

Homeopathy Medical Council - 2019

1.1 Opinion

The audit of the financial statements of the Homeopathy Medical Council Sri Lanka for the year ended 31 December 2019 comprising the statement of financial position as at 31 December 2019 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended, and notes to the financial statements, including a summary of significant accounting policies, 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 and Finance Act, No. 38 of 1971. My comments and observations which I consider should be report to Parliament appear in this report.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Medical Council as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

1.2 Basis for Opinion

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 Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Medical Council's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Medical Council or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Medical Council's financial reporting process.

As per Section 16(1) of the National Audit Act, No.19 of 2018, the Medical Council 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 by the Medical Council.

1.4 Scope of Audit

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 judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that I sufficient and appropriate to provide a basis for my 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Medical Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Medical Council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Medical Council to cease to continue as a going concern.
- Evaluate the overall presentation, 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 achieve fair presentation.

The scope of the audit also extended to examine as far as possible, and as far as necessary the following:

- Whether the organization, systems, procedures, books, records and other documents have been properly and adequately designed from the point of view of the presentation of information to enable a continuous evaluation of the activities of the Medical Council, and whether such systems, procedures, books, records and other documents are in effective operation;
- Whether the Medical Council has complied with applicable written law, or other general or special directions issued by the governing body of the Medical Council;
- Whether the Medical Council has performed according to its powers, functions and duties; and
- Whether the resources of the Medical Council had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

1.5 Non- compliance with Laws, Rules, Regulations and Management Decisions

Reference to Laws, Rules, Regulations etc.	Non- compliance	Comment of the Management	Recommendation
(a) Sub- section 28(6) of the Homeopathy Act, No.10 of 2016.	The Register maintained by the Medical Council for the registration of Homeopathy Medical Professionals, had not been updated and maintained in a manner that the Medical Practitioners who had paid and who had not paid the Registration Renewal Charges could be separately identified and the outstanding charges could be identified.	Instructions had been given to the Officers to maintain a Register including the charges paid for updating the Registration of the Medical Practitioners.	The Register of Homeopathy Medical Professionals should be properly maintained and updated.
(b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka	Even though the Inventory Register should be balances at the end of every Financial Year, the General	Comments had not been presented.	Action should be taken in terms of Financial Regulations.
(i) Financial Regulation 754	Even though the Inventory Register should be balances at the end of every Financial Year, the General	Comments had not been presented.	Action should be taken in terms of Financial Regulations.

Materials Register and the Surgical Materials Register had not been balanced as at 31 December 2019.

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| (ii) | Financial Regulation 756 | Even though a Board of Survey should be appointed for carrying out an Annual Survey on the Goods of the Institution, a Survey of Goods had not been carried out by appointing Boards of Survey for the years 2018 and 2019. | Comments had not been presented. | -do- |
| (c) | Section 16.1 of Chapter II of the Establishments Code | The Efficiency Bar Examinations had not been conducted for 7 Pharmacists and for 7 Medical Officers who had been recruited in the years 2014 and 2015, even by 31 August 2020. As such, it had not been able to make the service of these Officers permanent and action had not been taken to extend their probationary period. | Action necessary to conduct Efficiency Bar Examinations for the Medical Officers and for the Staff, is being taken at this moment. | The conducting of the examinations should be expedited and action should be taken to extend the probationary period of the Officers, until then. |
| (d) | Public Enterprises Circular No.PED/25(2) of 13 August 2014 | Even though money should be deposited in an Account maintained by a State Bank, in terms of the provisions of the Circulars, the course fees charged in the year 2009 had been deposited in a Savings Account of a Private Bank. The balance of that Account amounted to Rs.1,874,489 as at 31 December 2019. | The new Medical Council is working with the Ministry to withdraw money from this account and deposit it in the Bank of Ceylon account maintained by the Homeopathy Fund. | Action should be taken in terms of the Public Enterprises Circular. |

2. Financial Review

2.1 Financial Results

The operating result of the year under review amounted to a deficit of Rs.141,689 and the corresponding deficit in the preceding year amounted to Rs.311,573. Therefore, an improvement amounting to Rs.169,884 of the financial result was observed and the increase in the Government Recurrent Provisions and the decrease in other expenses had been the main reasons for this improvement.

3. Operational Review

3.1 Management Inefficiencies

Audit Observation	Comment of the Management	Recommendation
(a) An Action Plan for the achievement of the main objectives of the promotion, development and regulation of the employment in the Homeopathy Medical Profession, research and promotion on Homeopathy Medicine, regulation and control of the production, sale and distribution of drugs and other preparations, had not been prepared for the year under review.	A new Medical Council not being appointed, being affected towards an Annual Plan not being prepared, on all plans of the Medical Council being prepared on the proposals of the Medical Council and plans are being prepared for the forthcoming years by the new Medical Council appointed on 09 September 2020.	Action Plans should be prepared and should be implemented in a manner that the objectives including in the Homeopathy Act could be achieved.
(b) Applications had been called in the year 2018 to conduct an examination for the registration of Homeopathy Medical Professionals in terms of Section 30(1) of the Homeopathy Act and, 189 applications had been received. However, it had not been able to conduct the examination and to register the Medical Professionals even by 31 August 2020 due to the compilation of laws and regulations for the conducting of the examination not being wound up and a lawsuit being heard in the Supreme Court relating to the activities of the Medical Council even by 31 August 2020.	Action is being taken by the Ministry for the compilation of laws and regulations relating to the Act, No.10 of 2016 and action would be taken to conduct the examination as soon as those activities are being wound up, in terms of Section 30(1) of the Homeopathy Act.	The activities of the compilation of laws, rules and regulations and of the conducting of the examination should be expedited.

3.2 Operational Inefficiencies

Audit Observation	Comment of the Management	Recommendation
Even though the average of the patients who participated daily for 7 clinics maintained by the Medical Council in the year under review had been ranging from 8 to 29, attention had not been paid by the Medical Council towards increasing the daily participation of patients.	It had not been able to implement any programme whatsoever on the decisions of the Medical Council on the year 2019 being an year that the Medical Council had not been called upon Meetings and plans are being made for increasing the participation of the patients in the forthcoming years by the new Medical Council, appointed on 09 September 2020.	Necessary action should be taken for the increase of the participation of the patients.

3.3 Idle or Underutilized Property, Plant and Equipment

Audit Observation	Comment of the Management	Recommendation
A building had been constructed in the year 2008 for the initiation of a Homeopathy Medical College and furniture and other necessary equipment had been provided with, relating thereto, in the year 2009. It had not been able to initiate its academic activities even by 31 August 2020 due to the necessary action not being taken for the formulation of the legal framework relating to the initiation of its academic activities. As such, the Fixed Assets and the building relating thereto purchased at a cost of Rs.1,199,254 remained idle for a period of over 10 years.	A solution not being provided with, relating to this matter on the Medical Council being inoperative.	Steps should be taken expeditiously to deploy the building that had been constructed and the equipment being purchased, for the relevant purpose.

3.4 Human Resources Management

Audit Observation	Comment of the Management	Recommendation
Even though the approved cadre of the Medical Council as at 31 December 2019 had been 48, the actual cadre had been 36. Action had not been taken to fill the vacancies of two Medical Officers and of 07 Pharmacists, the essential posts for the Medical Council, even by 31 August 2020.	Action is being taken to fill the vacancy of the Management Assistant and of two Medical Officers expeditiously and it is expected to wound up that function after the completion of the passing of the course, necessary to obtain the NVQ qualification, which remains essential to fill the vacancy of the Pharmacists.	Action should be taken either to fill this vacancy or to revise the actual cadre.