

Head 111 - Ministry of Health

1. Financial Statements

1.1 Qualified Opinion

Head 111 - The audit of the financial statements of the Ministry of Health for the year ended 31 December 2023 comprising the statement of financial position as at 31 December 2023 and the statement of financial performance, and cash flow statement for the year then ended, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018. The Summary Report containing my comments and observations on the financial statements of the Ministry of Health was issued to the Accounting Officer on 29 May 2024 in terms of Section 11 (1) of the National Audit Act No. 19 of 2018. The Annual Detailed Management Audit Report of the Ministry was issued to the Chief Accounting Officer on 04 July 2024 in terms of Section 11 (2) of the Audit Act. This report is presented to Parliament in terms of Section 10 of the National Audit Act No. 19 of 2018 which is read in conjunction with Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

In my opinion, except for the effects of the matters described in Paragraph 1.6 of this report, the financial statements prepared give a true and fair view of the financial position of the Ministry of Health as at 31 December 2023 and its financial performance and cash flow for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Qualified Opinion

My opinion is qualified based on the matters appear in Paragraph 1.6 of this report.

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

1.3 Responsibilities of the Chief Accounting Officer on Financial Statements

Preparation of financial statements in a manner that reflects a true and reasonable position and determines the internal control required to enable financial statements to be prepared without inadequate false statements that may result from fraud and error in accordance with Generally Accepted Accounting Principles and the provisions of Section 38 of the National Audit Act, No. 19 of 2018 is the responsibility of the Chief Accounting Officer.

As per Section 16 (1) of the National Audit Act No. 19 of 2018, the Ministry is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared.

The Chief Accounting Officer shall ensure that an effective internal control system is maintained for the financial control of the Ministry in terms of Sub-section 38 (1) (c) of the National Audit Act and it should be periodically reviewed the effectiveness of the system and make any necessary changes to keep the system running efficiently.

1.4 Auditor's Responsibility on Audit of Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also furthermore;

- Appropriate audit procedures were designed and implemented to identify and assess the risk of possibility of quantitative misrepresentations occurred in financial statements due to fraud or errors in providing a basis for the expressed audit opinion. More than the impact of quantitative misrepresentations due to misrepresentation, the effect of fraud is strong because of malpractice, forgery, intentional evasion, misrepresentation, or evasion of internal controls can lead to fraud.
- Although it is not intended to express an opinion on the effectiveness of internal control and obtained an understanding of internal control in order to plan appropriate audit procedures occasionally.
- Evaluate that the underlying transactions and events are appropriately and fairly included in the financial statements for the structure and content of the financial statements that include disclosures.
- Evaluated whether the transactions and events underlying the structure and content of the financial statements are appropriately and fairly consisted in and presentation of financial statements including disclosures as a whole.

The Chief Accounting Officer was made aware of important audit findings, key internal control deficiencies and other matters identified in my audit.

1.5 Report on Other Legal Requirements

I declare the following matters in terms of Section 6 (1) (d) of the National Audit Act No. 19 of 2018 .

- (a) The financial statements are consistent with the previous year,
- (b) The recommendations which I had made with regard to the financial statements of the preceding year had not been implemented in respect of the observations mentioned from Paragraphs 1.6.1 (a) to (o) of this report.

1.6 Comments on Financial Statements

1.6.1 Property Plant and Equipment

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) The cost of non-financial assets had been understated by Rs. 46,940.73 million in the year 2018 and a sum of Rs.7,102.99 million out of which had been stated as a new land acquisition in the year 2019 .	Agree with the recommendation, the monthly account summary of 61 health institutions will be obtained monthly from the Stock Verification Division and asset accounting will be checked in order to discuss and resolve existing issues with the Department of State Accounts, arrangements will be made to be settled within 06 months according to the orders of the Committee on Public Accounts held on 13.05.2024 .	Necessary steps should be taken to correct these errors.
(b) Due to understatement of capital asset acquisitions by Rs.14,793.13 million in the year 2018, capital assets as at 31 December 2019 had been understated by an amount equal to that.	-do-	-do-

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| (c) | The cost of buildings and construction acquired during the year 2019 amounting to Rs.6,501.94 million as per the Treasury Accounts Statements had not been included in the disclosure of non-financial assets and due to overstatement of Rs.2,967.27 million in the cost of assets acquired during the year 2019, non-financial assets had been overstated by the same amount as at 31 December 2019 . | -do- | -do- |
| (d) | Finding out the reasons for the difference of Rs. 19,789.44 million remained in the cost of non-financial assets as at 31 December 2020 as per the SA 80 non-financial assets account monthly summary and SA 82 cumulative non-financial assets account report maintained by the Treasury and making adjustments thereon, had not been done. | -do- | Actions should be taken to find out the reasons for the variations and make the necessary adjustments. |
| (e) | Although the cost of property, plant and equipment as at 01 January 2021 was Rs.192,229.15 million as per the statement of financial position as at 31 December 2021, thus the values had been Rs.172,439.71 million and Rs. 184,327.77 million as per monthly summary of non-financial assets account (SA 80) and cumulative non-financial assets account report (SA 82) maintained by the Treasury respectively, the reasons for the differences of Rs.19,789.44 | -do- | -do- |

million and Rs. 7,901.38 million respectively were not revealed.

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| <p>(f) The reasons for the difference of Rs.16,877.89 million in between the values as per the expenditure statement (ACA Format 2 (i)) and monthly expenditure summary (SA 10) maintained by the Treasury according to the programmes of the year 2021, and as per the statement of account (SA 82) of capital asset acquisitions and accumulated non-financial assets maintained by the Treasury during the year under review were not revealed.</p> | <p>-do-</p> | <p>-do-</p> |
| <p>(g) Although it was confirmed that 2,444 units of goods and equipment valued at Rs. 1,339.25 million and medical supplies had been given as non-financial assistance or donations to the Ministry and the hospital institutions and various departments under it by various local and foreign institutions, organizations and individuals in the year 2020, their values had not been included in the financial statements.</p> | <p>-do-</p> | <p>Actions should be taken to identify and account for all the assets which were not brought to accounts.</p> |
| <p>(h) Expenditure incurred for the acquisition and development of non-financial assets included in the expenditure of Rs. 7,603.09 million incurred under 54 foreign aid projects implemented by the Ministry during the period from the year 2010 to 2020 had not been</p> | <p>-do-</p> | <p>Written evidences confirming that all assets acquired under the projects were accounted for, should be promptly submitted to the audit.</p> |

accounted for under non-financial assets.

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| <p>(i) As per statement of financial position as at 31 December 2021 and accumulated non-financial assets account report (SA 82) and value of non-financial assets as at that date and as per Treasury accumulated non-financial assets account report (SA 82) for the year 2022 , a difference of Rs.5,244.56 million was observed between that value as at 01 January 2022 and the reason for this difference was not explained in the audit.</p> | -do- | Actions should be taken to find out the reasons for the differences and make the necessary adjustments. |
| <p>(j) As per statement of expenditure according to the programmes of the year 2022 (Format ACA 2(i)) and Treasury printout SA 10 and according to the statement of accounts (SA 82) of acquisitions of capital assets and accumulated non-financial assets of the Treasury in the year 2022, there was a difference of Rs.11,423.16 million between that values.</p> | -do- | -do- |
| <p>(k) Non-financial assets valued at Rs.6,326.05 million as at 31 December 2022 had been purchased by the Covid 19 Emergency Response and Health Systems Preparedness Project and the cost of these assets had not been brought to accounts under non-financial assets of the Ministry.</p> | -do- | Written evidence confirming that all assets acquired under the projects have been accounted for should be promptly submitted to audit. |

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| <p>(l) As per the computer soft copies showing the information about non-financial assets as at 31 December 2022 in relation to the Ministry of Health and 59 institutions belonging to it submitted to the audit, lands of 25 hospitals / institutions as well as buildings of 05 hospitals / institutions had not been assessed and accounted for.</p> | <p>-do-</p> | <p>Actions should be taken to quickly assess and account for these assets.</p> |
| <p>(m) The cost of two vehicles assigned to the Sri Lanka Police Department and the Ministry of Tourism and Civil Aviation amounted to Rs 11,550,000 had been entered into the financial reports of the Ministry of Health as at 31 December 2022 .</p> | <p>-do-</p> | <p>Actions should be taken to correct this error.</p> |
| <p>(n) Some agencies had not provided the information requested by the audit. Actions had been taken to write off the goods totalling to Rs 2.66 million in relation with the years 2017, 2018, 2019 of 11 hospitals, other health institutions, training institutions and divisions under the Ministry and items which did not mentioned the cost related to Badulla Provincial General Hospital, from the books. However, it had not been confirmed to the audit whether the cost of the disposed goods was removed from the non-financial assets of the financial statement of the Ministry. Also, there were cases where disposal activities had not been completed in some hospitals, and the relevant disposal</p> | <p>-do-</p> | <p>All organizations should provide the information requested by the audit and the accurate adjustments related to the disposed assets should be made in the financial statements. Similarly, it should act in terms of Finance Regulation 757(2) if there are discrepancies, deficiencies and omissions after receiving the reports of the Board of Survey.</p> |

process had not been completed by the appointed disposal boards and there were cases where deficiencies related to Annual Board of Surveys had not been done in accordance with Financial Regulation 757(2) .

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| <p>(o) Goods valued at Rs.2,588.30 million received in the years 2020 and 2021 to 31 institutions / hospitals and divisions and the goods related to 2057 cases where the information about the value received to 30 institutions/ hospitals and divisions were not included had not been formally documented and entered in the financial statements of the Ministry.</p> | <p>-do-</p> | <p>Actions should be taken to properly account for all the donations.</p> |
| <p>(p) The value of property, plant and equipment as at 01 January 2023 was Rs. 195,221.42 million as per the statement of financial position prepared as at 31 December 2023. Nevertheless, the opening balance of Treasury Printout, Monthly Summary of Non-Financial Assets Account (SA 80) as at 01 January 2023 was Rs. 200,118.27 million.</p> | <p>Agree with the observations, arrangements will be made to correct the error and submit.</p> | <p>Arrangements should be made To find out the reasons for the differences and make the necessary adjustments.</p> |
| <p>(q) The value of non-financial assets as at 31 December 2022 was Rs. 200,118.27 million as per the accumulated non-financial assets statement of accounts (SA 82) for the year 2022 and the value was Rs. 195,221.42 million as at 01</p> | <p>Agree with the observations. Preparation of SA 82 is done by Department of State Accounts and actions will be taken to ascertain the reason related to not becoming the previous year closing balance as opening balance of this</p> | <p>-do-</p> |

January 2023 in the report prepared for the year 2023. Accordingly, a difference of Rs.4,896.85 million was observed and the reasons for this difference were not explained.

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| (r) | Although the cost of acquisition of capital assets in the year 2023 according to Expenditure Statement (Format ACA 2 (i)) of the Programme and Treasury Printout SA 10 was Rs. 11,605.50 million, thus the purchase of assets in the year under review was Rs 3,698.37 million as per Treasury accumulated non-financial assets account report (SA 82), the cost of assets had been understated by Rs. 7,907.13 million. | Agree with the observations, The opening balance (land and buildings) has been corrected and capitalization of all purchases in 2023 are being carried out and arrangements have been made to complete by 31.07.2024 . | -do- |
| (s) | Although the value of non-financial assets as at 31 December 2023 was Rs.204,292.96 million according to the financial statements of the Ministry, the value of those assets had been stated as Rs 215,870.86 million as per the computer soft copies showing the information about the non-financial assets of the Ministry of Health and its 63 institutions as at 31 December 2023 submitted to the audit. Accordingly, a difference of Rs 11,577.90 million was observed. | Agree with the observations, Actions will be taken to find out the reasons for these differences and necessary adjustments will made and accurate information will be submitted. | -do- |

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| (t) | Even though non-financial assets as at 31 December 2023 totalled to Rs 6,620.90 million had been purchased as per the financial statements related to 05 projects under the Ministry submitted to the audit on 25 March 2024, only assets valued at Rs 3,385.32 million out of these assets, had been accounted for under non-financial assets of the Ministry. | Agree with the observations, Actions will be taken to find out the reasons for the relevant difference and necessary adjustments will be made and accurate information will be presented in the financial statements. | Actions should be taken to account for the accurate values. |
| (u) | It was observed that the lands of 27 hospitals/institutions as well as the buildings of 04 hospitals/institutions had not been assessed and accounted for as per the computer soft copies showing information about the non-financial assets of the Ministry of Health and its 63 hospitals/institutions as at 31 December 2023. | Agree with the observations, All the land and building assets assessed by the Valuation Department in the institutions belonging to the Ministry of Health have been included in the accounts by 30.04.2024 . | Actions should be taken to promptly assess and account for these assets. |
| (v) | Even though a kidney treatment unit and a surgical ward complex consisting of 03 floors had been built after the year 2018 in Peradeniya hospital premises under the provision of University of Peradeniya, the value of these buildings had not been recognized and accounted for. | Arrangements have been made to correct the accounts by entering the value of those buildings in the accounts. | Actions should be taken to bring into accounts. |

1.6.2 Lack of Evidence for Audit

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>(a) Since detailed schedules of non-financial assets with a total cost of Rs.204,292.96 million, Board of Survey Reports and information on assets indicated under the CIGAS programme and detailed schedules on the amount of Rs.20,775.78 million which was adjusted to the asset balance as at 31 December of the preceding year, the assets purchased for Rs.3,698.37 million made during the year under review and the asset disposals of Rs.6,944.27 million were not submitted, those values could not be satisfactorily verified.</p>	Agree with the observations.	These information should be submitted for audit and actions should be taken in terms of Section 42 (a) of the National Audit Act No. 19 of 2018 .
<p>(b) The information on whether 238 officers belonging to 08 posts belonging to Interim Medical Service and 111 officers belonging to 03 posts belonging to Paramedical Service were employed or not and if employed, in which place they work were not submitted for audit.</p>	-do-	-do-
<p>(c) The files of Property/Vehicle loans related to Rs.14,301,604 to be received from 69 transferred, suspended, left the service and retired officers were not submitted to audit.</p>	-do-	-do-

(d) The information related to the three years of 2021, 2022 and 2023 required to evaluate the performance of the utilization of vehicles owned by the Ministry was not submitted for the audit and in addition to that, due to non-submission of required information or non-submission of complete information which were called for the audit by calling for information on various matters through 34 letters by 09 April 2024, the relevant areas could not be properly audited.

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1.6.3 Certifications to be made by the Chief Accounting Officer

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Although the Chief Accounting Officer should ensure that all audit queries are answered within the specified time limits as required by the Auditor General, the total number of unanswered audit queries was 70 even by 04 April 2024 and although more than a year had elapsed, the number of unanswered queries was 6.	Actions will be taken to provide prompt answers to 06 audit queries for more than a year and arrangements will be made to provide prompt answers to other audit queries by coordinating with this Ministry and related hospitals and institutions.	Answers for all audit queries should be submitted within the stipulated time.

2. Financial Review

2.1 Entered into Liabilities and Commitments

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
The outstanding balance as at 31 December 2023 was Rs. 5,519.64 million in accordance with the Note (iii) Format of the financial statements submitted for audit by the Ministry of		

Health under Expenditure Head No. 111 and the balance of commitment was Rs. 5,519.64 million and the balance of liability was Rs 607.95 million as at 31 December 2023. The following matters were observed during the audit conducted in that regard.

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| <p>(a) Liabilities totalled to Rs. 1,476.78 million had been entered into exceeding the provisions as a sum of Rs.1,395.07 million exceeding the saving of the allocations given to 17 expenditure objects under the Operational Programme by the institutions belonging to the Ministry and a sum of Rs. 81.71 million exceeding the saving of the allocations given to 5 expenditure objects under the Development Programme in contrary to the provisions of Financial Regulation 94 (i) .</p> | <p>Agree. the instructions have been given to the relevant authorities not to enter into commitments and liabilities hereafter, exceeding the provisions.</p> | <p>Actions should be taken in terms of Financial Regulation.</p> |
| <p>(b) Information that it was entered into liabilities valued at Rs. 79.18 million had not been submitted to audit for 15 expenditure objects which were not included in Annual Budget Estimate or newly created expenditure objects under the Operational and Development Programmes.</p> | <p>Agree, Several expenditure objects have been wrongly recorded due to a mistake in entering a large number of liabilities from the hospitals and institutions owned by the Ministry of Health.</p> | <p>Actions should be taken to accurately identify commitments and liabilities.</p> |
| <p>(c) Although the balance of liabilities was Rs.79,784.95 million as per the Statement of Commitments and Liabilities presented by the Chief Accountant of the Medical Supplies Division, thus the balance was Rs. 1,274.91 million as per the financial statements of the Ministry, the liabilities amounted</p> | <p>Agree. It has been asked about this from Medical Supplies Division and as soon as it is answered, it will be submitted to you. However, all institutions have been informed to make commitments subject to the existing provisions.</p> | <p>Actions should be taken to correct.</p> |

to Rs.78,510.04 million had been understated in the financial statements.

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| <p>(d) There was a difference of Rs. 26,685.72 million between the amount payable to the State Pharmaceutical Corporation and the State Pharmaceutical Manufacturing Corporation as per the statement of liabilities of the Medical Supplies Division, in the year under review and the amount to be collected from the Medical Supplies Division as per the financial statements of the two institutions.</p> | <p>An amount of Rs 67,908.15 million has been recorded as liabilities due to a mistake and it was the value to be settled according to the imprest paid by the Treasury for the expenditure objects related to the institutions such as SPC and SPMC.</p> | <p>These balances should be adjusted and an agreement should be entered into between the institutions.</p> |
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2.2 Issuance and Settlement of Advances

2.2.1 Ad hoc Sub-imprests

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>(a) Although the ad hoc sub-imprests received should be settled within 10 days of completion of the task in terms of Financial Regulation 371 (5) as amended by Public Finance Circular No. 03/2015 dated 14 July 2015, the ad hoc sub-imprests totalled to Rs 3.12 million given in 67 cases during the year under review had been belatedly settled a period ranging from 01 and 02 months after completion of the relevant task.</p>	<p>Due to issues such as the lack of human resources available to the respective divisions, the continuous conducting of programmes, conducting of programmes as a series of programmes in areas far from Colombo, occurring of delays due to participation of staff officers in out of office duties, etc., However, arrangements are being made to further formalize the internal control procedures necessary to solve this problem.</p>	<p>The ad hoc sub imprests should be settled immediately after the completion of the task.</p>
<p>(b) Actions had not been taken to settle the advance of Rs. 1,222,599,026 given many years ago to the Medical Supplies Division under other advances</p>	<p>A committee has been appointed on the advice of the Department of State Accounts to make necessary recommendations to settle the</p>	<p>Unsettled advances should be properly accounted for and actions should be</p>

(7000-0-0-111-0-002) submitted for the year ended 31 December 2023 even by the year under review.	imprest account and the said committee has met by now and recommended that it would be appropriate to settle this dormant advance balance by obtaining a nominal provision in the year 2024.	taken to settle these advances promptly.
(c) The unsettled advances amounted to Rs.2,288,037 and Rs.6,321,785 as at 31 December 2023 provided by the Treasury in order to settle the related losses occurred from the robbery of the Sri Lanka Dental Hospital and the Anuradhapura Teaching Hospital in the years 2002 and 2019, had not been disclosed under sundry advances in the financial statements (ACA-5).	Disagree with the observation, these values have not been included under Expenditure Head 111 in the 2023 Treasury Printouts.	Necessary corrections should be made in consultation with the Treasury.

2.2.2 Issuance and Settlement of Advances to Government Officials

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>The following observations are made in relation to the reconciliation statement of the advances to public officers "B" account submitted for the year ended 31 December 2023 .</p>		
(a) It was observed that the debt balances as at 31 December 2022 in respect of 264 officers in service as at 31 December 2023 had not been recovered in the year 2023 .	Agree with the observations.	Actions should be taken to recover the debt balances.
(b) The debtor balance receivable from transferred officers transferred out to other Government Ministries/ Departments as per Annexure 3 of the reconciliation statement	Agree with the observations. The debt balances of the officers who have transferred out to other Ministries and Departments are settled within 03 months, the debt	Actions should be taken to get settled the debt balances within 03 months of the officer transferred out in terms of the Establishments

was Rs. 59.91 million. It was observed that the provisions set out in the Budget Circular No. 118 dated 11 October 2004 and Sections 1:6 and 1:7 of Chapter xxiv of the Establishments Code had not been complied with. Out of these debtor balances, the debtor balances of Rs. 42.23 million were for more than 5 years old debt balances and it was about 70 per cent of the total debtor balance. Out of the remaining debtor balances, the debtor balances of Rs.14.45 million were the debtor balances that exceeded 03 months.

balances of the officers who have been internally transferred and arrived from the year 2020 are settled within the same year after bringing them to the Head Office, details on old debt balances will be checked and get settled, the debt balances of the officers who have been transferred to the Ministry from the Provincial Councils will be promptly cleared and the related Provincial Council institutions will be notified to settle the debt balances of the officers who have transferred out.

Code and the provisions of the Circular.

- (c) Forty debtor balances totalling to Rs.2.45 million shown in Schedule No. 3.3, debtor balances of Rs.12.34 million receivable as at 31 December 2023 included in Schedule No. 3.2.2 and a creditor balance totalled to Rs.234,840 included in Schedule No. 3.9.2 were the debtor and creditor balances of officers transferred out to hospitals and other health institutions belonging to the Ministry of Health. This situation was brought to your attention by the reports of the Auditor General for the four years 2019, 2020, 2021 and 2022 and since there cannot be debtor and creditor balances among entities within the same Expenditure Head, although it was recommended to check and settle these balances, actions

Agree with the observations. These credit balances were instructed to be entered in the accurate annexures in the preparation of Government Officers Advance B Account for the year ended 2024 .

Appropriate adjustments should be made promptly identifying the causes of this situation.

had not been taken to recognize these balances up to 31 December 2023 .

- (d) The debt balance to be collected from 271 suspended officers as at 31 December 2023 was Rs. 11.22 million and a sum of Rs. 7.48 million out of that, that is 67 per cent of the debt balances were more than 5 years old and the debt balance of Rs.9.49 million that is 85 per cent was for more than a year old.
- Agree with the observations, making aware the officers to settle the debt balances after obtaining the current addresses of the officers from the Election Commissioner to get settled the debt balances of the suspended officers, actions will be taken to get settled the debt balances by taking actions like informing through Grama Niladhari Officers, informing respective police station divisions and informing of guarantors.
- Actions should be taken to recover the debt balances in accordance with the provisions of the Establishments Code.
- (e) The debt balances totalling to Rs 34.90 million should have been recovered from 1121 officers who had left the service. Debt balance of Rs. 11.76 million that is 34 per cent of the debt balance was for more than 5 years old and debt balance of Rs.22.40 million or 64 per cent of the debt balances were the debt balances older than one year. This balance continues to increase year after year, and sufficient actions had not been taken to recover the debts.
- Agree with the observations, making aware the officers to settle the debt balances after obtaining the current addresses of the officers from the Election Commissioner to get settled the debt balances of the suspended officers, actions will be taken to get settled the debt balances by taking actions like informing through Grama Niladhari Officers, informing respective police station divisions and informing of guarantors.
- Arrangements should be made to recover the debt balances in accordance with the provisions of the Establishments Code.
- (f) The debt amount receivable from 423 retired officers was Rs. 19.99 million and out of which a sum of Rs. 7.85 million that is 39 per cent of
- Agree with the observations, Actions will be taken to make aware the Pension Department and recover the debt balances to minimize
- Arrangements should be made to recover the debt balances in accordance with the provisions of the

the debt balance was the debt balance for more than a year old. long-term irrecoverable debt balances. Establishments Code.

- (g) Although the actions should be taken in accordance with the provisions of Paragraphs 4.4 to 4.6 of Chapter xxiv of the Establishments Code in respect of debt balances receivable from deceased officers, due to failure of taking actions as per the provisions, the outstanding amount had been Rs 7.03 million as at 31 December 2023. The debt balances totalled to Rs. 1.61 million that is 23 per cent to be received from 33 officers were the debt balances for more than 05 years old. Similarly, a sum of Rs. 4.83 million that is 69 per cent of this debtor balance was for more than a year. Agree with the observations. Arrangements should be made to recover the debt balances in accordance with the provisions of the Establishments Code.

2.3 Deposit Balances

Audit Observation

There was a net difference of Rs.16,485,076 between monthly account summaries and individual account summaries of the Ministry of Health as at 31 December 2023 .

Comments of the Chief Accounting Officer

It can be guessed that the reason for the said difference is the difference caused by the confusion in the crediting of the old public deposit account balances to the government revenue in 2016 and transferring of the old balances to the newly opened public deposit accounts, However, all general deposit balances will be reviewed again and actions will be taken to clear the difference.

Recommendation

The reasons for this difference should be identified and rectified promptly.

2.4 Non-compliance with Laws, Rules and Regulations

Reference to Laws, Rules and Regulations	Non-compliance	Comments of the Chief Accounting Officer	Recommendation
(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka			
i. Financial Regulations 138	Although the expenditure should be certified by the authorized certifying officer before payment is made to the payment vouchers, the payments totalled to Rs.4.34 million related to 06 payment vouchers in May and June 2023 at Kalutara Teaching Hospital had been made without certification of expenses.	As the certification of expenses related to payment of officers' debts and settlement of bills was rejected by the Accountant, the certification of the expenditure has been made by the Director of the Hospital.	Actions should be taken in terms of Financial Regulations
ii. Financial Regulations 138, 139 (1), 257, 141 (3) (a) and (d)	All the activities such as approving of payments, certifying and disbursing of expenses totalled to Rs.14.51 million for the payment of 58 sub-vouchers related to 02 payment vouchers of May 2023 in Kalutara Teaching Hospital had been done by the Directress of the Hospital.	-do-	-do-
(b) Paragraph 03(3) of Public Administration Circular No. 19/89 dated 23 March 1989	Although it has been stated that overtime cannot be approved for office staff before 8.30 a.m. it was observed that overtime had been approved before	As it is impossible to perform all duties during normal duty hours, it had to employ on overtime allowances.	Circular instructions should be followed and disciplinary actions should be taken against the

08.30 a.m for the office staff of the Ministry of Health and payments will be made for it.

officers who acted without complying to that.

2.5 Improper Transaction

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>(a) Although the canteen income and other service rent income should be credited to state revenue, the Karapitiya Teaching Hospital had taken actions to credit government revenue totalling to Rs.2.56 million to welfare accounts without crediting to the state revenue and had failed to collect from suppliers even as at 02 June 2023 the date of audit.</p>	<p>Agree with the observations. Actions are being taken to credit canteen rent and other rental income to state revenue.</p>	<p>It should conduct a full investigation in this regard and disciplinary actions should be taken against the responsible officers.</p>
<p>(b) A specialist in the Emergency Unit of the Kandy National Hospital did not update the day book between 06 August 2022 and 6 December 2022 and there was no any entry in the leave register or in the register to be entered when leaving the country after taking foreign leave after 06 August 2022. Accordingly, the salaries had been paid for the months of August and September without ascertaining whether this doctor was actually employed on duty during that time or not.</p>	<p>Agree with the observations. It has been informed that the amount of Rs.161,209 to be recovered from this officer furthermore to be paid to the Shroff Division of Kandy National Hospital and to submit the receipt and he has also been informed by e-mail, nevertheless, as no any response has been given, arrangements will be made to take necessary legal actions to recover these receivables.</p>	<p>It should conduct a full investigation in this regard and disciplinary actions should be taken against the responsible officers.</p>

(c) Two specialist orthopedic surgeons were employed at Matara General Hospital and, the number of patients on the waiting list was 227 by 30 November 2023, the date of audit. The following matters were observed in this regard.

(i) Even though the TKR Implant in the surgical stores of the hospital had been used for the TKR (Total Knee Replacement) surgery performed on 21 November 2023 at the Matara General Hospital, the approval of the respective Specialist and the Deputy Director of the Hospital had been given. for the payment of Rs. 550,000 to a private supplier informing that the TKR Implant which will be purchased at the patient's personal expense and supplied to the hospital, will be used for the patient's surgery. Accordingly, despite there were respective TKR Implant available in hospital stores, an informal transaction had created by persuading the patient to pay Rs.550,000 to a private supplier.

If a patient voluntarily provides a donation or shortage material for his own surgery or for the use of other patients, it is formally intended to be used for the treatment of the patient's own condition or issued for public use. The TKR Implant should be provided to the hospital by the Medical Supplies Division and in cases where they are in shortage due to certain existing conditions, some patients buy the equipment at their own expense and provide it for their surgeries and although it will be reinstalled directly as it is also a donation in a certain way it will be documented and processed by the relevant surgery section, Nevertheless, if the hospital has any device at that time, as it is essential to perform the surgery using that device measures are taken accordingly..

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(ii) Two days after audit that is 02 days after surgery, the supplier had issued an invoice to the patient for the supply of 22 other orthopedic surgery items

Even though it had been stated that other orthopedic surgical materials have been supplied by the respective institution, it was revealed by the statements of the Orthopedic Specialist and the

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valued at Rs 566,000 instead of the TKR Implant and thus it was observed that 12 units of Non-TKR Implant orthopedic surgery materials valued at Rs. 216,000 had been undertaken by an Specialist Orthopedic Surgeon and kept in the stores, the reasonable matters for undertaking of the surgical material by the Specialist Orthopedic Surgeon at the hospital based on an invoice issued to a patient by a private supplier were not observed during the audit and it was further observed that it was a non-compliant situation with the overall control system and internal control system of the hospital.

statements of the Chief Pharmacist and the nurse in charge of operating room A that, this hospital has not received them.

(iii) Although the aid and donations received by the hospital should be formally accepted after obtaining the prior approval of the Director of the Hospital and under the supervision of the medicine and surgical equipment store officers, after being documented, actions had not been taken to comply with it.

It has become a normal situation to constantly receive donations, aid and help both domestically and foreign for the continuous maintenance of health system of Sri Lanka and with the current economic crisis, it has been a great help to maintain the health service, the Chief Surgical Pharmacist has mentioned that the Orthopedic Surgical Materials mentioned by you mentioned as supplied by the respective institution have not been received by the Hospital's Surgical Store.

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3. Operational Review

3.1 Performance

3.1.1 Failure to Perform Duties

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>(a) It has been stated that the minimum number of employees and norms should be revised according to the standardized criteria as health human resource issues identified in 2 thematic core areas of Health Administration and Health Human Resources in the National Health Strategic Master Plan 2016-2025. Development of Health Human Resource Policy (planning/ recruitment/ training/ deployment/ professional development) has been shown as proposed strategies to address these issues. Accordingly, although it had been planned to develop the Human Resources Strategic Plan in the year 2023, the Third Draft Report was prepared and sent to the relevant parties and the World Health Organization for receiving expert opinions and the final report had not been prepared even by the end of the year.</p>	<p>Agree. This plan was prepared by the Sri Lanka Representative Office of the World Health Organization and it is in final draft level this work was done by the Specialists' Committee appointed by the said office and the necessary provisions for that have been provided by them. Despite these facts, the preliminary work is currently being done to update this draft considering the socio-economic challenges faced by Sri Lanka and new trends including Human Resource Management due to those challenges and to prepare a new Human Resource Action Plan (Human Resource for Health Master Plan 2025-2035) based on that. Therefore, both the respective plans are expected to be completed within this year.</p>	<p>These activities should be completed as planned.</p>
<p>(b) Even though it was expected to take necessary measures to implement the developed tobacco tax formula and prepare an alcohol taxation formula by the National Tobacco and Alcohol Authority, it had not been achieved by the end of 2023 .</p>	<p>Actions are being taken to further discuss and implementation of development tax formula, similarly, relevant arrangements are being made to develop a taxation formula for alcohol in late 2023 .</p>	<p>-do-</p>

3.1.2 Failure to Obtain Desired Outcome

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>(a) A new operating room was built in the maternity ward of the Peradeniya Teaching Hospital in the year 2018 and even though the physical resources such as a surgical bed, anesthesia machine, monitor machine etc. necessary for that are provided, actions had not been taken to begin operations in the new operating theatre even by 22 October 2023.</p>	<p>Agree with the observations. Even though the maternity ward of this hospital was built and provided with necessary equipment, surgeries were performed in the old operating theatre due to the lack of essential staff to run the new operating theatre.</p>	<p>In project planning, the ability to meet the human resources needed to implement the project should also be considered.</p>
<p>(b) The Medical Research Institute had planned to carry out its tasks with an estimated allocation of Rs. 45.28 million and out of which, only a sum of Rs. 5 million had been allocated. Only Rs 2.46 million had been spent on completed research works and approved research activities out of this amount. Accordingly, it was observed that a priority has not been given for research by the Medical Research Institute .</p>	<p>As the Treasury does not allocate the required funds as per the plan, the Director of the Medical Research Institute has been instructed to utilize the allocated amount for research activities.</p>	<p>Adequate attention should be drawn on researches.</p>
<p>(c) Computers and accessories with a total value of Rs 5,574,780 had been provided to Wilachchiya and Alayapattua Regional Hospitals in the year 2012 for the implementation of the technical project of networking the outpatient department of selected hospitals in the Department of Provincial Health Service in Anuradhapura District under the guidance of the Sri</p>	<p>This project was started in parallel with the Deyata Kirula Programme in 2012 without conducting a proper quality analysis, As a result the project has failed and however, considering minimizing inefficiency and increasing productivity, the related computers and other office equipment were arranged to be used in several</p>	<p>It should investigate this matter and disciplinary actions should be taken against responsible officers and arrangements should be made to utilize the purchased equipment effectively.</p>

Lanka Information and Communication Technology Agency and as a result of the total value of computer equipment provided to the base hospitals of Kabithigollawa, Padaviya and Kekirawa was Rs 3,107,897 in the year 2018, the intended objectives of the Project had not been met due to being idle for more than 05 years.

other hospitals, However, although the digitalization project was started with a delay in 2018, the networking project is currently being implemented in the offices.

3.1.3 Abandonment of Projects without Completion

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>(a) Karapitiya Teaching Hospital had entered into an agreement with a private company for the construction of the National ECMO Center Unit on 27 December 2021 for a value of Rs.21 million. A total of Rs 7.32 million had been paid to the contractor by the date of audit for this construction, which started construction near the cardiac and thoracic surgery intensive care unit of the hospital and stopped work whilst functioning. This work had not yet been completed.</p>	<p>Agree with the observations. Since an organization called GELSA has agreed to make donations for the construction of this building steps have been taken for that, the relevant payment has been made for the works performed by the contractor until the termination of the contract.</p>	<p>Projects should be promptly completed and desired objectives should be met.</p>
<p>(b) A provision of Rs. 60 million had been allocated for the construction of a National Stroke Treatment Center in Mulleriya Base Hospital. Due to price mismatch with the contractor, the construction had been</p>	<p>Answers had not been given.</p>	<p>Actions should be taken to check on this for effective utilization of the money spent.</p>

temporarily suspended and a sum of Rs. 26.41 million had been spent to settle the bills received in the year 2022 .

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| <p>(c) The construction of the medical ward complex of the Kalutara Teaching Hospital, which cost Rs. 61 million had been stopped and the 6 storied medical ward complex in Chilaw General Hospital which was being constructed by spending Rs. 25 million had also been stopped.</p> | <p>It has been agreed to resume the work in consultation with the Central Engineering Consultancy Bureau regarding the construction works of the medical ward complex of the Kalutara Teaching Hospital, the discussions have been held with a private investor to install the 6 storied medical ward complex of Chilaw General Hospital as a professor unit and a provision of Rs. 200 million has been allocated for the year 2024 .</p> | <p>-do-</p> |
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3.1.4 Delays in Execution of Projects

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>(a) Works had been commenced on 13 August 2014 for the construction of an 8 storied building at an estimate valued at Rs. 790.08 million for the establishment of the Hemodialysis Unit and the Renal Vascular Transplantation Unit at the Karapitiya Teaching Hospital and although 08 years have passed since the commencement of construction by the audit date of 02 June 2023 the construction works had not been completed as per the estimate. Similarly, 114</p>	<p>Disagree with the observation, the contract control is done by the Ministry of Health.</p>	<p>Answers sent by individual organizations should not be submitted to the audit as such and actions should be taken to complete and utilize the work items of this project promptly.</p>

items of surgical and medical equipment related to 20 categories valued at Rs 83.57 million had remained in idle even by the audited date of 02 June 2023 . Prior to the completion of the construction works of the building, required surgical and medical equipment and office equipment valued at Rs 198.86 million had been purchased for the Hemodialysis Unit and the Renal Vascular Transplantation Unit and they were piled up and lying idle in place to place of the building as at 02 June 2023. It was observed that water was leaking into the interior of the building through the centralized air conditioning system installed in the building and the amount of Rs.73.45 million paid to the contractor for that had been useless.

- (b) A total of Rs 1,361.7 million had been paid to a contractor for the 03 projects as at the date of audit for 05 buildings which were implemented under various project programmes in Karapitiya Teaching Hospital totalled to Rs. 4,133.5 million and the information about the money paid to two contractors for 02 projects was not submitted to the audit . Even though a sum of Rs.1,361.7 million had been paid to contractors for 05 projects totalling to Rs.4,133.5 million, the works had not been completed and the delay period

The Committee of Officers Empowered for Re-engineering and Acceleration of Mega Scale Projects (RAMP) has decided to suspend the construction of the Children's Ward Complex and Dental Ward Complex projects, the completion of building construction works has been started in such a way that the ward complexes except for the children's ward complex that can be utilized, the work parts have been completed in accordance with the advance amount for the construction of the dental

Steps should be taken to make the money spent on these projects effective and actions should be taken to recover advances to be received furthermore.

was between 06 and 34 months. A sum of Rs.334.2 million had not been recovered out of work advances amounting to Rs.681.4 million paid to contractors. The physical progress of the construction of 03 construction projects to be completed with a total of Rs.3,274.6 million had been less than 50 per cent as at the date of audit.

ward complex from the relevant advances, the advance amount has been recovered through the bills of the Renal Unit, discussions are being carried out with CESL to carry out the works in accordance with the amount to be recovered for the Children's Ward Complex

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| (c) | Although it was planned to prepare guidelines related to transportation of samples under the Laboratory Services Division, it had not been completed. | Answers had not been given. | These activities should be done as planned. |
| (d) | Although the final policy documents are expected to be prepared in 2023 to develop national policies on filarial disease in Sri Lanka, it had been postponed to be done in the next 02 years. | The related works had to be postponed due to some problems that occurred while it was being prepared, a problematic situation has arisen in human resources and other physical resources to carry out the relevant services in the Districts identified when preparing the relevant policy statement and in the Districts where filarial disease exists and not exists. | -do- |
| (e) | Even though it had been planned to review the draft policies on the elimination of human hydrophobia in Sri Lanka in the year 2023, it had been postponed to the year 2024 . | Answers had not been given. | -do- |

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| (f) | Seven high-priority construction and renovation projects with an estimated cost of Rs.813 million in the Mulleriyawa, Eastern Colombo Base Hospital had not been completed in the year 2023 and 13 projects out of 16 construction and renovation projects with an estimated cost of Rs. 904 million had not been commenced during the year. | That all activities are being done by the Ministry of Health, this hospital does not do any intervention for that and at the request of the Ministry of Health, only the land has been given by this hospital to include these sectors in the national planning system. | Answers sent by individual organizations should not be submitted to the audit as such and the comments of the Secretary of the Ministry of Health should be made and these activities should be done as planned. |
| (g) | The cost incurred for the 10-floor Renal Care Unit at the Badulla Provincial General Hospital was Rs.61 million and its construction had been stopped. | Arrangements are being made to develop the Renal Care Unit as Professorial Unit of Uva Wellassa University. | Steps should be taken to make the money spent on these projects effective. |
| (h) | It had been reported that there was a poor progress in the construction of the 20 storied nursing faculty of the Sri Jayawardenepura General Hospital, which had incurred a cost of Rs. 339 million. | The construction works of this have been temporarily suspended in the year 2022 by the (RAMP) committee | -do- |

3.2 Operational Weaknesses

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Referring of the heart patients visiting the hospitals under the Ministry of Health to Sri Jayawardenepura Hospital for heart surgeries, actions had not been taken to prepare a transparent formal system for the implementation of the off setting programme for the charges for heart surgeries and treatment performed by the said hospital,	When referring cardiac patients who comes to Ministry of Health, to Sri Jayawardenepura Hospital on their requirement, the expenditure object has been given from the year 2024 according to the approval given by the Decision of Cabinet of Ministers No. CMP/23/071/610/020 and the	A transparent system should be prepared and formally approved and the methodology should be published as a circular.

the value of medicines and other medical supplies issued by the Ministry of Health to the said hospital, to obtain a formal approval for that and issue the method as a circular or other written order to all parties involved in this process. Even though a decision had been taken to prepare a Memorandum of Understanding (MOU) between the two parties, actions had not been taken accordingly. The value of medical supplies including medicines in the invoices issued by the Medical Supplies Division in relation to 207 cases to Sri Jayawardanepura Hospital had not been submitted according to the information submitted to the audit. A formal approval received for issuing medical supplies without charging relevant fee to Sri Jayawardanepura Hospital had not been submitted to the audit.

dated 16 May 2023 to settle the fees for heart surgery and treatment performed by that hospital.

- (b) In the inspection of the maintenance of the diaries of the medical staff of the Karapitiya Teaching Hospital on 12 May 2023 the date of audit, although all medical personnel should maintain diaries according to General Circular No. 01-12/2016 dated 30 March 2016 of the Secretary of the Ministry of Health, the diaries which should be written for the month of April by 37 Specialist Medical Officers and 131 Medical Officers who did not do so had not been submitted for the approval of the

Agree with the observations. Diaries completed by 37 Specialist Medical Officers and 131 Medical Officers were submitted to the office on the day after the audited date, as the diaries confirm that they had employed as per the recommendation of the Specialist Medical Officer, they were also paid salaries and allowances for that period, further, breakdown in patient care services has not been

A formal system should be prepared in this regard and a proper follow-up mechanism should be implemented.

Director of the Hospital by the date of audit 12 May 2023. The evidence of information such as date of duty, time of reporting to duty, time of off from duty, on call duties in the diaries of 79 doctors in May 2023 could not be obtained during physical audit examination.

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| <p>(c) Every order formulate by the Minister as per Section 32 (1) of the Food Act No. 26 of 1980 shall be published in the Government Gazette in accordance with Section 32 (2) and although Section 32 (3) of the Act states that every order made by the Minister should be submitted to Parliament for approval as soon as possible after publication in the Gazette and also there were 50 orders made under Section 32 (1) of the Act in this manner according to the information submitted to the audit, none of these orders whatsoever had been submitted to Parliament and got approved.</p> | <p>reported during this period.</p> <p>Agree with the observations. Although the submission to Parliament was made by officers who served during those periods for approval of orders made by the Minister as per Section 32 of Act No. 26 of 1980, it has been difficult to find out written information about it.</p> | <p>Necessary approvals should be obtained.</p> |
| <p>(d) The Food Advisory Committee consisting of 25 persons constituted by section 8(1) of the Food Act No. 26 of 1980 as amended by the Food (Amendment) Act No. 29 of 2011 had met 09 instances meetings in the year 2022. Attendance of committee members for this Advisory Committee was at a poor level.</p> | <p>After the year 2022 is the period of covid and 09 Committee Meetings have been held during that period.</p> | <p>Actions should be taken to increase attendance of committee members</p> |

3.3 Foreign Aid Projects

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>(a) According to an unsolicited project proposal, the Secretary to the Ministry of Health had implemented the project of establishing Picture Archiving and Communication System, Radiographic Information System (PACS/RIS) in 20 hospitals according to an agreement signed on 02 October 2019 between a Chinese Company and a Malaysian Company. No evidence whatsoever was submitted to the audit that any feasibility study, preparation of cost estimate or cost benefit analysis related to the project was carried out at the Ministerial Level. The cost of implementing the project in the proposed 20 hospitals was USD 33.25 million and an amount of USD 1.31 million had to be paid within 11 years with the interest of that amount. Even though it had agreed to complete the installation of the system in 05 hospitals within 03 months as the first phase of this Project and to complete the installation of the system in the remaining 15 hospitals within 02 years, the respective parties had not worked to implement the works of the Project in any way within the stipulated time frame. A committee consisting of 05 people had made an evaluation the effectiveness of the Project in July 2022, before paying the first</p>	Answers had not been given.	A full formal investigation should be carried out regarding the type of conducting of the responsible officers since the inception of this Project and disciplinary action should be taken against the responsible officers and actions should be taken promptly to decide on the future implementation of the project and revise the agreements according to the economic situation in the country.

installment of this Project in relation to 05 hospitals and accordingly, it had been stated that 04 criteria are not satisfactory and 38 criteria are partially satisfactory. Thus, as a whole, it was confirmed that the implementation of this project in 05 hospitals was not at a satisfactory level according to this evaluation. Even though the approval was given in the Meeting of Cabinet of Ministers held on 20 March 2023, for part payment in respect of the 05 hospitals where the Project was implemented, the full installment amount of USD 3.02 million, which was payable in the next coming year, had been paid after successful implementation of the Project in all 20 hospitals without considering the recommendation of the 05-member committee appointed by the Ministry, the approval of the Cabinet of Ministers or the facts submitted by the Department of National Budget.

3.4 Procurements

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) It had been contracted with a company to provide cleaning services at the Karapitiya Teaching Hospital from 01 October 2021 to 30 September 2022 and the Procurement Committee of the Ministry of Health had failed to complete the procurement related to selecting	The undertaking and distribution of chemicals has been assigned to the Infection Control Unit by the letters of the Director of the Hospital's No. THKA/S/4/1/04 dated 15.02.2023, as it is impractical to keep these equipment which are used for	The information related to the audit paragraph should be submitted to the audit and a full formal investigation should be conducted in this regard and disciplinary action should be taken

a new supplier for the next year until the end of the contract period . The cleaning chemicals with brand names contracted to be supplied by the selected supplier had not been supplied to the hospital during the previous year and the year under review. Vouchers had been prepared to pay Rs.2,402,550 from 01 October 2021 to 31 September 2022 and Rs.599,640 from 01 October 2022 to 31 December 2022 totalling to Rs.3,002,190 to the supplier and a total of Rs 7,722,000 for payment to the supplier from January to May 2023 for cleaning chemicals not supplied as per agreement. The 229 units of equipment agreed to be supplied as per the list of equipment valued at Rs.1,063,104 annually as specified in the tender documents had not been supplied. Despite the equipment to be supplied had not been provided in the required standard and types as per list of equipment to be supplied monthly/annually for cleaning service as per the agreement, a sum of Rs. 2,050,800 had been paid to the supplier for that.

daily cleaning activities, in the custody of the hospital officials and issue and receive them, the said cleaning equipment are in the custody of the supervisory officers, the receiving and distribution of cleaning equipment has been assigned to the Infection Unit, accordingly, all information about the receipt of chemicals and equipment along with the brand names has been given to the Infection Control Unit, but it is agreed with the audit observation that the proper arrangements have not been made in the acceptance of chemicals and equipment accordingly.

against the responsible officers.

(b) Colombo National Hospital had estimated raw food under 05 categories in the year 2022 and even though bids had been invited separately under the National Competitive Bidding System, the above contracts had

Agree. Actions will be taken to give detailed instructions in this regard in writing to the contractor as soon as possible, the reasonableness of the prices submitted by the said committee will be re-

A full independent investigation should be conducted in this regard.

been awarded at a bid value of Rs. 51 million more than the minimum bid value presented there and, the Ministry Procurement Committee B had stated the matters such as failure of the bidder who had quoted the minimum bid, to provide a satisfactory service and being unable to satisfy with the financial stability of the institution as reasons for that. Even though the period of this contract had been scheduled to expire on 31 December 2022, the contract period had been extended up to 31 March 2023. In the audit in this regard, since the actual raw material utilization of the hospital as a percentage of its estimate was 32 per cent in the year 2022, the estimate had been overestimated by 68 per cent that is by Rs. 250 million. Similarly, it was observed that 12 items with an estimated value of Rs. 1.2 million had never been purchased and the overestimation of five (5) raw food items alone had an impact on the total cost estimate for more than 40 per cent. Due to the over-computing of the requirement by 68 per cent so, the performance guarantee value to be given by the bidders was in the range of 25 per cent to 152 per cent higher than the actual raw food requirement, it had discouraged potential small and medium-sized enterprises from fairly participating in procurement, instead of procuring raw food stuffs at a evaluated after being evaluated by the Technical Evaluation Committee, similarly, actions will be taken to a price estimate as indicated by the audit in future procurement.

competitive minimum price, they had been placed in a position to procure raw food stuffs at a bid value of Rs.51 million more than the minimum bid value submitted.

- (c) Receiving the dirty cloths brought to the laundry by various sections of the Colombo National Hospital, sorting them and handing them over to the washing section and re-sorting the clothes received from the ironing section and forwarding them to the relevant sections are being done by a team of 17 minor health sector employees and the contract had been awarded to a private entity at a monthly rate of Rs.796,000 for a period of two years that is from 01 February 2022 to 31 January 2024 at Rs.19,104,000 for sending such sorted clothes to washing machines, sending clothes to dryers and ironing clothes. Similarly, the laundry had entered into an agreement with a private firm to service and maintain its 25 machines . Even though the role of the contract was briefly included in the agreement as "clothes submitted for washing on a certain day should be washed and returned on the same day after completion of the work", it had not been clearly identified what tasks will be assigned to them. Although a minimum staff of 16 should be employed to carry out the washing of clothes and run the electric laundry as
- Answers had not been given.
- A full independent investigation should be conducted in this regard and actions should be taken against the responsible parties.

per the agreement, 311 days out of 454 days from 01 February 2022 to 30 April 2023, less than 16 employees which was the minimum number of employees had been employed. Employees who have not confirmed in writing to the hospital that they have fulfilled the qualifications had been employed throughout the contract period instead of employees who had submitted certificates to the hospital that they had fulfilled the qualifications required by the tender documents.

- (d) The contract for the service and maintenance of 18 machines in the electric laundry of the Colombo National Hospital for two years from 01 June 2021 to 31 May 2023 had been awarded to a private company. The person who appears as the owner of the private company also works as the Chairman of the company that was assigned the contract to run the electric laundry by carrying out the laundry works mentioned above and monthly payments were received by including the name also as an employee of the laundry staff with 16 employees at least. Also, the same employees who were employed in the cleaning service of the laundry had done the monthly service and maintenance of the machines of the laundry on certain days. As per the bid documents, it has been mentioned that 09 Routine Services should be done once a
- Agree. The owner of this company is also the owner of the respective laundry company and as he also works as its manager, it has entered in agreement that the manager should also be included in the minimum staff of 16 people, in cases where there is not enough number of employees to report for the duties of the laundry, it will be ensured that the respective person has performed the duties and the name has been entered, a formal examination in this regard will be conducted and reported to the audit.
- A full independent investigation should be conducted in this regard and actions should be taken against the responsible parties.

month in relation to the machines, those conditions had not been included in the agreement entered into with the contractor on 07 July 2021 or in the clauses or agreement, that the bid conditions form as a part of the agreement. Even though it had been indicated in the service and maintenance reports that nearly 15 servicing tasks were performed to receive monthly payments, it was confirmed that the information submitted was inaccurate in checking of sample on repairs done in the years 2021 and 2022. During the two-year period sample check of the machines in the laundries, a price higher than the agreed price by the hospital ranging from 181 per cent to 1067 per cent for the repair works done on 07 occasions, had been paid to the contractor without verifying the price increases with source documents. Since the flat iron machine number 26 (3200 mm) installed in the year 2018 was not in proper working condition, a payment of Rs.310,000 had been made to the contractor only for the relevant period including this machine which had not been used in the laundry since its installation date, in the service and maintenance agreement.

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| <p>(e) The contract for the provision of security services for the Maharagama Anticipation Hospital for the period from 01 March 2022 to 28 February 2023</p> | <p>Informing the person who signs the Register of Arrival and Departure to note the service number, name and position in the book in his</p> | <p>A full independent investigation should be conducted in this regard and actions should be taken</p> |
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had been awarded to a private company and the contract period had been extended till 31 March 2023. Similarly, it had been decided to get the security service from this private company for a monthly amount of Rs.2,897,113 without inviting bids for the period from 01 April 2023 to 31 March 2024. During the field inspection carried out on 05 February 2024, it was observed that the 10 employees had been employed less than the 32 security employees who should be employed in the night security service as per the agreement, since 19 of them were the officers employed on day security duty on 04 February 2024, it is against the terms of the agreement, out of the 23 officers who were employed, only 15 officers had signed in the Register of Arrival and Departure of Security Officers for the day and night shifts, which would be forwarded to the hospital administration and 12 of them had signed using fake names and due to the lack of identity cards of two, it was not possible to confirm the identity of both of them. As per the Register of Day and Night Duty Markings, 21 employees had been employed continuously in security service, ranging from 24 hours to 732 hours beyond 12 hours, this situation continued throughout the year 2023 and the hospital had paid for that.

own handwriting, this facilitates the prevention and monitoring of entering false signatures and names, the document called DUTY ROSTER recorded under this sub-number is a document maintained privately by the Security Section and since the hospital administration has not been made aware about it getting information about it from the Security Section, the hospital has so far made the payments as per the day and night attendance register submitted by the Security Section, the investigation on thefts mentioned above is being carried out and actions will be taken to recover the loss incurred from the bills relating to the year 2023 .

against the responsible parties.

- (f) A number of 141 workers should have been employed to clean each section related to the cleaning service as per the bid conditions relating to the procurement of cleaning services for the year 2022/2023 at Kalutara Teaching Hospital and at least 20 per cent of that number had to be employed with male workers. Nevertheless, the total number of workers employed was only 116 and of which, the male workers were only 13 or 11 per cent. While making payments as per the agreement, a confirmation should be given by the contractor that the salaries and overtime allowances will be paid to his employees in accordance with the agreement, the contractor had retained more than Rs.13,539,392 paid by the hospital for the services provided on normal weekdays for the labourers and a sum of Rs.2,933,542 paid by the hospital as normal overtime for the labourers and a sum of Rs.254,677 paid for the normal overtime of the supervisors and a sum of Rs.125,550 paid to the supervisors and labourers as special overtime, during the period of 08 months from July 2022 to March 2023 as extraordinary profits. The packaging containing the cleaning chemicals supplied was not in Sri Lanka standard certified unopened market packaging and it had allowed to supply chemicals filling back
- The respective agency has been informed that the workers should be employed as per the agreements and the male employees are employed accurately at present, the contractor has been made aware to pay the wages and overtime allowances mentioned in the bid documents to the employees in accordance with clause 5.11 of the contract agreement, further, arrangements have been made to inform the Deputy Director General (Supply) and Additional Secretary (Procurement) to take actions with this matter, after being aware that the chemicals were not of the required standard, they stopped paying for them and arrangements have been made by the hospital to purchase the standard chemicals directly.
- The responsible officers should take action to get the service as per the contract agreement and an investigation should be conducted in this regard and disciplinary actions should be taken against the officers responsible and the hospital should recover the overpaid salaries. Similarly, disciplinary actions should be taken against the responsible officers who allowed the use of substandard chemicals and appropriate actions should be taken against the contractor.

into the same containers by carrying away by the contractor by returning empty containers continuously after supplying chemicals. During the inspection conducted on 15 August 2023 on 06 samples, the ITI had confirmed that the same 06 samples were not up to the required standard. Even though the amount of Rs. 3,023,405 paid to the supplier from July 2022 to March 2023 for substandard chemicals supplied had been recovered from the contractor after the audit indicated, it is confirmed accordingly that the hospital has not received a hygienic cleaning services during this period.

- (g) Although the Bidders should have obtained the Registration Certificate from the National Medicines Regulatory Authority as per Bid Conditions 3.7 in the procurement of 4,000 SP02 Sensors valued at Rs.24,520,000 for Patient Monitors to the Electronics Division under the Biomedical Engineering Services Division, the contract had been awarded to a bidder who did not hold a Registration Certificate by calling samples from three bidders who do not have a Registration Certificate so and evaluating bids. The 2.7.7, 7.8.6, and 7.11 of the Procurement Guidelines had also not been followed in the evaluation of bids.
- Even though there had been the registration certificate from the National Medicines Regulatory Authority for related medical devices in purchase of medical devices, the spare parts and accessories have not been provided certificates separately, therefore, since the bidders had not submitted the certificates relating to the spare parts and accessories themselves during the relevant evaluation, the evaluation was made on related devices without considering it in evaluations, likewise, no problem has arisen regarding the use of spare parts and accessories.
- This should be investigated and disciplinary actions should be taken against the responsible officers.

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| <p>(h) The requirement of Registration Certificate of National Medicines Regulatory Authority (NMRA) had been stated as per Condition No. 3.7 of the Bid Document in the procurement of 4000 NIBP Cuffs valued at Rs.7,300,000 by Biomedical Engineering Services Division and out of 11 bids received, 04 bids were from NMRA registered suppliers. Samples had been called for bid evaluation from 5 persons with one bidder who holds a NMRA Certificate. Bid evaluations had been done without complied to 7.7 and 7.9.1 of the Procurement Guidelines and the contract had been awarded to a bidder who did not have the registration certificate of the National Medicines Regulatory Authority.</p> | <p>-do-</p> | <p>-do-</p> |
| <p>(i) A NMRA Certificate had not been obtained by the selected bidder as per Section 82 of the National Medicines Regulatory Authority Act in the procurement of spare parts and accessories for Infusion Pumps valued at Rs.1,450,000 by the Biomedical Engineering Services Division and actions had not been taken in accordance with 2.7.7, 7.8.6, and 7.11 of the Procurement Guidelines when evaluating bids.</p> | <p>-do-</p> | <p>-do-</p> |
| <p>(j) Although a license is required to import spare parts for medical equipment according to Section 82 of the National Medicines Regulatory Authority Act, the NMRA Registration Certificate was not available in the</p> | <p>Even though the relevant medical devices have the registration certificate of the National Medicines Regulatory Authority when purchasing medical equipment, separate</p> | <p>-do-</p> |

procurement of Nibp Pumps for Patient Monitors valued at Rs.3,702,675 to the Electrical Division of the Biomedical Engineering Services Division and in the purchase of 120 Etoc2 Sensor units for Patient Monitors valued at Rs.21,300,000. Similarly, the approval had been given by the Procurement Committee based on the recommendations given at the discretion of a single officer for the procurement of spare parts and accessories valued at Rs.44,365,447 in relation to 12 cases without appointing a Technical Evaluation Committee in terms of Procurement Guidelines 2.8.5 in procurement of spare parts and accessories required by the Electrical Division of the Medical Engineering Division.

certificates have not been given for spare parts and accessories, therefore, since the bidders had not submitted the certificates relating to the spare parts and accessories themselves during the relevant evaluation, it was ignored in the evaluation process and evaluated on the respective devices, likewise, no problem whatsoever has arisen regarding the use of spare parts and accessories, it is agreed with the point mentioned in the audit inquiry and the necessary arrangements have been made to carry out all evaluation activities formally through a Technical Evaluation Committee by now.

(k) In the provision of cleaning services for Maharagama Apeksha Hospital for the year 2023, apart from the Rasavi Medical Complex, the procurement activities were divided into two contracts, namely the Apeksha Hospital and the Rasavi Medical Complex, and both contracts had been awarded to the same clean service provider despite the providing of cleaning services for the entire hospital can be procured as one contract. Due to doing so, the overhead costs had to be incurred for the two contracts separately. Due to the fact that the overhead cost limit

It has been decided to operate these 02 units under the same contract henceforth, although some of the cost components may be confirmed by sources as indicated in the audit, it is impractical to specify by the entire overhead cost sources because many common cost components cannot be confirmed by sources as such, however, paying attention to the observation of the audit, the conditions that payments will be made only after such confirmation of the overhead cost components that can be confirmed by the sources will be included in

An investigation should be conducted in this regard and disciplinary actions should be taken against the responsible officers.

of 15 per cent of the total labour cost identified in the 2021/2022 tender documents for the cleaning works of Apeksha Hospital excluding Rasavi Medical Complex has been raised to 25 per cent without being carried out formal analysis, it had allowed to submit price with a cost increase of 280 per cent and 146 per cent respectively over the previous year's cost for maintenance of workers and equipment to be supplied monthly/yearly under overhead cost by the contractor and also with a cost increase of 1027 per cent over the previous year for other overheads not separately mentioned. Although, a certificate from a recognized agency that the chemicals required for the cleaning service are of proper standard should be obtained and submitted, this contractor had been selected as a substantial bidder despite the contractor had not acted accordingly and despite 3 out of the 4 types of chemicals agreed to be supplied had been confirmed to be of substandard quality as per the laboratory reports submitted. According to the laboratory tests conducted on 9 types of chemicals that the contractor had provided 6 types of chemicals had not complied with the standard parametric values and the parametric values had not been specified in the standard of laboratory reports obtained in respect of remaining 3 types of chemicals. Except for the contract agreements in the future, obtaining relevant chemical records for testing separate standards for various materials including chemicals offered by bidders for providing cleaning service and verifying the accuracy of the certificates submitted for the standard has been a time-consuming, complex and difficult task, accordingly, all materials expected to be supplied in future procurement activities will be included in the contract conditions that only relevant materials with standardized conditions conforming to the specifications determined by the Consumer Affairs Authority should be supplied under the Consumer Affairs Authority Act No. 09 of 2003. Arrangements have been made to inform the respective parties to look into the matter and take necessary action, Prices have not been presented in the bid documents for annual equipment and the hospital has not made any payment for that, it has been shown as "cost of equipment to be supplied monthly/annually". under overhead costs in the bid document. But, in presenting the quotations it has not been specified separately, only the cost of equipment to be supplied monthly has been indicated, further, it has been

Rasavil Medical Complex, 66 equipment related to 17 items of equipment to be supplied annually for the cleaning of Apeksha Hospital and 14 equipment related to 05 equipment items for the cleaning of Rasavi Medical Complex had been supplied by the contractor to the hospital in less. Fifteen labourers and work supervisors who were to be employed for the day shift had not been employed in relation to these two contracts as per physical inspection conducted on 05 February 2024 .

mentioned in the bid documents that the relevant equipment is to be provided as per the requirement of the hospital, arrangements will be made to charge as per service agreements for employees who were not involved on the date of inspection by the auditors.

- (I) Actions should be taken to import and purchase 03 million meters of surgical gauze valued at Rs.268,500,000 through Health System Improvement Project (HSEP) by Medical Supplies Division in the year 2022. According to the information obtained from the PRONTO system, the annual gauze requirement of hospitals was approximately 53 million meters and although the Medical Supplies Division had placed orders for only 30 million meters annually, the Ministry had given quota for only 24 million meters at 6 million meters per quarter. As a result, it was also observed that an opportunity was provided to make emergency purchases by showing a false shortage. Due to 36 suppliers out of 302 registered surgical gauze suppliers in the Medical Supplies Division in the year 2022 had informed that

According to the Pronto Computer System, the annual requirement of surgical gauze was approximately 53 million meters and it is the predicted annual estimate sent from the institutions, similarly, the said 30 million was divided into 4 quarters and distributed among the suppliers as gauze rations and got supplied , but because some of the suppliers who received this quota amount did not deliver their quota amount in full, this 6 million defect has occurred, therefore, this alleged shortage of surgical gauze which said as occurred was not occurred due to a problem in estimating the annual requirement but due to the non-receipt of the quota receivable from the quota suppliers, this happened due to the import of key raw

An investigation should be conducted in this regard and disciplinary actions should be taken against the responsible officers.

it is not possible to supply gauze related to its quota at the prevailing prices due to the economic crisis in the year 2022 and because of failure to estimate the total annual requirement accurately and to meet the requirement, it was observed that a shortage of gauze in hospitals had arisen. Accordingly, approval had been given to obtain 03 million meters of gauze to maintain a safety stock of 03 months, to reduce the order to 03 million meters and call for bids due to the inability of the Project Procurement Committee to procure more than Rs.500 million, to award the order of 03 million meters of gauze to the only bidder who had submitted bids stating that it was an urgent need in the Medical Supplies Division in the Project Procurement Committee held on 21 November 2022 with the participation of the Acting Director of Medical Supplies. It was observed that there was no urgent need to buy gauze at a higher price in the Medical Supplies Division at that time and local suppliers had supplied 3,635,700 meters of gauze to the Medical Supplies Division by the time the order was awarded. It was observed that this supplier was a local supplier who supplied gauze at Rs.74.96 per meter under the quota system of the medical supply sector, and in this order, he had submitted a bid to import and supply from India at Rs.89.50 per meter. materials required for gauze due to shortage of foreign exchange, according to the decisions taken in a meeting chaired by the Honourable Minister regarding this shortage of surgical gauze, it was decided to get 12 million surgical gauze through the Health System Enhancement Project (HSEP) and accordingly, this decision has been taken, due to the limitation of the available storage space, the amount has been reduced from 12 million to 3 million gauze meters and the bidding has also been done through the above meeting and related Technical Evaluation and Tender Board, the Tender was awarded by the Technical Evaluation Committee and the Procurement Committee at Rs.89.50 per gauze meter (price excluding VAT) for a total value of Rs.268,500,000, the decision regarding the import and supply of this surgical gauze order offered through the Asian Development Bank (ADB – HSEP) Project at Rs.89.50 per meter from India has been made by the said Project. Although a certain amount of surgical gauze is available for the Medical Supplies Division as it has been decided to procure 03 months stock of surgical gauzes from this import order in the meeting held on 19/08/2022

Nevertheless, the Medical Supplies Division had not confirmed whether the stock was actually procured from the Indian manufacturer or locally produced. As a result, it was observed that, the government will incur a loss of Rs. 43.6 million by purchasing 03 million meters at an extra rate of Rs.14.54 per meter due to importation of gauze whilst stock was available locally, there is no need to maintain a waiting stock by suffering a loss of Rs.43.6 million and the officers had not taken actions to properly estimate the total annual requirement and raise the quota of domestic suppliers to procure relevant supplies in the manner of preserving the domestic industry.

regarding the procurement of the Medical Supplies Division headed by the Honourable Minister of Health to obtain the imported stock of 3 million meters of surgical gauze as safety stock, this stock had to be obtained, actions have been taken to conduct an investigation in this regard.

3.5 Transactions in Contentious Nature

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) A health driver employed at the Kandy National Hospital had not performed any duty from 2018 to 31 July 2023. He had not been assigned to any duty by the hospital authorities during that time and a sum of Rs. 2,732,944 had been paid in relation to that period.	Agree with the observations. After calculating the unpaid leave taken by this driver for 57 days, a sum of Rs. 90,380 was collected from the salary of three months in 2023 and credited to the government revenue account, Similarly, an amount of Rs.75,811 has been charged for 47 days of no pay leave from the salary of December 2023 and January 2024, no pay leave is being calculated for the rest of the period and that those	A full independent investigation should be conducted in this regard and actions should be taken against the responsible parties.

calculations will be made and charges will be reported. Further, a preliminary investigation has been initiated in this regard and if necessary, according to the recommendations of the Preliminary Investigation board, it will be forwarded to the Ministry of Health with the necessary recommendations for conducting a formal investigation.

- (b) As less amount such as Rs.10 per month had been charged from the employee's salary as per the Public Health Circular No. SDA/04/79 dated 25 May 1979 for the food provided to employees on a monthly basis. Food prices had increased several times as compared to 1979 and the salaries had increased at a very high rate. The government had to bear a huge costs due to charging an unchanged fee since 44 years and the Ministry of Health had not acted so far to formulate a system to cover the cost of providing food to the employees so that it is not a burden on the government.
- Answers have not been given. -do-

3.6 Assets Management

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>(a) The cab number PB-6544, registered in the name of the Director General of Health Services, was taken to a private vehicle repair center in Kaduwela area on 15 February 2016 without obtaining any formal approval and it was observed during the physical inspection carried out on 04 October 2023 that it had been abandoned in the institution without being repaired and brought back.</p>	Answers had not been given.	A full independent investigation should be conducted in this regard and actions should be taken against the responsible parties.
<p>(b) It was observed that 03 medical laboratory test equipment with a total of Rs.16,897,350 purchased in the year 2017 for medical laboratory tests at Karapitiya Teaching Hospital had remained in idle without being used for any laboratory test within a period of 07 years and 02 machines out of which totaled to Rs. 11,602,350 had remained unused and idle since the date of their purchase.</p>	<p>Agree, the Ministry of Health has been requested to investigate the whole process from the decision to purchase these equipment, nevertheless, it has been informed in the letter dated 22.02.2024 that the investigation will be done by Karapitiya Hospital, it has been requested again from my letter dated 15.03.2024 to conduct an independent investigation or an investigation by the Emergency Raid Unit, the necessary actions will be taken according to the decisions of that investigation.</p>	A full independent investigation should be conducted in this regard and actions should be taken against the responsible parties and prompt actions should be taken for the utilization of relevant machineries.
<p>(c) Even though the land belonging to the government departments should be surveyed and formally taken</p>	Answers had not been given.	Actions should be taken in terms of Section 224 of the Code of State

over in terms of Section 224 of the Code of State Lands, the land area of 7.754 hectares belonging to Peradeniya Teaching Hospital had not been taken over.

Lands.

- (d) A number of 22 lots numbered from 01 to 23 excluding lot number 04 of the land of Kandy National Hospital in extent 28 acres 17 roods, 313.2 perches as mentioned in 3457 of Gazette No. 9642 dated the 20 December 1946 had been transferred to the hospital. According to the Basic Plan 3405 prepared by the Surveyor of the Department of Survey in the year 1989, there were 24 plots of land numbered from 01 to 24 and accordingly, although it was 14.248 hectares in the year 1946, as per the plan of the year 1989 it was 23.637 hectares . Accordingly, there was a difference of 9.389 hectares (3712.14 perches) in extent .
- Agree with the observations. Actions are being taken to carry out relevant transfers from the Ministry of Lands by the Secretary of Health through the Legal Division of the Ministry of Health for proper acquisition of the plots not transferred by the Gazette to the Government.
- Actions should be taken to get cleared the lands owned by the hospital.
- (e) Out of 169 squatters in the hospital land, cases had been filed for 27 as per the letter of the Assistant Divisional Secretary to Kandy Kadawat Satara and Gangawata Korale No. KDS/KGK/4/5/5/42/03 dated 26 April 2018 and even though eviction orders had been given to 06 case files that gave final verdicts, those orders had not been implemented.
- Agree with the observations. Due to the fact that the details of 5 persons who have been given eviction orders were not included in the 2024 Register of Encroached Residents given by the Divisional Secretariat and due to existing of typographical errors in 04 case files, it was impossible to implement court orders, the requests have been directed to the Legal Division of Ministry of Health to provide
- do-

the necessary legal assistance to correct the files, the execution of the eviction order in Case No. 21654/19 has been scheduled for 06.05.2024 .

- (f) One of the illegal residents who had been filed a case by the Kandy Hospital, the resident of P.P No. 01, had filed a case in the Court of Appeal under Case No. CA 65/2019 against her eviction order. The verdict in that case had been given on 27 July 2021 and, it had been stated in the final judgment on the basis of Gazette No. 98 of 1958 that this fragment No. 01 has not been handed over to the hospital. Accordingly, it was observed that the all the parcels of land in P.P 3405, which were the basis for the filing of cases by the hospital were not legally vested to the hospital, as per this judgment.
- Agree with the observations. However, because the hospital proved ownership according to the certificate of transfer, Plot Number 1 of the Basic Plan P.P 3405, the eviction proceedings have been initiated. Arrangements are being made to settle Plot No. 01 through the Ministry of Lands through the Legal Division of the Ministry of Health.
- do-
- (g) A waste water pumping station belonging to the Kandy General Hospital had been constructed in the urban Waste Water Management Project on the land of 3 roods 21.8 perches in extent bearing P.P 803 in Deiyannewela village. This sewage pumping station is currently not operational and it was observed during the physical audit conducted , that there are 02 quarters of junior employees of the hospital in this section and a security
- Agree with the observations. The Ceylon Electricity Board has planned to construct a primary electricity sub-station on the plot of land with Basic Plan 803, Deiyannewela village, Kandy, it is expected to meet the electricity demand of the hospital which is increasing day by day.
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officer was deployed for the security of the area. As this land is located in an area of high economic value, it had not been put to productive use.

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| <p>(h) The Philips Volcano IVUS & FFR machine installed in Cardiology Unit of Kandy National Hospital on 31 March 2020, had remained idle without being utilized as at 31 December 2023 .</p> | <p>Agree with the observations, notifications have been made in writing to the local agent which supplied the machine and to the Biomedical Engineering Division in a number of cases supplying consumables related to this machine.</p> | <p>A full independent investigation should be conducted in this regard and actions should be taken against the responsible parties.</p> |
| <p>(i) Even though a cost of 19,970,008 had incurred for the installation of GE Health Care/ Model/Optima XR 646 Digital Static X – Ray machine valued at Rs. 20,940,561 (USD 73,734.37*284) provided to Nawalapitiya District Hospital on 29 March 2022 by the project to improve the health system of hospitals under Chinese aid, it had been impossible to use the machine for the treatment of patients even by 31 December 2023 .</p> | <p>This machine was received by this hospital on 29.03.2022, the next thing that needs to be done is that the concerned organization should come and install the machine in order to install this machine in the hospital and for this, the respective organization has been informed and by now, only the UPS machine has been installed on 03.05.2024 .</p> | <p>An independent investigation should be carried out in respect of providing of equipment remained in idle for more than two years.</p> |
| <p>(j) A high-tech Re-Karl Storz Silaendoscopy and visual system machine had been purchased Peradeniya Dental Unit on 04 May 2020 at a cost of Rs. 9,779,724 and 5 patients had been treated in 2022 and the machine had broken down by 25 April 2022. It had been informed that a physical damage had occurred to the machine and is</p> | <p>Agree with the observations, similarly, as there was a physical damage to the machine an investigation was conducted to identify a person responsible for it, since it was observed that it had happened on the behavior of a patient, it was decided to get it repaired at the hospital's expense, a computerized programme has now been introduced, to</p> | <p>It should investigate in this regard and it should be determined whether irresponsible actions have been taken and measures should be taken for effective utilization of the machine promptly.</p> |

not covered by the company's guarantee and therefore cannot repair the relevant equipment free of charge. Even though the price had been quoted at Rs. 2,255,896 with a warranty period of 1 year, to supply a new Telescope on 22 January 2023, actions had not been taken even by 31 December 2023 to repair the respective device.

report a breaking down of machine immediately to avoid such delays in the future, further, actions will be taken in the future to inform all relevant officers to use the machine carefully, and to provide instructions and training for the same.

(k) The Digital Dental Panoramic X-Ray Machine With Cephalostat valued at Rs. 6,250,000 had been purchased for Peradeniya Dental Hospital in 2018 and there is an ability to obtain an X-ray image covering the entire mouth with this machine and about 500 patients had been treated monthly. The responsible officials had not acted to renew the 04 year service and maintenance contracts related to this machine from 09 December 2021. The machine had broken down on 09 August 2023 and had not been repaired even by 31 December 2023 .

The agency has been informed on 13.12.2023 to give an expenditure estimate for the repair of this machine and it has been informed by the letter dated 08.01.2021 from the said agency that it was not the local agent on that machine furthermore, and the future works of that institution was transferred to another institution, accordingly, the new agency was informed on 08.01.2024 to give an estimate of expenditure for the repair of the said machine and a reminder dated 04.04.2024 has also been forwarded.

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(l) The C-Arm X-Ray machine given to the Peradeniya Teaching Hospital by the Faculty of Allied Health Sciences had been sent to perform surgeries in the Orthopedic Surgery Unit of the Main Operating Theatre from 01 April 2019 and the machine had broken down on 10 October 2022. The Deputy

Answers have not been given.

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Director of the hospital had made aware of the respective provider on 14 October 2022 in this regard and accordingly, the machine had been checked by the respective company on 24 November 2022. It had been informed that the device should be taken for further inspection. However, the repairs of the machine had not been completed even by 31 December 2023 .

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| <p>(m) The Media Preparation & Pouring System which is used for the production of bacterial media in the Microbiology Laboratory of the Kandy National Hospital valued at Rs 9,690,248 was received by the Microbiology Laboratory on 26 September 2018 and due to its unavailability of Preventive Consumable Maintenance kit had not been used until 31 December 2023 .</p> | <p>Agree with the observations, Due to the import restrictions imposed by the government in the past for this machine, it was unable to import the necessary accessories, the price estimates have been submitted as of now and request for approval has been sent from the Deputy Director General (Biomedical Engineering) Division and actions will be taken to take decisions of Procurement Committee and issue repair order immediately after receiving the approval and allocation.</p> | <p>-do-</p> |
| <p>(n) An Automation Slide Strainer used for the biopsy sample testing process in the Histology Laboratory of the Kandy National Hospital valued at Rs. 6,700,000 had been received to the Histology Laboratory on 27 April 2018. The Touch Display of that machine had broken down on 16 July 20 20 and even though</p> | <p>Agree with the observations, the repair of these machines, which are used for the Biopsy sample testing process in the Histology Laboratory of the Kandy National Hospital, has also been delayed due to the restriction of import of spare parts as above due to the non-providing of prices and the repair order has been</p> | <p>-do-</p> |

a request letter regarding its repair had been submitted to the Director on 16 July 2020 the repair work had not been done. Even by 01 December 2023 .

delivered and the repair work is in progress by now by providing repair estimates and obtaining procurement committee decisions.

- (o) The Point Of Care Analyzer machine which is used to perform blood tests (Routine Test) in the Biochemistry Laboratory of Kandy National Hospital valued at Rs 1,200,000 had been received on 20 April 2020 and it was last utilized in the year 2021. Although this analyzer machine is still in operational by December 2023, the Regent orders are not made due to the decrease in the accuracy of the tests and actions had not been taken to restore it even by 01 December 2023 .

Agree with the observations, this machine was used to perform a large number of tests simultaneously during the Covid-19 pandemic and during that period a very great service was received by this machine, the using of this machine has been stopped by now due to the fact that the problems had occurred regarding the accuracy of the tests while conducting a small number of tests and the presence of several other machines obtained during the Covid-19 epidemic and the reduction in the number of tests performed.

It should be investigated in this regard and it should be found out whether irresponsible actions have been taken and measures should be taken for effective utilization of the machine promptly.

- (p) The Sakura Cyto centrifuge (Model cyto tec 2500) machine valued at Rs. 1,300,000 used for the purpose of performing Cytological Samples to the Histology Department of Gampola Teaching Hospital had been purchased on 31 March 2017 and it had been inactive since 2022, due to a technical error and repairs had not been completed even by 22 January 2024 .

Answers had not been given.

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<p>(q) A 200W Dual Diode Laser Machine (200W Dual Diode Laser Machine) had been purchased at the cost of Rs.63,855,000 in December 2019 at the request of the obstetrician and gynecologist at the Batticaloa Teaching Hospital. Despite there were warranty coverage and tender conditions of availability of spare parts, the warranty period of the machine has expired before it is used and guarantee of obtaining of spare parts had not been given. In addition, despite of providing relevant comprehensive training to the hospital staff without installing the machine, the full payment had been made in contrary to the tender conditions. Accordingly, due to non-adherence to the treatment prescribed by the doctor for four years that is, even by March 2024, after the purchase of this machine by which has the potential to treat various medical conditions, with a significant investment, the teaching hospital had failed to achieve its medical goals.</p>	<p>Disagree.</p>	<p>If it is not agreed with the observation, reasons should be given and a full independent investigation should be conducted in this regard and actions should be taken against the responsible parties.</p>
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3.7 Losses and Damages

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>(a) Values related to 143 cases totalling to Rs. 118,369,992 included in the statements prepared by 19 hospitals and institutions had not been</p>	<p>Agree with the observations, Because only requested information is included and prepared as per Ministry Notes Public Accounts</p>	<p>The data submitted by hospitals and other health institutions and the data submitted by the Ministry in</p>

- included in the statement prepared by the Ministry.
- Circular. Accordingly, the damages and losses to be continued furthermore have been presented in a separate document.
- relation to the said institutions should be identical to each other.
- (b) Although immediately after any loss or damage occurs, investigations are to be initiated to ascertain the extent and cause thereof and to determine the persons responsible for the same in terms of Financial Regulation 104, and also between 3 years and 14 years had elapsed in relation to medicines shortages of Rs. 22.91 million, medicines expirations of Rs. 218.04 million, and damages for medicines amounted to Rs. 199.26 million, actions had not been taken in terms of Financial Regulations even by 31 December 2023 the date of audit.
- Agree with the observations, there was a delay in taking actions with the matter as per the Financial Regulations due to insufficient staff in this regard and problematic circumstances in obtaining clarifications from the respective responsible parties. However, these situations will be recognized and clarifications will be obtained from the relevant parties in the future time period and the necessary works will be done and the progress will be reported soon.
- Actions should be taken in terms of Financial Regulations.
- (c) Actions had not been taken to identify expirations of medicines, quality failed and drug shortages in the years 2021, 2022 and 2023 and enter them in the statement of losses and omissions in the financial statements in accordance with Financial Regulation 110 (2) .
- Agree with the observation. The necessary activities in this regard will also be done during this year.
- Financial statements should be prepared accurately.
- (d) After the Kotikawatta No. 53 warehouse belonging to the Medical Supplies Division was flooded on 18 May 2016, the damage caused had been calculated as Rs.405.57 million and out of which only Rs. 206.31 million had been given from the
- Taking actions to recover some amount from the insurance company or if that is not possible, necessary steps will be taken to redo the necessary activities by making arrangements in respect of losses and damages
- Prompt actions should be taken.

respective insurance company in the two days of 30 January 2017 and 21 September 2017. Accordingly, the amount to be recovered was Rs. 199.26 million and although more than 07 years had elapsed, it was observed during the audit that the necessary activities had not been carried out as per Financial Regulations 101 to 113 in this regard.

in terms of Financial Regulations 103-113 from the Director General of Public Finance of the Treasury and to write off .

3.8 Transactions in the Nature of Financial Irregularities

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>(a) It was confirmed according to the information obtained from the Department of Immigration and Emigration that a doctor who had been approved for two years paid foreign leave from 04 February 2021 to 03 February 2023 had gone abroad on 04 February 2021 and returned to Sri Lanka on 07 July 2021. However, after his arrival in Sri Lanka, the Ministry had not been informed about it and he had received the relevant training allowance and monthly salary. He had received salaries and foreign training allowance without reporting to work as scheduled in this manner , from 08 July 2021 to 02 September 2021. The doctor had assumed duties at the Jaffna Teaching Hospital on 03 September 2021 . Even though the training</p>	<p>It has been recommended that it is suitable to take disciplinary actions against the female doctor as per the preliminary investigation conducted in the case of her, accordingly, the draft charge sheet No. CF/DPO/2023/50 dated 28.12.2023 has been forwarded to the Health Services Committee of the Public Service Commission.</p>	<p>Disciplinary actions should be taken against the officer by conducting a full formal investigation.</p>

allowance relating to this period had been reimbursed subsequently, the salaries and allowances paid without formal authority had not been recovered.

- (b) It was confirmed according to the information obtained from the Department of Immigration and Emigration that a Medical Officer had returned to Sri Lanka on 11 February 2020 during his overseas training regarding his travels abroad. However, you have informed that the date of the doctor returned to Sri Lanka was 30 March 2020. Accordingly, the reason for the doctor not reporting for duty from 11 February 2020 to 15 May 2020 was not confirmed in audit. Similarly, information about salaries and allowances paid in relation to this period was not submitted to the audit and it was also not confirmed the basis of payment of salaries and allowances and what approval was obtained, to the audit. Likewise, although it had been stated that the doctor was on duty from 30 March, 2020 to 27 November 2021, written evidence confirming in which organization and what duties performed from 30 March 2020 to 15 May 2020 were not submitted to audit.
- Answers have not been given. A full independent investigation should be conducted in this regard and actions should be taken against the responsible parties.
- (c) In relation to the recruitment of students for the 2017-2019 medical laboratory technician training course at Kalutara
- A preliminary investigation has been initiated in this regard and it will be directed to carry out disciplinary
- A full formal investigation should be conducted in this regard and actions

National Institute of Health , it was confirmed that this person had deliberately been recruited for the training fraudulently according to the matters such as calling for interview a person whose name was not included in the list referred to with letter No. TA/REC/PSM/17/2016 dated 21 April 2017 from the Deputy Director General (Administration III), failure to properly check the fake A-level examination certificate submitted, signing of the Principal of Kalutara National Institute of Health as the trustee for the bond of her, signing of an official of the institution as the witness of the guarantee.

actions after receiving the approval of those preliminary investigation reports.

should be taken against the responsible parties.

- (d) According to the sample test reports of the emergency call laboratory computer obtained by the audit in relation to the Karapitiya Teaching Hospital, laboratory tests of a large number of blood samples without the recommendation of a Medical Officer of the hospital and not issued for laboratory tests were done in the calling period and the data and information had been deleted from the relevant laboratory computers. Accordingly, 2,884 tests which were done out of the hospital and deleted were observed in the audit test check and due to the use of Reagents valued at Rs. 647,214 purchased by the hospital for that purpose it was observed that the government resources and

An initial investigation was conducted by the Karapitiya Hospital and it has been recommended that a further investigation be conducted by the Ministry of Health as per the recommendations of the report, accordingly, a formal investigation will be conducted by the Ministry of Health these days, further arrangements will be made according to the recommendations of the investigation.

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properties had been misused by the laboratory technician officers who conducted the tests and were working on the respective days by each of the laboratory technicians who conducted the tests and were on duty on the relevant days.

- (e) Even though the Matale District General Hospital had purchased 11,350 liters of fuel valued at Rs. 1,562,900 during the 15 months from 13 March 2021 to 15 June 2022 for two generators, Formal records had not been maintained regarding the application of fuel to the machines. Since the average fuel consumption per hour of 150 kVA Volvo (TWD 610 G) and 638 kVA Cummins (AS 703 C) was observed to be 14 liters and 31 liters respectively as per the data of fuel usage, number of running hours and the capacity of internal and external fuel storage tanks of the generators during the period of 09 months from 15 June 2022 to 28 March 2023, which had been separately identifiable records of fuel usage for the two machines, although the amount of fuel that should have been used during the 15 months period for which formal records do not exist was 6,736 liters, it was observed that 9,454 liters of fuel that is Rs.374,2682,718 liters of fuel (when taking the average of fuel prices for the period at 137.70) more than the amount of fuel that would have been required
- Agree with the observations. In calculating the amount of fuel used in the machines and the number of hours the machines have been in operation by the hospital from July 2023 to December 2023 as per relevant documents, it was observed that the average fuel consumption for CUMMINS generator is 42 liters per hour and 13 liters for VOLVO generator, it was discussed In this regard in the Audit and Management Committee Meeting held at the hospital level on two occasions and in the Provincial Audit Committee Meeting and there, it was emphasized by the audit that it cannot be solved at the hospital level as this is a very complex problem, a formal investigation should be conducted at the Ministry of Health level for that, accordingly, actions will be taken to receive the F.R.104 (4) examination report conducted by the Ministry of Health in this regard.
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depending on the number of hours the generators were running, 2,718 liters of fuel had been misused.

(f) The following matters were observed during the audit conducted in relation to 29 foreign trips by a radiologist at the Colombo National Hospital from the year 2009 to the year 2023 .

i. Six months overseas leave with pay from 01 March 2018 to 31 August 2018 had been approved for this officer for training in radiology. There, it had been planned to complete this training for a period of 03 months at a university in the United States of America and for a period of 03 months at the Medanta Neuro and Vascular Center in India. However, he did not participate in the foreign training during the approved period and an air ticket fee of Rs. 289,400 and an amount of US\$ 5,781 (Rs. 1,849,920) as living allowance for 03 months and 75 British Pounds (Rs. 30,525) as warm clothing allowances had been paid to the officer for that. But according to the information obtained from the Department of Immigration and Emigration, this officer had returned to the island on 31 July 2018 after traveling abroad on 30 June 2018, he had traveled abroad for only 32

Answers have not been given.

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days accordingly and due to approved foreign leave with pay ends on 09 July 2018, it was also observed that from 10 July 2018 he returned to Sri Lanka and stayed for a period of 22 days without extending his approved foreign leave up to 31 July 2018.

ii. Similarly, a sum of Rs. 119,200 as air ticket fee and a sum of Indian Rs. 211,143 (valued Sri Lanka Rupees 812,900) as living expenses had been paid for the 03 months of training that was to be obtained at the Medanta Neuro and Vascular Center in India from the above 06 months training period. However, it was also observed that this officer had gone abroad for only 06 days according to information obtained from the Department of Immigration and Immigration.

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iii. According to information obtained from the Department of Immigration and Emigration this officer had traveled abroad 29 times from 2009 to 2023 and the officer had not formally submitted foreign leave request letters in relation to 20 cases of going abroad, and had not got the foreign leave approved in accordance with Chapter XII, 23:1 of the Establishments Code of the Democratic

Agree. Actions have been taken to instruct all doctors and specialists to submit foreign travel application forms and leave applications 03 months in advance.

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Socialist Republic of Sri Lanka. Accordingly, actions had not been taken to take necessary disciplinary action against this officer in respect of going abroad without obtaining approval of foreign leave whilst in Government service in contrary of the Establishments Code and to calculate and recover the wages and allowances paid for the time he was in abroad.

- (g) The following matters were observed in the audit conducted regarding the consideration of a doctor who worked at Maharagama Apeksha Hospital as having left the service.

- i. Although attendance and departure from duty and duties performed by a Medical Officer should be recorded in a diary in Health Format 99 and given monthly with the approval of an authorized higher officer, it was observed that the relevant diaries had not been handed over by this doctor.

The Medical officer has been verbally informed several times about failure of handing over the diary and he has verbally informed that he will personally submit the diary to the then Director, since the duty diaries have not been continuously submitted to the office, the leave subject clerk has submitted a note to the Acting Director (Deputy Director), based on the instructions received in the said note, a Telemail has been issued asking them to report to work immediately on 13.06.2022 and actions have been taken to stop the salaries since then the salaries have been stopped.

A full formal investigation should be conducted in this regard and actions should be taken against the responsible parties.

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| <p>ii. Although all local leave of an officer has to be applied for and obtained prior approval through a leave application form in the 125 general form in terms of Sections 1.2 and 1.3 of Chapter XII of the Establishments Code of the Democratic Socialist Republic of Sri Lanka, any local leave of this doctor had not been get approved by submitting a leave application from January 2020 to 14 December 2022 .</p> | <p>-do-</p> | <p>-do-</p> |
| <p>iii. A letter confirming that this doctor reported for duty from January to March 2023 as scheduled had been given by the Chief Nursing Officer of the Health Education Department of Maharagama Apeksha Hospital.</p> | <p>-do-</p> | <p>-do-</p> |
| <p>iv. It was confirmed that he had gone abroad from 25 February 2019 to 01 March 2019 as per the confirmation obtained from the Department of Immigration and Emigration regarding the officer's departures abroad. However, evidence that the foreign leave was approved had not included in the officer's personal file .</p> | <p>-do-</p> | <p>-do-</p> |
| <p>(h) Actions had not been taken to set off the amount of Rs.7,570,493 paid to a private company as security deposit and electricity deposit for acquisition</p> | <p>The Management of the HQ building has been made aware in writing that security deposit and the deposit for electricity given on repayment</p> | <p>-do-</p> |

of first floor Rare wing and fifth floor on lease basis of HQ Colombo building run by the State Ministry of Pharmaceutical Manufacturing, Supply and Regulation (now defunct) for monthly rents before the end of the agreement and although 01 year 05 months had elapsed since the contractual period ended on 01 April 2024, the deposit had not been recovered. This deposit of Rs.7,570,493 had not been included in the financial statements in terms of State Accounts Circular No. 250/2016 (i) dated 03 August 2016 .

basis for the Rare wing section of the 01st floor and the 05th floor of the HQ building will be provided as per the agreement, the institution has defaulted in payment, how many times the notifications were made, actions have been taken to inform the Chief Legal Officer of the Ministry of Health and send letters in this regard, accordingly, the Legal Division has forwarded a request to the Attorney General's Department on 29.08.2023 to provide the necessary legal advice to recover the said deposits, similarly, a legal discussion was held in the Attorney General's Department regarding this legal issue.

3.9 Management Weaknesses

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>(a) Almost 30 patients had been examined and treated for heart disease daily by 02 cardiac catheterization machines used in the Cardiology Unit of the Kandy National Hospital and Siemens Axiom Artis DFC Cath Lab (Machine – SN3542602626) machine which was more than 17 years old had become inactive from 01 May 2023. Due to its ineffective repair daily heart disease tests had reduced by almost 50 per cent on failure of</p>	<p>Due to the problem of making provision for the purchase of a new machine, the Biomedical Engineering Division has been informed to repair the more than 17 years old Siemens Axiom Artis DFC Cath Lab machine which is currently out of order and that Division has given orders to Demo Private Company dated 08.04.2024, accordingly, it has been arranged in the letter dated</p>	<p>Installation of a new machine or repair the existing machine should be done promptly.</p>

installing a new machine instead of that. A number of 8024 patients are registered for treatment and are waiting for in the waiting list from the year 2019 to 29 May 2023 and it was observed that the waiting list was getting longer due to the being inactive of the machine.

22.04.2024 to grant the necessary licenses for the import of the relevant devices and they can be used for patient examinations after the relevant repairs.

- (b) A Radiographer who worked at the Sirimavo Bandaranaike Children's Hospital was on paid study leave for three years from 24 November 2014 to 31 December 2017 for a degree course conducted by General Sir John Kothalawala University. This officer had signed the bond to be signed by officers on study leave with full pay in terms of Appendix 15 and the agreement as per Appendix 08 Chapter XV 4.12 of the Establishments Code. According to the agreement, after the completion of the studies, although they should work for a period of not less than 10 years, the amount to be recovered by the government including the salary of Rs. 1,641,282 paid for the officer during the study leave period and Rs 600,000 kept as the guarantee amount mentioned in the appendix 15 including other expenses incurred for the said scholarship due to failure of completing the service period and not reporting to work back, had not been recovered even by 31 December 2023 .

It is not agreed with the observations, the Radiographer has informed the Ministry of Health about the amount to be charged, the recoveries are being done by the Ministry of Health.

A full formal investigation should be conducted in this regard and actions should be taken against the responsible parties.

- (c) All government institutions should take steps to keep records of officers' arrival and departure from office by using fingerprint recording machines in terms of Administration Circular No. 03/2017 dated 19 April 2017 and if fingerprint machines are not operational from 01 July 2017 to prove attendance and exit of health staff, overtime allowances should have been paid as per current rate of pay as per the letter issued by the Treasury Secretary No. DMS/0016 dated 12 May 2017 to the Secretary of the Ministry of Health. Nevertheless, the 213 fingerprint machines installed by the Ministry at a cost of 31.08 million rupees for the Ministry, its hospitals and institutions remained unused and idle and a total amount of Rs 82,827.53 million had been paid as a sum of Rs. 44,590.70 million for salaries and Rs. 38,236.83 million for overtime and holiday pay in the year under review based on current salary. Similarly, the total amount spent on overtime and holiday pay was about 72 per cent of the salary cost.
- (d) The land with an area of 02 acres and 02 roods and 29.70 perches (about 2½ acres) located on the border of Godagama-Malabe Main Road and Walgama-Athurugiriya Road, had been donated to the Medical Research Institute by the last will No. 4205 dated 01 April 1998 and its value was approximately Rs.
- Even though an internal circular and a common letter have been issued advising that fingerprint machines should be used as per the Public Administration Circulars, it has not been able to be implemented so far due to trade union protests, all Heads of Departments have been instructed regarding the effective internal control regarding arrival and departure of officers during duty hours, also, the heads of the institutions have been instructed to continue to monitor the arrival and departure of the officers and their departure during duty hours in order to strengthen the internal control.
- Arrangements should be made to maintain the records related to the arrival and departure of the officers as per the circular provisions and to maintain the necessary internal control systems regarding the payment of extra duty allowances of the officers in accordance therewith.

1,074 million. The legal owner of this land had died on 17 February 2022 and the Medical Research Institute had been notified about it in writing on 21 February 2022. The following matters were observed during the audit conducted regarding the taking over of the legal right of this land.

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| <p>i. Although the original copy of said last will should be submitted within three (03) months to the District Court where the last will owner died in terms of Section 516 of the Code of Civil Procedure and it should be proved as the last will of the deceased without objection in accordance with Section 524 of the Code of Civil Procedure, and also a period of 25 months has elapsed on 31 March 2024 after the death of the legal owner of the land on 17 February 2022, the Last Will No. 4205 had not been proved without objection as the Last Will of the deceased.</p> | <p>An investigation will be carried out in this regard.</p> | <p>A full formal investigation should be conducted in this regard and actions should be taken against the responsible parties.</p> |
| <p>ii. The delays in taking action by the officers had caused to detect whether the original copy of the Last Will numbered No. 4205 is not in the possession of the Medical Research Institute or the Ministry of Health or Executor for more than 06 months after the death of the legal owner of the land, for the delay in getting the Last Will proved without objection so.</p> | <p>-do-</p> | <p>-do-</p> |

iii. The File No. LO/192/2015 maintained by the Ministry of Health regarding this land before the death of the legal owner of that land and the File No. LO/113/22 which was opened after the death of the legal owner of the land had misplaced.

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- (e) Thriposha stocks valued at Rs.26,065,432 had been received during the first half year of 2023 from Sri Lanka Thriposha Company for distribution to the beneficiaries of Anuradhapura regional health service authorities. Seventy seven bags containing 30 Thriposha packets with a total value of Rs.1,094,657 had been misplaced or defrauded due to deficiencies in the distribution process of Thriposha and 1750 bags containing 30 Thriposha packets valued at Rs.23,497,597 had been allowed to be kept in a wagon of Anuradhapura Railway Station without being released for more than 02 months. It was observed that there was a risk of the quality of the Thriposha being reduced in the temperature of 45 degrees Celsius during the time the Thriposha were in the train wagons and it had to pay an amount of Rs.1,080,000 to the Department of Railway as late charges due to not clearing the Thriposha stock from the railway wagon within the stipulated time.
- Unavailability of an adequate internal control system related to the distribution of Thriposha, and failure to properly perform the relevant duties by the relevant subject officer have happened and these tasks have been formally assigned to a well knowledgeable Management Services Officer by now, an investigation is currently being carried out regarding the false documents and it will be submitted for audit after completing it and providing the report. It is thanked to the observations given by the audit that the distribution of Thriposha has not been done successfully for a long time and the necessary measures to regularize the distribution of Thriposha have already been implemented.
- The distribution of Thriposha should be regularized throughout the country.
- (f) Due to the medicines stock sent by Medical Supplies Division belonging to the Ministry of
- Although delivering of medical supplies and surgical supplies by railway
- Distribution of medical supplies should be formalized throughout

Health from Colombo Fort Railway Station to Anuradhapura Railway Station for the distribution to hospitals on different occasions during the period from February to June 2023 were not cleared by the respective responsible health authorities during the exemption period of railway charges from Anuradhapura Railway Station, the total value of late fees payable to the Railway Department was Rs.4,603,900. Similarly, due to the fact that these stocks of medicines were kept in railway wagons without being removed in the high temperature of 45 degrees Celsius for more than 02 months, it was observed that there may be a risk of the decreasing of quality of these medicines.

wagons has turned out not to be very practical, this is the most advantageous and easiest method for the government and due to the lack of lorries in the Medical Supplies Division for the distribution of the relevant stocks and the non-carrying of the relevant stocks to the annual estimate of the respective institutions, the stock will be sent to the relevant institutions by railway wagons due to there is not enough space to store the receiving stocks because of accumulation of large stocks in the warehouse divisions. However, actions have been taken to give instructions to the Deputy Director General of Medical Supplies and the Director General of Provincial Health Services in respect of taking actions to avoid the existing problems.

the country.

- (g) The Biomedical Engineering Services Division had not maintained service agreements with formal bio-data for medical devices. Due to non-availability of medical equipment documentation related to initiation of maintenance and service agreements after expiry of warranty provided by the supplier after purchasing of medical equipment the need for a computerized data system related to the continuous implementation of maintenance and service

The purchase of medical equipment is done by the Biomedical Engineering Services Division as well as by hospitals and at the time of purchases relating to the said medical equipment, the service and maintenance prices will be included in the relevant bid documents and the service and maintenance activities will be carried out in the coming years based on those prices, in addition, medical equipment will be

Actions should be taken to maintain a formal data system for all health institutions that includes all information regarding medical equipment purchased and donated from all sources.

contracts for all medical equipment should be identified and the steps should be implemented promptly and although the Biomedical Engineering Services Division has provided Rs. 1,647.3 million for entering into maintenance and service agreements for 42 hospitals including repair work in the year 2023, the Biomedical Engineering Department did not have information about maintenance and service agreements entered into on the said provisions. The number of medical devices for which service agreements had not been entered into out of 548 service agreements according to the Excel sheet data of maintenance and service agreements for the year 2023 prepared by Biomedical Engineering Services Division was 234 or 43 per cent of the total.

granted to hospitals as local and foreign aid, as there are no such service and maintenance prices for the medical equipment received as aid, a problem has arisen in establishing future service and maintenance, however, service and maintenance contracts are formally maintained at the hospital level and by our Division based on available information and since procurement has been initiated to create an information database system in the future, a data system containing all the information can be maintained.

(h) According to the Survey Plan prepared by Maharagama Hospital in January 2020, the land where the hospital buildings are located had an area of 14 acres, 03 roods, 2.70 perches in extent. However, since the hospital did not have the deed related to this land even when this Survey Plan was prepared, there was no confirmation whether the area of the land identified by the Survey Plan was correct. Similarly, the deed related to the land called Pelenghakumbura, which was received as a gift to the hospital and was about 02 roods, had also

As the deed of this hospital is now missing, letters have been forwarded to Maharagama Divisional Secretary in order to obtain a copy of the deed and the necessary information was given to the lawyer of the Hospital Development Committee, and to carry out the necessary activities in the future. In addition, the information has been given to a lawyer to get settled the ownership and boundaries of the plot of land given by way of donation to the hospital,

A full formal investigation should be conducted in this regard and disciplinary actions should be taken against the responsible officers and actions should be taken to get settled these lands promptly.

been missing and the boundaries of the land had also been abandoned without being settled.

therefore, the activities of preparing the main deed of the hospital and obtaining copies of the deeds related to the land called Pelenengahakumbura, which has been given to the hospital through a donation are being carried out.

(i) A cool container for drug storage had been installed by Maharagama Hospital on 30 August 2018 at a cost of Rs.5,439,108. However, the pharmacists had continuously refused to store medicines in the cool container stating that it was not prepared in accordance with the requirements of the hospital. Accordingly, even though its renovation work had been completed on 28 November 2022 at a cost of Rs 2,679,794 considering the requirement of Pharmacists furthermore, obtaining a technical report in this regard was delayed for about 16 months and had been obtained on 25 March 2024. However, even on 30 April 2024, the hospital had not used it to store medicines. Therefore, this cool container which was installed at a cost of Rs.8,118,902 had remained in idle for more than 5 years. It had not been put into use even by February 2024 .

At the initial establishment of the respective cool container the pharmacists informed that some more changes should be made to store the medicines, 15 months have elapsed since tenders were called for those works, accordingly, the pharmacists have expressed their willingness to accept this cool container after completion of Service Maintenance Agreement and exchange of Main Freezers and Additional Freezers, actions will be taken promptly to hand over this cool container to pharmacists for storing medicines after rectifying the deficiencies.

A full formal investigation should be conducted in this regard and disciplinary actions should be taken against the responsible officers and arrangements should be made to avoid such situations.

(j) Due to the decision taken by the Directress of the Hospital to supply water through the water supply of the Water Supply and Water Drainage Board without

The main factor affecting the increase in water bills between February and May 2023 is the well water has reduced and mixed with

A full formal investigation should be conducted in this regard and disciplinary actions should be taken

operating the water motors installed in the wells established in the vicinity of the Kalutara Teaching Hospital, the monthly water bills in respect of the period from January 2023 to the end of April 2023 had increased ranging from Rs. 4 lakh to Rs. 10 lakh. Due to this, a loss of Rs 30 lakhs had incurred to the government in relation to this period.

mud, as this period was a period of less rainfall, as a result, the water was tested on 03/03/2023, it was reported that the water was in a condition unsuitable for drinking, it has been reported that it is suitable to use that water during the examination carried out again in May 2023, therefore, the use of well water was stopped during the period from January to the end of April 2023 and tap water was used, and because there was an underground water leak and less rain during this time, water had to be applied to the flowers in the hospital grounds.

against the responsible officers.

4. Achieving Sustainable Development Goals

4.1 Progress of achieving the Sustainable Development Goals

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>Thirty one sustainable development indicators were identified in relation to the Ministry of Health and progress was not reported for 13 indicators out of that for the year under review. The required performance level had not been achieved in 12 indicators on which progress was reported.</p>	<p>Some of the values of the Sustainable Development Goals had remained in fixed values and several sessions of review meetings for this purpose were held with the respective responsible officers, there, the reasons for that were discussed including other target-fulfilling organizations (not the Ministry of Health) and the actions to be taken in this regard in order to achieve</p>	<p>Actions should be taken to achieve the desired goals by 2030 by following up annually to make the necessary progress.</p>

some sustainable development goals, the instructions for this have been given, likewise lack of human resources is seen as a challenge for monitoring of programme, similarly, Covid 19 and the economic situation of the country has also been affected.

5. Human Resources Management

5.1 Assigned Staff, Actual Staff and Expenditure on Personal Emoluments

The following observations are made in this regard.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>(a) The total approved staff in terms of salary scales as at 30 June 2023 was 95,948 and the actual staff as at that date was 81,915 as per the last information prepared in relation to hospitals and all other health institutions belonging to the service. Accordingly, there was a shortage of 14,033 in the total staff. However, according to the staff information submitted by hospitals, institutions and divisions, the approved staff was 95,950 and the actual staff was 81,904 and the shortage was 14,046. Even though, about 1,103 field mosquito control assistants had been employed informally under the contract basis in 2017 for dengue control activities, the number of posts included to staff information was only 5 . A formal approval for these number of posts, which are</p>	<p>Heads of relevant divisions and Heads of institutions who are doing necessary works on vacancies and excesses in each institution have been made aware.</p>	<p>Actions should be taken to fill up essential vacancies for efficient running of activities and officers and employees should be assigned to the respective hospitals and institutions not to exceed the approved staff.</p>

employed under a monthly allowance about Rs.27,000, had not been received until March 2024. According to the information submitted to the audit, despite here was a shortage of 14,307 officers in relation to 49 posts 2,942 officers had been employed in excess. Apart from the excess and shortage of posts, there was a staff shortage of 2,932 officers in respect of 201 other posts. Similarly, In addition to the excess and shortage of posts, there was an excess of 283 officers in staff in relation to 26 other posts. The Department of Management Services had given approval to the Ministry for one post of Special Grade in the Sri Lanka Planning Service named Director General (Planning) On 07 November 2017 Nevertheless actions had not been taken to fill that post.

- (b) It was observed that there are staff shortages in several positions of the approved staff for the Central Government and Provincial Councils as per the information provided to the audit. Out of these shortages of posts, there was a staff shortage of 13,868 in relation to 22 posts. The necessity of filling the existed vacancies in these posts is emphasized in order to ensure the provision of better services to the public while maintaining the quality of health care.

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- (c) The approval had been given to the Memorandum of Cabinet of Ministers submitted by the Minister of Health Protection and Nutrition on 21 August 2009 regarding Revision of the number of Medical Specialists in the Department of Health Services (Proposed Cadre up to 2015) at the Meeting of Cabinet of Ministers held on 10 February 2010. It was observed that the actions had not been taken to train and employ the specialist doctors in the country as planned and the necessary amendments to suit the new conditions after the year 2020 had not been made as per this approval of Cabinet of Ministers.
- The answers have been submitted with No. CA/AQ/FCC05/INFO/2023/42 dated 03.01.2024 .
- Actions should be taken as per the Decision of Cabinet of Ministers and necessary measures should be taken to train specialist doctors to suit future needs.
- (d) Although the number of approved specialists was 2837 in respect of 58 specialized areas as per the approval of the Cabinet of Ministers in the inspection conducted with the information about the specialist doctors approved and employed for the overall health service, it was observed that the number in relation to 50 specialist areas was 2740 as per the information presented, a doctor has not been appointed for the 66 approved posts related to 08 specialized medical fields, there was a difference in 31 posts between the number of posts approved by the Cabinet of Ministers related to the two specialist areas and the number of posts approved according to the information provided, there was a shortage
- Answers have been given with CA/AQ/FCC05/INFO/2023/42 dated 03.01.2024 .
- Actions should be taken according to the decision of Cabinet of Ministers and necessary measures should be taken to train specialist doctors to suit future needs.

of 972 specialist doctors in 35 specialized areas by November 2023 as compared to the number of posts approved by the Cabinet of Ministers, despite there was a shortage of 972 specialist doctors in 35 specialized areas 113 specialist doctors have been employed in excess of the number of posts approved by the Cabinet of Ministers for 12 specialist areas, 141 specialist doctors were employed in 12 specialist areas without obtaining formal approval for the employment of specialist doctors for those specialized areas which were not identified at the time of approval of the Cabinet of Ministers. Similarly, it had been informed that, the number of approved specialists under Central Government Hospitals and other health institutions as at 30 June 30, 2023 was 2018 and the actual number was 1915 according to the staff information as at 30 June 2023 submitted for audit by the Planning Division of the Ministry. Nevertheless, it had been stated that the number of specialists working in central government hospitals and other health institutions by November 2023, was 1618 as per the information presented by the Tertiary Care Sector. There was a shortage of 226 specialists in 50 hospitals/institutes as at 30 June 2023 as per the information submitted by the Planning Division. Thus, there was a shortage of 226 specialists,

there was an excess of 123 specialists in 23 hospitals/institutions. According to the Memorandum of Cabinet of Ministers, the approval was requested to increase the number of specialist doctors which was 971 approved on that day to 2837 by the year 2015 and the number of specialist doctors had been prepared according to specialist fields and according to hospitals and included in the Memorandum of Cabinet of Ministers as an annexure. However, it was observed that the Ministry considers this number of 2837 specialists as a generally approved number and will be employed without considering the field of expertise. specialized field.

- (e) According to the information submitted to the audit by the Planning Division of the Ministry, the number of employees working under the Provincial Councils and the Central Government as at 30 June 2023 was 17,238 in relation to 14 services belonging to Paramedical and Interim Medical Services and the Deputy Director General (Administration 3) as per the information submitted to the audit, the number of employees working under the Provincial Councils and the Central Government as at 30 June 2023 was 6,418 in relation to those services . Accordingly, it was observed that the information
- The Deputy Director Planning Division updates the entire staff information once in 06 months, nevertheless, the updated staff information related to interim medical service will be done only on the basis of the need of the branch and the number of employees due to reasons such as left the service, resignation, retirement, transfers etc. , the information may be different when compared with the information of D.D.G (Planning) Division.
- A formal and updated data system should be maintained in relation to all services under the Ministry.

presented by the two sectors contradicted each other.

- (f) Requests had been made on several occasions to increase the staff required for Kalutara Teaching Hospital, which has been upgraded to a teaching hospital, along with the expansion of the work of the newly established divisions and the existing divisions in the last few years. The proceedings had not been completed by the end of the year under review to take actions related to increase the number of staff which had been approved by the Department of Management Services on 25 September 2018 .
- Although many letters have been submitted to the Department of Management Services requesting to increase the approved staff on several occasions after the year 2018, a staff revision has not been done so far.
- Necessary actions should be taken in this regard.