

Head 220 – Department of Ayurveda – 2023

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the Head 220 - Department of Ayurveda 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. This report contains my views and observations on these financial statements submitted to the Department of Ayurveda in terms of Section 11 (1) of the National Audit Act No. 19 of 2018. The report of the Auditor General in pursuance of provisions in Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 10 of the National Audit Act, No.19 of 2018 will be tabled in Parliament in due course.

In my opinion, except for the effects of the matters described in paragraph 1.6 of this report, the financial statements give a true and fair view of the financial position of the Department of Ayurveda as at 31 December 2023, and its financial performance and cash flows 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 described in paragraph 1.6 of this report. I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibility for the financial statements is further described in the Auditor's Responsibility Section. 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 Accounting Officer for the Financial Statements

The Accounting Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with Generally Accepted Accounting Principles and provisions in Section 38 of the National Audit Act, No.19 of 2018 and for the determination of the internal control that is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As per Section 16(1) of the National Audit Act, No.19 of 2018, the Department is required to maintain proper books and records of all its income, expenditure, assets and liabilities to enable the preparation of annual and periodic financial statements. In terms of Sub-section 38(1)(c) of the National Audit Act, the Accounting Officer shall ensure that an effective internal control system for the financial control exists in the Department and carry out periodic reviews to monitor the effectiveness of such systems and accordingly make any alterations as required for such systems to be effectively carried out.

1.4 Auditor's Responsibility for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's summary 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 and its materiality depends on the influence on economic decisions taken by users on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgments and maintain professional scepticism throughout the audit. I also:

- Appropriate audit procedures were designed and performed to identify and assess the risk of material misstatement in financial statements whether due to fraud or errors in providing a basis for the expressed audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- An understanding of internal control relevant to the audit was obtained in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Evaluate the overall presentation, structure and content of the financial statements including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accounting Officer regarding, among other matters significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

1.5 Report on Other Legal Requirements

I express 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 preceding year,
- (b) The following recommendations made by me on the financial statements of the preceding year had not been implemented.

Reference to Paragraph of the 154 (6) Report related to Head 22 - of the Year 2022	Recommendation not implemented	Reference to Paragraphs of this Report
1.6.1 (a)	Prompt action should be taken to transfer the ownership of the lands which have not been legally transferred to the department and relevant adjustments should be made in the accounts.	1.6.1 (c) (i)
1.6.1 (c)	Detailed information regarding unusual adjustments made to the opening balances of accounts should be disclosed through notes.	1.6.1 (c) (ii)
1.6.1 (b)	All assets owned by the Department should be reported to the Comptroller General and accounted.	1.6.1 (c) (iii)
1.6.1 (e)	Non-financial assets should be properly classified in accounting. Care should be taken that the fixed assets acquired are recorded under non-financial assets in the relevant financial year.	1.6.1 (c) (vi)
1.6.1 (f)	The vehicles transferred to the Department after the lease period should be accounted under non-financial assets.	1.6.1 (c)(viii)
1.6.1 (g)	Arrangements should be made to capitalize the cost of completed buildings and structures.	1.6.1 (c) (ix)
1.6.4 (b)	A Security Register regarding the officers required to give security shall be maintained in an updated manner including the information mentioned in Financial Regulation 891(1).	1.6.1 (d) (i)
2.3 (a)	Efforts should be made to establish a formal legal framework for the regulation of panchakarma and massage parlors.	2.6 (a)
2.3 (c)	As per the provisions of Public Administration Circular No. 09/2009 dated 16 April 2019, overtime and holiday pay shall not be paid for periods that had not been verified by fingerprint machines.	2.6 (f)
2.1	In accordance with the provisions of the Establishments Code, National Budget Circulars and State Finance Circulars, action should be taken to recover the debt of employees. Arrangements should be made in terms of the Financial Regulation 104 (2) "B" to recover a surcharge from officers who have not fulfilled their responsibility.	2.4

- 3.5 Project proposals should be implemented only to achieve essential and prioritized objectives using government funds sparingly and procurement should be conducted by maintaining written evidence to confirm that procurement guidelines were correctly followed and the procurement was conducted transparently. 3.5
- 3.7 (b) The department shall take legal action for immediate recovery of arrears from the wages paid by the Department or to charge a surcharge from the responsible officers in terms of Financial Regulation 104 (2) "b". Action should be taken to introduce control systems that ensure up-to-date continuous communication between personnel control and pay control departments. 3.7(b)
- 3.8 (a) The administration of herbal gardens should be regularized and formal internal control systems should be established to use the produce from those herbal gardens for the production of medicines in Ayurvedic hospitals and to maintain adequate records of the same. 3.8 (a)
- 3.8 (e) All the machines that were purchased without properly identifying the need and without doing a proper feasibility study should be provided for effective utilization or to be used in Ayurvedic hospitals or Ayurvedic Corporation for the production of medicines and necessary steps should be taken against all the officials who contributed to this irregularity. 3.2 (b)
- 5 (a) A management data system, which can coordinate the activities of all the departments such as head office premises of the department, hospitals, herbal gardens, community health regional offices, etc. should be established. 3.2 (c)
- 5 (c) Appropriate staff reorganization should be carried out to achieve the desired performance by establishing Ayurvedic Research Hospitals. 5 (c)

1.6 Comments on the Financial Statements

1.6.1 Accounting Deficiencies

(a) Capital expenditure

Audit Observation	Comments of the Accounting Officer	Recommendation
Although capital transfers amounting to Rs. 831,802 and other capital expenditure amounting to Rs. 3,027,423 had been indicated in the statement of financial performance for the year ended 31 December 2023, the capital transfers amounting to 831,802 had not been indicated in the statement of expenditure as per the programmes submitted in Form ACA 2(ii). Accordingly, capital transfers had been overstated by Rs.831,802 in the statement of financial performance, and other capital expenditures had been understated by the same amount.	This information has been stated in the financial statements on the basis of comparative data and the section for capital transfers has been eliminated while entering the data related to those note numbers in the ACA 2(ii) form due to an omission. Accordingly, capital transfers and other capital expenditures will be disclosed from the next year under the correct classification.	Capital transfers and other capital expenditure should be disclosed under the correct classification in ACA Form 2(ii) of the financial statements.

(b) **Balance of the Statement of Imprest Reconciliation**

Audit Observation	Comments of the Accounting Officer	Recommendation
Even though the total of debits made to Advance "B" account from other Heads as per treasury printout (SA-51) had been Rs. 306,232, it had been indicated as Rs. 2,623,773 according to statement of imprest reconciliation (Form ACA 07) and overstated by Rs. 2,317,541.	Agree with the audit observations and action will be taken to disclose under the correct classification from the next year.	Action should be taken to disclose the statement of imprest reconciliation under the correct classification.

(c) **Non-current Assets**

	Audit Observation	Comments of the Accounting Officer	Recommendation
(i)	A sum of Rs. 2,318,020,000, the value of 12 lands that had not been legally transferred to the department even by the end of the year under review had been stated under non-financial assets in the financial statements, and the value of 07 lands that had been legally transferred to the department had not been recognized and accounted.	The values and correct data of each land will be presented in the account after the settlement of lands owned by the department, according to the instructions of the Secretary of the Ministry of Health, all departments have been informed to assess their lands and building through the Valuation Department and to record in that regard and the land where the Ampara Sirimavo Bandaranaike Memorial Ayurveda Research Hospital is located and its buildings were valued at Rs. 137.1 million and action was taken to account it from the summary of accounts in April 2024.	Measures should be taken expeditiously to transfer the ownership of the lands and relevant adjustments should be made in the accounts and arrangements should be made to indicate the transferred lands in the accounts.
(ii)	Even though a sum of Rs. 20,996,825 had been adjusted to the opening balances of the year under review under the Object of other machinery and equipment according to CIGAS computer print outs, action had not been taken to prepare detailed information related thereto and to disclose them by accounting notes.	Action will be taken to indicate the adjustments made to the opening balances in the future financial statements.	Arrangements should be made to disclose detailed information regarding unusual adjustments made in the accounts.
(iii)	The value of the buildings reported by the Department to the Comptroller General as at 31 December 2023, had been Rs.635,961,733 and the value accounted had been Rs.1,161,120,186. As a result, there had been a net change of Rs.525,158,453.	In accordance with the Asset Management Circular 06/2023 issued by the Comptroller General's Department, all the assets of the department have been scheduled to be reported under the online non-financial asset management system that has already been introduced and only the module for vehicles has already been implemented.	All assets owned by the department should be reported to the Comptroller General and they should be properly accounted.

- (iv) Although the final balance of the office equipment according to the CIGAS computer print outs in the year 2022 had been Rs.76,362,170, it had been indicated as Rs.75,972,550 when that balance was recorded as the opening balance of the year 2023. As a result, it had been understated by Rs.389,620 in the accounts.
- Even though action had been taken to make relevant corrections by visiting the Department of Public Accounts in the year 2023, there were adjustments to be made further in this regard. Therefore, action will be taken in the future to correct the balances and to report them by connecting with the Department of Public Accounts.
- Errors should be correctly identified and corrected.
- (v) Even though the value of buildings amounting to Rs.1,107,464,440 located in 13 lands, of which the ownership that had not been legally transferred to the department had been included in the value of buildings and structures amounting to Rs.1,161,120,186 stated under non-financial assets in the financial statements, action had not been made to transfer the relevant lands and to make adjustments even in the year under review.
- After settling the lands owned by the department, the correct data will be accounted based on the values of the respective lands.
- The lands owned by the department should be settled promptly and the values of buildings and structures should be corrected in the accounting reports.
- (vi) In the year 2022, the balance of the computer accessories, electrical equipment balance and medical equipment balance indicated under non-financial assets in the year 2022 had been Rs. 5,881,397, Rs. 14,835,143 and Rs. 275,315,783 respectively. However, purchases of Rs. 10,375,439, Rs. 6,273,197 and Rs.3,638,628 made in the previous years respectively had been accounted under office equipment without indicating them under the relevant subjects. Furthermore, computers worth Rs. 20,729,160 purchased in the year 2022 had been accounted under office equipment without accounting
- As a whole, there was no change in the value of the related equipment and the whole asset data file should be updated again to correct the error that has occurred in the classification of those values. Therefore, it has been noted down to take action in this regard and to report that in the future.
- In accounting the non-financial assets, they should be classified correctly. Be careful that the fixed assets acquired are recorded under non-financial assets in the relevant financial year.

them under computer accessories. Although it was stated that the said deficiencies would be rectified after obtaining the transfer orders, it had not been rectified in the year under review.

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| (vii) | Although 02 cabs, one bus and 04 motor bicycles, which were not in operating condition, had been handed over to the Ministry of Health on 14.02.2022 for disposal activities. Action had not been taken to identify the cost of those assets and remove them from non-financial assets. Information about those assets had not been disclosed even through a note of the financial statements. | As the information related to the vehicles included in the CIGAS system is not sufficient, these corrections have been further delayed and noted down to correct the data system and to record in that regard. | The disposal activities should be finalized promptly and the cost of those assets should be identified and removed from the financial statements and the information should be disclosed through notes of the financial statements. |
| (viii) | Even though a van purchased from Toyota Lanka in 2012 at a cost of Rs.8,400,000 under the installment lease system had been handed over to the department after the term of lease, it had not been accounted as a non-financial asset. | Since the information related to the vehicles included in the CIGAS system is not sufficient, these corrections have been further delayed and I have noted down to correct the data system and to record in this regard. | Arrangements should be made to account them as non-financial assets. |
| (ix) | The total expenditure incurred on construction from the year 2018 to the year under review had been indicated under work in progress without capitalizing the cost of completed buildings and structures. Accordingly, the balance of the work in progress account had increased to Rs. 1,035,539,978 as at 31 December of the year under review. | That corrections have been made to the CIGAS computer system. | Arrangements should be made to capitalize the cost of completed buildings and structures. |

(d) Not Maintaining Registers and Books

Audit Observation	Comments of the Accounting Officer	Recommendation
(i) Security Register		
The Security Register had not been updated in terms of Financial Regulation 891 (1).	Action is being taken to resolve the problematic situation regarding the officers who have to give security and immediately after completing those matters, the documents for depositing security will be updated.	Action should be taken as per the Financial Regulations.
(ii) Vehicle Log Book		
Vehicle Log Book had not been maintained in an updated manner in terms of Financial Regulation 1645 (a)	It is being updated.	-Do-
(iii) Register of Cheques Delivered		
In terms of Financial Regulation 388, Register of Cheques sent by post had not been maintained up to date.	Action is being taken to update the register of cheques delivered and since it had to make payments for a large quantity of cheques in the month of December 2023, it was not possible to update that register.	. -Do-

1.6.2 Non availability of Audit Evidence

Audit Observation	Comments of the Accounting Officer	Recommendation
Even though it was reported in the financial statements that the department has vehicles worth Rs. 93,944,999, it was not possible to confirm that the value of all the vehicles owned by the department was reflected in the financial statements as detailed information about each vehicle had not been mentioned in the CIGAS computer system.	Since the information related to the vehicles included in the CIGAS system is not enough, these corrections have been further delayed and noted down to take action to correct the data system in coordination with the transport and accounts departments with the assistance of the Department of Public Accounts and to record it in the future.	Action should be taken to indicate detailed information about each vehicle in the CIGAS computer system and to maintain sufficient records.

1.6.3 Responsibilities of the a Chief Accounting Officer and Accounting Officer

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>According to the provisions mentioned in Section 38 of the National Audit Act No. 19 of 2018, even though the Chief Accounting Officer and the Accounting Officer must ensure that an effective internal control system for the financial control exists in each such entity and carry out periodic reviews to monitor the effectiveness of such systems and accordingly make any alterations as required for such systems to be effectively carried out and those reviews should have been done in writing and a copy of it should have been submitted to the Auditor General, statements that such reviews had been made were not submitted to the audit.</p>	<p>I would like to inform you that the internal audit division of the department has carried out the necessary inspections to maintain an effective internal control system and made the relevant officials aware of that and informed the relevant officers to correct the deficiencies and to follow up in that regard. An annual review will be provided to the Government Audit Division from the year 2024 and audit management committee meetings will be held.</p>	<p>Action should be taken in terms of the provisions mentioned in Section 38 of the National Audit Act, No. 19 of 2018.</p>

1.6.4 Noncompliance with Laws, Rules and Regulations

Reference to Laws, Rules and Regulations	Noncompliance	Comments of the Accounting Officer	Recommendation
(a) Ayurveda Act, No. 31 of 1961	<p>Since the provisions for registration of panchakarma and massage centres had not been included in the act as per Section 10 of the Act, the practice of panchakarma medicine could not be regulated.</p>	<p>The activities related to the preparation of the Ayurveda Code including the provisions for the registration of panchakarma and massage centres are currently being carried out by the legal draftsman.</p>	<p>Steps should be taken expeditiously to formulate legal provisions to include provisions for the registration of panchakarma and massage centres.</p>
(b) Section 127 of the Municipal Council Ordinance No. 16 of 1947	<p>Although patient care services were implemented in 05 normal wards with 183 beds on 04 floors including the ground floor of the new building with 08 floors constructed under the phase 02 of the development of Ayurveda National Hospital in</p>	<p>Even though estimates were made to complete the relevant deficiencies and allocations were also made in the year 2020, the work could not be completed as the Covid-19 patients were admitted to the adjacent building. The reason for this situation is not the inefficiency of the</p>	<p>The compliance certificate should be obtained as soon as possible as patient care services will be implemented in 05 normal wards on 04 floors of the new building.</p>

Borella into a teaching department, but the hospital, necessary difficulty in making measures had not been provision. taken to obtain a compliance certificate in terms of the Municipal Councils Ordinance.

(c) The Financial Regulations of the Democratic Socialist Republic of Sri Lanka

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| (i) Financial Regulation on 770 | Although There were 113.5 kg of 12 types of medicines that were not suitable for use in the dry pharmaceuticals warehouse of the Ayurveda National Hospital of Borella for a long period and 477.6 kg of 36 types of dry pharmaceuticals that had not been used for more than 3 years, appropriate action had not been taken regarding the pharmaceuticals. | I have noted down to take action in terms of the Financial Regulations on or before 30.06.2024, and to report in that regard. | Action should be taken according to the Financial Regulations. |
| (ii) Financial Regulation on 756(6) | Verification of goods had not been conducted in warehouses and sub-warehouses of Ayurvedic Hospitals in any year up to the year under review. | In relation to warehouses and sub-warehouses, annual verification of goods related to inventory goods in relation to warehouses and sub warehouses and noted down to complete these activities and to record them. | -Do- |
| (iii) Financial Regulation on 1647 (b) | Although a complete survey should be conducted including vehicles and their equipment, 05 vehicles with an assessed value of Rs.13,950,000 had not been surveyed in the year under review. | The jeep bearing No. 32-1178 mentioned by you has been put in the garage for repairs and since the other vehicles were attached to Manchanthoduvai, Kaithadi, Ganeshpuri, Ampara hospitals, it has been planned to inspect the vehicles by the relevant committee in the future. | -Do- |

- (d) Paragraph 3.1 of the Public Administration Circular No. 30/2016 dated 29 December 2016. Even though the consumption of fuel of government vehicles must be re-tested after a period of 12 months from each fuel test or after running a distance of 25,000km or after carrying out a major repair to the engine, whichever occurs first, action had not been taken in that manner regarding the vehicles of the department. Necessary activities are being carried out to expediently conduct the fuel combustion test for the year 2024 and it has been noted down to inform by completing all the activities related to that by June 30. Action should be taken as per the provisions of the Public Administration Circular.
- (e) Public Administration Circular No. 09/2009 dated 16 April 2009. As per paragraph 2 (iv) of the Circular, a sum of Rs. 53,325,525 had been paid as overtime and holiday wages during the year under review based on the attendance documents only without confirming the arrival and departure by fingerprint machines. Action has been taken to pay overtime and holiday wages based on attendance records due to not using finger print machines to maintain patient care services without disruption. Action should be taken as per the provisions of the Public Administration Circular.

2. Financial Review

2.1 Expenditure Management

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) The entire amount had been saved without spending due to allocation of provision amounting to Rs. 400,000 for Object Code 2003 and Rs. 1,000,000 for Object Code 2105 of the Programme 02 without properly identifying the requirement.	Since the Director of the National Institute of Indigenous Medicine had obtained approval to use his private vehicle, the vehicle removed from the pool and assigned to that institute was attached to the Head Office. Accordingly, the provision allocated from the Object of 220-2-4-2003 was saved. Moreover, the provision had been saved as expenditure expected to be spent in the relevant year for land and land improvement under the Object of 220-2-5-2105 had not been incurred.	Arrangements should be made to utilize the provision as planned.

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| (b) | Rs. 11,453,248 or the provision in the range of 22 to 97 percent, out of the net provision of Rs.15,000,000 of 10 capital objects of 02 programmes, had been saved due to the allocation of provision without properly identifying the annual need. | On the grounds that the officers released for post-graduate studies have not submitted the certificates that should be given after completing the relevant courses, on the fact that the repairs of the machinery of the hospitals cannot be completed as expected due to the fluctuations in the market prices and lack of spare parts, and although procurements were awarded to repair the scan machine of the Navinna Hospital, the provision was saved as it was not possible for the supplier to import spare parts even by the due date. Furthermore, provision was saved on the strict restrictions imposed on the provision of imprest and according to the Circulars for managing the government expenditure. | -Do - |
| (c) | It was observed that the initial expenditure estimate had been prepared without proper study, without any understanding and irrationally as the provision of 16 capital and recurrent expenditure objects of the initial expenditure estimate had been revised by increasing the provision in a range of 19 percent to 2,000 percent and the provision of 05 other objects had been revised by decreasing the provision in a range of 54 percent to 83 percent. | Although the initial cost estimate was planned in August 2022, patient care services continued with only essential expenses (i.e. water, electricity, telephone, food and medicine) due to the unexpected increase in the prices of all goods and services due to the inflationary situation established in the country thereafter. | -Do - |

2.2 Incurring in to Liabilities and Commitments

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) In contrary to the provisions of Financial Regulation 94 (1), the department had incurred liabilities amounting to Rs.37,942,645 by exceeding savings in 36 recurrent and capital objects amounting to Rs. 12,964,091. Moreover, the department had incurred liabilities for stationery and office requirements under the expenditure subject number 2-5-0-1201 without allocating provision in the year under review.	Due to the unexpected increase in the prices of all goods and services due to the inflationary situation in the country, the provision was not sufficient to bear the essential expenses for the continuous maintenance of patient care services. Therefore, action had been taken to request additional provision from the Department of National Budget from the middle half of the year. However, instructions were provided to manage the provision that had been received. Incurring commitments exceeding the provision as indicated above was reported for objects, for which the provision allocated for the department were not sufficient.	The liabilities to be recognized under the provisions of Financial Regulation 94 (1), commitments for recurrent services or supplies arising annually and liabilities on the basis of total cost estimates shall be separately identified and reported in the relevant form.
(b) Although it was confirmed according to the accounts of the Sri Lanka Ayurvedic Drugs Corporation that the amount to be paid for the pharmaceuticals obtained from the Corporation in the year under review had been Rs. 6,710,96831 as at 31 December, it has been mentioned in the statement of liabilities and commitments of the department that the amount to be paid to that Corporation had been Rs. 185,000.	All liabilities reported as at 30.12.2023 have been included in the account and the liabilities have been settled on 05.04.2024. According to the information of the Sri Lanka Ayurvedic Drugs Corporation regarding the matter in question, it was revealed that only a sum of Rs 5,445,200/- has been mentioned as liabilities and commitments in the year under review and the payments for those liabilities have been made in November 2023.	All liabilities should be correctly identified and stated in the statement of liabilities and commitments.
(c) Even though it was confirmed according to the accounts of the Company that a sum of Rs.1,265,768 should have been paid as at 31 December of the year under review for the pharmaceuticals obtained from the Sri Lanka Ayurvedic Drugs Corporation in the previous years, the said liability had not been included in the statement of liabilities and commitments of the department.	Vouchers have not been submitted for payment to the Corporation as at 31 December 2022 for the pharmaceuticals obtained from the State Pharmaceuticals Corporation before the year 2022 and a letter has been sent to the Sri Lanka Ayurvedic Drugs Corporation to provide a detailed report in this regard. After receiving the information, the necessary activities will be done and reported.	-Do-

2.3 Utilization of provision made by other Ministries and Departments

Audit Observation	Comments of the Accounting Officer	Recommendation
Allocation of Rs.15,630,895, out of the allocation of Rs.53,083,332 provided to the Department of Ayurveda from 02 other ministries and departments for 05 requirements, had been saved at the end of the year under review. The said saved provision had been in the range of 08 percent to 31 percent of the total provision.	Although the salaries of the multi-purpose development assistants recruited on the approval of the Cabinet of Ministers in the year 2023 were separated from the department of multi-purpose development task force, it was possible to manage it within the provision of this department. Therefore, it is informed that the allocation of the Object of 334-1-1-0-1003-11 had been saved. All the programmes planned under other objects could be accomplished with a provision less than the estimated cost. Therefore, the provision had been saved.	The allocation provided by other ministries and departments should be utilized effectively as much as possible.

2.4 Advance Account Balances

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Although it is essential to finalize the disciplinary inquiries conducted in relation to the interdicted officers as soon as possible according to Section 21.3 of Chapter XLVIII of the Establishments Code, the Department had failed to recover a sum of Rs. 177,985 from 02 officers who had been interdicted for 3 to 10 years, and a sum of Rs.127,060 from 05 officers who had been interdicted exceeded a period of 20 years.	The necessary arrangements are being made to collect from the guarantors in relation to the settlement of loans amounting to Rs. 177,985 from 02 officers, who had been interdicted for 3 to 10 years, the recovery is being made currently from the salary of the officer, who has been reinstated in the service after the completion of the disciplinary inquiry, it has become quite difficult to reveal the information since more than 20 years have passed in relation to the settlement of loans amounting to Rs. 127,060 from 05 officers. However, the debt recovery activities are continuing.	Debt recovery should be expedited through follow-up and adequate monitoring. Action should be taken in terms of the Financial Regulation 104 (2) "b" to recover this amount from the officers who have not fulfilled the responsibility of acting according to the provisions indicated in the Establishments Code.
(b) when an officer is scheduled to be retired, details of all the debts to be recovered from him shall be submitted to the Director of Pensions in accordance with the provisions of Section 4.2.4 of	The audit observations are accepted and the recovery of amounts is in progress. Among the retired officers, it has become quite a difficult task to uncover information about the three officers who have retired more than 20	Disciplinary action should be taken against the officers, who had not submitted to the Director of Pensions the details of all the debts to be

Chapter XXIV of the Establishments Code, and recovered from the commuted pension of the officer or gratuity in accordance with Section 4.2.5. However, action had not been taken to recover an amount of Rs. 619,110 from 11 officers who had retired for more than 02 years as at 31 December 2023.

years ago. However, further information about these loan balances will be disclosed in the future, and necessary steps will be taken to settle them.

recovered from an officer when he was scheduled to be retired and who had acted negligently.

- (c) Necessary action had not been taken to recover a sum of Rs. 701,686 from 09 officers who had exceeded a period of 01 year and 03 years as at 31 December 2023 after vacating the post, and a sum of Rs. 306,950 from 02 officers who had exceeded a period of 05 years to 10 years, and a sum of Rs. 883,610 from 21 officers who had exceeded 20 years.

The officials have been informed to pay the loan amount to be recovered. If the payment is defaulted by 30.06.2024, it has been recorded to collect from the guarantors and to report in that regard. Furthermore, one officer has started to pay in instalments.

Necessary steps should be taken to recover the loan amount promptly.

- (e) Although action should be taken to settle loan balances of deceased officers in accordance with Section 4.5, 4.6 and 6.3 of Chapter XXIV of the Establishments Code and Section 03 (b) of Public Finance Circular No. 05/2019 dated 27 June 2019, Section 04 of State Accounts Circular No. 262/2017 dated 29 December 2017, the total loan balance to be collected from 08 deceased officers, and which had exceeded more than 06 months had been Rs. 642,644 and action had not been taken to recover the said loan.

The officer with a loan balance of Rs.49,300.00 has been dead for over 20 years by now. Necessary arrangements will be made to recover the loans totalling to Rs. 121,250 related to 02 officers at the time of paying death gratuity, and death gratuity and widow's pension is being prepared and the necessary arrangements will be made to settle the relevant debt balance of Rs.119,550 as soon as it is ready for the payment. A confirmation of assets has been received from Elpitiya Divisional Secretary's Office, which had been the Divisional Secretariat, to which this officer with a loan balance of Rs.178,910.00 belonged to, and the payment of widowers' pension has been confirmed. Accordingly, future action will be taken and recorded in that regard after discovering the information from the Department of Pensions as to whether the loan amount has been settled in the

Action should be taken as per the Establishments Code and the relevant Financial Circular.

payment of the death gratuity. Since the death gratuity related to 03 officers totalling to Rs.173,634 has not yet been paid, they will be recovered at the time of payment of that gratuity.

2.5 Deposits

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Necessary action had not been taken to regulate deposits amounting to Rs. 354,958, held in 3 treasury general deposit accounts, and that had expired for a period of 2 years to 5 years in terms of Financial Regulation 571, Furthermore, the reasons for the existence of deposits exceeding 2 years had not been reported in accordance with the guidelines 03 of the Department of State Accounts.	As indicated above, the deposit related to 31.12.2021 has been recorded for the period of 1-2 years as it has not exceeded two years. It will be corrected according to the audit observations.	Necessary action should be taken to regulate lapsed deposits as per Financial Regulation 571.
(b) Even though the balance as at 31 December 2023 had been Rs.3,038,130 according to the list of individual balances related to the deposit account, which is temporarily held for repayments made to third parties, the balance had been Rs.3,762,375 according to the deposit account. Accordingly, a difference of Rs.724,245 was observed.	The balance of the deposit account as at 31.12.2021 and the individual balance list have been balanced.	The reasons for the difference should be identified and actions required to rectify should be taken.

2.6 Issuance and Settlement of Adhoc Sub Imprest

Audit Observation	Comments of the Accounting Officer	Recommendation
Adhoc Sub Imprest amounting to Rs.469,179, and provided to 06 officers in 04 instances in terms of Financial Regulation 371(2) (b), as amended by State Finance Circular No. 01/2020 dated 28 August 2020, had not been spent and had been retained in hand for a period of 03 days to 20 days, and the entire amount had been settled.	The entire amount of the adhoc sub imprest had been settled due to the reasons such as not conducting the programmes planned in relation to the advances as pointed out in the audit query, the postponement of the programmes and there was no sufficient time to complete the projects. That the relevant officers were informed to take steps to get advance after ensuring that the programmes are definitely held.	Action should be taken according to the Financial Regulations.

3. Operational Review

3.1 Planning

Audit Observation	Comments of the Accounting Officer	Recommendation
Although an action plan had been prepared for the year under review, action had not been taken accordingly. Necessary measures had not been taken to revise the action plan accordingly in changing the objectives and policies.	Three key performance indicators have already been identified in this regard. Noted down to record progress.	Efforts should be made to prepare the action plan with necessary periodic revisions to make maximum use of the resources.

3.2 Non Performance of the Roles

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>(a) Although the Ayurveda Community Health Promotion Programme had to be implemented as a pilot project in Anuradhapura district from the year 2001 and should be expanded to other districts from the year 2005, it was implemented only in the Anuradhapura district until the year under review and Rs.877.2 million had been spent for the project from the year 2005 to the year 2021.</p> <p>Separate provision had not been allocated for the project from the year 2022 and a total of Rs. 292.9 million comprised of Rs. 287.4 million as salaries and allowances for 218 officers by allocating provision only for the recurrent expenditure under the Patient Care Services Project of the Development Programme and Rs. 5.5 million for other expenses had been incurred. However, action had been taken to continue the administrative expenses related to this project, which had not been implemented successfully enough to be extended to other districts, by covering them by the Objects of the patient treatment services of the Department.</p>	<p>The necessary arrangements are being made to formally hand over the human and physical resources under the project to the Ayurvedic Community Health Service, which operates at the North Central Provincial Council level, upon completion of this project.</p>	<p>If the project is not implemented after the end of the project period, necessary policy approvals should be obtained to use physical and human resources to achieve the objectives of the department or to use it for the Ayurvedic community health service operating at the level of the North Central Provincial Council, and accordingly, action should be taken to limit the expenses incurred for the maintenance of the project office and the staff.</p>

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| (b) | <p>14 machines and equipment were purchased to the Bandaranaike Ayurveda Research Institute on 16 March 2015 without properly identifying the need and without conducting a feasibility study, and 8 machines worth Rs. 21 million had not been installed even by 10 April 2024.</p> <p>A committee appointed on 05 October 2020 had identified that 06 machines with a total cost of Rs.14,591,311 were not required for the production plant. Since this contract had been executed without entering into a proper contract agreement and agreements for service and repairs, the installed machinery and equipment remained unusable by the year under review. Accordingly, the amount spent on this project, which had been Rs. 28,342,712, had been an uneconomical expenditure.</p> | <p>The relevant machines and equipment have been transferred to the Sri Lanka Ayurvedic Drugs Corporation with the approval of the Ministry of Finance.</p> | <p>Necessary steps should be taken against all the officials who contributed to this purchase without properly identifying the need and without conducting a proper feasibility study.</p> |
| (c) | <p>Even though provision of Rs. 25 million each had been made in the year 2021 as well as in the year 2022 to set up a Management Information System (MIS) to include the entire institutional system including the Department of Ayurveda and its affiliated institutions, hospitals, medical centres, the task had not been completed even in the year under review.</p> | <p>Provision had not been made for this in the year 2023.</p> | <p>A management data system which can coordinate the activities of all the departments such as head office premises of the Department, hospitals, herbal gardens, community health regional offices, etc., should be established.</p> |

3.3 Performance Indicators

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>Performance indicators had not been established to evaluate the progress of the activities related to the entire institutional system including the department and its affiliated institutions, hospitals, medical centres and herbal gardens, and the progress of the activities had not been reviewed.</p>	<p>Three (03) major performance indicators have currently been identified in this regard. Noted down to report the progress.</p>	<p>Performance indicators should be established promptly and the progress of activities should be reviewed.</p>

3.4 Annual Performance Report

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Although a draft of the annual performance report for the year 2022 had been submitted along with the financial statements, the report had not been properly prepared in accordance with the format mentioned in the guideline No. 14 issued by the Public Finance Department under paragraph 10.2 of the Public Finance Circular No. 2/2020 dated 28 August 2020.	The financial statements related to Chapter 3 have been submitted by the Accounts Division as per the Public Finance Circular No. 02/2020 dated 28 August 28 2020. The performance indicators related to Chapter 4 and the Sustainable Development Goals related to Chapter 5 were not identified until the end of the year 2023. Accordingly, it has been agreed to forward the draft performance report with chapters 4, 5, 6, and 7 to the government audit.	A draft of the annual report prepared in the correct format should be submitted along with the annual accounts from the year 2023 onwards.

3.5 Procurements

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Although the annual procurement plan should be prepared before 10 of December of the current year and the approval of the Chief Accounting Officer should be obtained for that and the copies of the same should be sent to the Auditor General according to the Public Finance Circular 02/2020 dated 28 August 2020, action had not been taken accordingly in the year under review.	I have noted down to prepare the procurement plan for the year 2024 and to submit it to the Auditor General with the signatures of the Chief Accounting Officer according to the Public Finance Circular No. 02/2020.	Action should be taken as per the Public Finance Circular 02/2020 dated 28 August 2020.
(b) Although more than 03 years had passed since completion of construction of the new building of Ayurveda National Hospital, Borella, which had been built at a cost of Rs.1,164.13 million, the works	The provision mentioned in your audit query is required to complete the deficiencies that have been pointed out in relation to this ward complex. Accordingly, an amount of Rs. 450 million has been allocated by the budget allocation for the year 2024, and it has been planned to complete the relevant parts to	A plan should be made to fully utilize the building and accordingly, action should be taken expeditiously.

such as the main water tank, sewage system and the main electrical connection, which are required to use the building at full capacity, had not been completed. Although it was observed that a total cost estimate of Rs.715,267,800 had been prepared for that on 10 February 2023, sufficient measures had not been taken to fulfil it.

obtain the compliance certificate for the relevant buildings, and the island-wide bidding related to that has been scheduled to complete in the month of April 2024. Even though patients have been admitted in 03 floors, the basic requirements for formal patient care have not been completed.

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| <p>(c) Drugs such as 1,980 bottles of sesame oil, 22 bottles of Mee Oil, 400 bottles of bee honey and 200 bottles of castor oil had been purchased in the fourth quarter of the year under review without obtaining laboratory test reports related to the Standard by referring to a recognized institution as per guideline 5.6.3 of the government procurement guidelines.</p> | <p>A method of quality assurance/obtaining laboratory test reports in relation to standard is not generally implemented in the hospital, and in the event that the drug committee identifies the need for such a test in relation to a drug, there is a methodology of obtaining such reports by directing such medicines to the University of Colombo or the Navainna Bandaranaike Memorial Research Institute.</p> | <p>Action should be taken to submit samples of raw materials to an approved institution to get the laboratory test reports regarding the standard according to the guideline 5.6.3 of the Government Procurement Guidelines pertaining to the raw materials purchased for the production of medicines.</p> |
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3.6 Management of Assets

Audit Observation

Comments of the Accounting Recommendation Officer

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| <p>(a) There were 27 plots of land used for the activities of the Department, but 19 plots of land where the Head Office premises of the Department, hospitals including Borella Teaching Hospital, herbal gardens, regional offices of community health and circuit bungalows were located, had not been transferred to the Department even by the end of the year under review.</p> | <p>It has been noted down to carry out management activities with those institutions to transfer these lands from the institutions that have the relevant rights for those lands on the basis of the manner of enjoying the lands by the Department and to report immediately after the completion of such activities.</p> | <p>The transfer of the relevant lands should be expedited.</p> |
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| (b) | Three hundred and seventy-seven (377) units of patient care equipment belonging to 19 types received in August 2022 as an assistance from the non-governmental organization called Hospital Service Foundation of the United States of America were not utilized and stored in the new eight-storeyed building of Borella Ayurveda National Hospital and action had not been taken to calculate and account the value of those items. | The Biomedical Engineer of the Ministry of Health has been made aware of the equipment and equipment units, of which the value could not be found and received from the Hospital Services Foundation of USA on 19.08.2022, and the Biomedical Engineering Officer has agreed to inspect all these equipment and provide a list of other equipment required for this purpose. | The patient care equipment units should be used and the value of those items should be calculated and accounted. |
| (c) | It was observed that 35 units of 10 types of surgical instruments related to throat, ear and nose as there was no specialist doctor, and 21,120 sets of personal protective suits received as donations from the Chinese government during the Covid period were lying idle in the new eight-storeyed building of Borella Ayurveda National Hospital. | Most of these products are related to ENT Division. There was no Throat, Ear and Nose (ENT) specialist medical officer and this Division has been operated by the Consultant Medical Officer of the University. It is required to carry out daily treatments using these items, but there is a vacancy for a specialist medical officer for that purpose and further work has been carried out to fill it. | Action should be taken to utilize 35 units surgical equipment of 10 types related to throat, ear, and nose and 21,120 personal protective suits received as donations from the Chinese government during the Covid period as soon as possible. |
| (d) | It was also observed that 120 or 42 percent, of the 288 beds of a normal ward in the new eight-storeyed building of Borella Ayurveda National Hospital, and 76 or 28 percent, out of 274 beds in the old general wards of the hospital, had been underutilized, and it was also observed that all the paying wards with a capacity of 88 beds equipped with modern room facilities in the new building and 08, out of 32 old paying wards, had been underutilized. | It is informed that it is not possible to operate these wards due to lack of nursing staff, and these wards can be operated as soon as the staff is recruited. | Necessary staff should be recruited as soon as possible and underutilized general wards, all new paying wards equipped with modern room facilities and old paying wards should be utilized for patient care services. |

3.7 Losses and Damages

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Public health inspectors of the Colombo Municipal Council had inspected a stock of coriander in the warehouse of the National Ayurvedic Teaching Hospital in	Action is being taken to recover the relevant loss from the Colombo Municipal Council and noted down to record the	According to Financial Regulation 104 (1), the parties responsible for the same should be

Sri Lanka, Borella and had informed that it was unfit for consumption, and the stock had been sealed in a room of the pharmaceuticals manufacturing plant for more than one year. Due to not taking further action although more than one year had passed, 1130 kg of coriander costed at Rs. 327,700 was destroyed. However, action had not been taken to determine the responsible parties and to recover the loss of the stock as per the Financial Regulation 104 (1).

progress.

determined and action should be taken to recover the loss of that stock from them.

(b) The Department had paid a sum of Rs.548,376 as salary to an Ayurvedic doctor who worked at Manchanthoduwai Ayurveda Hospital and transferred to Wennappuwa Pradeshiya Sabha within 15 months from July 2012 to September 2013. In this regard, only Rs.519,600 had been recovered by 05 April 2024 along with a surcharge of 25 percent without conducting inquiries in this regard and without taking any action against the responsible officers. However, action had not been taken to recover the remaining amount and to take legal action against the relevant responsible officers or to levy a surcharge from the responsible officers as per Financial Regulation 104 (2) “b” even though more than 10 years have passed for this incident.

It has been informed to recover the amount of Rs. 185,870 to be charged from the concerned doctor and Rs.20,000 has been paid on 03.04.2024 and the investigation department has been informed to take legal action regarding the recovery of the remaining amount.

Action should be taken to recover the amount due further, and to surcharge from the responsible officers in terms of Financial Regulation 104 (2) “b”.

3.8 Management Weaknesses

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) The Department has 08 herbal gardens and a quantity of 629.17 kg of 35 types of medicinal ingredients had been obtained only from 05 herbal gardens in the year under review, and 552 kg had been provided to the National Ayurvedic Hospital, and 18 kg had been provided to the Bandaranaike Memorial Ayurvedic Research Institute and 59.5 kg to the Ayurvedic Drugs Corporation. Any type	The Navinna Herbal Garden is used only for research and extension services and is considered as the garden of the Research Institute. Mihintale has not yet been functioning as a herb garden and it is considered as the land where the research hospital is located. Large-scale cultivation of herbs is not carried out in the Kanneliya herbal	A formal mechanism should be established to utilize the produce from herbal gardens for the production of medicines in Ayurvedic hospitals and to maintain adequate records on that.

of medicines had not been supplied from the herbal gardens in Navinna, Kanneliya and Mihintale during the previous year as well as in the year under review.

garden and it is used only for research and extension services and that the role and objectives of herbal gardens have been changed by the amended act and large-scale production of medicines has been started.

(b) It was observed that there had been no satisfactory situation regarding the vehicle administration and safety of vehicles in the Department due to the reasons such as the log books and running charts related to these vehicles had not been regularly updated although the Department had 57 vehicles, fuel checks had not been carried out periodically, some officers had used the vehicles without proper approval, not taking disciplinary action against the officers and drivers who had mis-used the vehicles, fueling of vehicles had not been carried out under the supervision of a staff officer, some officers had used vehicles without proper approval and disciplinary measures had not been taken against the officers and drivers who had misused the vehicles, checks on vehicle operating permits had not been carried out properly and adequate control measures had not been adopted to prevent irregularities of drivers.

The logbooks are being updated, it is not possible to regularly check the daily running sheets as only the transport officer is there for all the duties of the transport department, The relevant officials are informed about the matters you have pointed out and in every case vehicles are deployed for duties as per the recommendation and approval of the staff officer in the vehicle operating permits and in some cases when the staff officers are not in the office, the vehicles have been used for the relevant duties according to the verbal approval of the staff officer depending on the nature of the duty. However, steps have been taken to control this situation.

Since it was not observed that the control procedures have been carried out properly as per the comments of the Accounting Officer, more attention should be paid to the matters mentioned in the paragraph and necessary steps should be taken.

(c) In recommending and submitting to the Department the promotion applications of 08 Ayurvedic service assistants of National Ayurvedic Hospital, Borella who had taken leave by exceeding the approved number of leave for several years, the details of their unpaid leave had not been indicated. As a result, promotions had been provided to those officers with effect from 01 March 2023.

I accept that details on the unpaid leave have not been informed separately in recommending and submitting the applications to the head office to promote the Ayurvedic service assistants with effect from 01 March 2023, and Director of the hospital has been informed to correct the facts pointed out about the leave and to control the arising of this situation in the future.

Since it was not observed that the control procedures have been carried out properly as per the comments of the Accounting Officer, more attention should be paid to the matters mentioned in the paragraph and necessary steps should be taken.

- (d) Salaries of Rs.453,475 had been over paid to 44 officers working at Borella National Ayurvedic Hospital due to not considering leave taken without proper approval and the days of leave taken beyond the approved limit as unpaid leave.
- The approved staff of the State Health Management Assistants is 12 and only 04 officers were working at that time. I would like to kindly point out that it was not possible to inform about the leave taken by the employees without obtaining proper approval and without informing as those functions had to be performed by a limited number of officers due to the shortage of officers. Necessary steps have been taken to correct this situation in the future.
- Since it was not observed that the control procedures have been carried out properly as per the comments of the Accounting Officer, more attention should be paid to the matters mentioned in the paragraph and necessary steps should be taken.
- (e) Even though the Postgraduate Institute of Indigenous Medicine, functions under the purview of the University of Colombo had been established on the 05th floor of the Borella Ayurvedic National Hospital from 02 June 2017, formal agreement had not been entered into and monthly rent had not been collected. Furthermore, it was not possible even by the end of the year under review to recover the outstanding electricity consumption fee amounting to Rs.7,571,445 calculated by the Department for the electricity used by the institution concerned from 2018 to November 2023.
- We do not have any document that we have entered into a formally signed memorandum of understanding regarding the establishment of the Postgraduate Institute of Indigenous Medicine on the 5th floor of Borella Ayurvedic Hospital and we agree to discuss it and proceed further. A valuation report will be obtained by the Valuation Department in a formal manner and charging fees is in negotiation stage. The relevant activities have been completed and recorded to report in that regard to the audit. The relevant institution had been informed about the collection of outstanding water consumption charges and outstanding electricity charges, a sum of Rs. 22,200, out of that, has been paid as the relevant water consumption fees up to December 2023.
- Arrangements should be made to enter into a memorandum of understanding with the Postgraduate Institute of Indigenous Medicine and a valuation report should be obtained from the Department of Valuation and take necessary steps to collect a monthly rent by entering into a formal agreement to collect fees.
- (f) According to the observations presented on 14 March 2020 by a committee appointed to inspect and evaluate the stalls maintained at the National Ayurvedic Teaching Hospital of Borella, it was revealed that the Canteen of the Hospital had been transferred by the Welfare Association to an external person
- As stated in my letter bearing No. 03/01/05-2-ii dated 26.03.2021 addressing the Secretary of Employees' Welfare Association of the National Ayurvedic Hospital, the amount of Rs. 400,000 calculated as monthly rent default has been planned to be recovered
- Action should be taken to collect the relevant money from the welfare Association and to credit the amount to the Government Revenue.

at a monthly rent of Rs. 41,600 and the relevant rent had been obtained by the Welfare Association. Even though the Welfare Association had been informed by the letter of the Commissioner of Ayurveda bearing No. 02/03 valuation/2020 dated 24 June 2020, to credit the rent money collected up to June 2020 to the Government Revenue, action had not been taken to credit the said money to the Government Revenue.

from the salaries of the former representatives of the committee of the Welfare Association at that time. It has been noted down to charge the relevant charges from the salaries from April 2024 and to record its progress to you.

(g) The milk sales centre of the National Livestock Development Board (NLDB) conducted in the hospital premises was maintained from the year 2014. Although it had been estimated to collect a monthly rent of Rs.6,000 from the stall on 31 January 2022, the necessary steps had not been taken to collect the arrears of rent amounting to Rs.72,000 to be recovered for the period from January to December 2023. Action had not been taken to enter into an agreement containing relevant conditions with the National Livestock Development Board.

Necessary action will be taken to collect the arrears of rent receivable and to report in that regard. Action had not been taken in this regard to enter into an agreement containing conditions with the National Livestock Development Board and action will be taken to enter into a written agreement containing conditions in the future.

Arrangements should be made to enter into an agreement containing the relevant conditions with the National Livestock Development Board.

(h) The Sri Lanka Ayurvedic Drugs Corporation had built a sales centre in the premises of Borella Ayurvedic Teaching Hospital at a cost of Rs.641,128 in the year 2017. A monthly rent of Rs.19,000 had been estimated for that. However, the arrears rent amounting to Rs.437,000 had not been collected even by January 2024, and action had not been taken to enter into an agreement including the relevant conditions with the Sri Lanka Ayurvedic Drugs Corporation.

A request has been made by the letter of the Chairman of the Ayurvedic Drugs Corporation bearing No. MKT/BORELLA/2018 dated 19.08.2022 to provide the opportunity to operate this market centre, which served to the public, as it was being operated earlier without paying rent and it has been further informed that it was unprofitable for the Corporation to operate the sales stall of this hospital by paying a rent. It was observed that no action had been taken thereafter in relation to this and noted down to inform the Secretary of the Ministry and to report the necessary further steps that will be taken. In relation to this, it was noted down to enter into an agreement including conditions

Arrangements should be made to enter into an agreement with the Sri Lanka Ayurvedic Drugs Corporation by including the relevant conditions.

with the Sri Lanka Ayurvedic
Drugs Corporation before 31 July
2024.

3.9 Giving Security by Public Officers

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) According to the Public Officers' Security Ordinance (Cap.612), Financial Regulations 880 and 881 and Paragraph 09 of the Public Financial Circular No. 01/2020 dated 28 August 2020, 18 officers, who are required to give security in the Department of Ayurveda and its affiliated institutions, had not taken action to give security even by 31 March 2024 in terms of the said provisions.	Action is being taken to resolve the problematic situation regarding the officers who have to give security.	In terms of the Financial Regulations 880 and 881 and Paragraph 09 of the Public Financial Circular No. 01/2020 dated 28 August 2020, the officers, who have to give security, should take action to give security.
(b) In terms of Financial Regulation 892, a revised statement of all officers required to furnish security, should be submitted to the Secretary of the relevant Ministry and the Auditor General before the 15 of February after the end of every 03 years. A detailed report including the names of the officers who are no longer required to give security should be sent with this report, action had not been taken accordingly.	Revised reports will be sent once in three years starting from the year 2024 in terms of the Financial Regulation 892.	Action should be taken to submit a revised report of the officers, who should give security in terms of the Financial Regulation 892.

4. Achieving Sustainable Development Goals

Audit Observation	Comments of the Accounting Officer	Recommendation
According to Sections 3.6, 3.9, 11 and 11.2 of the Sustainable Development Act, No. 19 of 2017, resources must be efficiently managed to achieve the objectives of the organization and the goals to be achieved by the organization in order to achieve the sustainable development goals and the existing gaps to achieve those goals, and appropriate indicators to measure the progress should have also been identified.	Arrangements should be made to get the support of the Sri Lanka Development Administration Institute regarding the preparation of sustainable development goals and it is planned to carry out the relevant activities on 30.06.2024.	Action should be taken to identify targets and indicators and to measure progress in relation to achieving the sustainable development goals.

However, the Department had not identified such indicators and the extent and deviations from the objectives as well as various areas, for which attention should be paid.

5. Human Resources Management

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>(a) Although it had been planned to prepare and implement a management data system for the department, the related data system had not been established in the year under review. Accordingly, it was difficult to efficiently obtain updated management information related to the Department and its affiliated institutions, hospitals, medical centres and the entire system of institutions and it was observed that the controls such as the control in recording the arrival and departure of the staff of the Department, performance control, salary control, overtime cost control and personal file control were in a poor level.</p>	<p>Action is taken with the Treasury to establish the Human Resource Management System and noted down to record the progress in the future.</p>	<p>A management data system should be established to coordinate the activities of all the departments such as head office premises, hospitals, herbal gardens, community health regional offices, etc.</p>
<p>(b) Although the approved staff of the Department as at 31 December 2023 had been 2,363, the actual staff as at that date had been 1,681. There were 658 vacancies equal to 28 per cent of the approved staff. Since there were 109 senior level vacancies, 33 tertiary level vacancies, 296 secondary level vacancies and 220 primary level vacancies within these vacancies, a severe impact had occurred to the performance of the Department and the Ayurvedic hospitals.</p>	<p>Interviews will be held on 02, 04, 08, 18 and 25.04.2024 for recruiting to the post of Sri Lanka Ayurveda Medical Admin II, which remained vacant in this Department. Currently, there are 20 vacancies in that position, and the officers, who have completed the required qualifications, are scheduled to be recruited for those vacancies through this interview. Furthermore, the interviews for the recruitment to the special grade have been planned to be held on 30.04.2024. It has been referred to the Ministry to get the approval for recruiting 64 graduate nursing officers in the future.</p>	<p>Action should be taken to reorganize the staff or to fill the vacancies to get maximum productivity from existing human resources by giving priority to the senior level posts and to posts that are essential to hospitals.</p>

- (c) Although 18 posts of research officer and 12 posts of research assistant had been approved for each discipline for the Bandaranaike Memorial Research Institute, action had not been taken to recruit any of them, and a research staff had not been approved for the Chamal Rajapaksa Ayurvedic Research Hospital. Thus, the expected performance had been adversely affected by the establishment of the Ayurvedic Research Hospitals.
- It has been scheduled to consider in the future the recruitment to the approved posts of Research Officer and Research Assistant in Bandaranaike Memorial Ayurveda Research Institute at Navinna.
- Recruitment should be made for the posts of Research Officer and Research Assistant in relation to each discipline for achieving the desired performance by establishing Ayurvedic Research Hospitals.
- (d) Action had not been taken to appoint permanent officers to the Head Office, Ayurvedic Hospitals and 09 Divisions, and appointments had been made for the post of Commissioner General of Ayurveda on the basis of full time acting, and for the post of Deputy Ayurvedic Commissioner and Director of the National Institute of Indigenous Medicine on the basis of full time attending to duties and for Assistant Commissioner - Technical, Assistant Director (Educational Technician), 08 posts of Hospital Director and 02 posts of Deputy Director on the basis of covering duties.
- Although the post of Deputy Ayurvedic Commissioner is a Grade I position of the Sri Lanka Administrative Service, the Public Service Commission has approved the appointment of a Grade III officer to perform the duties on full-time basis until the date of filing the vacancy since there were no Grade I officers in the Sri Lankan Administrative Service. The posts of Director of Ayurvedic Hospital, Borella, Gampaha Manchanthoduwai, Koneshpuri, Ampara, Medavachiya and Hambantota were Sri Lanka Ayurvedic Medical Admin Grade I posts and medical officers have been appointed to cover the duties of the posts of Assistant Commissioner (Technical), Assistant Director (Educational Technician) of the National Institute of Indigenous Medicine and Deputy Director of the Navinna Hospital, which were the posts of Grade II and applications have been called and the interview will be conducted for the post of Admin II of the Sri Lanka Ayurvedic Medical Service.
- Expedite steps should be taken to fill up the relevant vacancies from the qualified officers.
- (e) Although the head office did not have a hostel and a circuit bungalow, 02 posts of caretaker of hostel and circuit bungalow
- The employee working in the post of caretaker of hostel approved by the Department of Ayurveda has been assigned to Bathgoda Herbal Garden
- Arrangements should be made to review the approved cadre of the

and cook had been approved and recruitments had been made for those positions. on the exigencies of the service, however, a post for the hostel has not been approved for the said Herbal Garden. The employee working in the position of approved caretaker of the circuit bungalow has been assigned to the Kataragama circuit Bungalow on the exigencies of the service and the post of caretaker for that circuit bungalow has not been approved. Department.