

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the Ayurvedic Medical Council for the year ended 31 December 2024 comprising the statement of financial position as at 31 December 2024 and the statement of financial performance, statement of changes in equity and cash flow statement for the year then ended and notes to the financial statements, including material accounting policy information, 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 presented in Parliament in accordance with Article 154 (6) of the Constitution appear in this report.

In my opinion, the financial statements of the Council give a true and fair view of the financial position of the Council as at 31 December 2024, and its financial performance and 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 (SLAuS). 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 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 intend to liquidate the Council or to cease operations, or has no realistic alternative but to do so.

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

As per Sub-section 16 (1) of the National Audit Act, No. 19 of 2018, the Fund 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 of the Council.

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 report that

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

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional 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 is 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 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 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 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 achieves 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 Council, and whether such systems, procedures, books, records and other documents are in effective operation;
- Whether the Council has complied with applicable written law, or other general or special directions issued by the governing body of the Council;
- Whether the Council has performed according to its powers, functions and duties;

- Whether the resources of the 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 rules, regulations and management decisions etc.

Reference to Laes, Rules, Regulations etc.	Non-Compliance	Comments of the Management	Recommendation
(a) Part III of the Ayurveda Act, No. 31 of 1961			
i. (Paragraph (e) of Sub-section 11(1))	Even though three members elected by the registered Ayurvedic Medical Officers from among themselves should be appointed as members of the Council, action had not been taken to appoint those three members even during the year under review.	As per the Gazette No. 13564 dated 15 March 1963, the Commissioner of Ayurveda should conduct an election and since it is difficult owing to the high cost involved and the existence of an outdated methodology, the Medical Council decided on 07 June 2022 to amend the relevant sections of the Ayurvedic Act, No. 31 of 1961.	Action should be taken in accordance with the Ayurveda Act and expeditious steps should be taken to remove the practical difficulties that make it impossible to do so. Since this is a deficiency that has been pointed out for many years, it should be given priority.
ii. Paragraphs 18 (c) and (d)	The number of nursing officers registered with the Council had been 39 and Ayurvedic Pharmacists registered with the Council had been 260 as at 31 December 2024 and since a system of timely renewal of registration had not been followed, those figures had not been updated. Although 100 nurses trained under Western medical methods had been recruited for the Ayurveda medical field instead of following a system of recruiting and training nursing officers	The Department of Ayurveda should take action to recruit nursing officers who are unique to the Ayurveda field, and since nursing officers trained at Western Nursing Training Schools have been sent to serve in Ayurveda hospitals, they state that registration with the Ayurveda Medical Council is not necessary since they have obtained registration with the Sri Lanka Nursing Council, and that a three-month full-time training course has been initiated for Western nursing officers coming to serve in Ayurveda hospitals, and a letter has been sent to all Provincial Commissioners of Ayurveda and Directors of the Central Ayurveda	Action should be taken to accomplish the objectives of the Act and expeditious steps should be taken to remove the practical difficulties that make it impossible to do so. Since this is a deficiency that has been pointed out for many years, it should be given priority.

specific to the Ayurveda medical field, the objectives of the Act could not have been achieved to the desired level.

Hospital to collect information regarding updating the information of pharmacists and registering unregistered pharmacists with the Medical Council, and that necessary action will be taken after receiving the information. Accordingly, rules will be formulated to register Ayurveda nurses, Ayurveda pharmacists and Ayurveda massage therapists in the year 2025 and their registration will be updated.

iii. Paragraph (a) of the Sub section 19(1)

Although the Council was required to appoint a Registrar to act as the Secretary of the Council as well as the Chief Officer of the Staff, recruitments had been made continuously on contract and acting bases without taking steps to appoint a Registrar to that post on permanent basis.

As per the staff restructuring proposal approved for the Ayurvedic Medical Council by the letter of the Department of Management Services dated 23 May 2011, the post of Registrar (Contract Basis) has been approved. However, the letter, referred by the Chairman of the Ayurvedic Medical Council requesting the salary code HM 1-1 for the preparation of a scheme of recruitment related to the recruitment of a full-time Registrar in accordance with the rules relating to the recruitment of the Registrar of the Ayurvedic Medical Council as set out under Rule No. 2 of the Ayurveda Act, No. 31 of 1961 published in the Extraordinary Gazette No. 2373/43 dated 01 March 2024, has been recommended by the Secretary of the Ministry of Health and Mass Media on 03 January 2025 and forwarded to the Department of Management Services.

Even though this process has been implemented for the past several years, sufficient progress has not yet been made. Therefore, expedite action should be taken in accordance with the Ayurveda Act.

Action will be taken to prepare the scheme of recruitment for the Registrar of the Ayurvedic Medical Council according to the answer of the Department of Management Services in this regard and submit the Scheme of Recruitment for the approval.

(b) National Audit Act, No. 19 of 2018

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| i. | Paragraph (c) of Sub-section 38 (I) | Even though the Chief Accounting Officer and Accounting Officer should ensure that an effective internal control system is developed and maintained for the financial control of the Council, and that the effectiveness of that system should be reviewed from time to time and necessary changes should be made accordingly to make the system effective, such a review had not been conducted in the year under review. | The Ayurvedic Medical Council is an institution with a small staff and about 500-600 payment vouchers are processed annually. At present, the financial affairs of the Council are supervised by the Chief Accountant of the Department of Ayurveda and a Financial Assistant has been appointed to facilitate the affairs of the Council, the Audit Committee, especially the one held at the quarterly level, also submits suggestions to the Ayurvedic Medical Council regarding internal control, thereby providing an opportunity to operate the system effectively. | Action should be taken in accordance with Paragraph (c) of Sub-section 38(I) of the National Audit Act, No. 19 of 2018. |
| ii. | Sub Section 38(2) | Although the review should be conducted in writing and a copy of that should be submitted to the Auditor General in accordance with paragraph (c) of Sub Section 38 (I) of the Act, action had not been taken accordingly. | That the relevant officers have been instructed to forward the relevant copies to the Auditor General from the year 2025. | Action should be taken in accordance with paragraph (c) of sub-section 38 (I) of the National Audit Act, No. 19 of 2018. |

iii. Section 40	<p>Although the auditee entity should have its own internal auditor duly appointed by the Governing Body, an internal auditor had not been appointed to the Ayurvedic Medical Council and the audit of the Council is carried out by the Internal Audit Division of the Department of Ayurveda. However, adequate internal audit had not been conducted during the year under review.</p>	<p>Actions will be taken to include The activities of the Ayurvedic Medical Council in the audit plan prepared by the Internal Audit Division of the Department of Ayurveda.</p>	<p>Action should be taken in accordance with Section 40 of the National Audit Act, No. 19 of 2018.</p>
(c) Ayurvedic Medical Council Rules published in the Gazette Extraordinary No. 1884/36 dated 15 October 2014	<p>Although all doctors registered with the council should renew their registration every 5 years, 585 doctors who had been registered for more than 5 years had not renewed their registration as of 31 December 2024.</p>	<p>The print media and the Provincial Ayurveda Commissioners have been informed In this regard and accordingly, a process has been initiated to prepare lists of doctors whose registrations have not been renewed at the district level and to inform them through the Provincial Ayurveda Commissioners and refer them for renewal of registration and steps will be taken to ensure that Ayurveda Medical Officers are actively registered doctors from the year 2024 when conducting their annual performance reviews and the Ministry has been informed in writing to take the necessary steps to include that matter in the list of duties of Development Officers in order to obtain the assistance of Development Officers working under the Indigenous Medicine</p>	<p>Actions should be taken to act in accordance with the Ayurvedic Medical Council rules. Appropriate methods should be adopted to encourage registration and collect revenue from registration renewal.</p>

Division of the Ministry of Health in renewing registration and reporting information about deceased doctors to the Medical Council. The implementation of these methods has already begun and progress can be seen.

1.6 Finance Management

Audit observation	Comments of the Management	Recommendation
<p>The Council's bank current account had a balance of between Rs. 7 and 14 million at the end of each month of the year under review and attention had not been paid to investing the remaining funds to meet the normal daily transaction requirements.</p>	<p>An amount of Rs. 9,907,856 was approved according to the decision of the Ayurvedic Medical Council on 13 February 2024, as a rough estimate for the purchase of computers/computer printers and accessories, installation of grills for the windows of the office, preparation of the archive, preparation of the front roof of the Ayurvedic Medical Council building, preparation of the garden in front of the Ayurvedic Medical Council building etc. Accordingly, it was decided to carry out those activities based on the existing financial situation of the Council and accordingly, the activities to purchase computers and prepare the archive were initiated but due to the dissolution of the Council, it could not be carried out in the year 2024. Since it was planned to use the Council's funds to carry out those activities, any other investment assets had not been taken up. Action should be taken to build investment assets for the future stability of the institution.</p> <p>Actions will be taken in the year 2025 on complaints for which investigations have not been completed.</p>	<p>Actions should be taken to build investment assets for the future stability of the institution.</p>

2. Operational Review

2.1 Management Inefficiencies

Audit observation	Comments of the Management	Recommendation
Investigations into one complaint relating to the year 2023 and 7 complaints out of 11 complaints received in the year 2024 had not been completed regarding professional misconduct by doctors registered with the Ayurvedic Medical Council.	Actions are taken to deal with complaints whose investigation has not been completed in 2025.	All complaints should be investigated and necessary further action should be taken and complete information should be maintained so that follow-up on complaints can be done and progress can be assessed over time. Follow-up should also be done on actions taken on complaints referred to the police.

2.2 Operational inefficiencies

Audit observation	Comments of the Management	Recommendation
Since the Ayurvedic Medical Council is a statutory corporation in terms of Section 20(1) of the Ayurveda Act No. 31 of 1961, financial control is carried out in accordance with the Finance Act No. 38 of 1971, but the Governing Council had not paid attention to establishing an accounting unit with formal supervision.	It was noted that this matter would be brought to the attention of the House in 2024.	Actions should be taken to establish an accounting unit with formal supervision.

2.3 Procurement Management

Audit observation	Comments of the Management	Recommendation
A master procurement plan had not been prepared listing the expected procurement activities for a period of at least 03 years in accordance with guideline 4.2.1 of the Government Procurement Guidelines.	The relevant officials have been instructed to act accordingly from the year 2025.	Actions should be taken to follow the Procurement guidelines.

3. Accountability and Good Governance
3.1 Strategic Plan

Audit observation	Comments of the Management	Recommendation
The strategic plan, which needs to be prepared in accordance with paragraph 2.3 of the Guidelines on Corporate Governance as per paragraph 02 of public Enterprise Circular No. 01/2021 dated 16 November 2021, had not been prepared in accordance with the same provisions.	Actions will be taken to prepare the strategic plan in accordance with Guidelines 2.3 on the Governance of Public Enterprises.	Actions should be taken to prepare the strategic plan in accordance with Guidelines 2.3 on the Governance of State -Owned Enterprises.