

## **Homeopathy Medical Council – 2012**

### 1. **Financial Statements**

#### 1.1 **Qualified Opinion**

In my opinion, except for the effects of the matters described in paragraph 1.2 of this report, the financial statements give a true and fair view of the financial position of the Homeopathy Medical Council as at 31 December 2012 and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

#### 1.2 **Comments on Financial Statements**

##### 1.2.1 **Accounting Deficiencies**

The following accounting deficiencies were observed.

- (a) The under provision amounting to Rs.5,616 in respect of audit fees of the year 2010 had been debited to the Provision for Audit Fees Account instead of being debited to the Previous Year Adjustment Account.
- (b) The provision for audit fees of the year 2011 amounting to Rs.30,000 had not been settled even as at the end of the year under review. As it had been included and adjusted under the previous errors amounting to Rs.54,022 of the year under review, the said outstanding audit fees too had been excluded from the financial statements.
- (c) Even though seven Medical Officers and seven Dispensers were employed in the permanent staff of the Medical Council for over 05 years, provision for gratuity in respect of those officers had not been made.

##### 1.2.2 **Non-compliance with Laws, Rules, Regulations and Management Decisions**

A Board of Survey in terms of Financial Regulations 756 had not been carried out for the year 2012.

2. **Financial Review**

2.1 **Financial Results**

According to the financial statements presented to audit, the operations of the Council for the year under review had resulted in a deficit of Rs.29,305 as against the surplus of Rs.74,938 in the preceding year. The payment of compensation for employees amounting to Rs.181,688 had been the main contributory factor for the deterioration in the financial result of the year under review by a sum of Rs.104,243 as compared to the preceding year.

2.2 **Legal Action against the Institution**

Three court cases relating to dissolution of the Medical Council, dismissal and termination of service had been filed by three external institutions (groups ) while claiming a compensation of Rs.3,200,000. A former Registrar had filed a court case against the Medical Council due to the irregular termination of service when he was employed in the Medical Council, and as per the relevant judgment, a compensation of Rs.72,675 had to be paid to the said person.

3. **Operating Review**

3.1 **Performance**

The following observations are made.

- (a) Due to Non-existence of a legal Medical Council, the following objectives stated in Section 22 of the Homeopathy Act No. 07 of 1970 could not be achieved during the year under review as well.
  - i. Strengthening research and studies relating to Homeopathy medical system
  - ii. Formulating statutes on manufacture, imports, selling and distribution of Homeopathy drugs.

- iii. Although a building had been constructed in the year 2008 for the commencement of a Homeopathy Medical College and provided even furniture in the year 2009, action had not been taken to formulate the legal framework to commence the studies in the Medical College even up to the date of audit on 31 May 2013.

The Chairman of the Medical Council had informed that the above objectives cannot be achieved until a Medical Council with absolute powers is established in terms of Homeopathy Act No. 07 of 1970 and necessary action is being taken to establish a legal Medical Council by the Ministry of Indigenous Medicine.

- (b) Out of 07 Homeopathy clinics operated in 07 areas, the patients' participation had decreased by 11, 49 and 22 per cents at 03 clinics in Parakaduwa, Weveldeniya/Tholangamuwa and Kurunegala respectively.

(c) **Registration of Doctors**

- (i) The Medical Council had been dissolved as at 31 January 2011 and the particulars of the registration of 191 doctors are given below.

Relevant Section in the Act relating to Registration	Particulars	Number of Doctors Registered		Number of Deceased as at 31 December 2012
		<u>2011</u>	<u>2012</u>	
I. 27 (1) (a)	Followed a course on Homeopathy medicine not less than 4 years	54	No	04
II. 27 (1) (c)	Doctors who are practicing for not less than 10 years in Homeopathy Medical Service and recognized by the Council	35	No	17

III.	27(2)	Doctors who are practicing for not less than 03 years and those who are eligible to sit for a written examination to be conducted by the Council.	50	No	05
IV.	27(5)	Doctors whose names appear in the temporary list and permanently registered after a written test.	52	No	07
		Total	----- 191 ====	---- - ====	----- 36 =====

(ii) A newspaper advertisement had been published at a cost of Rs.18,144 in September 2012 to make aware the Homeopathy doctors on the registration of medical practitioners. Accordingly, six medical practitioners had applied for the registration in the year 2012. Nevertheless, the registration could not be done due to the non – existence of a Medical Council, thus the expenditure incurred on the publication of a newspaper advertisement had become fruitless.

(iii) Accordingly, a trend of decrease in the number of registered Medical Practitioners annually was observed, while urgent attention is needed in this regard to avoid the deteriorating situation.

(d) Despite the lapse of two years as at 31 January 2013 since the dissolution of the Medical Council, necessary action had not been taken to establish a new medical council even as at 31 May 2013.

### 3.2 **Management Inefficiencies**

Even though a decision had been taken at the Interim Committee Meeting held on 05 January 2012 to formulate a series of common directives in respect of seven

clinics, action in this connection had not been taken even as at the date of audit on 31 May 2013.

The Chairman of the Council had replied that necessary action is being taken to implement it during the year 2013.

3.3 **Apparent Irregularities**

Even though a sum of Rs.7,100 which was received by the Medical Council in the year 2010 had been entered in the Cash Book, it had not been banked. As a result, the above sum had been shown continuously as an unidentified value in the Bank Reconciliation Statement. This unidentified balance had been excluded from the Bank Reconciliation Statement and the Financial Statement by crediting again to the Cash Book in December 2012 and debiting to the Previous Year Adjustment Account. The reason for failure to bank the above sum of Rs.7,100 received by the Medical Council was not revealed in audit.

3.4 **Idle Assets**

Fixed assets valued at Rs.1,199,254 purchased in the year 2009 for the Homeopathy Medical College had been lying idle even as at the date of audit on 31 May 2013.

3.5 **Uneconomic Transactions**

A sum of Rs.5,880 for Employees Provident Fund and Rs.4,098 for Employees Trust Fund totaling Rs.9,978 had to be paid as surcharges due to the failure to pay the contributions on due dates.

3.6 **Staff Administration**

Even though three vacancies existed in the cadre of the Council as at 31 December 2012 as follows, the Chairman had informed that the relevant recruitments had been made during the year 2013.

<u>Designation</u>	<u>Approved Cadre</u>	<u>Actual Cadre</u>	<u>Vacancies</u>
Registrar	01	01	-
Homeopathy Doctors	07	07	-

Management Assistants	02	01	01
Dispensers	07	07	-
Office Assistants	<u>02</u>	=	<u>02</u>
	19	16	03
	==	==	==

#### 4. **Accountability and Good Governance**

##### 4.1 **Corporate Plan**

Even though a Corporate Plan had been prepared for the years 2012-2016 in terms of Paragraph 5.1.3 of the Public Enterprises Circular No.PED 12 of 02 June 2003, it had not been referred to institutions after being approved by the Medical Council (Interim Committee).

##### 4.2 **Action Plan**

Even though an Action Plan had been prepared for the year 2012, the approval of the Interim Committee had not been obtained. Further, the targets stated in plans could not be achieved due to the non-existence of a Medical Council.

##### 4.3 **Budgetary Control**

A budget in respect of the Medical Council for the year 2012 had not been prepared in terms of Paragraph 5.2.4 of the Public Enterprises Circular No.PED 12 of 02 June 2003.

##### 4.4 **Tabling of Annual Reports**

Annual Report for the year 2011 had not been tabled in Parliament.

##### 4.5 **Non-implementation of the Directives of the Committee on Public Enterprises**

According to the Minutes of the Committee on Public Enterprises held on 15 September 2010, it had been directed to update the regulations of the Council in line with the present position. Nevertheless, such regulations had not been updated even as at 31 May 2013 due to the non-existence of a Medical Council as yet.

4.6 **Delay in Passing the New Act**

Approval of the Cabinet of Ministers had been obtained to introduce the new Homeopathy Act in August 2005, while it had been submitted for the approval of the Cabinet of Ministers after the Bill was approved by the Attorney General in June 2011. Even though the Draft Bill was being amended in several instances as per the recommendations of the Cabinet of Ministers and its Sub-committee, it had not been finalized even as at 31 May 2013.

5. **Systems and Controls**

Deficiencies in systems and controls observed in audit were brought to the notice of the Chairman from time to time. Special attention is needed in respect of the following areas of control.

- (a) Control over Cash
- (b) Control over Receipts