Annual Report 2016

Wijaya Kumaratunga Memorial Hospital

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Vision

To provide excellent healthcare and set an example of a model hospital

Mission

To utilize the facilities and staff presently available to a maximum in order to serve the health needs of the people of the area and the country with dedication and efficiency. In the long term, to expand the facilities available in the Hospital to provide State of the Art Healthcare in the areas of Ophthalmology, Diabetes and Wound Care.

Corporate Objective

The objective of the Hospital is to provide efficient healthcare service to the general public who come for treatment irrespective of social differences whilst providing efficient treatment on ophthalmic, surgical and diabetic management of high caliber

Annual Report and the Statement of Accounts of Wijaya Kumaratunga Memorial Hospital for the Year 2016 01st January, 2016 to 31st December, 2016

HISTORICAL BACKGROUND

Wijaya Kumaratunga Memorial Hospital was established by an Act of Parliament referred to as "The Wijaya Kumaratunga Memorial Foundation Act No. 31 of 1998" and published in the Gazette of the Democratic Socialist Republic of Sri Lanka on 12th November 1999.

Wijaya Kumaratunga Memorial Hospital was established in memory of late Mr. Wijaya Kumaratunga who was assassinated on 16th February 1988. Her Excellency Chandrika Bandaranaike Kumaratunga, the then President, initiated the Project to build a hospital to serve the people of Seeduwa, the hometown of Mr. Wijaya Kumaratunga.

This hospital was constructed by the Wijaya Kumaratunga Memorial Foundation on a three acre block of land at Seeduwa along the Colombo Negombo Highway within the limits of Katunayake-Seeduwa Urban Council and Katana Electorate in the Gampaha District. At the inception, the Hospital consisted of two wards (60 beds) and an OPD and served as a Primary Healthcare Unit specifically for the people of Seeduwa. The Hospital was officially opened to the public by Her Excellency, the then President Chandrika Bandaranaike Kumaratunga on the 09th of October 1999, the birthday of late Mr. Wijaya Kumaratunga. Management of the Hospital was to be by a Board of Directors and main source of fund was from the Government. At present, the Hospital caters to a large population by providing Primary Care and Tertiary Care in relation to Medicine ,Surgical and Ophthalmology .

While the Board of Directors take policy decisions, the operational and administration of day-to-day management of Wijaya Kumaratunga Memorial Hospital has been vested in the Wijaya Kumaratunga Hospital Board by "Wijaya Kumaratunga Hospital Board Act No. 38 of 1999" and published by a Government Gazette of Democratic Socialist Republic of Sri Lanka. Wijaya Kumaratunga Memorial Hospital is not profit-oriented as a matter of policy, but has its limited billing system where it charges selected areas such as surgical operations and some investigations. This is just to recover the cost. However, underprivileged people are exempted even from this nominal cost.

As part of development, the construction of a separate building consisting of an Eye Ward with 88 beds was initiated in the year 2004 bringing the total number of beds to 148. Then with a view to providing a high quality service to the public, the existing standards were enhanced and a fully functional Eye Ward including an Operating Theatre was commissioned during the year 2007.

During 2012 the construction of a separate two story building with a floor area of 4,061 sq. ft. was completed for the purpose of General Stores, Medical Record Room, Duty Rooms and a Lecture Hall, etc.

During 2015 construction of a three story Laboratory Building was completed with a floor area of 4386 sq.ft. to upgrade facilities for Laboratory , Chronic Ulcer Care Unit , Utility Rooms , Duty Rooms etc. under the consultation of National Engineering Research & Development Centre (NERD) for the value of Rs. 12.431 Mn. and this building has been in use since 2015.
During 2016 Surgical Unit was established and Surgical Ward opened in Ground floor of the Laboratory Building. Surgical Unit expanded its patient service to the public in 2016 with a donation of Endoscopy Machine .

The hospital has 6 wards and total of 166 beds at present.

Corporate Information

01-01-2016 ~ 31-12-2016

Name of the Organization

Wijaya Kumaratunga Memorial Hospital

Address

Wijaya Kumaratunga Memorial Hospital ,Seeduwa

Management

By the Board of Directors

Legal Form

Establishment by an Act of Parliament No. 38 of 1999

Auditors

- Auditor General , Department of Auditor General, Battaramulla
- Internal Audit Unit ,Ministry of Health Nutrition & Indigenous Medicine ,385,Baddegama Wimalawansa Thero Mw,"Suwasiripaya " , Colombo 10 .

Board of Directors

01-01-2016 ~ 31-12-2016

Chairman

Prof. Carlo Fonseka

Directors

- Dr.PalithaMahipala, Director General of Health Services ,Ministry of Health Nutrition and Indigenous Medicine
- Mr. N.A. Umagiliya, A professional representative
- Dr. (Mrs.) P.S. Jayalath, MOIC,WKMH ,Representative of Hospital
- Dr. Vimukthi Kumaratunga, Member of the WKMH Foundation , Represented by Madam Chandrika Bandaranaike Kumaratunga
- Mr. W.H.G.GayanKosala, Representative of Treasury
- Mr. Chandra Wickramasinghe

Audit Committee

01-01-2016 ~ 31-12-2016

Chairman

Mr. W.H.G. Kosala, Representative of Treasury

Observer

Mrs. S.R.B. Fernando, Chief Internal Auditor, Ministry of Health , Nutrition & Indigenous Medicine
Mrs. R.M.K. Kalyani, Superintendent of Audi ,Dept. of Auditor General

Member

Dr. (Mrs.) P.S. Jayalath, M.O.I.C. , W.K.M.H.

- In Attendance – Mrs. KMYK Karunarathne, Accountant ,WKMH

- **Bankers –** Bank of Ceylon ,Seeduwa

The Chairman's Letter forwarding Annual Report

Hon .Minister of Health,
Ministry of Health Nutrition and Indigenous Medicine
385, BaddegamaWimalawansaThero Mw.
"Suwasiripaya",
Colombo 10.

Annual Report and the Statement of Accounts of
Wijaya Kumaratunga Memorial Hospital Board
for the Year 2016

In terms of section 14 (2) of the Financial Act No.38 of 1971, I. on behalf of Wijaya Kumaratunga Memorial Hospital Board, submit the relevant Accounts and the Report of Wijaya Kumaratunga Memorial Hospital Board for the year ended 31st December, 2016.

Thank you.

Yours faithfully,

Prof.CarloFonseka,
Chairman,
Wijaya Kumaratunga Memorial Hospital,
Seeduwa.

Copy : Secretary, Ministry of Health and Indigenous Medicine

Staff Strength as at 31st December 2016

Designation	Approved Cadre	In Position
Director	1	0
Consultant Anesthetist	1	1
Consultant Physician	2	1
Consultant Surgeon	1	1
Consultant Enchrinologist	1	0
Eye surgeon	2	1
Chief Medical Officer	1	1
Medical Officer	26	22
Dental Surgeon	2	1
Internal Auditor	1	0
Accountant	1	1
Registered Medical Officer	2	3
Special Grade Nursing Officer	1	1
Nursing Sister	2	1
Nursing Officer	81	72
Administrative Officer	1	1
Pharmacist	6	5
Radiographer	2	1
Medical Laboratory Technologist	5	3
Ophthalmic Technologist	4	4
Nutritionist	1	0
Forman	1	0
AC Technician	1	0
E.C.G. Recordist	1	0
Management Assistant	7	7
Dispenser	3	3
Store Keeper	1	1
Book Keeper	1	1
Typist(English/Sinhala)	2	0
Diet Stewardess	1	1
House Warden	1	0
Medical Record Room Assistant	1	1
Driver	4	3
Electrician	1	1
Maintenance Labour	3	3
Lab Orderly	2	0
Cook	3	2
Gardener/Receptionist/Telephone Operator	3	0
Saukya Karya Sahayaka (Senior),(Junior)	69	68
Total	**249**	**211**

Services Provided by the Hospital

Introduction:

Wijaya Kumaratunge Memorial Hospital provides both outdoor care services and indoor care services. The outdoor patient department (OPD), emergency treatment unit(ETU), endoscopy unit and specialized clinics provide outdoor care services. Indoor services are provided at medical, surgical, eye and wound care wards and operating theatre. Bed occupancy rate during 2016 was 75.12%.

Patient care services are supported by dispensary, x-ray unit, medical laboratory and ECG unit of the hospital. Hospital provides non specialized as well as specialized services to the public. Facilities available in the hospital is similar to the facilities available at a type B Base hospital in the Ministry of health.

Patients with medical, surgical and ophthalmic disorders who need indoor management are admitted to the wards from OPD, ETU and specialized clinics. The patients who need special investigations such as MRI, CT scan etc. are referred toNational Hospital, North Colombo Teaching Hospital, Ragama, and private hospitals.

- **<u>Out Patients' Department (OPD)</u>**

The majority of patients attending the OPD of the hospital are from Kandana, Jaela, and Katunayake areas. Employees from Export Processing Zone of Katunayakeare also among them. Apart from that few patients from Minuwangoda and Gampaha area too come to the hospital seeking treatment.

The Total Number of patients attended the OPD during 2016 were 131,953.and the average per day was 361 patients. Lack of adequate number of Medical Officers in the OPD was one of the shortcomings prevailed in the OPD during this year.

Table 1 shows the statistics in OPD during last five years.

- **<u>Emergency Treatment Unit (ETU)</u>**

The ETU which operates round the clock caters for all kinds of emergencies brought to the hospital. Victims of road traffic accidents, industrial accidents and factory emergencies from export processing zone, and domestic accidents are brought to the ETU. Acute emergencies are managed and patients who need specialized care are referred to respective wards. The patients other than who need medical, surgical and ophthalmic care are referred to nearby hospitals for specialized management. Since the availability of a Physician, this Unit has been used to provide High Dependency Care for the needy patients for a couple of days before managing in the medical wards.

For example, patients with heart failure, acute coronary syndrome, and life threatening pneumonia were kept in the E.T.U for observation as no H.D.U was available at the Hospital.

The total number of patients who attended the E.T.U during 2016 were 20,901.Statistics of ETU during last five years is shown in table 1.

- **Dental Unit**

Dental Unit is open from Monday to Saturday for patients. Priority is given to school children on Saturdays.

General dental consultations ,Dental extractions, Dental fillings, Emergency dental problems such as Trauma, Periodontal treatment, Peadodontic treatment, minor surgical procedures are done in the clinics. In addition composite restorations and anterior tooth veneering also done on the patients.

Removal of mucosal cysts, removal of impacted 3rd molars and canines were among the minor surgeries conducted in the Dental Clinic.

In the year 2016, total of 8057 patients attended the dental unit in 2016 was 8,057.Statistics of Dental Unit during last five years is shown in table 1.

- **Medical Unit**

Medical Unit consist of 25 bedded male ward and 30 bedded female ward. Medical unit conducts clinics from Monday to Saturday. Patients with, diabetes, hypertension, asthma are among the patients attending this clinic.

The total number of patients attended the medical clinic in 2016 was 43,282.Table 2 shows the statistics of Medical clinic , Ward 1 and Ward 2 during last five years.

- **Visiting Clinics Conducted**

Specialized Pediatric clinic, Diabetic and High blood pressure clinic were the two visiting clinics conducted by visiting specialists to the hospital on weekly basis. Total of 1295 and 2346 patients attended at Pediatric and Diabetic & High Blood Pressure Clinic respectively in 2016.

Table 3 shows the statistics of visiting clinics during last five years.

- **Other Clinics**

Apart from that Psychiatric clinic, Non communicable disease(NCD) Clinic and well women and family planning clinic were conducted by Grade Medical Officers on weekly basis. Psychiatric and, NCD Clinics provided treatment for 2056 and 566 patients respectively during the year 2016.

Table 4 shows the statistics of other clinics during last five years.

- **Surgical Unit**

Surgical Unit was establised in mid 2016 with 6 bedded ward and Surgical Clinic. Endoscopy unit was eatablished in latter part of year 2016.

In 2016, total attendance to surgical clinic was 2415 and total number of surgeries performed was 477. Statistics of the surgical Unit during last five years is shown in table 6.

- **Ulcer Treatment Unit**

Ulcer treatment Unit of this Hospital has gained island wide recognition and many patients from far away places are referred to this Hospital. Ulcer treatment unit differs from wound care treatment clinic in other hospitals as this unit consists of in-ward section in addition to the clinic. .

Patients who require minor surgical intervention and debridement under local anesthesia were managed at this unit, whilst those who require major surgical procedures in operation theatre were referred to nearby hospitals such as Teaching Hospital, Ragama, District General Hospital, Negombo and NHSL Colombo. Usually these patients were sent back to the Unit after procedures.
This unit provided training on ulcer management to Medical and Nursing Officers.

There was a sharp increase in the number of patients attended this unit over 2012-2016
Statistics of the Ulcer Treatement Unit during last five years is shown in table 6.

- ## Ophthalmology Unit

Ophthalmology Unit consist of Eye Clinic , Two Eye Wards and Eye Operating Theatre Eye Clinics were functioned every day except Sundays and Public Holidays .Prior appointments were not needed and patients could walk in for a check up. There was no limitation of patients. The Ophthalmology unit conducted General Eye Clinic, Diabetic and Glaucoma eye clinic, Pediatric eye clinic and Post operative clinic.

In the Ophthalmic unit investigation facilities are available for Fundus Fluorescein Angiography, Anterior Segment Photography, HVF (Humphrey visual field) test , A scan / contact biometry, B scan, OCT (Optical Coherence Tomography) Disc and Macula, Topography, Fundal Photography

The ophthalmology unit provided 24 hour casualty management services in addition to routine services. Anterior segment surgeries, Posterior segment surgeries (vitreo-retinal), Orbital surgeries, Glaucoma related surgeries, Cosmetic eye surgeries were among the range of surgeries conducted in eye unit. Moreover Laser treatment also provided for the patients.

Although the number of surgeries performed exceeded the available number of beds in the Ward, most patients who come from far away places, were discharged on the same day of the surgery. St

Performance of the Eye Unit during the year 2016 is shown below,

Type of procedure	Number
Admissions to wards	13,632
Attendance to Clinic	69,338
Surgeries performed	10,910
Emergencies attended	2,494
Laser treatment performed	1,943
Refractions done	12,813
Patients attended at eye camps	1,891

Statistics of Eye Clinic , Eye surgeries , Laser Treatments and Refractive Services during last five years shown in the table 5.

Supportive Services

Medical Laboratory

Medical laboratory had facilities for basic laboratory investigations. In 2015 laboratory facilities for analysis of serum electrolytes, Troponin I and C. reactive proteins (CRP-quantitative) were provided. Medical Laboratory was staffed with one MLT.
The total number of 59,178 laboratory investigations were carried out in year 2016.

ECG

The ECG Unit which was managed by one technician provides service to OPD patients as well as the inward patients.

X-ray

X Ray Unit was staffed with one Radiographer and had facilities to take all type of body X Rays . Number of X-rays taken during the year 2016 was 5,478.

Statistics of Supportive Services during last five years is shown in the table 7.

Summery of Hospital Services

Table 1

Section/Year	Total No. of Patients Treated				
	2012	2013	2014	2015	2016
OPD	131,206	135,796	136,416	138,194	131,953
ETU	19,017	18,518	18,651	21,232	20,901
Dental	8,313	8,311	8,412	8,234	8,057

Table 2

Medical Unit

Section/Year	Total No. of Patients attended the clinic				
	2012	2013	2014	2015	2016
Medical Clinic	22,776	24,862	28,625	34,763	43,282

Section/Year	Total no . Of patients admitted to the ward				
	2012	2013	2014	2015	2016
WD-1 (Male Ward)	1,211	1,320	1,436	1,659	1,541
WD-2 (Female Ward)	1,402	1,668	1,727	2,028	1,973

Table 3

Visiting Clinics

Section/Year	Total No. of Patients attended the clinic				
	2012	2013	2014	2015	2016
Diabetic &Hypertension Clinic	1,358	1,718	2,158	2,689	2,346
Pediatric Clinic	2,089	1,927	1,715	1,355	1,295
Psychiatric Clinic	1,795	2,014	2,037	2,252	2,056

Table 4

Other Clinics

Section/Year	Total No. of Patients attended the clinic				
	2012	2013	2014	2015	2016
NCD Clinic	-	-	-	183	566

Table 5

Eye Unit

Section/Year	Total No. of Patients				
	2012	2013	2014	2015	2016
Eye Clinic	71,449	65,642	63,983	72,579	49,423
Eye Surgery	8,180	10,247	11,514	11,341	10,910
Laser Treatments	2,619	2,228	1,900	1,984	1,943
Refractive Investigations		14,462	17,949	17,393	15,193

Table 6

Surgical Unit

Section/Year	Total No. of Patients				
	2012	2013	2014	2015	2016
Surgical Clinic	1,363	1,145	727	747	2,415
Endoscopy tests					
General Surgeries	150	141	109	109	477
Wound Care Patients		6,069	14,483	23,114	24,221

Table 7

Supportive Services

Section/Year	Total No. of Patients				
	2012	2013	2014	2015	2016
LAB Tests	40,231	34,082	47,157	57,138	59,178
X RAY Investigations	3,422	3,424	4,535	5,505	5,478
ECG Investigations	2,795	3,005	3,408	3,014	4,303

Morbidity during the year 2016 is shown below:-

Type of Morbidity	No. of Patients
Cataract and other disorders of lens	9,819
Essential hypertension (I10)	766
Insulin-dependent diabetes mellitus	733
Other viral diseases(includes viral fever)	702
Non-insulin-dependent diabetes mellitus	696
Other diseases of the eye and adnexa	572
Diarrhoea and gastroenteritis of presumed infectious origin	463
Asthma	430
Infections of skin and subcutaneous tissue	392
Gastritis and duodenitis	283

Special Events

Annual Blood Donation Campaign was held on 16th Feb. 2016.

Religious Activities

Vesakbana and Poson Dansalawas performed and Christmas celebrations were done.

The **M**ajor **Achievements** in the year **2016**

A) Donations

Endoscopy Unit worth Rs. 10.2 Mn was received as a donation.

B) Purchases

1) **Medical Equipment**

Equipment	Quantity	Amount (Rs.)
Multipara Monitors with Cardiac Output	03	1,560,000.00
Ultrasound Scan Machine	01	3,500,000.00
Proctoscope	01	1,578,600.00
YagLaser Unit	01	4,427,500.00
Operating Theatre Overhead Lamp	01	2,448,000.00- item delivered in 2017
Operating Theatre Table	01	4,300,000.00 Item delivered in 2017

2) **Furniture & Fittings**

Total amount spent on furniture was Rs. 401,199.00

3) **Machinery & Electrical Equipment**

Total amount spent on purchasing of machinery & electrical equipment was Rs. 872,972.50

Wijaya Kumarathunga Memorial Hospital- Seeduwa

Statement of Financial Position

AS AT DECEMBER 31,2016

		2016	2015
ASSETS			
Current assets			
Cash and cash equivalents	1	24,372,078.77	13,047,074.19
Receivables	2	8,564,929.60	8,965,013.00
Inventories	3	18,636,219.19	20,464,464.95
Prepayments	4	265,685.14	319,186.05
		51,838,912.70	42,795,738.19
Capital Working Progress	5	662,076.27	180,000.00
Non- current assets			
Infrastructure , plant and equipment (WDV)	6	69,988,186.59	64,265,561.26
Land and buildings (WDV)	7	170,074,857.03	171,238,530.78
		240,063,043.62	235,504,092.04
Total assets		292,564,032.59	278,479,830.23
LIABILITIES			
Current liabilities			
Payables	8	17,248,517.69	8,263,979.56
Creditors	9	42,331,803.89	37,424,718.74
Provision For Gratuity	10	22,164,890.64	30,070,612.79
Total liabilities		81,745,212.22	75,759,311.09
Net assets		210,818,820.37	202,720,519.14

NET ASSETS/EQUITY

Capital	11	75,787,890.44	75,787,890.44
Government Grant - Capital	12	172,358,655.36	172,698,428.14
Donation	19	12,221,026.03	1,861,114.53
Reserves - Capital gain		2,131,366.30	2,131,366.30
Accumulated surpluses/(deficits)	13	(51,680,117.76)	(49,758,280.27)
Total net assets/equity		210,818,820.37	202,720,519.14

The Board of Directors is responsible for the preparation and presentation of these Financial Statements. These Financial Statements were approved by the Board of Directors and signed on their behalf.

Chairman
Date : 17/4/2017

CHAIRMAN
DIRECTOR BOARD
WIJAYA KUMARATUNGA MEMORIAL HOSPITAL
SEEDUWA.

Director
Date : 17/4/2017

Director
Date : 17/4/2017

Accountant
Date : 17/4/2017

K.M.Y.K.KARUNARATHNA
Accountant
Wijaya Kumaratunga Memorial Hospital
Seeduwa.

(2)

Wijaya Kumarathunga Memorial Hospital- Seeduwa

Statement of Financial Performance

For the Year Ended December 31 , 2016

		2016	2015
Revenue			
Government Grant (Recurrent)		240,000,000.00	209,000,000.00
Capital Grant Amortization		25,339,772.78	23,024,314.18
Other revenue	14	22,415,006.86	21,476,057.13
Total Revenue		287,754,779.64	253,500,371.31
Expenses			
Wages Salaries and employee benefits	15	150,585,999.43	148,331,817.76
Supplies and consumables used	16	79,055,069.76	70,331,120.86
Depreciation and amortization expense	17	25,339,772.78	23,102,515.73
Other expenses	18	35,865,083.56	31,758,803.68
Total expenses		290,845,925.53	273,524,258.03
Surplus/(deficit) for the period		(3,091,145.89)	(20,023,886.72)

Wijaya Kumarathunga Memorial Hospital- Seeduwa

Cash Flow Statement for Year Ended 31 December 2016

CASH FLOWS FROM OPERATING ACTIVITIES	
Surplus/(deficit)	(3,091,145.89)
Non-cash movements	(6,922,437.02)
Depreciation	25,339,772.78
Amortization of Government Grant	(25,339,772.78)
Increase in payables	8,984,538.13
Increase in Creditors	4,907,085.15
Increase in inventory	1,828,245.76
Decrease in provisions relating to employee cost	(7,905,722.15)
Decrease in prepayment	53,500.91
Decrease in receivables	*400,083.40*
Decrease in Prior Year Adjustments	689,403.02
Retirement Benefit obligation Paid	
Net cash flows from operating activities	(1,056,448.69)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of plant and equipment	(12,116,495.46)
Capital Working Progress	(482,076.27)
Capital Grant received	25,000,000.00
Net cash flows from investing activities	12,401,428.27
CASH FLOWS FROM FINANCING ACTIVITIES	
Net cash flows from financing activities	
Net increase/(decrease) in cash and cash equivalents	11,344,979.58
Cash and cash equivalents at beginning of period	13,027,099.19
Cash and cash equivalents at end of period	**24,372,078.77**

Notes to the Cash Flow Statement 1

Cash and Cash Equivalents

	2016
Cash at Bank	24,223,288.77
Cash in Hand	139,650.00
Petty Cash	9,140.00
	24,372,078.77

Wijaya Kumarathunga Memorial Hospital - Seeduwa

Statement of Changes in Net Assets /Equity

For the Year Ended December 31, 2016

	Donation from General Treasury	Government Grant - Capital	Donation from other entity	WKMH Foundation	Board Of Investment	U D A	Reserves - Capital Gain	Net Surplus / (Deficit)	Total
Balance at December 31,2015	5,112,000	167,586,428	1,861,114	29,632,139	28,155,751	18,000,000	2,131,366	(49,758,280)	202,720,518
Donation During the year			10,359,912						10,359,912
Capital Grant Received During the year		25,000,000							25,000,000
Capital Grant Amortization	(1,436,000)	(23,903,773)							(25,339,773)
Net surplus / (deficit) for the period								(3,091,146)	(3,091,146)
Prior Year adjustments								1,169,308	1,169,308
Balance at December 31,2016	3,676,000	168,682,655	12,221,026	29,632,139	28,155,751	18,000,000	2,131,366	(51,680,118)	210,818,819

Wijaya Kumaratunga Memorial Hospital, Seeduwa

Significant Accounting Policies

GENERAL

Basic of Preparation

1.1.1. Financial Statements is prepared in accordance, with the format of Sri Lanka Public Sector Accounting Standards

1.1.2. The Financial Statements of the Board are prepared under the historical cost convention.

1.1.3. The Financial Statements of the Board are prepared in Sri Lanka Rupees (Rs.)

1.2. **Government Grants**

Board receives two type of Government grants namely

Capital Grant
Recurrent Grant

1.2.1. The Capital grant in accounted as per the Sri Lanka Public Sector . Accounting Standards
The method sets up the Capital grant As deferred income which is recognized as income on basically the useful life of the assets (eg. Annually depreciated value of the assets is accounted as income for the years)

1.2.2. Recurrent Grant has been recognized as
income of the period and credited to the Statement of Income &to the Statement of Income &Expenditure.

1.3. **Taxation**
No provision for taxation is provided as the Board has made a surplus during the year.

1.4. **Comparative information.**
The Accounting policies has been consistently applied by the Board are consistent with those of other
the previous year's figures.

2. **ASSETS AND BASES OF THEIR VALUATION.**

2.1. **Property , Plant & Equipment, Depreciation and Re-valuation.**

2.1.1. Property , Plant & Equipment are Stated at cost or valuation less accumulated depreciation.
The cost of property , plant & Equipment is the cost of purchase of construction together with any incidental expenses incurred in bringing the assets to its working Condition for its intended use.

Expenditure incurred for the purpose of acquiring extending or improving assets of a permanent nature by means of which to carry on the services provided or to increase the capacity of the services provided has been treated as capital expenditure.

2.1.2. Depreciation is provided on the assets other than on freehold land using straight line method at the rates as stated below,

Building & Fittings	2%
Vehicle	20%
Furniture, Fittings & Instruments	10%
Machinery	15%
Medical Equipment	15%
Computer	20%

2.1.3. Depreciation is provided in the year of purchase or acquisition and no depreciation is provided in the year of disposal.

2.1.4. For the purpose of cash flow statement cash and cash equivalents consist of cash in hand and cash at bank.

3. **LIABILITIES & PROVISIONS**

3.1 **Capital commitments & Contingencies**
All material Capital expenditure commitments and contingents liabilities at the date of

Balance sheet have been disclosed in the notes to the accounts.

3.2. **Valuation of Inventories/ Stocks**
Inventories have been valued at cost.

4. **INCOME & EXPENDITURE**

4.1. **Revenue**

4.1.1. The revenue of the Board represents the charges for private medical certificate and Government Recurrent Grant and

Miscellaneous income.

4.1.2. All income has been recognized on an accrual basis.

4.2. **Expenditure.**

4.2.1. All expenditure incurred in the providing of patient care services, and in maintaining the capital assets in a state of efficiency has been charges to revenue on an accrual basis in arriving at the surplus or deficit for the year.
For the purpose of presentation of the Income & Expenditure Statement, the Directors are of the view the nature of expenses method fairly presents the elements of the Board's performance hence such a presentation method is adopted

Annex - 01

Wijaya Kumaratunga Memorial Hospital, Seeduwa.

Fixed Assets Shedule as at 31^st December 2016.

(Rs)

Items	Cost				Rate	Depreciation				Written down
	As at 1/1/2016	Add. Dur. The Year	Disposal Dur. The Year	As at 31/12/2016		As at 1.1.2016	Addition dur. year	Dispo. dur. the year	As at 31/12/2016	value as at 31/12/2016
Land	24,980,041.00	1,982,312.50		26,962,353.50		-			-	26,962,353.50
Buiding & Fit	175,884,765.74	379,294.96		176,264,060.70	2%	29,626,275.96	3,525,281.21		33,151,557.17	143,112,503.53
Vehicle	17,958,792.90			17,958,792.90	20%	14,636,788.90	1,886,000.00		16,522,788.90	1,436,004.00
Funiture Fittings & Instrument	10,002,903.05	401,199.00		10,404,102.05	10%	7,450,743.48	530,408.96		7,981,152.44	2,422,949.61
Machinery	7,948,704.76	872,972.50		8,821,677.26	15%	5,814,552.16	707,553.04		6,522,105.20	2,299,572.06
Computer	792,386.00	576,790.40		1,369,176.40	20%	520,678.60	199,727.28		720,405.88	648,770.52
Medical Equipment	164,738,024.39	25,686,155.00		190,424,179.39	15%	108,752,486.70	18,490,802.29		127,243,288.99	63,180,890.40
TOTAL	402,305,617.84	29,898,724.36	-	432,204,342.20		166,801,525.80	25,339,772.78	0.00	192,141,298.58	240,063,043.62

240,063,043.62

		2016		2015
Cash & cash equivale	01			
Cash at Bank		24,223,288.77		13,027,099.19
Petty Cash		9,140.00		
Cash in Hand		139,650.00		19,975.00
		24,372,078.77	-	13,047,074.19

Receivables	02			
Deposit Account		300,000.00		570,000.00
Festival Advance		261,250.00		270,000.00
Special Advance				
Advance				
Distress Loan		8,003,679.60		8,125,013.00
		8,564,929.60	-	8,965,013.00

Inventories	03			
Stationary		129,240.22		154,042.22
Drugs		16,761,270.48		18,642,050.23
Lab Chemical		519,140.89		579,056.78
Linen Items		207,127.18		109,037.07
General Stores		174,805.44		223,272.33
Repair & Maintenance		202,098.32		65,316.18
X Ray		587,533.54		691,690.14
Dental		55,003.12		
		18,636,219.19	-	20,464,464.95

		2016		2015
Prepayments	04			
Service Agreement of Digital Copier		7,086.88		
Service Agreement of with Frigi A/C		115,898.26		102,890.16
Service Agreement of Lift		65,000.00		152,500.00
Service Agreement of Visual Fild		77,700.00		59,725.41
Rental				
Electricity NO Quartes				4,070.48
		265,685.14	-	**319,186.05**

Capital Working Progress	05			
Working Progs - New Building office		662,076.27		180,000.00
		662,076.27	-	180,000.00

Infrastructure , plant and eq	06			
Machinery		2,299,572.06		2,134,152.60
Ferniture		2,422,949.61		2,552,159.57
Vehicle		1,436,004.00		3,322,004.00
Computer		648,770.52		271,707.40
Medical Equipment		63,180,890.40		55,985,537.69
		69,988,186.59	-	64,265,561.26

		2016		2015
Land and buildings	07			
Land		26,962,353.50		24,980,041.00
Building & Fittings		143,112,503.53		146,258,489.78
		170,074,857.03	-	171,238,530.78

Accrued Expences 08

Audit Fees	1,050,000.00	1,450,000.00
TKS Finance	10,611.00	
Eletricity	1,599,703.40	592,359.71
Telephone Charges	65,155.12	20,916.73
Fual	168,150.00	69,350.00
Travelling	30,499.00	5,018.00
Stock Drugs		93,965.00
Medical Equipment	6,886,620.00	197,573.00
Rep .Medical Eq	383,369.50	632,522.40
Con Medical Eq	555,750.00	723,410.00
Lab Chemical	1,023,225.71	675,123.56
Rep .Machinery	26,500.00	24,500.00
Advertisment	126,787.50	86,025.00
Con Medical Genaral Stores		42,180.00
Water	110,975.62	1,620.60
Stationery	11,821.50	
Soil	1,000,000.00	
Allawance For Watcher	15,500.00	

Payables

Refundable Tender Deposit	300,950.00	170,000.00
Retention Money	926,902.84	975,452.84
Allawance for Visiting Doctors	47,000.00	47,000.00
Allawance for Trainees - Office Staff		
- Pupil NO	333,229.54	629,676.82
- Pupil Para	32,891.00	159,896.78
Wages For Sub Labour	409,265.82	242,477.93
Overtime,Extra duty & PH Payment	2,127,075.62	1,419,427.19
Welfare Society	6,534.52	5,484.00
	17,248,517.69	8,263,979.56

		2016		2015
Creditors	09			
SPC		14,931,735.89		20,407,150.70
MSD		18,881,996.24		8,338,325.90
Superwillshin ltd		4,209,980.48		5,634,506.16
Charming Security				293,173.20
Frigi Engineering		492,186.68		335,536.72
Erandhi Supplier		1,602,371.44		1,800,080.68
Nalin Thushara		100,000.00		-
Weeramunda		240,206.00		165,000.00
STC		70,986.18		139,018.38
Sarath hardwear		173,043.00		69,947.00
NERD				241,980.00
Ceylon Fisheries Corpo		254,667.25		
LRDC Security service		1,374,630.73		
		42,331,803.89	-	37,424,718.74
Reserves	10			
Provision for Gratuity		22,164,890.64		30,070,612.79
		22,164,890.64	-	30,070,612.79
Capital & Reserves	11			
Wijaya Kuamaratunga				
Memorial Foundation		29,632,139.32		29,632,139.32
Board of Investment		28,155,751.12		28,155,751.12
U.D.A.		18,000,000.00		18,000,000.00
		75,787,890.44	-	75,787,890.44

Government Grant - Capita 12

	As at 01/01/2015	Addi. Dur.i the Year	Amortization	as at 31/12/2016
Government Grant - Capital	167,586,428.14	25,000,000.00	23,903,772.78	168,682,655.36
Vehicle - Double Cab WPPC 4087 By the Tresury	2,240,000.00			2,240,000.00
Ambulance - WPLW - 0961By the Ministry of Health	2,872,000.00		1,436,000.00	1,436,000.00
	172,698,428.14	25,000,000.00	25,339,772.78	172,358,655.36

	Note	2016	2015
Accumilated Deficit	13		
B/F Balance as at 01.01.2013		(49,758,280.27)	(30,214,301.93)
Surplus for the period		(3,091,145.89)	(20,023,883.72)
Prior Year Adjesment		1,169,308.40	479,905.38
		(51,680,117.76)	(49,758,280.27)

	Note	2016	2015
Other Income	14		
Private Medical Certificate Charges		251,150.00	226,850.00
Sundry Income		692,770.00	170,075.00
Tender Deposit - Non Refundable		207,000.00	154,500.00
Interest Of Distress Loan		340,979.06	350,790.53
Eye Operation Charges - major		16,106,500.00	17,366,000.00
Eye Operation Charges -mainor		272,000.00	191,500.00
General Operation - major		697,000.00	16,000.00
General Operation - mainor		318,000.00	95,000.00
Interest - Special. Advance		11,987.80	14,491.60
Rental			
FFA		10,500.00	16,000.00
FLT		117,000.00	127,500.00
Periperal		110,000.00	32,000.00
LID		1,000.00	2,000.00
YAG PI		34,000.00	45,400.00
PRP		151,900.00	129,150.00
HVF		59,000.00	135,750.00
YAG CAPSULOMY		776,300.00	784,700.00
OCT		2,169,000.00	1,591,000.00
Grid		3,500.00	19,000.00
Diet		8,420.00	8,350.00
Endoscopy unit		40,000.00	
Ultrasound Scan		37,000.00	
		22,415,006.86	21,476,057.13

Expenditure	15	2016		2015
Wages,Salaries and Employee benefits				
Salary & Allowances				
Salary & Allowances - MO		35,474,847.21		30,330,403.56
Salary & Allowances - Other		7,394,989.78		6,030,249.59
Salary & Allowances - Para		9,880,917.49		9,297,197.74
Salary & Allowances - NO		41,541,622.70		38,118,956.02
Salary & Allowances - Mainor		34,951,368.56		32,514,885.53
E.P.F.12 %		9,544,375.08		7,437,138.06
E.T.F. 3%		2,386,095.90		1,858,349.39
Over Time-Others		660,814.97		393,756.02
Over Time-Para Medical		644,693.76		521,898.95
Over Time-Nurses		5,988,117.50		6,128,274.19
Over Time-Minor Staff		4,454,842.25		3,687,748.32
Extra Duty Payments (M/O)		4,616,346.00		3,487,718.25
Gratuity Expenses		(6,953,031.77)		8,525,242.14
		150,585,999.43	-	148,331,817.76

Consumtion of Supplies

	Openig Stock as at 01.01.2016	Purchesing on 2016	Closing Stock as at 31.12.2016	Consumption for the Year 2016
Lab Chemicals	579,056.78	1,703,304.94	519,140.89	1,763,220.83
X-Ray films & chemicals	691,690.14	908,768.50	587,533.54	1,012,925.10
Drugs	18,642,050.23	67,432,276.28	16,761,270.48	69,313,056.03
Linen Items	109,037.07	941,500.00	207,127.18	843,409.89
Consu. & General stores	223,272.33	960,479.44	174,805.44	1,008,946.33
Stationery	154,042.22	573,224.30	129,240.22	598,026.30
Repair & Maintenance (ii)	65,316.18	434,705.59	202,098.32	297,923.45
Dental Consumable		127,079.45	55,003.12	72,076.33
Consu. Medical Equipment				-
Uniforms				-
Gas				-
	20,464,464.95	73,081,338.50	18,636,219.19	**74,909,584.26**

Consumtion of Suppl 16

	2016	2015
Lab Chemicals	1,763,220.83	1,655,283.17
X-Ray films & chemicals	1,012,925.10	567,470.49
Drugs	69,313,056.03	62,502,605.83
Linen Items	843,409.89	122,478.00
Consu. & General stores	1,008,946.33	966,272.47
Stationery	598,026.30	478,882.18
Repair & Maintenance (ii)	297,923.45	437,400.72
Dental Consumable	72,076.33	234,140.00
Consu. Medical Equipment	3,862,743.50	2,086,360.00
Uniforms		912,624.00
Gas	282,742.00	367,604.00
	79,055,069.76	70,331,120.86

Depreciation 17

Buildings & fittings	3,525,281.21	3,517,695.31
Vehicle	1,886,000.00	3,005,999.00
Furniture , Fitting & Instruments	530,408.96	528,146.66
Machinary	707,553.04	595,892.00
Computer	199,727.28	104,467.20
Medical Equipment	18,490,802.29	15,350,312.56
	25,339,772.78	23,102,512.73

		2016	2015
Travelling	18		
Travelling & Subsistence Allowance (Other Officers)		67,529.50	
Travelling		104,560.00	
Maintenance			
Electricity		9,551,118.02	7,291,547.98
Water		1,575,973.97	1,657,634.82
Telephone		304,627.77	297,313.28
Postage		22,818.00	17,373.00
Repair & Maintenance			
Repair & Maintenance - Building		294,834.00	153,888.66
Repair & Maintenance - Machinery		2,469,568.32	1,227,087.62
Repair & Maintenance - Vehicle		444,589.11	598,001.45
Repair & Maintenance - Computer		35,679.00	223,300.00
Repair & Maintenance - Medical Equipment		2,114,874.79	1,707,003.99
Repair & Maintenance - Ferniture		56,119.25	12,000.00
Contrctual Service			
Cleaning		4,979,554.36	5,634,506.16
Laundry		853,387.00	660,000.00
Security		4,025,011.74	3,371,628.55
Food Provision		5,812,854.41	5,183,876.85
Others			
Board member fees		132,250.00	63,000.00
Sundry expences		212,265.46	817,229.57
Advertiesment		760,540.65	731,323.50
Insurance Cash & Transist			6,095.40
Other Bank Charges		26,465.00	31,573.00
Audit Fees		250,000.00	400,000.00
Lowyer Fees		24,200.00	
Rental		327,574.97	318,153.31
Fual For Generator		133,000.00	114,800.00
Feed costs		55,086.00	
Payment for Watcher		183,000.00	
Vehicle Expences			
Fuel -		757,568.95	778,675.00
Insurance		269,613.29	404,373.59
Reg. / Licence Fees		20,420.00	31,561.20
		35,865,083.56	31,758,803.68

Donation A/C

Balance B/F	19	1,861,114.53	1,323,877.55
Donation for the period		10,359,911.50	537,236.98
		12,221,026.03	1,861,114.53

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கணக்காய்வாளர் தலைமை அதிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT

My No. HSM/B/WKMH/1/16/18 Your No. Date 12 September 2017

The Chairman,

Wijaya Kumaranatunga Memorial Hospital Board .

Report of the Auditor General on the Financial Statements of the Wijaya Kumaranatunga Memorial Hospital Board for the year ended 31 December 2016 in terms of Section 14(2) (c) of the Finance Act, No. 38 of 1971.

The audit of Financial Statements of the Wijaya Kumaranatunga Memorial Hospital Board for the year ended 31 December 2016 comprising the statement of financial position as at 31 December 2016 and the statements of financial performance, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory 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 Section 13(1) of the Finance Act, No. 38 of 1971 and Section 13(3) of the Wijaya Kumaranatunga Memorial Hospital Board Act, No. 38 of 1999. My comments and observations which I consider should be published with the Annual Report of the Board in terms of Section 14(2) (c) of the Finance Act appear in this report.

1.2 Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Public Sector Accounting Standards and for such internal controls as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

1.3 Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards consistent with International Auditing Standards of Supreme Audit Institutions (ISSAI 1000 - 1810). Those Standards require that I comply with ethical requirements

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and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Board's preparation and fair presentation of the financial statements 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 Board's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements. Sub - sections (3) and (4) of Section 13 of the Finance Act, No. 38 of 1971 give discretionary powers to the Auditor General to determine the scope and the extent of the audit.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

1.4 Basis for Qualified Opinion

My opinion is qualified based on the matters described in paragraph 2.2 of this report.

2. Financial Statements

2.1 Qualified Opinion

In my opinion, except for the effects of the matters described in paragraph 2.2 of this report, the financial statements give a true and fair view of the financial position of the Wijaya Kumaranatunga Memorial Hospital Board as at 31 December 2016 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

2.2 Comments on Financial Statements

2.2.1 Sri Lanka Public Sector Accounting Standards

The following observations are made.

(a.) Sri Lanka Public Sector Accounting Standard 7

As the useful lifetime of non-current assets had not been reviewed annually, assets valued at Rs. 80,576,416 had still been in use despite being fully depreciated. As such, action had not been taken to revise the error in the estimate in terms of Sri Lanka Public Sector Accounting Standard 03. Furthermore, action had not been taken to identify and disclose the fair value of Property, Plant and Equipment that had been temporarily dysfunctional, removed from being used, and waiting to be disposed.

(b.) Sri Lanka Public Sector Accounting Standard 9

The accounting policy and the costing method followed to value the stock valued at Rs. 18,636,219 as at 31 December 2016 had not been disclosed.

2.2.2 Accounting Deficiencies

The following observations are made.

(a.) Without assessing the cost of the remaining stock by way of conducting a formal physical stock verification as at 31 December of the year under review, cost of the remaining stock amounting to Rs.18,636,219 indicated in the stock records as at that date had been considered as the cost of the physical stock and brought to account. An erroneous remark had been made in the financial statements to the effect that the remaining stocks were physically verified.

(b.) A penalty for delays amounting to Rs.146,880 recovered from the supplier relating to the supply of Operating Theatre Overhead Lamp purchased in the year under review had been deducted from its cost of Rs.2,448,000 and brought to account. As such, the cost of that asset and the deficit of the year had been understated and overstated by Rs.146,880 respectively.

(c.) A number of 2,703 contact lenses had been received as donations during the year 2016, whereas action had not been taken to account the value of those contact lenses.

(d.) Without crediting a sum of Rs.6,953,032 debited to the Gratuity Provision Account to correct the overprovision of employees gratuity made in the preceding year to the Accumulated Surplus or Deficit Account, it had been deduced from the salaries and wages expenditure of the year under review. Furthermore, provision for gratuity allowances amounting to Rs.4,951,400 pertaining to the year under review had not been brought to account.

(e.) Due to the reasons indicated below, the uniformity and the accuracy of the financial statements were problematic in audit.

(i) Despite being accounted a sum of Rs.777,872 remained payable for the chemicals purchased in the year under review as accrued chemicals expenditure as at 31 December 2016, that amount had been credited again to the State Pharmaceutical Corporation Creditors Account.

(ii) Although the correct total value of the Drugs and Dressings Purchase Account amounted to Rs.67,501,583, it had been stated as Rs.67,432,276 in the financial statements and as such that value had been understated by Rs.69,307.

(iii) Although the accurate balance of the State Pharmaceutical Corporation Creditors Ledger Account as at 31 December 2016 was Rs.14,832,116, that balance had been stated as Rs.14,931,736 in the statement of financial position. Accordingly, the said balance had been overstated by Rs.99,620.

(iv) Due to the errors in the computation, the accrued expenditure relating to the maintenance and servicing of Air condition system as at 31 December 2016 amounting to Rs.28,594 had been overstated in the account.

(f) Due to the observations mentioned below, the uniformity of the cash flow statement prepared for the year under review was problematic in audit.

(i) Balance of cash in hand as at 31 December 2016 amounting Rs.19,975 had not been added to the opening cash and cash equivalent of the cash flow statement.

(ii) Gratuity allowances of Rs.952,690 paid during the year under review to 05 employees who had left the service, had not been stated as cash outflow.

(iii) A sum of Rs.689,403 had been erroneously adjusted as cash inflow as prior years adjustments and a sum of Rs.6,922,437 had been erroneously adjusted as cash outflow as non-cash movement in the cash flow statement.

2.2.3 Unexplained Differences

According to the financial statements as at 31 December 2016, the stock value of the laboratory items was Rs.519,141, whereas according to the report submitted by the Laboratory Technician the balance as at that date was Rs.683,591. As such, a difference of Rs. 164,450 between those balances was observed.

2.2.4 Lack of Evidence

Evidence Indicated Against the Following Items had not been made available to Audit.

	Subject	Value Rs.	Evidence not made available
(a)	Donations	554,069	The base used in the assessment of 11 items of donations.
(b)	Land in which the Hospital is situated.	18,000,000	Documents in support of the ownership of the land such as the deed or lease agreement.

2.3 Non-compliances with Laws, Rules, Regulations, and Management Decisions

The following non-compliances were observed.

Reference to Laws, Rules, and Regulations etc.	Non-compliances
(a) Financial Regulations of Democratic Socialist Republic of Sri Lanka	
(i) Financial Regulation 702 (3)	Copies of 10 agreements entered into with outside parties during the year under review for obtaining supply services as well as purchasing medical equipment to the Hospital had not been furnished to the Auditor General.
(ii) Financial Regulation 756 (1)	Board of Survey for the year under review had not been conducted even up to 01 August 2017.

(b)	Paragraphs 2.11.3, 2.12, 7.11.1 and 8.9 of the Government Procurement Guidelines 25 January 2006.	Written agreements had not been entered into with the suppliers of 06 medical equipment costing Rs.17,253,230 purchased during the year under review. Further, preparation of Technical Evaluation Committee Reports according to the prescribed format, obtaining declarations from the members of those committees and preparation of bid evaluation reports relating to the aforesaid purchases had not been done.

(c) Drugs Management Manual

(i)	Paragraph 4 (d) of Chapter 3	A Drugs Reviewing Committee Had not been established in the Hospital.
(ii)	Paragraph 2 of Chapter 5	Minimum stock levels, maximum stock levels, re-order levels and buffer stock levels had not been maintained in the drug store.
(iii)	Paragraphs 3 and 4 of Chapter 5	Quarterly reports on the drugs returned to the medical supply division due to expiry or being substandard had not been prepared from a number of years.

3. Financial Review

3.1 Financial Results

According to the financial statements presented, the financial result of the Hospital Board for the year under review had been a deficit of Rs. 3,091,146 as compared with the corresponding dificit of Rs. 20,023,887 for the preceding year, thus observing an improvement of Rs. 16,932,741 in the financial result of the year under review as compared with the preceding year. Even though the operating expenditure had increased by a sum of Rs. 17,321,667 in the year under review, the increase in Government grants by Rs. 31,000,000 had mainly attributed to the above improvement.

In analyzing the financial results of the year under review and 04 preceding years, the financial result of the year 2012 had been a surplus of Rs. 3,646,870. However, it had become a dificit of Rs. 20,378,939 by the year 2013. Again the financial result had become a surplus of Rs. 3,558,018 in the year 2014, whereas it had become a deficit of Rs. 20,023,884 and Rs.3,091,146 in the year 2015 and 2016 respectively. However, when readjusting the employees' emoluments and depreciation of non-current assets to the financial result, the contribution of the Board that amounted to Rs. 85,133,363 in the year 2012 had improved up to Rs. 151,492,373 in the year 2016 with a variation ranging from 10 per cent to 59 per cent.

4. Operating Review

4.1 Performance

In accordance with the Wijaya Kumaranatunga Memorial Hospital Board Act, No. 38 of 1999, the function of the Board shall be to administer the affairs of the Hospital and to ensure that it functions efficiently and effectively as an institution to take care of the diseased persons. The matters revealed in the examination on the execution of those functions, are given below.

(a.) The expenditure incurred on the X-ray materials had been increased by Rs.138,425 during the year under review and it had been an increase of 24.4 per cent as compared with the expenditure incurred in the preceding year. Nevertheless, number of X-ray tests carried out during the year under review had decreased by 0.49 per cent as compared with the preceding year.

(b.) Even though the expenditure incurred on Linen Items had increased by 589 per cent in the year under review as compared with the preceding year, the increase in the number of inpatients had been 2.9 per cent as compared with the preceding year.

(c.) Even though it had been planned to establish the Laboratory, Chronic Ulcer Care Unit, Utility Rooms, and Wound Care Unit in the three-storied building, the construction work of which had been completed in February, 2015, those Units had not been established in that building even by 31 May 2017. Although Wards No. 06 had been established on the ground floor of this building, it was observed that this building had not been constructed to suit to a ward.

(d.) Even though it had been planned to increase laboratory facilities in a manner enable to conduct more number of tests of more varieties during the year under review, action had not been taken accordingly even by the end of the year under review.

4.2 Management Activities

The Endoscopy Machine valued at Rs.10,120,000 received as a donation during the year under review had been accepted without being identified its specifications, agreement on maintenance and service, parts received and the accessories and a certificate on the operability of the machine had not been obtained from a Bio Medical Engineer.

4.3 Operating Activities

Drugs, laboratory items, radioactive elements, surgical materials and dressings valued at Rs.71,112,929 had been purchased during the year under review. The maters revealed at the examination on the purchasing, storing, issuing and stock controlling of the drugs are given below.

(a.) Without identifying the overall annual requirement of the Hospital for aforesaid materials, 27 per cent of the total expenditure incurred on the materials had been estimated only for the materials purchased from the Medical Supplies Division. Further, 374 categories of drugs not estimated to be purchased from the Medical Supplies Division during the year had been purchased from the State Pharmaceuticals Corporation and a sum of Rs.40,366,867 had been spent thereon.

(b.) Despite the availability of 32 categories of drugs and surgical materials in the Medical Supplies Division, those had been purchased from the State Pharmaceuticals Corporation without being purchased them from the Medical Supplies Division and as such a sum of Rs.2,772,991 had been overpaid for the above purchase.

(c.) Even though the Officers in Charge of the Stores should balance and tally the Stock Registers on the drugs, surgical materials and equipment as well as chemicals by the end of the year in terms of Section 14 of Chapter 10 of the Drugs Management Manuel, the Stock Registered presented for the Board of Survey,2016 had not been so balanced. It was established that having conducted the Physical Board of Survey only through a sample test check, the balance of the book had been brought to account as the balance of the Physical Board of Survey. Further, items remained after their issuance to the wards, theaters as well as drugs counters of the Out patients Department had not been subjected to the Boar of Survey.

(d.) As receiving and issuing of goods had not been correctly marked and Stock Registers had not been balanced correctly, negative balances had resulted in the Stock Registers relating to certain items. In order to tally the above balance, additional figures had been included in the Stock Registers in irregular manner and 83,350 units relating to 35 categories of drugs and surgical materials had been included in the Stock Registers in the year 2016.

(e.) It was observed that the receipts of goods as well as issue of goods had been cut off irregularly with a pencil mark in most instances and the Chief Pharmacist, the officer concerned had not certified it placing his signature. It was revealed at the audit test check that receipt entries of 15 categories of drugs costing Rs. 1,386,649 and issuing entries of 68 items of drugs costing Rs.691,517 had been so cut off.

(f.) The hospital had performed 10,910 eye surgeries during the year under review. Out of 2,703 contact lenses received as the donations, 2,346 contact lenses and out of 7,066 units of eye surgical materials and drugs 6,112 units had been utilized for eye surgeries. However, a methodology had not been identified for inventorying and issuing properly the contact lenses, surgical equipment and drugs received as donations. Further, the number of contact lenses received as donations during the year had been documented as 2,703, whereas source documents relating to 2,133 contact lenses had not been made available to audit and as such the accuracy of the number of contact lenses received as the donations could not be established.

(g.) Despite the availability of adequate stocks at the beginning of the year, without taking into consideration the annual requirement, stock of 4,000 units of 2 categories of X-Ray materials valued at Rs.318,610 had been purchased during the year under review and that entire quantity had been saved without being utilized.

4.4 Idle and Underutilized Assets

The following observations are made.

(a.) Two machines with capacities higher than the requirement of the Hospital had been purchased in the year 2013, whereas those two machines had remained underutilized. Particulars appear below.

(i) The maximum capacity of the Fully Automated Hematology Analyzer purchased in the year 2013 by incurring a sum of Rs. 2,500,000 was a minimum of 60 test units per hour. Nevertheless, the total number of tests conducted at 17 test units per hour in the preceding year was 24,452 and the number of tests conducted at 9 tests units per hour during the year under review was 12,984 only.

(ii) Out of the 21 various types of tests which could be done with the Fully Automated Biochemistry Analyzer purchased in the year 2013 by incurring a sum of Rs. 8,736,000, only 12 types of tests had been carried out during the year under. Furthermore, despite the maximum capacity of the machine to perform at least 300 test units per hour, only

25 test units per hour had been carried out during the year under review.

(b.) The Operating Microscope used for ophthalmic surgeries purchased in the year 2000 by incurring a sum of Rs. 765,000, had remained idle without being used over a period of 07 years.

(c.) By the Laparoscopy Machine purchased at a cost of Rs.11,532,317 in the year 2010, only one test had been conducted in that year. That machine had remained idle from the year 2011 to September 2015 and following the establishment of Surgery Unit of the Wijaya Kumaranatunga Memorial Hospital, 34 surgeries/tests had been conducted from June to December 2016 while 15 surgeries/tests had been conducted from January to March 2017. Even though this is a machine with higher capacity, only one or two surgeries/tests had been conducted during certain months.

4.5 Identified Losses

Due to the errors in the computation, gratuity of Rs. 163,436 had been overpaid to two employees who had left the service. Moreover, the employees who are re-employed in the service on contract basis after their retirement from the service cannot be paid gratuity allowances on their leaving from the service, whereas gratuity allowances of Rs.136,500 had been paid to such two employees.

4.6 Procurement and Contract Process

The following observations are made.

(a.) The liquidated damages for the delay of 112 days amounting to Rs. 672,000 had not been charged from the contractor to whom the contract for the construction of laboratory building had been awarded at the contract value of Rs. 12,431,157. It was observed at the physical inspection carried out in audit that the constructions had not been done in conformity with the proper standard and the consultant had not carried out a proper inspection and supervision.

(b.) The value of the contract for filling the rear area of the Hospital premises with 250 cubes of soil had been Rs.1,000,000. Even though payments should be made once the Technical Officer or an engineer certified to the effect that soil had been supplied and laid in prescribed amount in accordance with the conditions of the Agreement, the entire amount had been paid without such certification.

4.7 Staff Administration

The following observations are made.

(a.) Even though schemes of recruitments and promotions should be prepared and approval thereon should be obtained from the Department of Management Services in terms of Section 9.3.1 of the Public Enterprises Circular No.PED/12 dated 02 June 2003, schemes of recruitment had not been prepared.

(b.) Although the cadre pertaining to the posts of the Registered Medical Officers was 02, the actual cadre was 03. Nevertheless, action had not been taken to obtain the approval for this post remain in excess over a several years. Further, approved cadre of Nursing Sister was 02, whereas the actual cadre was 01. Reccruitment had not been made for the approved posts of Nutrition.

(c.) Although the approved cadre relating to the post of Medical Laboratory Technician was 05, the actual cadre was 03. As such, the high capacity equipment of the laboratory could not be made use of sufficiently.

5. Accountability and Good Governance

5.1 Corporate Plan

Even though a Corporate Plan had been prepared in respect of the period from 2016 to 2020, it had not been prepared in compliance with the provisions of the Public Enterprises Circular, No. PED/12 dated 02 June 2003.

5.2 Action Plan

An Action Plan had been prepared for the year under review. However, activities relating to the accomplishment of the objectives of the institute had not been included therein, and annual performance reports as well had not been prepared.

5.3 Budgetary Control

Variances ranging from 55 per cent to 6,870 per cent were observed between the budgeted and the actual income relating to 5 Objects and variances ranging from 25 per cent to 2,085 per cent were observed between the budgeted and the actual expenditure relating to 9 Objects Furthermore, a sum of Rs. 680,538 had been spent during the year under review for 5 Objects without making provisions. Accordingly, it was observed that the budget had not been made use of as an effective instrument of management control.

6. Systems and Controls

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

Areas of Systems and Controls	Observations
(a) Contract Administration	Failure to conduct a sound supervision in order to carry out the construction contracts properly in accordance with the conditions of the agreements and failure to take action to achieve an optimum performance.
(b) Drugs Stocks Control	(i) Failure to maintain a proper system of internal control in respect of the process from the identification of stocks requirement up to the accounting including documentation of receipts and issue of stocks and failure to conduct the Board of Survey activities properly in an updated manner.

(ii) The custodian of the Stores and all activities relating to stock control had been assigned to a same officer.

(c) Staff Administration	Failure to take action in compliance with the instructions of the relevant circulars, regulations and provisions.
(d) Accounting	Failure to take action to maintain and balance the Ledger Accounts properly, not making adjustment using Journal entries and failure to maintain Drugs Stock Control Accounts.

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Auditor General