Submission of observations of the Hon. Minister in charge of the institutions and
steps taken with regard to the reports tabled by the Committee on Public Accounts in terms of Standing Order No. 119(4)

Parliamentary Series Number – 291
Name of the Institutions – Ministry of Health

Directive/Recommendation of the Committee	Measures taken for the implementation of Recommendations/Directives
5.(i) In consultation with the Secretary of the Ministry of Health, the Treasury and other relevant parties regarding the e-procurement system which is currently being prepared by the Ministry of Finance with a monitoring system for audit sectors and received their opinions, and with the active participation of the Procurement Commission, measures should be taken to complete its activities before 31 March 2024.	It has been notified to the Secretary of the Ministry of Finance, Economic Stabilization and National Policy with copies to the National Procurement Commission and the Committee on Public Accounts on 13.12.2023 that the Ministry of Health has contributed to the e-Procurement Secretariat (e-GP Secretariat) under the Public Finance Department of the Ministry of Finance to implement and update the e-procurement system (e-procurement system) introduced by the Ministry of Finance since its inception and the active contribution of the Ministry of Health will further be provided whenever necessary in the future.
5.(ii)In blacklisting the companies/institutions which have provided quality failed medical supplies, in order to prevent re-supply of medical supplies by those institutions under other names, immediate steps should be taken to blacklist suppliers who hold the ownership of those entities, through identification documents such as National Identity Card number or the passport.	In order to implement this order, the institutions/hospitals under the Ministry of Health have been informed to submit the details of the suppliers who have already been blacklisted (with the details of the Board of Directors of the institution). Also, it has been further informed that if there are suppliers who are expected to be blacklisted for breach of contract under Procurement Guidelines 8.11.4, the requests in that regard and all relevant information related to those procurements should be submitted to the Additional Secretary (Procurement). After obtaining information about blacklisted companies, and exchanging information with Registrar of Companies, action has been taken to obtain details of the relevant entities appearing under a different name.

5.(iii) The "Health and Safety Management Software System" which includes data related to issue of drug supplies up to patients currently functioning in hospitals should be established covering all hospitals in 6 months to adopt an efficient stock control system based on re-order level. After conducting a review covering all the hospitals in the island in this regard, a report should be submitted to the Committee within 3 months. The equipment required for this purpose should be provided within the first 3 months and other activities required to maintain the software system should be carried out in the remaining 3 months.	Total number of 1,161 hospitals and health institutions, both main and regional, have been connected to the *Swasta* system online (Virtual Basis) as of 31.12.2023. At present, 361 Medical Officer of Health offices have been connected to the *Swasta* system online (Virtual Basis). The estimates for the year 2024 in all health institutions were carried out through the Swasta system. The details are as follows.

No.	Level of Care	Hospital Type	Number of Hospitals		
			Line Ministry	Provincial Ministry	Total
1	Tertiary Care	National Hospital	2	-	2
2		Teaching Hospital	12	-	12
3		Specialized Teaching Hospital	6	-	6
4		Other Specialized Hospital	9	4	13
5		District General Hospital	13	7	20
6	Secondary Care	Base Hospital Type A	6	29	35
7		Base Hospital Type B	1	44	45
8	Primary Care	Divisional Hospital Type - A	1	66	67
9		Divisional Hospital Type - B	1	146	147
10		Divisional Hospital Type - C	1	269	270
11		Primary Medical Care Unit	8	536	544
12	MoH	Medical Officer of Health (MoH)			**361**
Total					**1522**

	Accordingly, the *Swasta* system is being implemented within the 242 hospitals where the Pronto system was implemented and 481 health institutions designated by the Primary Health Care System Empowerment Project. In addition to this, other local hospitals and primary health care units were connected online to the this system and the assessment for the year 2024 was done through the system. The essential hardware (computers and printers) and internet facilities are being provided for the full operation of the system and after receiving the said hardware and other facilities as required, there is the possibility of fully operating the Swasta system.

5.(iv) The sub-committee observed that the Department of Health Services was abolished in 2003 and that no alternative legal framework has been established regarding the legal powers that were assigned to the Director General of Health Services at that time. Taking into consideration the large amount of provision allocated annually for the health service and the island-wide services assigned, the need to make decisions related to it promptly, and the need to separate activities so that implementation and monitoring can be recognized, a separate Department of Health Services should be established in addition to the Ministry of Health by a Cabinet Paper. Action should be taken to submit the Cabinet paper related to the establishment of the Health Services Department within 3 months.	In this regard, Several rounds of discussions were held with top ranking officers, including all Additional Secretaries, Director Generals of Health Services and all Chief Financial Officers of the Ministry of Health, and further work is being done according to the opinions and suggestions received during those discussions.
5.(v) Since it takes a long period of time for the procurement processes, it is desirable to create a separate procurement division. As the drug procurement process is a continuous process, measures should be taken to prevent delays in the procurement process by working efficiently according to a proper procurement plan and procurement schedule. The purpose of this step is to prevent irregularities caused under the urgent purchases and the procurement plan should include the officer responsible for each step of the procurement process.	It is informed that according to the order received to the effect that it is advisable to create a separate procurement division considering the long duration taken for the procurement process, a procurement division has already been set up. As it was discussed at length in the Committee on Public Accounts that the procurement process takes a long time, all procurement activities should be done according to the annual procurement plan. On 13.12.2023, the hospitals and institutions under the Ministry of Health have been informed to prepare the procurement plan and to nominate a supervisory coordination officer related to their institution to ensure that the procurement activities are carried out according to the relevant time frame from all the institutions and submit his details (Name, Position, Woking Place, NIC No., Email Address, Mobile Number, Landline Number) to the Additional Secretary (Procurement).

Accordingly, disciplinary action should be taken against the officer who is responsible for the delay.	Accordingly, arrangements will be made to appoint a Liaison Officer to coordinate and supervise the procurement of equipment, medicines and consumables as well as other procurement activities carried out in every institution operating under the Ministry of Health, and to carry out surveillance, monitoring and progress reviewing according to the annual procurement plan by that officer. Accordingly, an officer has been appointed to supervise and coordinate the procurement activities by the relevant institutions at present. Accordingly, the procurement plan prepared by each institution, the amount allocated for the relevant procurement activity and the action plan are being reviewed at the beginning of the year with the participation of the relevant responsible officers. Action will be taken to monitor the drug procurement process in coordination with the Medical Supply Division and the State Pharmaceutical Corporation as mentioned above.
5.(vi) A surcharge of 10 per cent of the service charge paid to the State Pharmaceutical Corporation should be levied to control supply delays.	A committee has been appointed to study all the matters included in this report and make recommendations. It is expected to act on the recommendations received regarding this matter from that committee and after receiving the relevant recommendations, action will be taken to notify such recommendations. (Annexure 01)
5.(vii) The issuance of Waiver of Registration letters for matters other than the main points specified in Section 109 of the National Medicines Regulatory Authority Act No. 5 of 2015 should be suspended. The system currently followed in issuing Waiver of Registration certificates by the National Medicines Regulatory Authority operates in a very weak internal control system. Therefore, methods such as immediately introducing a formal internal control system for that method, introducing a serial number for it, using a security seal, immediately suspending the issuance of the relevant certificate directly to the applicant/importer and giving it directly to the Controller	In the meeting of the Board of Directors held on 08.11.2023, it was decided to suspend the issuance of letters of Waiver of Registration only with the approval of the Chief Executive Officer with immediate effect and to refer such requests from the Ministry of Health to a committee consisting of Consultant Physicians, and to issue those certificate only on the recommendations of the committee. That decision is currently being implemented. The requirements of the medicines for which requests are made for the issuance of Waiver of Registration are also confirmed through the Medical Supply Department. Accordingly these certificates are issued only after ascertaining the necessity and on the recommendations of the Committee consisting of Consultant Physicians.

General of Imports and Exports and instructing the Controller General of Imports and Exports to verify the accuracy of that certificate through the website of the National Drug Regulatory Authority before releasing the drugs in that certificate should be introduced. A new system should be developed for issuance of Waiver of Registration (WOR) certificates, where necessary with the approval of a committee responsible for its issuance.	In addition, discussions were held with the Government Printer regarding the possibility of printing the Waiver of Registration letters safely and necessary measures are being taken for this purpose. Further, instructions have been given to look into the possibility of providing facilities through the website for the reference of this certificate of Waiver of Registration to the necessary parties, where necessary, and to take the required measures promptly for this purpose.
5.(viii) To review the 300-day period given to the National Medicines Regulatory Authority for registration of a new drug and look into the possibility of setting up a programme to grant registration within a short period of time. Similarly, registration of the same drug under multiple brands should be restricted.	Currently, there is a program in progress aimed at temporarily extending the registration period for drugs that were unable to be renewed on time and to provide their registration quickly. Upon its completion and the recruitment of new staff, it will become feasible to initiate measures aimed at substantially reducing the current 300-day timeframe allocated for granting drug registration.
5.(ix) The Medical Supplies Formula Review Committee shall convene on time and no medical supplies shall be purchased without its recommendation. The necessary legal framework should be prepared for the release of the relevant committee report at the end of the year.	Formula Review Committees are not held every year, and as per the action plan approved by the Cabinet, Formula Review Committees for Medicines are held once in 02 years and once in 03 years for Surgical and Laboratory items. In these committees, extensive lists of items are deliberated upon, and the volume of matters analysed in formulating recommendations is overwhelming. Therefore, convening live meetings of committee members is essential to get recommendations. Although it is very difficult to hold meetings subject to a time frame as the committee members participating in this are clinical consultants from hospitals or university lecturers, plans have been drawn to hold the Drug Review Committees within the first 06 months and prepare the final report and complete the system update before the release of the estimate for the year to minimize the delay. Review of surgical and laboratory items are also planned to be completed within a year.

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<tr><td></td><td>The problems referred to the relevant committees during the interim period will be forwarded to the relevant committees through e-mail and the recommendations received will be implemented upon the relevant approval.</td></tr>
<tr><td>5.(x) Taking into consideration the large amount of provision made by the government for medical supply management, action should be taken to get the services of professionally qualified individuals in stock management for forecasting the medical supply requirements and managing the supply process. Proper training on stock management should be provided to the officers dealing with this matter by the Ministry of Health and a system should be set up to provide up-to-date knowledge on stock management.</td><td>Stock control officers and medical supply assistants are directly involved in medical supply management process. Training programs, both domestic and international, have been organized for these officers since 2018. (Annexure 02)
Relevant training courses are being organized to cover all officers in the year 2024 including stock control officers, medical supply assistants and other officers. (Annexure 03)
Necessary training sessions for all users were conducted at provincial and national levels for efficient use of the Swasta system. In total, about 1,294 health sector officers belonging to various services have participated in the training programs so far. The details are as follows.

<table>
<tr><th>Province</th><th>Total Number of officials</th></tr>
<tr><td>Northern Province</td><td>112</td></tr>
<tr><td>Central Province</td><td>80</td></tr>
<tr><td>North Western Province</td><td>102</td></tr>
<tr><td>North Central Province</td><td>73</td></tr>
<tr><td>Southern Province</td><td>130</td></tr>
<tr><td>Eastern Province</td><td>102</td></tr>
<tr><td>Sabaragamuwa Province</td><td>57</td></tr>
<tr><td>Uva Province</td><td>52</td></tr>
<tr><td>Western Province Stage I</td><td>54</td></tr>
<tr><td>Western Province Stage II</td><td>51</td></tr>
<tr><td>Western Province Stage III</td><td>44</td></tr>
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Training programs conducted at national level

Category	Total Number of Participants
Medical Supplies Assistants	44
Medical Laboratory Technologist	50
Radiographers	50
Dispensing Officers	32

Training programs conducted at regional level

Category	Total Number of Participants
Type C hospitals in Uva, Western and Sabaragamuwa Provinces	69
Type C hospitals in Eastern, Southern and North Central Provinces	67
Type C hospitals in Western and North Central Provinces	80
Type C hospitals in Northern Province	45

5.(xi) Considering the budget proposals for 2024, necessary infrastructure should be developed by utilizing the building facilities already owned by the government for expanding the laboratory facilities of the National Medicines Regulatory Authority. Measures should be taken to establish a state-of-the-art laboratory complex outfitted with modern equipment and essential staff should be recruited within a timeframe of three months. In this regard, the feasibility of utilizing a portion of the building complex in Homagama owned by the Department of Measurement Units, Standards & Services should be explored or committee should be formally notified in writing of another suitable plan within 03 months.	By the letter dated 22.08.2023, the Department of Management Services approved the staff including the technical staff required for the smooth running of the work of the National Medicines Quality Assurance Laboratory on the basis of the service requirement. Accordingly, the schemes of recruitment related to the approved positions were drafted and submitted to the Department of Management Services, and based on the instructions given by them, the schemes of recruitment are being revised to obtain the necessary approval. Similarly, since all government recruitments have currently been suspended, a request has been made to the Public Enterprises Department to obtain the necessary approval to recruit the necessary technical staff for the National Medicines Quality Assurance Laboratory. Accordingly, after obtaining the approval for the relevant schemes of recruitment and other necessary approvals, the necessary staff can be recruited to the National Medicines Quality Assurance Laboratory immediately. In order to explore the feasibility of utilizing a portion of the building complex in Homagama owned by the Department of Measurement Units, Standards & Services to expand the laboratory facilities of the National Medicines Regulatory Authority, a group including the Chairman of the Authority conducted a field inspection. Then it was decided that the building complex could not be used for that purpose. Thereafter, the work required to repair the existing National Medicines Quality Assurance Laboratory is currently being carried out as per the instructions of the Central Engineering Consultancy Bureau.
5.(xii) Steps should be taken to convene the Drug Therapeutic Committees functioning at the hospital level in the first week of every month.	The MSD staff were involved in the meetings of the Institutional Drug Therapeutic Committees and Regional Drug Therapeutic Committees of the line ministry hospitals through Teleconference Facilities. The letter related to the holding of those meetings is directed by the Planning Division for the Teleconference meeting by nominating the necessary officers of the Medical Supply Department according to a prescribed annual plan (Annexure 03). The

	necessary technical facilities are provided by the Information Technology Unit (ICT Unit) for this purpose. Every month, a letter will be sent to the hospitals or Regional Director of Health offices where drug therapy committee meetings are to be held in the following month. After holding the committee meetings, the respective hospitals and r Regional Director of Health offices will forward the respective reports to the Director (Medical Supplies) and the problems contained in the reports which cannot be resolved at the level of the Medical Supplies Department will be submitted to the National Drug Therapeutic Committee (NDTC).
5.(xiii) Having conducted a survey and set up a computerized data system that includes data on current shortage and excess/underutilized medical equipment in hospitals, medical equipment should be transferred between hospitals as per the need and medical equipment should be procured on a priority list. The Biomedical Engineering Department should maintain the relevant records pertaining to this matter.	Necessary instructions have been given to the Director General of Health Services and the Deputy Director General (Bio-Engineering Services) to take immediate action in this regard and the action taken in this connection will be notified later.
5.(xiv) Having classified the hospitals in the country, action should be taken to issue a circular containing general specifications for the medical equipment required according to the type of hospital by the Biomedical Engineering/Laboratory Services Division. (A report on the progress of this should be furnished to the committee by 31.12.2023.)	Necessary instructions have been given to the Director General of Health Services and the Deputy Director General (Bio-Engineering Services) to take immediate action in this regard and the action taken in this connection will be notified later.

5.(xv) As some medicines are not stored in the relevant temperature ranges, their quality decreases. Therefor arrangements should be made to store the tender samples as well samples obtained to use in investigation of drug standards and in the purchase of drugs and the same stock in accordance with proper standards from their release to the hospitals until the end of use.	The requirement of the Sample Retention Room was proposed in the year 2020, and a proposal was also prepared for it and included in the Action Plan of the year 2022. But the proposal was not implemented due to lack of provision.This proposal has been once again included in the Action Plan of the year 2024. The Deputy Director General (Medical Supplies) has been instructed to take necessary measures in this regard.
5.(xvi) The maintenance and service agreements related to the main medical equipment issued to the hospitals, the details on the malfunctions of medical equipment used for essential clinical activities and the information required to expedite the repair work should be reported to the Biomedical Engineering Department through an online data system.	Necessary instructions have been given to the Director General of Health Services and the Deputy Director General (Bio-Engineering Services) to take immediate action in this regard and the action taken in this connection will be notified later.
5.(xvii) Action should be taken to maintain a proper standard storage system with sufficient space, maintain the required temperature ranges for the medicines, pay sufficient attention to the safety of drug stocks, and to facilitate the transportation of drugs under the necessary controlled conditions. After negotiations with the Minister of Health and the Minister of Trade and submission of a joint cabinet memorandum, arrangements should be made to use the Weyangoda food warehouse for the storage of medicines.	Currently, the buildings in Narahenpita / Shravastipura / Wellawatta / Digana / Iranawila which are used by the Medical Supply Department are used to store medical supplies and it is observed that the relevant environmental conditions and those buildings are not of appropriate standard for storing medicines. Those buildings are the buildings constructed for other necessary purposes. • Although the sub-warehousing section at Angoda is currently used to store the stock, the basic requirements of the warehousing section are not properly completed. • Although the main storage complex of the currently used by the Medical Supply Division was constructed in 1984 according to the annual drug requirement, the available storage capacity is not sufficient due to the existing annual drug requirement.

	• Additional late fee to be paid on account of delay in stocks receipt through State Pharmaceutical Corporation due to insufficient storage capacity. • Necessity of additional storage space to store expiring stock until their proper disposal • Necessity of additional storage capacity to store stock that has been failed in quality/temporarily removed from usage. • Necessity of additional space to store temporary stock of drugs until the receipt of approval for donations and proper stocking. • Requirement of additional warehouse space to maintain adequate buffer stock. (Currently the storage capacity being used is enough to store stock for approximately 20-25 days of annual requirement.) • Requirement of additional storage space to keep the samples of supplies until the relevant stock is used up as per the directives given at the Committee on Public Accounts. • Requirement of standardized warehouse sector with proper approval to store spirits. Proposals for the above situation • To take over the storage complex owned by the Food Department in Veyangoda area and complete the appropriate renovations and standardized conditions to store medicines as soon as possible. • Obtaining 60,000 square feet of storage capacity (in addition to existing storage capacity) in normal room temperature range (below 30°C) and 40,000 square feet of storage capacity in air conditioning temperature range (15°C - 25°C) through another suitable alternative method (With necessary staff and necessary heavy lifting machines, pallets and other storage equipment). Necessary arrangements are being made to submit a joint Cabinet Memorandum to use Veyangoda food warehouse for storing medicines.

5.(xviii) A check list regarding the progress of all the orders of the State Pharmaceutical Corporation should be prepared and it should be subjected to the daily supervision of the Director and Deputy Director of Medical Supplies.	This is being set up and implemented by the Swasta system**.**
5.(xix) A format should be introduced for inclusion in the relevant file in all emergency purchases. It should include the information about the drug and the progress of the orders of the State Pharmaceutical Corporation, the date of receipt of the stock, the officer responsible for the delay in supply of the stock.	Since it was suggested that the recommendations given after a full study of the medical supplies procurement process, including the matters discussed in the Committee on Public Accounts, should be forwarded to the relevant responsible institutions and officials and dealt with accordingly, a committee consisting of officials including Additional Secretary (Procurement), Director General of Health Services, Deputy Director General (Medical Supplies) and Chief Financial Officer, who are responsible for the procurement process of medical supplies of the Ministry of Health has been appointed on 12.03.2024 to carry out the relevant study and make recommendations.(Annexure 01 above) Accordingly, after the receipt of recommendation of the committee, action will be taken to inform the matters.
<u>Brief cumulative recommendation</u> Establishment of a formal and efficient procurement system for medical supplies in the Ministry of Health without delay For this purpose, short-term and medium-term programs should be prepared with timeframes and the officers/departments responsible for implementing those programs should be included and a report thereon should be submitted to the Committee on Public Accounts within a week. Thereafter, reports should be submitted to the Committee on Public Accounts every two months until the implementation of the relevant program is completed.	

Audit passages recommended by the Sub-Committee for special scrutiny **(a) – Audit Paragraph 5.7** It was observed that due to not taking the right decisions and not planning properly in the procurement of the order for the year 2021, approximately 02 years have passed to receive the drug stock. It was further observed that due to the order for the year 2022 was still under evaluation level, the essential life-saving drug Meropenem 1g vaccine existed only for less than a month's stock in the Medical Supply Department and hospitals by 22nd April 2022. Due to this delay, this medicine, which could have been purchased for Rs.481 per unit, was bought by the government hospitals in the local market in the year 2021 at various prices ranging from Rs.1,956 to Rs.4,697 per unit at a cost of Rs.49.52 million.	An investigation has been conducted regarding the matter. The investigation report has been presented by Annexure 05. The Deputy Director General (Medical Supplies) and Chairman (State Pharmaceutical Corporation) have been informed to implement the recommendations and the progress will be notified in due course.
(b) – Audit Paragraph 5.6 A total of 1.2 million injections of Depogestin I (Depot Medroxy Progesterone Acetate), which is given to healthy women as a contraceptive drug, worth Rs. 87.03 million, had been purchased in 2012 and 2013, and this stock had expired without being distributed in the Family Health Bureau in June 2018.	A new committee has been appointed as per the letter No. HAF/INV/ADM/01/2024-01 dated 09.02.2024 of the Secretary of the Ministry of Public Administration, Home Affairs, Provincial Councils and Local Government. (Annexure 06) After the recommendations of that committee are received, it will be notified.

c - Audit Paragraph 5.5 Although it is also possible to change the specifications in time for the changes occurred in demand due to new technology, to establish an independent specification control division for that purpose, to meet the formula review committees in due time, to prevent stock surpluses and stock expirations due to the change of specifications, to immediately recognize the fluctuations in demand in modern technology and accordingly avoid placing relevant orders, no action has been taken accordingly. Consequently, Coronary Stent bare metal surgical items used for heart disease surgeries costing Rs.44.83 million had expired in the first quarter of 2019 and 2020.	An investigation has been initiated. Recommendations will be notified after the receipt of such recommendations.
d – Audit Paragraph 5.37 Accepting a project proposal voluntarily submitted by CETC International Com Ltd of China, and obtaining a loan of 85 million US dollars, comprising 72.25 million US dollars from The Hongkong and Shanghai Banking Corporation Limited and 12.75 million US dollars from the People's Bank, it had been implemented.	An investigation has been initiated. Recommendations will be notified after the receipt of such recommendations.

Dr. Ramesh Pathirana (M.P)
Minister of Health