procurement Guidelines, each procurement activity had not been specifically identified in the prepared Procurement Time Schedule .
- (ii) The constructions planned to be done in the gardens of raw and dry medicines and herb purchases for Ayurveda Hospitals had not been consisted in the Procurement Plan prepared for the year under review.

2.3.2 Implementation of Procurement Process

The following observations are made in this regard.

(a) International Symposium on Traditional and Complementary Medicine and Trade Fair -2017

A sum of Rs. 39.41 million had been incurred out of the allocation amounted to Rs. 40 million received from the Ministry in the month of October 2017 for the conduct of the conference on International Symposium on Traditional and Complementary Medicine and Trade Fair on 23, 24 and 25 November 2017 . The following observations are made in this regard

- (i) Any information with regard to pay 25 per cent commission out of the income of a single stall to the Indian bidder for the coordination of foreign business organizations, for paying 3,000 American Dollars for the commencement of international promotional campaigns and actions taken to pay 3,060 sterling pounds to that company for the publication of Research Extract in the Bio Medical Central Magazine of the United Kingdom or entered in to agreements in respect of that as per the Decision of the Cabinet of Ministers taken in this regard had not been furnished to audit.
- (ii) Any information had not been furnished to audit that confirms the expected income amounted to Rs. 12.5 million was received from the exhibition.
- (iii) The evidence that confirms the Bid Invitation prepared under ten items for obtaining supply services related to the exhibition as published in newspapers was not furnished to audit .
- (iv) Service offering Letters had been issued without mentioning the contract value to selected suppliers for obtaining of ten services.
- (v) The Department had incurred a sum of Rs. 39.41 million in the year under review for this Seminar and the Trade Exhibition and the Bidding Documents, Conditions of Contract, number of Bids submitted, Bids received, Reports of Bid Opening, Procurement and Technical Evaluation Committee Reports, Contract Values, Agreements entered in to with Suppliers, Bid Security,

Performance Security had not been furnished to audit in respect of the procurements related to a sum of Rs. 38.02 million out of that.

(b) Purchasing of 52 Adjustable Beds

Fifty two beds with mattresses had been purchased by incurring a sum of Rs. 4,678,400 in March 2018 and the following observations are made in this regard.

- (i) Although the bids had been called to purchase 24 beds with mesh but without mattresses and 24 beds without mattresses but with planks after preparation of required specifications from the Government Factory, without considering that Bid it had been decided to purchase 52 adjustable beds instead of those beds.
- (ii) The matters for the reasons such as the Calling of Bids from the Government Factory had made from who's demand, to fulfill in which hospital's or in which institution's requirement or the reasons for make decisions on the purchase of 52 Adjustable Beds instead of the Normal Beds had not been furnished to audit.
- (iii) Even though the Technical Evaluation Committee should consist at least one member with an expert on the subject and the sufficient knowledge of the procurement procedure according to the Guideline 2.8.1 (b) of the Government Procurement Guideline this Procurement had been evaluated by a Technical Evaluation Committee consisting of three officers who did not have sufficient knowledge on the subject.
- (iv) The specifications for the Adjustable Beds had not been prepared by obtaining the instructions of the Bio Medical Engineering Services Division of the Ministry and the specified specifications had not been included in Bidding Documents. The specifications had not been submitted to the Technical Evaluation Committee for the approval in terms of Guideline 2.3.2 (c) of the Government Procurement Guidelines.
- (v) Due to not appearing the required specification specifically, the alternative Bids had been submitted showing various alternative specifications by the 04 Bidders who had submitted the Bids
- (vi) The Bids had been called only for Adjustable Beds and actions had not been taken for preparing specifications or calling Bids for mattresses or the Adjustable Beds with bed spreads. However, the Bids had been submitted for

only two types of Adjustable Beds with mattresses by the selected supplier and the rest of 03 Bidders had submitted the Bids only for the Adjustable Beds without mattresses or bed spreads. The Technical Evaluation had been conducted without considering as 03 Bidders remained had not submitted for the 02 Adjustable Beds with mattresses and bed spreads decided to purchase from the selected supplier.

- (vii) The Bid evaluation had been made without checking the 05 years experience relating to supplies 02 types of Adjustable Beds without mattresses or bed spreads in order to the experience of selected Bidder and the Registration Certificate of the National Drug Regulatory Authority in terms of the Guideline 7.10.1 (b) of Government Procurement Guideline and as per the Instruction No. 35.4 of Instructions given To the Bidders (ITB) relating to this Procurement.
- (viii) It had not made confirmations that the purchased beds were supplied according to the samples furnished.
- (ix) The Specialist of the Ayurveda Research Institute had made aware the Commissioner of Ayurveda on 17 January 2018 that the purchased beds and mattresses were substandard and only the mattresses were fabricated later on. But it was confirmed that the mattresses were not properly repaired. Actions had not been taken to have these beds and mattress properly replaced before the expiration of two years warranty period or to convert the Performance Security in to money.
- (x) The economy, effectiveness and transparency of the Procurement Process was not confirmed because of the bid received from the Government Factory per bed was only Rs. 20,300 and Rs. 28,360 respectively, a sum of Rs. 87,200 had been paid for the purchase of mattresses and an Adjustable Bed without bed sheets from the selected bidders, the beds purchased as such and the mattresses and bed sheets purchased without calling Bids were in lack of quality after preparation of specifications for the 02 types such as beds with mesh but without mattresses and the beds with planks but without mattresses.

(c) Construction of the Drugs Production Plant in Kaithadi Ayurveda Hospital

The contract for the construction of the Kaithadi Ayurvedic Hospital Pharmaceuticals Plant had been awarded Design and Build Method to a private company with a contract value without Value Added Tax amounted to Rs. 63.56 million on 15 July 2016. The following observations are made in this regard.

- (i) Although it is appropriate to follow the Design & Build method to consolidated large-scale contracts, that require creative approaches as per Guideline 3.10.1 (a) of the Government Procurement Guidelines, due to that method had been followed for a building with a small space such as 1,415 square meters, a sum of Rs. 44,947 without the value added tax had to be incurred for a single square meter.
- (ii) Even though 06 essential basic requirements for a production plant had not been included in the Building Plan prepared by the contractor, without considering that a sum of Rs. 1.5 million had been paid to the contractor for the design work.
- (iii) Due to lack of proper preparation of designs an additional cost of Rs. 2.91 had to be incurred to construct the access road to Hospital with additional 50 meters, to spread cables inside and outside of the building and to fix a roller shutter door .
- (iv) Even though it had been planned to use asbestos at a cost of Rs. 667,875 to cover 685 square meters of rooftops of the pharmacy, instead of that because of decisions taken to apply ZN / AL Roofing Sheet, an additional cost of Rs. 708,975 had to be incurred.
- (v) Even though the final bill had been paid in the year 2018, it had not been submitted any evidence to the audit that the contractor had handed over the building which had been properly completed or whether it was properly taken over by the Department.

(d) Construction of the Building related to Second Stage of the Borella Ayurveda Hospital

The contract value of the building related to the construction of second stage of the Borella Ayurveda Hospital was Rs. 1,113.16 million and the total value paid free of Value Added Tax to the Contractor by 10 April 2018 was Rs. 982.06 million. The following observations are made in this regard.

- (i) Due to lack of proper planning an extra cost of Rs.18.69 million had to be borne, since the changes in the thickness of the doors later on, the construction of a water tank not included in the designs and the installation of aluminum doors instead of the plywood doors.
- (ii) As a result of purchasing of 200 sets of television and 108 water geezers at a total cost of Rs. 7.37 million to install to the building before completion of the construction works of the building, those equipment had been installed for more than 01 year and 06 months period had elapsed from the warranty period of two years for those equipment.
- (iii) Even though the value of this contract that was commenced in the year 2015 was Rs. 1,113.16 million since the total provision made available from the year 2015 to 2018 was Rs. 1,127.44 million, it had been requested for late charges of Rs. 27.91 million on the failure to make payments for the submitted bills in due time by the contractor.
- (iv) Although the construction work had to be completed by 02 January 2018 as per the letter of extension of the approved contract period last time, the work had not been completed by the 31 July 2018 and the building had not been handed over. However, since the design of the main water sump and the sludge system had not been included in the plans, there was an atmosphere the building could not be used.

2.4 Assets Management

The following deficiencies were revealed at the audit test checks conducted in respect of the assets of the Department.

(a) Non – confirmation of Security of the Assets

It was revealed that the Generator which had been installed as it cover the office complex of the Borella Ayurveda Hospital, two Panchakarma wards No. 02 and No. 05 and two paying wards, had been in operation only 10 hours after installation and it had not been used since 2010 . Due to there was no adequate provision for the safeness of this machine, the Panel Board had been destroyed by the animals.

(b) Vehicle Utilization

The following observations are made in this regard.

(i) Non- submission of Daily Running Charts and Monthly Summaries to Audit

Even though the daily running charts and the monthly summaries must be submitted for audit before the 15 day of next month after completion of each month in terms of Financial Regulations 1645 (b), (c) and Financial Regulations 1646, the daily running charts and monthly summaries of 51 vehicles belonging to the Department of had not been furnished to audit.

(ii) Non-maintenance of Log Books properly

Even though the details with regard to the vehicles should be recorded in the Log Books and be signed by the officer in charge , actions had not been taken accordingly in respect of twelve vehicles which were tested at sample audit test checks

(iii) Not conducting Fuel Consumption Tests

The consumption of fuel must be re-tested after a period of 12 months from each fuel test or after running a distance of 25,000 kilometers or after carrying out a major repair with regard to the engine, whichever occurs first in terms of Paragraph 3.1 of the Circular No. 30/ 2016 of 29 December 2016 the fuel consumption of the vehicles of the Department had not been checked after the year 2011.

(c) Underutilized Assets

The following observations are made in this regard.

- (i) As per the information appeared in Register maintained in respect of the functions of the Gas Chromatography Mass Spectrometer (GCMS) machine cost at Rs. 14.61 million received to the Ayurveda Research Institute in the year 2000 , the machine had been used at only 11 instances for the tests during the 06 years period from August 2012 to August 2018.
- (ii) Even though the Densito meter belonging to Ayurvedic Research Institute cost at Rs. 3.21 million and the computer connected to that had disabled , actions had not been taken to repair and use it or to officially dispose it for more than 8 years.

(d) Conducting Board of Surveys

The following observations are made in this regard.

- (i) Even though conducting the Annual Boards of Survey of the year 2017 and the reports therein should be submitted to the Auditor General before 15 June 2018 in terms of Paragraph to the 3.2.6 of the Public Finance Circular No. 05/ 2016 dated 31 March 2016 , those reports had not been submitted to the Auditor General even by 20 July 2018. Further, the last Annual Board of Survey had been conducted for the year 2016.
- (ii) The proper actions should be taken in respect of the goods which must be destroyed, repaired, to be sold and handed over to other public sector institutions after receiving the Board of Survey Reports in terms of Paragraph 3.1.5 of the above Circular. Similarly, according to Financial Regulation 770 , the unusable items should be formally disposed of. However, the goods of 16 institutions under the Department had been auctioned out by acting as a Disposal Panel without having any authorization by the Board which carried out the Board of Survey for the year 2016 .

2.5 Commitments and Liabilities

The following observations are made in this regard.

- (a) It had been entered in to commitments amounted to Rs. 234.87 million by exceeding a sum of Rs. 114.32 million from the provisions made available for 42 subjects amounting to Rs. 1,444.29 million without complying with the Paragraph 02 (a) of the State Accounts Circular No. 255/ 2017 dated 27 April 2017 .
- (b) Even though the liabilities amounted to Rs. 282.85 million had been available as at 31 December 2017 as per DGSA 08 (ii) the Statement liabilities of the Appropriation Account, the Treasury approval had been applied only for the liabilities amounted to Rs.245.75 million and such approval also had not received.

2.6 Audit Paragraphs that were Not Resolved

Reference to the Audit Paragraphs relating to the Department included in the Reports of the Auditor General on which corrections had not been made to the shortcomings pointed out, are given below.

Reference to Auditor General's Report		Subject Referred
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Year	Paragraph No.	
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2014	5. 10	The salaries amounted to Rs. 548,376 had been paid to a Medical Practitioner who had been transferred to the Wennappuwa Pradeshiya Sabha from the Department on 13 July 2012 for 15 months since then. A sum of Rs. 200,000 thereof had been recovered back but the total sum of Rs. 485,470 inclusive of the balance of Rs. 348,376 and the Government charges of Rs. 137,094 had not been recovered.

The Lorry belonged to the Department had been given to the Department of Census and Statistics from 03 June to 27 June 2014, but the hire charge of Rs. 102,261 had not been recovered even by the month of October 2018 .

2.7 Management Weaknesses

The following weaknesses were observed at the audit test checks carried out.

(a) Enhancing the Research Capacity of Bandaranaike Memorial Ayurveda Research Institute for Establishing Treatment Management System for Major Non- communicable Diseases

The following observations are made in this regard.

- (i)** The Research Improvement Project for the Treatment for Non- communicable Diseases Management System had been commenced by the Bandaranaike Memorial Research Institute for the Non- communicable Diseases such as Dengue, Cholesterols, Diabetes, Cancer and Kidney Diseases. But the Project had been limited to the research level.
- (ii)** The approved permanent cadre for this Project as at 31 December 2017 was 286 and 163 positions out of that were vacant as at that date.
- (iii)** The research equipment cost at Rs. 164.97 million had been purchased in the years from 2013 to 2015 without recruiting for the essential posts existing in the approved cadre and without completing the necessary laboratory facilities and the research equipment had been purchased at a cost of Rs. 38.05 million in the year 2016 despite those these equipment had been in idle. Due to non- recruiting of staff the equipment cost at Rs. 65.07 million had been in idle without using even by 24 January 2018 . Further, it had not been possible to use an equipment amounted to Rs. 1.91 million due to not purchasing the needed chemicals.

(b) The Project to Conserve Traditional Knowledge of the Research Institute and to promote Indigenous Medicine

The following observations are made in this regard.

- (i) A Project which had been granted by the Bandaranaike Memorial Ayurveda Research Institute to conserve the knowledge of traditional doctors in all over the island and in order to establish a global hub for audio visual information with the objective to conserve traditional knowledge and promote national hygiene had been included in the Annual Action Plan 2015 and a sum of Rs. 27.0 million had been made available from the Consolidated Fund. Despite only the allocation of Rs. 12.0 million made available for the installation of the audio - visual media unit, the equipment needed for this unit had been purchased by incurring Rs. 23.56 million. However, the related equipment had been in idle since the required positions had not yet been approved and recruited in order to carry on the work of the unit by the end of the year under review.
- (ii) A professional - level photo studio had been built as the audio - visual unit and an Ayurvedic physician who had not enough knowledge and training with regard to that had been attached to the unit. As a result, the desired performance of the audio - visual unit had not achieved and the Department had also deprived of the service that required to be obtained from him as an Ayurvedic Physician.
- (iii) It had been failed to perform even one activity out of the activities such as the primary objective of the Project to conserve the traditional medical knowledge and preserve the medical devices, medical documents planned in relation with promotion of indigenous medicine and other medical information, training of traditional students of 10 Traditional Generations, confirmation of the Intellectual Property Rights of the indigenous traditional knowledge, publication of the copies of the conserved 100 Books of Conserved Books and Annual Magazines and establishment of the Universal Center for Conserving Traditional Knowledge.

(c) Construction of Maithripala Senanayake Traditional Research Hospital and Museum

The approval of the Cabinet of Ministers had been received on 18 July 2008 to construct the Maithripala Senanayake Memorial Traditional Research Hospital and Museum at Iluppukanni area in Mihintale. The Total Engineering Estimate had been Rs. 586.70 million and it had been entered in to an agreement with the Engineering

Corporation on 26 November 2012 to construct and complete the first stage of that at a cost of Rs. 39.95 million. The following observations are made in this regard.

- (i) The building constructed at first stage had been handed over to the Department on 31 March 2017 . Even though the Engineer / Consultant should issue a certificate of ending of the work concluding that the work has been performed in accordance with the specifications and other terms and conditions, and the payments that have been made in conformity with the conditions of the contract as per Guideline 8.12.2 of the Government Procurement Guideline, such a certificate of endorsement had not been issued. This hospital had not been opened for health care services even by 31 July 2018.
- (ii) The below mentioned shortcomings were observed at the physical audit test check carried out on 12 July 2017 on the constructed building had not been corrected even by 30 June 2018 .
 - ❖ Due to the fact that the doors were locked, the inside could not be inspected and there were two stores remained in the building due to no removal of the work units of the Engineering Corporation.
 - ❖ There were wild weeds around the building due to not being used up to now after handing over. The grills had not been fixed to the windows and there was no safety available due to the installation of transparent glass windows.
 - ❖ Actions had not been taken to obtain water supply and electricity connection.
 - ❖ The valance boards around the roof had been slipped from several places and the wall of the upper section of the foundation had been ripped from several points.
 - ❖ Due to the constructions were carried out with a large cleft between the wall and the roof, it had already become the pigeons' place of lodging by the time of the inspection. Even though the upper part of the window frame (2 ½ feet) was fitted with mounted wooden straps , due to the distance between the two mounted wooden straps was large, it could have been able to various animals to enter in to the building .

- (iii) Due to the actions not taken to make the necessary provisions available to commence the work on the remaining three stages of the project, it had been failed to achieve the objectives of the Project.
- (iv) Actions had not been taken to acquire the ownership to the Department of the premises where this building was erected.

(d) Construction of Kidney Disease Hospital in Medawachchiya

The following observations are made in this regard.

- (i) It had been decided to construct a hospital in Medawachchiya with 50 beds with the objective of increasing the contribution through the field of indigenous medicine in order to eliminate the spreading of kidney diseases in several Districts from the middle of the year 2014. The Engineering Estimate was Rs. 53,836,395 and considering this as a timely requirement to be completed in 2014 itself had been handed over to the Ministry of State Defense and Urban Development excluding the Procurement Process. However, the approval of the Ministers of Cabinet had not been obtained for the exclusion from the procurement process in terms of Paragraph 2.14.1 of the Government Procurement Manual.
- (ii) The Bill of Quantities related to this contract had not been prepared and actions had not been taken to evaluate the work done and to obtain an Engineering Certificate before the payment made.
- (iii) Even though the overall revised contract cost at Rs. 85,373,218 had been paid totally by 31 December 2015, a certificate of endorsement had not been obtained to certify that the work had been performed in accordance with the specifications, and other agreed terms and conditions and certified payments complied with the contract conditions even by 31 December 2017 in terms of Guideline 8.12.2 of the Government Procurement Guideline Manual.
- (iv) Even though a sum of Rs. 85,373,218 had been incurred for the construction of this hospital, actions had not been taken to take over the land to the Department.

(e) Break down in Laboratories Service of Borella Ayurveda Hospital

Out of the two air conditioners installed at the laboratory of the Ayurveda Teaching Hospital, Borella one had completely defunct and the remaining machine was

intermittently inoperative. It had directly impact on the functioning of the Hematology Analyzer which was installed and could perform about 100 full blood counts per month on the laboratory. Two air conditioners were installed at that laboratory, by incurring a sum of Rs. 400,000 on 12 March 2018 with the aim of continuing to maintain the patient care services. However, due to the lack of three phase electricity supply for the air condition machines, carrying out full blood count tests had been completely stopped because of the inability to run two air condition machines even by 28 June 2018.

(f) Non- maintenance of Air condition Machines Properly

The following observations are made in this regard.

- (i) The documents or files that had not been maintained to be able to obtain any information in respect of the number of air condition machines purchased prior to the year under review for the Department and the institutions under its purview to the installation location of the each air conditioning machine. Similarly, actions had not been taken to enter in to service agreements to be able to maintain the machines properly to run after the free services received for the air conditioning machines.
- (ii) Even though the continuous requests that had been made to repair 21 inoperative air condition machines installed at the Borella Ayurveda Teaching Hospital and thereafter arrangements were made to service them , the Department had not drawn enough attention with regard to that. Furthermore, out of 73 air-condition machines installed at the hospital by 31 December 2017, forty four were at inoperative, 20 were at the condition to be serviced , and 03 were at the condition of partially in use.

(g) Raw Pharmaceuticals Contract of Borella Ayurveda Teaching Hospital

The following observations are made in this regard.

- (i) The time period had been elapsed even up to 13 March 2017 to award the contract for the supplies of 361 varieties out of 416 raw pharmaceuticals to the Borella Ayurveda hospital in the year under review. As a result, it had been impossible to obtain the raw pharmaceuticals needed for the first quarter of the year under review. As a result of this, the production of Quatha, Rasa, Choorna had reduced in 22 percent , 54 percent and 27 percent respectively compared to

the last quarter of the preceding year with the first quarter of the year under review. Similarly, a sum of Rs. 944,450 had to be incurred to purchase a number of 600 bottles of 750 milliliter in 14 other types of pharmaceuticals and amount of 231.25 kilograms from the outside.

(ii) Even though the contracts with contractual values of Rs. 7,216,250 and Rs. 6,677,000 respectively had been offered for the two selected suppliers, contract values had not been entered into Agreements.

(iii) Even though not less than 10 per cent from the contract value should be kept as a Performance Security in accordance with the Guideline 5.4.10 of the Government Procurement Guidelines, the Performance Security had been obtained only from the value of equivalent percentage of 1.5 per cent and 0.88 per cent respectively from the two suppliers. Accordingly, the Performance Security had been obtained less than a sum of Rs. 613,381 and Rs. 608,942 respectively.

(h) Maintaining Pharmaceutical Production Plant and Storage at Borella Ayurveda Teaching Hospital in contrary to Pharmacy Regulations

The following observations are made in this regard.

(i) It was not confirmed the fact that the storage of Arishta product in plastic cans in Ayurveda Hospital, Borella was not affected the quality therein.

(ii) It was revealed that, the sewerage system located behind the manufacturing plant as well as in front of the finished pharmacy store was overflown with a strong odor from the year 2016 and it was revealed that the electrical system of the fatal section of the finished pharmacy store is inactive. However, the actions had not been taken to repair the , sewerage system and to implement the electrical system even by 31 July 2018 .

(i) Non- occupying of Traditional Special Medical Doctors for Ayurveda Hospitals

The following observations are made in this regard.

(i) Assigning 19 traditional special doctors recruited on contract basis in connection with the diseases such as eye diseases, fractures, burnings, snake poison, mental illness, tumors, wounds and cancers assigned to 06 Ayurveda

Hospitals and a sum of Rs. 6.45 million allowances had been paid during the year under review. However, the authority to recruit , approval, selection basis of the specialists and their personal files were not furnished to audit.

(ii) Even though the expectation was to get a praiseworthy contribution from them to the Ayurveda Medical Service by referring to teach students in indigenous medical colleges a proper methodology had not been identified to achieve these objectives.

(iii) As it was observed that during the physical audit examination conducted at the Ayurveda Teaching Hospital, Borella due to the matters such as not displaying the information of those Traditional Specialists to the public, not identifying the basis of referring the patients to these doctors, lack of adequate infrastructure for clinics and not introduce a methodology to treat on traditional prescriptions it was observed that a proper methodology had not been identified to promote traditional medicinal methods among the general public.

(iv) Even though the allowances had been made for the quality service of Traditional Medical Specialists, the number of patients receiving treatment from them was reduced. Although a Committee was appointed on 18 June 2018 to resolve that issue, the role of the Committee had not been specified and the Committee had not been given a specific time limit.

(j) Closing of the Charging Rooms due to Repair and Maintenance Works not Properly Performed

The roof of the Panchakarma building which 20 charging rooms of the Ayurveda Teaching Hospital , Borella was in dilapidated condition. Similarly, due to the reasons such as leaking the water from the ceiling and the slipping of the tile from the ground, the three rooms of them had been closed for about 20 months. Similarly, due to the shortcomings of the sanitary facilities and defunct in pipe systems of the building of the ward No.2 , two charging rooms had been closed for about a month. Even though as a result, an income of Rs. 1.85 million had deprived , the Repairs to be carried out had not been done even by 30 August 2018.

(k) The Janitorial Service of the Borella Hospital in the Year 2017

The following observations are made in this regard.

- (i) Two Supervisors and 34 Labourers were required to be occupied daily for cleaning purposes in terms of Paragraph 02 of the Agreement entered into between the two parties for cleaning activities of the hospital, the service had been provided 119 days lower than the prescribed number of days whereas the supervisors should work and 915 days out of the number of days whereas the labourers should serve during the period from January to September 2017 in contrary to that.
- (ii) A sum of Rs. 190,335 had been allocated monthly for equipment and antiseptic items related to sanitary contractual work. However, a supervision of an any officer or a certification about the accuracy had not been made in respect of the quantity of the equipment and antiseptic items which brings to the hospital or whether those material is used in an accurate dose.
- (iii) The work inspector did not have a formal register or bills filed to verify the amount of antiseptic items and equipment received monthly from the cleaning service agency . As a matter of fact the work inspector confirmed, although normally the material valued at a sum of Rs. 45,000 is used monthly, since a total of Rs. 190,335 had been paid monthly, the sum of Rs. 581,340 had been overpaid for antiseptic items during the period from January 2017 to April 2017 .

(l) Printing of Volume Two of Ayurveda Sameekshava Book

With the aim of conserving the knowledge of the Ayurveda, 750 copies of the book of the Ayurveda Sameekshava had been printed by incurring a sum of Rs. 253,250 and Rs. 1,446,750 in the years 2017 and 2018 respectively for the allowances to the Editing Board and for entertainment allowance and those books had been received by the Department on 03 May 2018 . Those 750 copies had not been issued for sale even by 31 August 2018. In addition, 831 the Ayurveda Sameekshava books printed during the period from the year 1998 to the year 2003 and 1,271 Ayurveda Sameekshava books which were published during the period from the year 2005 to the year 2014 remained unsold until 31 August 2018 .

(m) Registration of Ayurveda Institutions and Renewal of Annual Permits

The following observations are made in this regard.

- (i) A delay had existed in taking actions in respect of submitted applications for the Registration of Ayurveda Hospitals, Pharmaceutical Manufacturing Plants, Pharmacies, and Drug Stores and the registrations had not been completed in respect of 2,500 applications as received by 08 March 2018 in terms of Section 10 of the Ayurveda Act, No 31 of 1961 .
- (ii) The responsibilities and the powers vested to the Commissioner of Ayurveda could have been assigned only to the Deputy or Assistant Ayurveda Commissioners according to Section 10 of the Ayurveda Act, No. 31 of 1961. However, those responsibilities and powers had been vested to the Provincial Ayurveda Commissioners and the officers nominated by him.
- (iii) The actions had not been taken to maintain the computerized data base which is being functioned in an updated manner in respect of new registrations and renewals for the Ayurveda treatment centers registered in the Department of Ayurveda, Panchakarma Agencies, Panchakarma Agencies in hotels and Private Ayurveda Hospitals, manufacturing plants, retail outlets and imported drugs in the Department of Ayurveda; for imported pharmaceuticals not updated and maintained properly.

(n) Non- preparation of an Ayurvedic Legal Code

A legal code can be prepared for all purposes of performing the Ayurvedic medical and surgical medicine to manufacture, sale, supply, distribution or prohibit preparation of any product, regulate or control the certain good, a material or a medicine in terms of the Section 77 of the Ayurveda Act No. 31 of 1961 . The orders had been imposed to prepare and publish a Legal Code by the Supreme Court Case No. 266/ 2012, No. 284/ 2012 and No. 26/ 2017 and the Court of Appeal Case No. 107/ 2010. However, the Legal Code had not been prepared even by the date of this report.

(o) Establishment of Ayurveda Teaching Hospitals and Ayurveda Research Hospitals

The following observations are made in this regard.

- (i) The authority had been granted to the Commissioner of Ayurveda to establish and continue to operate the Ayurveda Hospitals and affiliated institutions in terms of Section 8 of the Act to impose the objectives set forth in Section 7 of the Ayurveda Act No 31 of 1961 . However, actions had not been taken to identify suitable areas and to prepare plans for the new hospitals and affiliated institutions considering the locations of the Ayurveda Hospitals and the affiliated institutions of them established by the Provincial Councils, Local Government Institutions and the Central Government .
- (ii) The Nawinna Ayurveda Research Hospital was established in 1962 and later on 04 another Ayurveda Research Hospitals had been established during the period up to the year 2017. However, evidences were not presented as researches carried out in respect of diseases or the innovations made through the researches conducted by those hospitals.
- (p) A sum of Rs. 34.73 million had been incurred in the year under review for the purchase of raw and dried medicine from domestic suppliers for the manufacture of pharmaceuticals. However, a formal and systematic programme had not been identified to obtain this need from the Herb Gardens of the Department.
- (q) Even though out of the land in extent 178 acres , the 103 acres had only been cultivated in the herb garden, Girandurukotte , a formal and systematic programme to cultivate the rest of 75 acres had not been identified.
- (r) The abilities of commencement of the short-term medicinal herbs as an under plantation in the land in extent 223 acres in 06 herb gardens had not been identified.

2.8 Execution Services to the Public

The instances where the services that should be fulfilled had not been carried out by paying attention in respect of following areas by the Department were observed in audit.

(a) Not updating the website

The following observations are made in this regard.

- (i) The role of the maintaining the Website of the Department to the Establishment Division of the Department, and activities of entering the forms used in three languages to the Website and updating them to the Technical Division had been assigned. However, the website of the Department had not been maintained in an updated manner and most of the information had been included in English only instead of entering all the information in three languages.
- (ii) All the information and services such as the activities provided by the sub institutions that are functioning under the Department and all the hospitals and the clinics carrying out by the each hospital and the dates relating to that , other treatment methods , mobile clinics had not been included in the website.

(b) Progress of Work under the Act

The following observations are made in this regard.

- (i) The officers had been appointed by the Department to find out the details of the Departments and sub-offices by the month of March 2018. Nevertheless the activities made such as recording of requirements for the awareness of the information to the public and responding to those requirements and making immediate remedies for the complaints made by the public relating to that had not been documented .
- (ii) The required awareness in respect of the way of functioning by the Department as per the Right to Information Act through Website of the Department and a procedure to obtain public complaints through the website itself had not been prepared.

2.9 Utilization of Provision made by Parliament for the Execution of Activities

The particulars relating to the provision made to the Department and utilization and savings for the five years period ended 31 December 2017 and the audit observations in respect of that are given below.

Year	Category of Expenditure	Net Provision	Utilization	Savings	Savings as a percentage of Net Provision
		Rs. Million	Rs. Million	Rs. Million	
2013	Recurrent	721.25	636.57	84.68	11.74
	Capital	575.72	124.75	450.97	78.33
	Total	1,296.97	761.32	535.65	41.30
2014	Recurrent	848.82	821.14	27.68	3.26
	Capital	498.69	357.98	140.71	28.21
	Total	1,347.51	1,179.12	168.39	12.50
2015	Recurrent	1,166.97	1,109.01	57.96	4.97
	Capital	575.00	413.01	161.99	28.17
	Total	1,741.97	1,522.02	219.95	12.63
2016	Recurrent	1,272.50	1,239.52	32.98	2.59
	Capital	1,300.60	612.89	687.71	52.88
	Total	2,573.10	1,852.41	720.69	28.01
2017	Recurrent	1,267.76	1,238.26	29.50	2.33
	Capital	1,122.46	538.90	583.56	51.99
	Total	2,390.22	1,777.16	613.06	25.65

Appropriation Account

Over provision Made

Due to the over provisions made and the management inefficiencies out of the total net provision made available for 10 Capital Objects amounted to Rs. 524.18 million a sum of Rs. 467.78 million had been saved and had it ranged between 55 and 98 per cent out of the net provision relating to those objects. .

2.10 Advances to Public Officers' Account

2.10.1 Limits Authorized by Parliament

The limits authorized by the Parliament for the advances to Public Officers Account of the Department Item No. 22001 and the actual amounts are given below.

Expenditure		Receipts		Debit Balance	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million
50	48.76	33	38	190	87

The following observations are made in this connection.

Non- recovery of Outstanding Loan Balances

The total of the outstanding balance amounted to Rs. 2.10 million except the loan balances of the officers who had station transferred as at the date as per reconciliation statement submitted to the audit and though those outstanding balances were being remained from year 01 to more than 05 years period requirement had been valid for a period of 1 year to five years, the follow-up actions in respect of the recovery activities were at a weak condition.

2.11 Imprest Account

As per the Imprest Estimate prepared by the Department for the year under review the details in respect of the imprests expected to be obtained monthly , imprests requested monthly , and the imprests received are appear below.

Month	Imprest should be Requested as Planned	Imprest Requested	Imprest Received	Difference between Imprest Planned and Requested	Difference between Imprest Requested and Imprest Received
-----	----- Rs . Million	----- Rs. Million	----- Rs . Million	----- Rs . Million	----- Rs . Million
January	208.34	212.23	185.71	(3.89)	26.52
February	205.19	100.27	159.74	104.92	(59.48)
March	108.93	108.88	91.08	0.05	17.80
April	120.93	145.23	128.36	(24.30)	16.87
May	108.53	129.82	105.96	(21.29)	23.86
June	116.23	140.82	108.72	(24.59)	32.10
July	129.63	183.70	145.32	(54.07)	38.38
August	126.33	182.11	121.49	(55.78)	60.62
September	174.13	173.97	103.82	0.16	70.15
October	185.43	287.70	122.32	(102.27)	165.38
November	243.08	297.01	174.49	(53.93)	122.52
December	228.83	642.91	268.80	(414.08)	374.11
Total	<u>1,955.58</u>	<u>2,604.65</u>	<u>1,715.81</u>	<u>648.48</u>	<u>888.23</u>

The following observations are made in this regard.

- (a) According to the Financial Regulations 371 (2) (b) , even though the Ad hoc Sub-imprest which had been obtained for a specific activity should be settled immediately after the completion of the purpose for which it is granted , the advances obtained at 18 instances totalled to Rs. 864,064 had been settled in a delayed period between 16 days to 148 days after the activity was completed.
- (b) In contrary to the Provisions of the Financial Regulation 371 (2) as amended by the Public Finance Circular No. 03/ 2015 dated 14 July 2015, the Ad hoc Sub- imprest amounted to Rs. 3.21 million at 182 instances had been issued to 33 non-staff officers and a sum of Rs. 2.46 million thereof had been spent during the year 2017.

- (c) The Ad hoc Sub- imprest amounted to Rs. 13 million at 458 instances during the year under review without a properly prepared estimate and only a sum of Rs. 10 million had been incurred.
- (d) As per the Financial Regulation 371 (2) as amended by the Public Finance Circular No. 03/ 2015 dated 14 July 2015, although the Ad hoc Sub- imprest could be issued within the financial limit of Rs. 100,000 for a specific function, a sum of Rs. 1,176,250 had been issued to 12 officers on 04 occasions for the activities exceeding the limit amounted to Rs. 100,000 without obtaining the approval of the Department of Treasury Operations.

2.12 General Deposit Account

The total of the balances of 05 General Deposit Accounts under the Department was Rs. 81.23 million as at 31 December 2017. The following observations are made in this regard.

- (a) Actions had not been taken in respect of 12 Deposits totalled to Rs. 324,791 (excluding land deposits) more than 2 years in terms of Financial Regulation 571 regarding deposits.
- (b) A proper and specified programme had not been identified and implemented with regard to the money deposited out by the patients who receives treatment in the wards of the Borella Ayurveda Hospital to set off the value of the bills in order to the time of departure the hospital. As a result the Deposit amounted to Rs. 1,396,840 received from 153 patients who had been admitted to the Paying Wards during the period from 01 July 2016 to 31 December 2016 was retained in the Deposit Account and had been credited to the State Income on 14 December 2017. Similarly, the money charged in the year 2017 from the patients and deposited amounted to Rs. 3,757,500 had not been set off with the bills and had been retained in the General Deposit Account even by 07 June 2018.

2.13 Non - maintenance of Registers and Books

The Department had not maintained the following Registers and it was observed in audit test checks that certain registers had not been maintained properly and an updated manner.

Type of Register	Relevant Regulation	Observation
(a) Register of Fixed Assets	Treasury Circular No. 842 of 19 December 1978 Financial Regulation 502 (2)	Not maintained in an updated manner.
(b) Register of Electric Accessories	Financial Regulation 454 (2)	Not maintained.
(c) Register of Security of Public Officers	Financial Regulation 891	Not maintained.
(d) Register of Fixed Assets with regard to the Computers, Accessories and Software	Treasury Circular No. IAI /2002/ 02 of 28 November 2002	Not maintained in an updated manner.
(e) Attendance Register of Procurement Committee and the Technical Evaluation Committee	Guideline 2.11.2 of Government Procurement Guideline	Not maintained.
(f) Meeting Minutes of Procurement Committee and the Technical Evaluation Committee	Guideline 2.11.3(a) of Government Procurement Guideline	Not maintained.

2.14 Non – compliances

2.14.1 Non - compliances with Laws Rules and Regulations

Instances of non-compliances with provisions in laws, rules and regulations observed during the course of audit test checks are analyzed below.

Reference to Laws, Rules and Regulations	Value	Non - Compliance
	Rs.	
(a) Establishments Code of Democratic Socialist Republic of Sri Lanka		
Paragraph XIV of Establishments Code	1,073,333	Travel and accommodation charges had been reimbursed instead of the subsistence allowance for lodging for the officers who travel for duties of the Department .
(b) Financial Regulation of Democratic Socialist Republic of Sri Lanka		
Financial Regulation 102 to 109	158,000	Even though a sum of Rs. 158,000 had been spent for the repair of a vehicle which had met with an accident, the responsible parties had not been identified.

2.15 Internal Audit

The following observations are made.

- (i) Chief Internal Auditor with only two other officers had been assigned for the audit of accounts and transactions of 08 hospitals, Ayurveda Research Institute and Nawinna

Research Hospital, National Institute of Indigenous Medicine and the entire Department consisted with 06 Herbal Gardens consisting only of and the Ayurveda Medical Council . Similarly , the two of those officers had been assigned for the Board of Survey duties and various programs of providing herbal drinks each year during the period from January to August . As a result, the independence of the internal auditing unit established in terms of Financial Regulation 134 (1) had not been substantiated.

- (ii) Even though an Internal Audit Programme had been prepared in accordance with Financial Regulation 134 (2) , out of 25 main tasks listed in the Audit Programme ,18 activities had not been achieved in the year under review.

2.16 Human Resources Management

2.16.1 Approved Cadre, Actual Cadre and expenditure for Personal Emoluments

The particulars of the approved Cadre, Actual Cadre, Vacancies and the Excess Staff for achieving the activities of the Department as at 31 December 2017 are given below. The Department had spent a sum of Rs. 958.97 million for the Object of Personal Emoluments for the year under review. Accordingly, the Per Capita Expenditure had been Rs. 695,412 .

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
-----	-----	-----	-----
(i) Senior Level	653	568	85
(ii) Tertiary Level	46	07	39
(iii) Secondary Level	451	249	202
(iv) Primary Level	776	555	221
Total	1,926	1,379	547
	=====	=====	=====

The following observations are made in this regard.

(a) Obtaining Approval for the Staff Exceeding the Requirement

Even though there had been 547 vacancies by the end of the year under review and even if the allocations made available in accordance with the Appropriation Account prepared for the year 2017 remained without utilization, existence of the vacancies had not affected in those savings except below mentioned instances. Accordingly, it was observed in audit that there was an over estimation of the approved staff.

- (i) Out of 16 posts in the National Institute of Traditional Medicine (NITM) which was established to conduct seminars, educational classes and courses on Ayurveda existed among the key functions of the Department, the main posts such as Deputy Director (General) and the Deputy Director (Technical Education) and 04 posts from 08 approved Public Management Assistants out were in vacant.
 - (ii) Out of 67 approved Senior Level posts 24 posts consisting 02 posts of Scientists, 08 posts of Specialist Medical Officers, 05 posts of Special Medical Officers, and 08 Scientist Officers, out of 23 Tertiary Level posts 22 posts consisting 18 Research Officers, Out of 84 approved Secondary Level posts 45 posts consisting 03 Medical Researchers, 14 Technical Officer posts and 05 Research Assistant posts which should directly contributes to achieve the functions of the Bandaranayke Memorial Ayurveda Research Institute established to carry out the related research works to uplift the indigenous medicine system which is among the main functions of the Department were in vacant.
- (b) Even though the number of approved cadre of 9 essential posts of 9 hospitals under the Department as at 31 December 2017 was 976, the actual number of staff was 689.

(c) Training of Staff

The following observations are made in this regard.

- (i) A training plan had not been prepared in respect of training of staff attached to the Department during the year and a proper program also had not been prepared to measure the performance of the officers annually accordingly by specifying a number of training hours to the officers annually.
- (ii) Out of the total staff of the 1,379 attached to the Department the trainings had been provided only for 19 officers by incurring Rs. 319,225 during the year under review and all the details in respect of the foreign trainings and the trainings of officers who are employed in the sub offices existed under the Department of Ayurveda had not been available .
- (iii) Out of the 538 Medical Officers of the Department 34 Medical Officers had participated in Postgraduate Courses by incurring a sum of Rs. 3,153,000 or 89 per cent out of the total net provision made available for the trainings of the year under review. However, the method of selecting 34 of them for that had not been furnished to audit. An appropriate training plan had not been prepared for each level of officers as obtaining the trainings without an anomaly under the Training Object .

2.17 Security to be furnished by Public Officers

It was not ensured that the officers who are required to give security had so done as per the provisions of Financial Regulations 880 and a Register of Security containing the names of all officers required to give security had not been maintained in terms of the Financial Regulation 891 .