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ஆண்டறிக்கை
Annual Report

2016

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ஸ்ரீ ஜயவர்தனபுர பொது மருத்துவமனை
Sri Jayewardenepura General Hospital



Annual Report 2016

Sri Jayewardenepura General Hospital

Prepared by:
Planning Unit
Sri Jayewardenepura General Hospital
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Content

1. Corporate Information	
1.1 Historical Facts	4
1.2 Corporate Governance	5
1.3 Vision and Mission	7
1.4 Our Strengths	8
1.5 Our Expectations	9
1.6 Hospital Staff	10
1.7 Medical Specialist Unit	11
1.8 Our Services	12
1.9 Our Website	13
2. Management Team	
2.1 Chairman's Message	15
2.2 Director's Message	16
2.3 Board of Directors	17
2.4 Management Committee	17
2.5 Specialist Staff	18
3. Operational Information	
3.1 Summary of Performance	22
3.2 General Performance	26
3.3 Sector Review	27
3.4 Ten Year Summary	45
4. Financial Reports	
4.1 Statement of Financial Position	48
4.2 Financial Performance Statement	49
4.3 Cash Flow Statement	50
4.4 Notes to the Accounts - 2016	52
4.5 Significant Accounting Policies - 2016	60
5. Auditor Reports	
5.1 Auditor General's Report	65
5.2 Action taken to correct weaknesses mentioned in the Audit Quarries	89
6. Vision for the Future	
6.1 Expected Medium Term Activities to Improve the Work Performance of Institute	115

1. Corporate Information



1.1 Historical Facts



Sri Jayewardenepura General Hospital, a gift by the Government of Japan to the citizens of Sri Lanka, on an initiative of His Excellency J. R. Jayewardene, the first executive president of Sri Lanka, was ceremonially opened by Ishimaysu Kitaagawa, the representative of Japan and the President of Sri Lanka on 17th September 1984.

Sri Jayewardenepura General Hospital was established by the Act of Parliament No. 54 of 1983. The primary intention of establishing Sri Jayewardenepura General Hospital was to provide excellent medical and surgical services compared to other government hospitals, at affordable prices to the public.

The first Board of Directors appointed by the then Minister of Teaching Hospitals and Women's Affairs on 23rd February 1985 consisted of Dr. R.B.J. Peiris (Chairman), Dr. D.D. Samarasinghe (Ministry Representative), S.P. Chandradasa (Representative of Ministry of Finance), K.N. Choksy (President's Counsel), M.T. Fernando (Chartered Accountant), Dr. Malinga Fernando (Director General of Health Services) and Dr. S.A. Cabraal (Director - PGIM) and K.D.L. Rathnasena (Secretary). The first Board Meeting was held on 28th February 1985.

First patient was admitted to the hospital on 17th December 1984, under the care of Dr. H. H. R. Samarasinghe (Consultant Physician) and the first surgery in the hospital, a thyroidectomy was performed by Dr. K. Yoheswaran (Consultant Surgeon) with anaesthesia administered by Dr. K. A. Perera (Consultant Anaesthetist) on 17th January 1985. First delivery was on 18th January, 1985 under the care of Prof. Kingsley de Silva (Consultant Obstetrician and Gynaecologist).

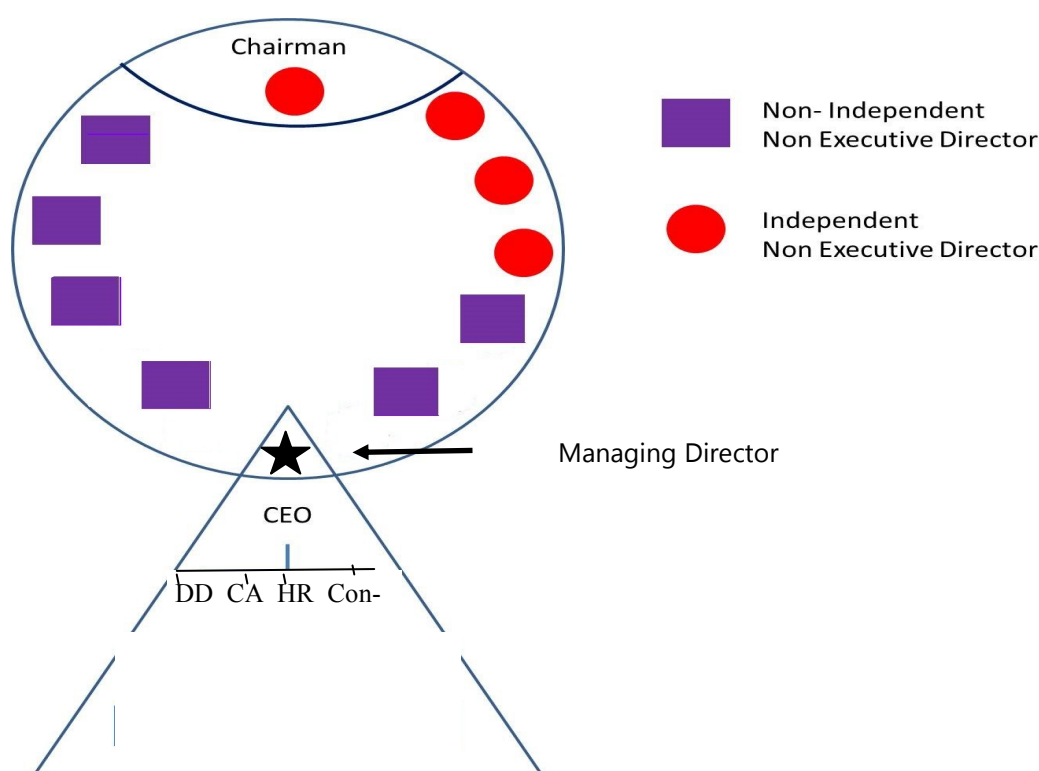
Sri Jayewardenepura General Hospital was setup to supplement the curative health service in Sri Lanka and to assist in the training of medical undergraduates, postgraduates and other health care personnel. While the Board of Directors take policy decisions, operational control is vested on a Committee of Management. Financing of the operations and capital equipment is through a grant from the General Treasury and revenue generated by the hospital.

This modern Hospital has now functioned over thirty two years and has maintained the state of excellence expected and has developed continuously by acquiring most of the modern medical facilities.

1.2 Corporate Governance

Sri Jayewardenepura General Hospital Board is guided by the "Code of Best Practice on Corporate Governance for Public Enterprises", a handbook by the Public Enterprises Department of General Treasury. Generally the successive Boards, since the inception of the hospital practiced the principles contained in this document.

The Board and the members



The Board consists of three Independent non executive directors, six non independent non executive directors, Chairman and the Managing Director. The Managing Director of the hospital implements the Board decisions and provides solutions for day to day administrative issues with the Committee of Management. The Hon. Minister of Health has the authority to give special directives under the powers vested by section No.9 of Sri Jayewardenepura General Hospital Board Act.

The Non-executive Board Members, while not involving in the routine administration of the hospital, participate in close review and monitoring the operations. Two of the Board Members function as members of the Procurement Board, and one in the Budgetary Planning and Implementation Committee. The Treasury representative chairs the Audit Committee meetings.

1.2 Corporate Governance-continue

Remuneration of Board Members

The remuneration of the Chairman and The Board Members is on the basis of the Public Enterprises Circular NO.PED 04 of 01.01.2003.

The Committee of Management

The Committee of Management under the chairmanship of the Managing Director consists of the members as per SJGH Act, and administers the day to day affairs of the hospital and carry out an advisory function to the Board.

Audit Committee

The Audit Committee functions under the chairmanship of Treasury representative to the Board and consists of two other Non-executive Board members. The Audit Superintendent from the Auditor General's Department participates on invitation as an observer for Audit Committee meetings. The audit committee supervisors and facilitates the functions of the Internal Auditor and coordinates the functions between the Internal and External Auditors.

Audit committee provides an Audit report to the main board quarterly. The committee is empowered to oversee and exercise due diligence and control over the financial aspects, operational and performances of the hospital.

1.3 Vision and Mission

Vision

To be the best
leading tertiary health care provider
in the South Asia
in year 2030.

Mission

"To maintain
exceptional, safe ,ethical and quality standards,
while offering
cost effective healthcare solutions
with modern technology,
and to deliver undergraduate and postgraduate education
in medical and allied health sciences"

1.4 Our Strengths

- High reputation and long standing impressive image with highly qualified, experienced, competent and dedicated medical, nursing and technical staff.
- Drive power and responsibility from a Parliamentary Act (No. 54 of 1983).
- Well designed building complex with comprehensive facilities with provisions for further expansion.
- Empowered by technical assistance with modern medical and surgical equipment and high standard laboratory facilities to provide patient care, staff training , medical education and research.
- Substantial financial contribution from the general Treasury through the Ministry of Health and autonomy to deal with financial and administrative matters independently.
- Ability to provide patient care in a wide range of medical and surgical subspecialties at very competitive rates compared to



1.5 Our Expectations



- To be a global standard in health care according to a Corporate Plan.
- To be a State of the Art facility.
- To be affordable to the public.
- To Provide Health care of international standards.
- To continue training of Undergraduates & Post Graduates.
- To be Adequately & competently staffed in all areas.
- To generate Revenue while been affordable to the public.
- To honour the rights and benefits of the staff who are employees of the Ministry of Health.

1.6 Hospital Staff

Sri Jayewardenepura General Hospital Consists 2021 staff members. Summary of various staff categories are as follows:

1)Executive staff		19
2)Medical Staff		353
Consultants	43	
Resident specialist	1	
Medical Officers	191	
Post Graduate Medical Officers	64	
Post Intern Medical Officers	25	
Intern Medical Officers	29	
3)Nursing Staff		778
Nursing Sisters	21	
Nurses	577	
Student Nurses	180	
4)PSM (Professions Supplementary to Medicine)		71
MLT	35	
Radiographers	09	
Physiotherapists	08	
Pharmacists	19	
5)Paramedical Staff		27
PHI	02	
ECG Technicians	09	
Audiometrician	01	
Ophthalmic Technologists	02	
Speech Therapist	01	
E.M.T.	09	
Perusionist	03	
6)Other Staff		269
Management Assistant(MN1,MN2)	132	
Trainees	15	
Others	122	
7)Junior Staff		292
Orderly supervisors	06	
Orderly	286	
Laborers		212
Permanent	96	
Casual	83	
Care givers	33	
		2021

1.7 Medical Specialty Units

Sri Jayewardenepura General Hospital provides wide range of medical specialty services. Patients are offered services by a team of eminent and skilled specialists. The Specialty units providing patient care at Sri Jayewardenepura General Hospital are listed below

- | | |
|--|--|
| 1.General Medicine | 2.General Surgery |
| 3.Obstetrics & Gynecology | 4.Pediatrics |
| 5.Anesthesiology | 6.Neonatology |
| 7.Ophthalmology | 8.Otorhinolaryngology |
| 9.Neurology | 10.Dermatology |
| 11.Cardio physiology | 12.Neurosurgery |
| 13.Cardiology | 14.Cardio Thoracic surgery |
| 15.Orthopaedics | 16.Nephrology |
| 17.Genitourinary and Kidney Transplant | 18.Rheumatology & Rehabilitation |
| 19.Endocrinology | 20.Histopathology |
| 21.Microbiology | 22.Haematology |
| 23.Chemical Pathology | 24.Blood bank and Transfusion medicine |
| 25.Radiology | |

1.8 Our Services

Target of Sri Jayewardenepura General Hospital is provide range of services to national and international community under one roof with high quality and reasonable rates.

Patient Care services

1.General Medicine

2.General Surgery

5. ICU (Intensive Care Unit)

3. OPD-Out Patient Treatment (8.00am –4.00 pm)

- General ICU
- Neurosurgical
- Cardiology
- Cardio thoracic

4. Specialized Clinics in all Specialties

6. HDUs' (High Dependency Units)

- Pediatrics
- Neurosurgical
- Cardiology
- Cardio thoracic
- General Medicine
- Gynecology

7. Medical Checkup Unit– Variety of Medical Checkup packages available

8.Laboratory services

- Hematology
- Biochemistry
- Microbiology
- Histopathology
- Chemical Pathology

9. Radiology Services

- Mammography
- X –ray
- Ultra Sound Scan
- Computer Tomography (CT)
- DSA Angiograms
- IVP
- Barium Studies.
- CT Guided Biopsy
- CT Angiograms.
- Doppler Scans.
- HSG.
- Special Examinations
- FNACUS Biopsy

10.Cardiology Investigation

- ECG Tests
- Exercise ECG
- Halter Monitoring
- Angiography and Cardiac Catheterization
- 2 DEcho

11.Neurology Investigation

- EMG Tests
- EEG Tests

12. Endoscopy services (UGIE,LGIE)

13. Urological treatment services

14. ENT related tests

15. Vision and related tests

16. Nutrition advisory services and consultation

18. Psychological Counseling Services

19. Speech Therapy services

20. Supportive services

- Blood Transfusion Services
- Chanel Service
- Health Education
- Immunization
- Infection Control Service
- Birth & Death Registration
- Pharmacy -(24 h service)
- Emergency Ambulance Service

17 Physiotherapy services

Other Services

- Banks (BOC,HNB)
- Automated Teller Machine (BOC, HNB, Peoples ,Commercial)
- Cafeteria
- Post Office
- Vehicle Park
- Grocery Shop
- Paying machines

1.9 Our Website

www.sjghsrilanka.org



"Sri Jayewardenepura General Hospital official Website"

2. Management Team



2.1 Chairman's Message



At the end of another successful year, it gives me pleasure to release this message to the Annual Report 2016 of Sri Jayewardenepura General Hospital. Under the guidance of the current Board, the Management has been able to show tremendous improvement in terms of quality and range of services during its tenure of office.

The senior Management under the guidance and support of the Director has been able to resolve issues that hindered the progress of the Hospital in the past.

I am happy to note that hospital patients , satisfaction survey during the past year has indicated consistent improvement of the care provided to the patients.

With the continues support & guidance provided by the Hon. Minister of Health ,Nutrition & Indigenous Medicine , Dr. Rajitha Senarathne , we have been able to improve the facilities & the rane of services available to meet the current demands of the people.

The Hon. Minister has been able to provide extra funds with the last Budget that enabled the hospital to improve its infrastructure and introduce new technology and equipment to escalate its service to different level. New units have been established expanding the range of services.

The hospital has been able to change the attitude of staff thus improving the overall quality of care provided to the patients. All these changes have made Sri Jayewardenepura General Hospital bench mark to the private hospitals in the country.

The cooperation and support extended by the Consultants and the Staff to the Management in making it happen, is remarkable.

Let me thank His Excellency the president and Hon. Minister of Health, Nutrition & Indigenous Medicine and the Secretary to the Ministry for the guidance and oversight provided to the Board to develop this Hospital.

Let me also thank the Board Members for their strength and guidance provided to me and the Management to manage the Hospital successfully.

I wish the Management success in their future endeavours to improve the Hospital.

Dr. H. A. P. Kahandaliyanage
 MBB;Msc(com.Med);MMHI(Bostan);MCMA;FCMA
 Chairman
 Sri Jayewardenepura General Hospital

2.2 Director's Message



I am extremely honored and privileged to deliver this message to the annual Report 2016 as the Director of this prestigious organization. There are many challenges faced by Sri Jayewardenepura General Hospital as a fee levying general hospital and a medical post graduate training centre. During this year we have been able to do a clear analysis of matters that had been resisting and slowing down the forward journey of this unique facility. We have been able to identify the areas that need to be addressed in our endeavour of bringing this hospital to the standards of the most caring and leading tertiary care centre in the island with cutting edge technology.

As an important and essential part of this effort we have initiated the renovation of this 32 year old facility in a step wise programme. Causing minimum disturbance to the day to day patient care activities of the hospital. Parallel to this foundations have laid to many other activities that have been identified as important. Many programmes have been launched to enhance awareness among employees of Sri Jayewardenepura General Hospital on current policies and developments of the patient care services and also importance of their contribution and active participation in making this effort a success. Sri Jayewardenepura General Hospital moves Forward with a clear vision, empowering the facility to be the leader in providing safe and quality health care, securing and not forgetting the dignity maintained throughout decades since the commissioning of its services to the nation in 1984.

I take this opportunity to thank the Hon. Minister of Health, Nutrition and indigenous Medicine Dr. Rajitha Senarathne the Hon. Deputy Minister Faizal Cassim, Secretary to the Ministry Dr. D.M.R.B.Dissanayake Director General of Health Services Dr Palitha Maheepala, Chairman of Sri Jayewardenepura General Hospital Dr. Athula Kahadaliyanage, Members of the Board of Directors, Members of the Board of Management, Deputy Director Dr. (Mrs) Santhushya Fernando and all the staff of Sri Jayewardenepura General Hospital for all the enthusiasm, professionalism and dedication displayed at all times.

Dr Susitha Senarathne

Director

Sri Jayewardenepura General Hospital

2.3 Board of Directors

Dr. H.A.P. Kahandaliyanage.- Chairman, SJGH

Dr. N.S.A. Senaratne- Managing Director, SJGH

Dr. P. G. Maheepala - Director General of Health Service

Mrs. Annula Harasgama –Treasury Representative

Prof. Janaka de Silva - Director –PGIM

Mr.S.M.Nanda Lalith Senanayake-Appointed by the Minister of Health

Mr.Chamath de Silva– Appointed by the Minister of Health

Dr. Harsha Samaraweera - Appointed by the Minister of Health

Dr. V. K. P. Indraratne - Consultant Representative

Dr.Madhava Karunaratne - Consultant Representative

DrP. J. Ambawatta - Consultant Representative

2.4 Management Committee

Dr. Susitha Senaratne- Director -Chairman of the Committee

Dr. (Mrs.) S. Fernando -D/Director (Act.) -Member

Dr. Rohan Aloysius -Cosultant Paediatrician-Member

Dr. Harsha Gunasekara -Consultant Neurologist-Member

Dr. (Mrs.) S. K. Jayathilake -Consultant Microbiologist-Member

Mr. D. A. Perera-Act. Accountant-Member

Mrs. Thilani Rajapakshe-Hospital Secretary-Member

Mrs. A. N. Saputhanthri -Chief Matron-Member

2.5 Specialist Staff

	Name of Consultant	Specialty	Unit
1	Dr. V. K. P. Indraratne <i>MBBS, MD, FFARCSI, FRCA</i>	Anaesthesia	Theater
2	Dr. C. A. Herath <i>MBBS, MD, FRCP</i>	Nephrology	Ward 21
3	Dr. A. B. S. A. Perera <i>MBBS, MS, FRCS, FCSLL</i>	Orthopaedic	Ward10
4	Dr. D. H. H. Wariyapola <i>MBBS, MSOPH, DO(COL), FRCS ,</i>	Ophthalmology	Ward16
5	Dr. (Mrs.) N. L. Amarasena <i>MBBS, MD (Colombo), FRCP (London), FCCP, FRACP (HON)</i>	Cardiology	Ward19
6	Dr. U.W.H.C.H. Perera <i>MBBS, MS (O&G)COL, FRCOG (UK), FSLCOG</i>	Obstetric and Gynaecology	Ward09
7	Dr. (Mrs.) M. Weerasekara <i>MBBS, DCH, MD (Pead.), MRCP (UK)</i>	Neonatology	NICU
8	Dr. C.E.de Silva <i>MBBS, MD, MRCP (UK), FCCP</i>	General Medicine	Ward12
9	Dr. D. L. Piyarisi <i>MBBS, MS, FRCS (Ed.)</i>	Surgery	Ward15
10	Prof. R. L. Satharasinghe <i>MD, FRCP(Lond), FRCP, (ED)FRCP (Glas), FCCP, FRCPI, FRCPI, FACG, MASGE, IMBSG, CCST(uk)</i>	General Medicine	Ward20
11	Dr. A. D. Kapuruge <i>MBBS, MS, FRCS</i>	Cardiothoracic Surgery	Ward20
12	Dr.D.J.Wickramarathna <i>MBBS(Cey), MD</i>	Radiology	X-Ray
13	Dr. K. Cassim <i>MBBS, MD</i>	Rheumatology	Ward 16A
14	Dr. (Mrs.) M.S. Wijerathne <i>MBBS (Hons), Melb, FRCS (Ed.)</i>	Neuro-Surgery	Ward18
15	Dr. H. H. Gunesekara <i>MBBS(Col), MD(Col), MRC(UK), FRCP</i>	Neurology	Ward16A

	Name of Consultant	Specialty	Unit
16	Dr. P. J. Ambawatta <i>MBBS, (Col). Path. (Col), MD Pathology (Col)</i>	Histopathology	Path Lab
17	Dr. R. A. R. D. Aloysius <i>MBBS, DCH, MD, MRCP1</i>	Paediatrics	Ward 01
18	Dr. A.S. Rodrigo <i>MBBS, MD (HistoPathology)</i>	Histopathology	Path lab
19	Dr.D.H. Samarakoon <i>MBBS, MD, FRCA, (UK)</i>	Surgery	-
20	Dr. (Mrs.) J. S. K. Rajasinghe <i>MBBS, MD, FRCA (UK)</i>	Anaesthesia	Theatre
21	Dr. S.M.G. Karunarathne <i>MBBS, MS(SL), FSLCOG(UK), FRCOG,</i>	Obstetric and Gynaecology	Ward 02
22	Dr. J.I. P. Herath <i>MBBS, MD</i>	Cardiology	Ward 19
23	Dr. (Mrs.) D.S. Ariyawansa <i>MBBS, MD (Dermatology)</i>	Dermatology	Ward 07
24	Dr.(Mrs.)N.M.P.K. Arambepola Herath <i>MBBS, MD (Radiology)</i>	Radiology	X-Ray
25	Dr. (Ms.) C.C. Kariyawasam <i>MBBS, Dip. Path., MD (Haematology)</i>	Haematology	Haematology Unit
26	Dr. (Mrs.) S. K. Jayathilake <i>MBBS, Dip. Medical Micro., MD (Medical Microbiology)</i>	Microbiology	Microbiology
27	Dr.(Mrs.) R. P. S. Palihawadana <i>MBBS, MD, FRCA (UK)</i>	Anaesthesia	Theater
28	Dr.(Mrs.)R.M.S.T.Samaraweera <i>MBBS, MD (Radiology)</i>	Radiology	X-Ray
29	Dr. H. R. Y. de Silva <i>MBBS, MS, MRCS (Eng), FRCS(Cardiothoracic)</i>	Cardiothoracic Surgery	Ward 20
30	Dr. (Mrs.) A.M.Abeywardane <i>MBBS, DTM, MD (Transfusion Medicine)</i>	Transfusion Medicine	Blood Bank
31	Dr. S. A. Gunawardana <i>MBBS, MS, MRCS (Eng.)FRCS(Glasg)</i>	Surgery	Ward 08
32	Dr.(Mrs.) S.A.S.P. Subasinghe <i>MBBS(Col)Hons, MD (SL)</i>	General Medicine	Ward 17
33	Dr, L. N. Senavirathna <i>MBBS (Col), MS (SL), MRCS (UK)</i>	Urology and Kidney Transplantation	Ward 14 A

	Name of Consultant	Specialty	Unit
34	Dr. (Mrs.) C.R. Pilimalawwe <i>MBBS, MD (Anaesthesiology)</i>	Anaesthesia	Theater
35	Dr. P.P.C.Prageeth <i>MBBS, MD (Anaesthesia), FRCA (UK)</i>	Anaesthesia	Theater
36	Dr.K.V.C.Janaka <i>MBBS, MD, MSC(Diabetis & Endocrinology)MRCP (Endo)</i>	General Medicine	OPD
37	Dr.K.G.Karunaratne <i>MBBS.MD,MRCS(Engd)</i>	Orthopaedics	Ward 11 A
38	Dr.(Mrs.)F.S.Maleen <i>MBBS India),MD(Obs & Gyn),</i>	Obstetric & Gynaecology	Ward 07 A
39	Dr. N.Vithanage <i>MBBS, Diploma in Pathology, MD (Chemical Pathology)</i>	Chemical Pathology	Path Lab
30	Dr. (Mrs.) R.A.S.T.Rupasingha <i>MBBS(Col), MD ,ORL(Col), DOHNS(Edin)),MRCF(UK)</i>	Otorhinolaryngology	Ward 11
41	Dr. M. C. B. Galahitiyawa <i>MBBS, MD (Col), MRCP (UK)</i>	Nephrology	Ward 21
42	Dr. S.R.P. Kottegoda <i>MBBS, MD</i>	Cardio - Electro Physiology	Ward 19

3. Operational Information



3.1 Summary of the Performance



Sri Jayewardenepura General Hospital is established under the provision of Parliament act number 54 of **1983** and ceremonially opened on 17th of September 1984. Sri Jayewardenepura General Hospital is governed by a board of directors which is appointed by Hon. Minister of Health and act as a training center for medical undergraduate and postgraduate trainees in addition to providing patient care services.

In 2016 Number of staff members was 2021

Designation	Approved Cadre	Actual Cadre
Executive staff	22	19
Medical Staff	240	353
Nursing Staff	880	778
PSM (Professions Supplementary to Medicine)	95	71
Paramedical Staff	35	27
Other Staff	276	269
Junior Staff	499	504
Total	2047	2021

The table below gives ,a comparative summary of the indicators of in and out patient care services is given by the hospital .

Indicator	2016	2015	Increase/ Decrease(%)
1. Number of Patient Beds	1086	1076	0.93
2.Total Number of Patient Admissions	59257	55143	7.46
3. Average Length of Stay (Days)	4.5	4.5	0.00
4. Hospital Bed Occupancy (%)	68.80	63.04	9.14
a. Bed Occupancy of General Wards(%)	70.11	63.52	10.37
b. Bed Occupancy of Paying Wards(%)	70.94	62.38	13.72
5. Number of Out Patient Department Visits	21847	21377	2.20
6. Number. of Emergency treatment Unit Visits	40792	36752	10.99
7. Total Number of Patients attended for Clinics	165158	158453	4.23
8. Total Number of Surgeries done	15007	13915	7.85
9. Number of Cardio Thoracic Surgeries done	558	407	37.10
10. Number of Kidney Transplants done	24	23	4.35
11. Number of Dialysis done	6296	6171	2.03
12. Number of Echo Cardiograms done	14660	14303	2.50
13.Number of Coronary angiogram Tests	966	688	40.41
14.Number of Stress Tests	1740	1723	0.99
15.Number of Deliveries	3592	3602	-0.28
16. Number of ECG Tests done	45501	38858	17.10
17.Number of EMG tests done	1184	1363	-13.13
18. Number of X- ray Tests done	85027	65946	28.93
19.Number of CT studies	12278	6116	100.75
20.Number of Mammograms done	511	383	33.42
21.Number of Physiotherapy done	18591	7708	141.19
22.Number of Channel patients	9902	9363	5.76
23. Number of Refraction Tests done	3944	4157	-5.12
24.Number of Nutrition Advices given	2987	1098	172.04
25. Number of Speech Therapies done	762	886	-14.00
26. Number of Medical Check-ups	3598	1250	187.84
27. Number of Psychological counseling done	1899	1664	14.12
28. Number of Pathological tests done	1099002	922177	19.17
29.Total Number of endoscopy tests done	5147	4632	11.12
30.Total Number of Blood collection	3778	4877	-22.53
31.Total Number of deaths	805	740	8.78

Following table shows the unit wise summary of in-patient care provided by Sri Jayewardenepura General Hospital in 2016.

Unit	Patient Admissions		Increase/ Decrease (%)	Bed Occupancy (%)		Increase/ Decrease (%)
	2016	2015		2016	2015	
General Medical Unit	17440	16557	5.33	107.75	103.6	4.15
General Surgical Unit	7886	7712	2.26	63.1	56.78	6.32
Gynecology and Obstetrics Unit	7729	7769	-0.51	76.13	79.44	-3.31
Paediatric Unit	2984	2823	5.70	53.91	53.66	0.25
ENT Unit	1150	1316	-12.61	37.79	30.98	6.81
Orthopedic Unit	2526	2040	23.82	36.86	48.93	-12.07
Ophthalmology (Eye) Unit	1640	1445	13.49	43.64	38.55	5.09
Cardiology Unit	2664	2234	19.25	76.79	63.5	13.29
Cardio-Thoracic Unit	881	823	7.05	77.8	64.54	13.26
Neonatal Intensive Care Unit	1038	886	17.16	75.26	61.96	13.3
Neurology Unit	435	412	5.58	35.58	34.86	0.72
Neurosurgery Unit	998	904	10.40	48.52	44.97	3.55
Dialysis and Nephrology Unit	6584	6410	2.71	79.37	74.81	4.56
General ICU	744	695	7.05	108.48	92.3	12.03
Cardiothoracic ICU	611	521	17.27	96.45	80.29	16.16
Paying ward –Class I	1956	1805	8.37	110.69	101.81	8.88
Paying ward –Class II	5754	5287	8.83	63.9	55.34	8.56

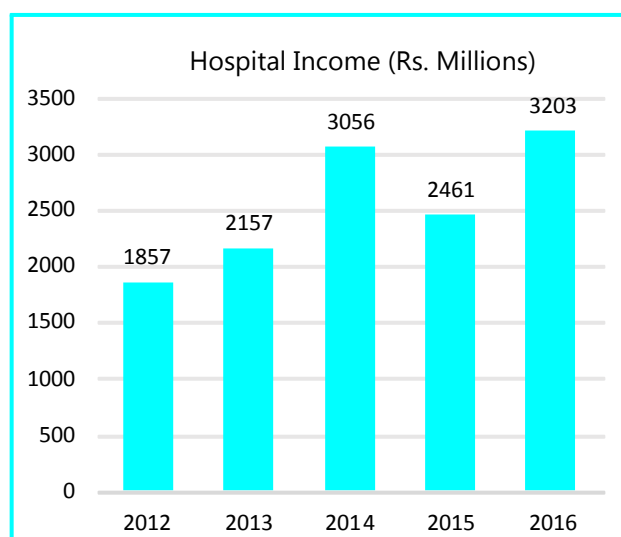
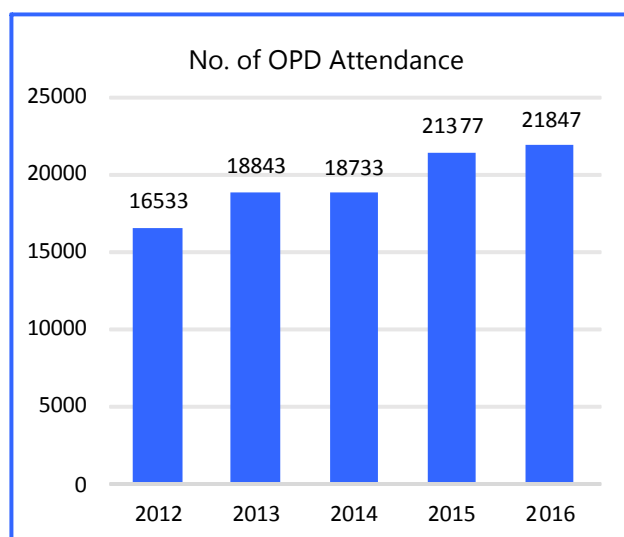
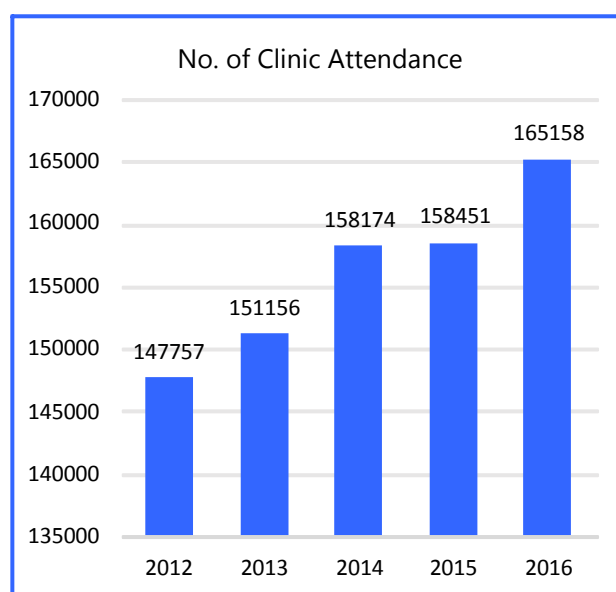
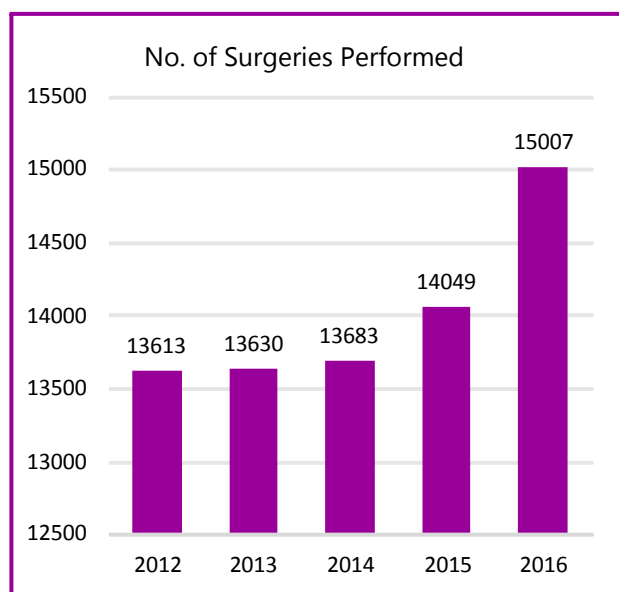
Following is the summary of the financial performance of Sri Jayewardenepura General Hospital in year 2016.

Description	(Rs. '000)		Increase / Decrease	
	2015	2016	Value (Rs. '000)	Percentage (%)
Income generated from operations	1493892	1856261	362369	24.25
Government Grant –Recurrent	920086	1300000	397914	43.24
Other Income	40089	47157	7068	17.63
Other Operating Income (Interest)	7163	7353	190	2.65
Capital Grant Amortization	174691	243786	69095	39.55
Total Income	2461230	3454557	993327	40.35
Materials & Consumables used	867508	1040740	173232	19.96
Staff cost	1572238	1904879	332641	21.15
Depreciation & amortization	174691	243786	69095	39.55
Other operating expenses	361807	423159	61352	16.95
Total expenses	2976244	3612564	636320	21.37
Profit /Loss from operation	(340000)	(158007)	-498007	-146.47
Finance cost	6462	8585	2123	32.85
Other expenses	2330	4874	2544	109.18
Profit /Loss before Taxation	(349115)	(171466)	-520581	-149.11
Income tax	3503	4353	850	24.26
Profit /Loss after Taxation	(352618)	(175819)	-528437	-149.86

3.2 General Performance

	2012	2013	2014	2015	2016
No. of beds in Hospital	1088	1078	1079	1076	1086
Total No. of admissions	57119	54283	53424	55143	59257
No. of OPD Attendance	16533	18843	18733	21377	21847
No. of Clinic Attendance	147757	151156	158174	158451	165158
No. of Surgeries Performed	13613	13630	13683	14049	15007
Bed Occupancy Rate (%)	70.47	64.07	64.1	63.04	68.80
No. of Neonatal deaths	27	21	14	11	9
Total No. of deaths	748	714	689	740	805
Hospital Income (Rs. Mions)	1857	2157	3056	2461	3203

Five year summary

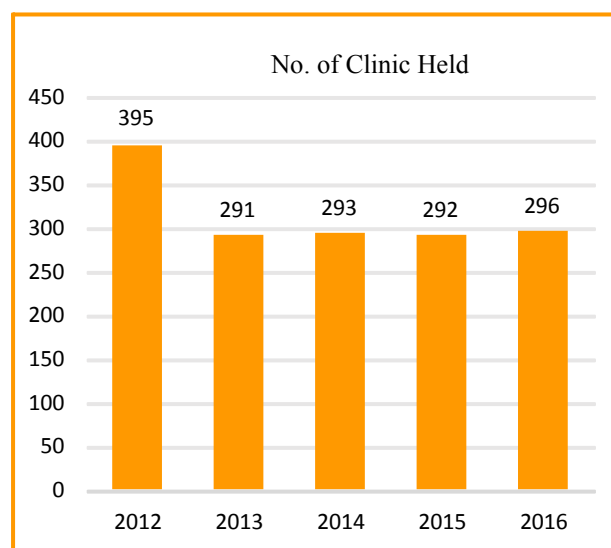
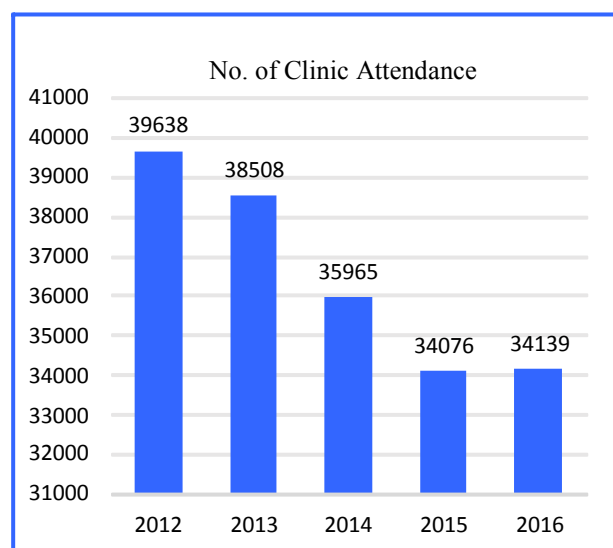
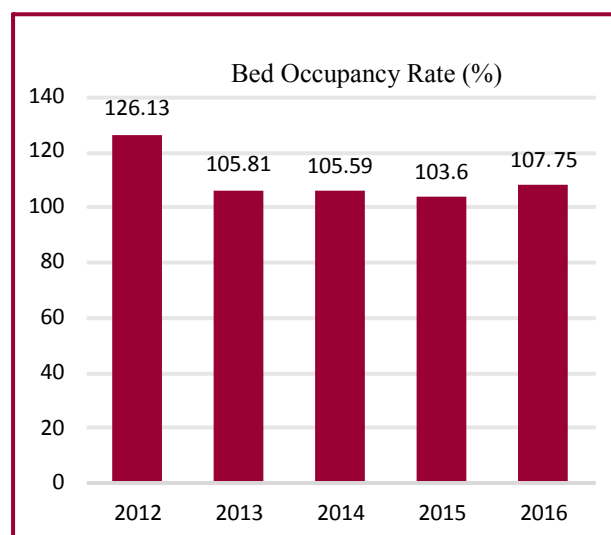
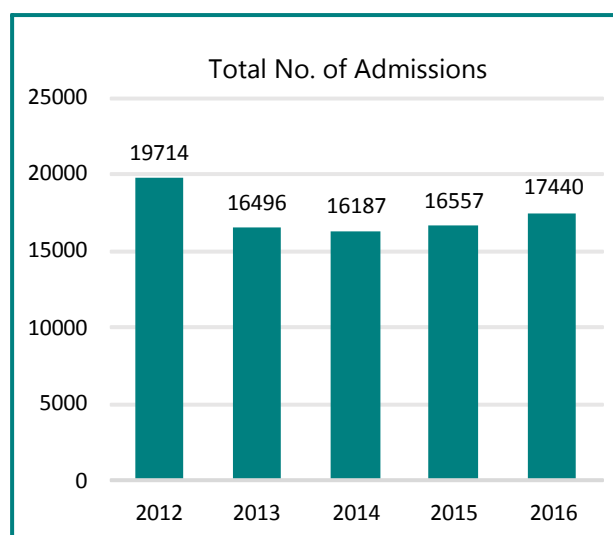


3.3 Sector Review

I. General Medical Unit

	2012	2013	2014	2015	2016
No. of Clinics Held	395	291	293	292	296
No. of Clinic Attendance	39638	38508	35965	34076	34139
Total No. of Admissions	19714	16496	16187	16557	17440
Bed Occupancy Rate (%)	126.13	105.81	105.59	103.6	107.75

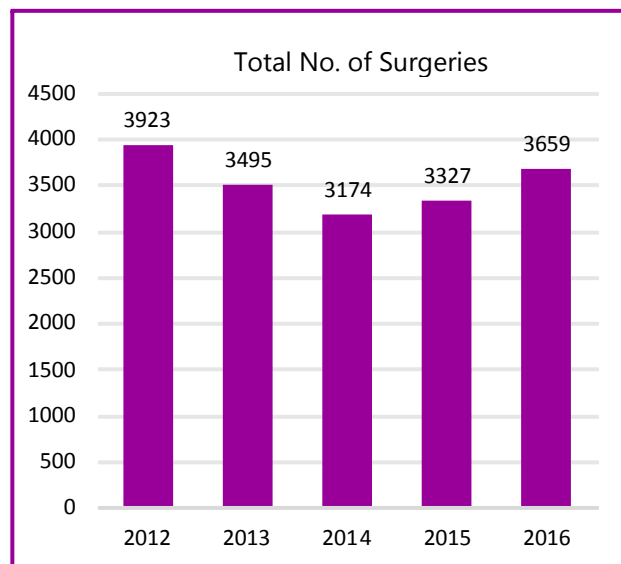
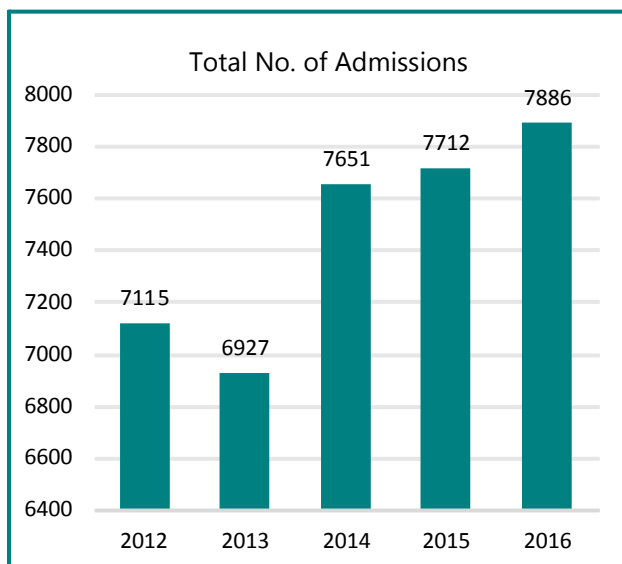
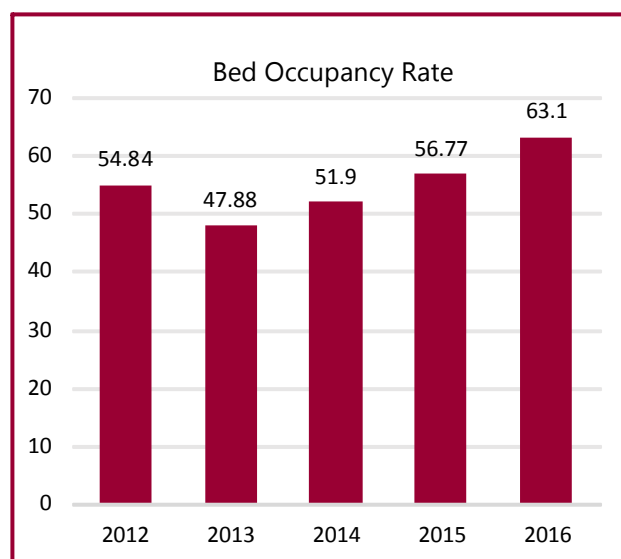
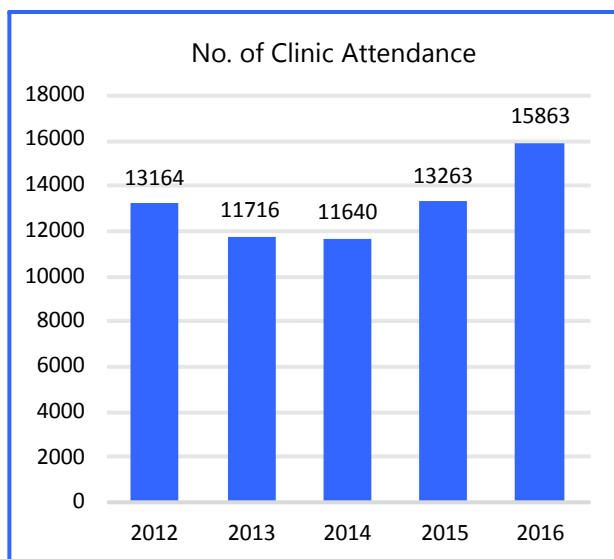
Five year summery



II. General Surgical Unit

	2012	2013	2014	2015	2016
No. of Clinics Held	450	381	391	392	393
No. of Clinic Attendance	13164	11716	11640	13263	15863
Total No. of Admissions	7115	6927	7651	7712	7886
Total no. of Surgeries	3923	3495	3174	3327	3659
Bed Occupancy Rate (%)	54.84	47.88	51.9	56.77	63.10

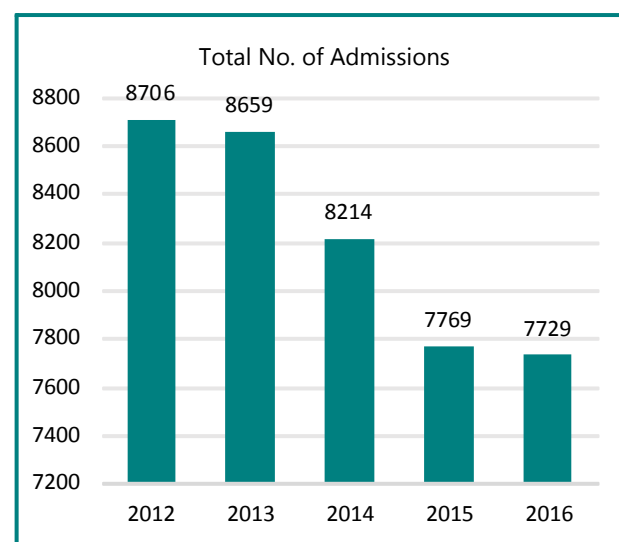
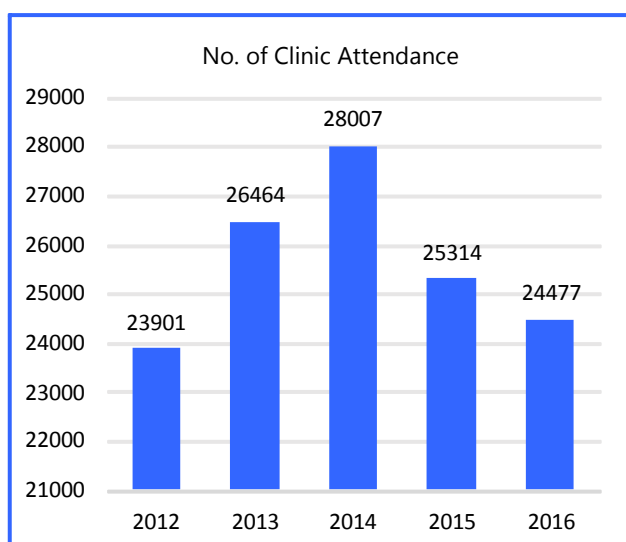
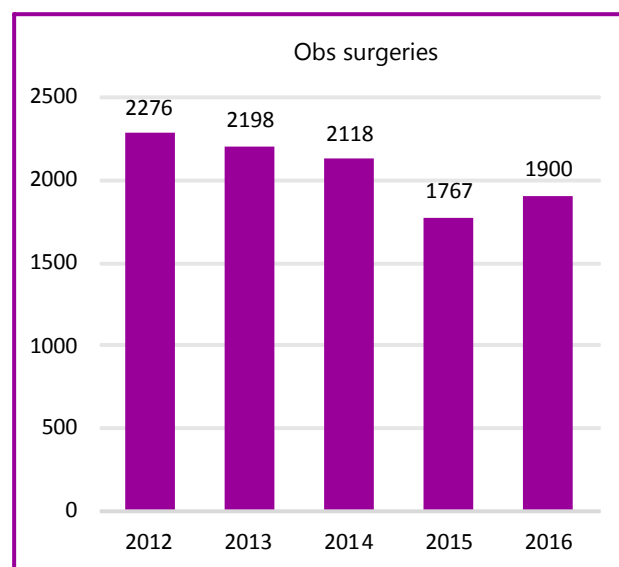
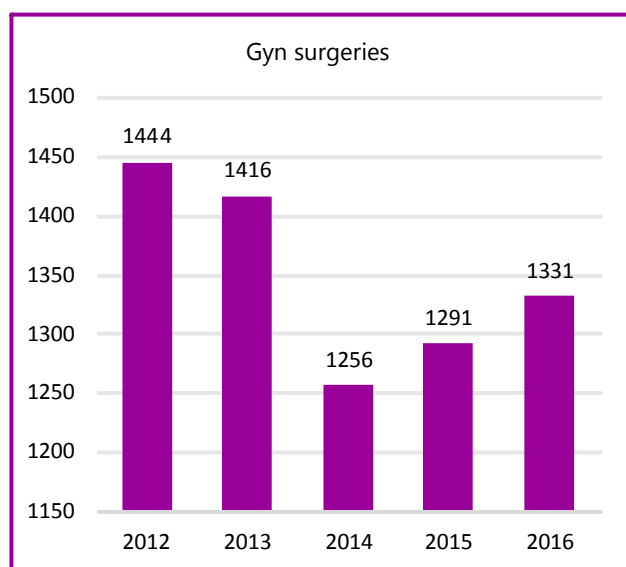
Five year summary



III. Gynaecology and Obstetrics Unit

	2012	2013	2014	2015	2016
No. of Clinics Held	335	327	296	338	342
No. of Clinic Attendance	23901	26464	28007	25314	24477
Total No. of Admissions	8706	8659	8214	7769	7729
Bed Occupancy Rate (%)	93.42	88.48	83.75	79.44	76.13
No. of Deliveries	4156	4016	3937	3602	3592
Gyn surgeries	1444	1416	1256	1291	1331
Obs surgeries	2276	2198	2118	1767	1900
No. of caesarian surgeries	2285	2180	2070	1863	1914

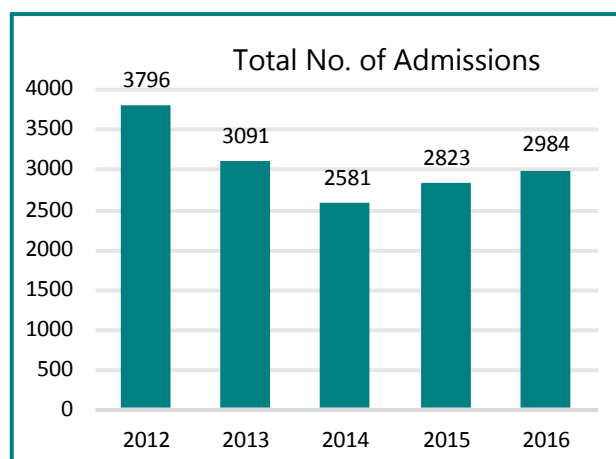
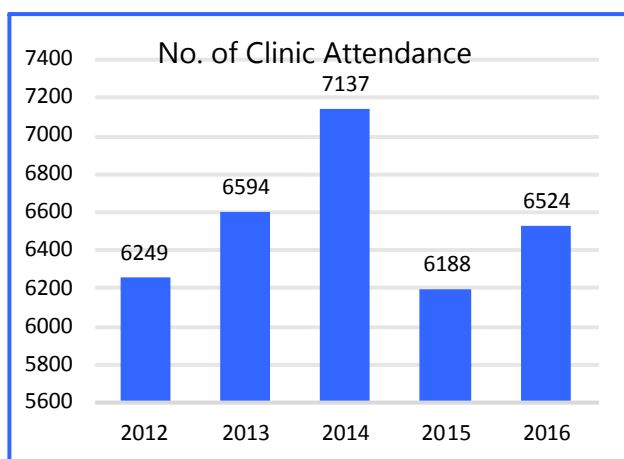
Five year summery



IV. Pediatric Unit

	2012	2013	2014	2015	2016
No. of Clinics Held	346	332	341	345	337
No. of Clinic Attendance	6249	6594	7137	6188	6524
Total No. of Admissions	3796	3091	2581	2823	2984
Bed Occupancy Rate (%)	81.28	63.52	56.23	53.66	53.91

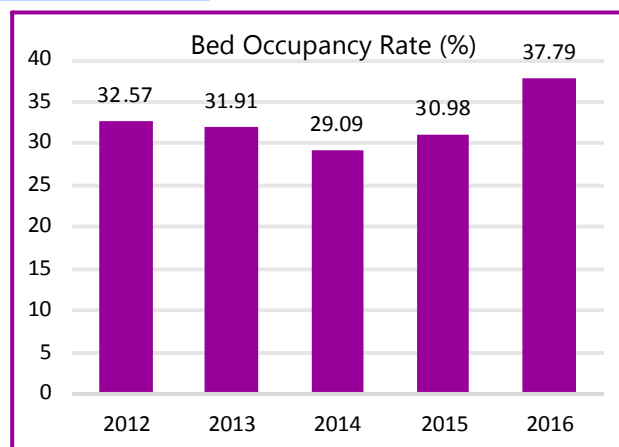
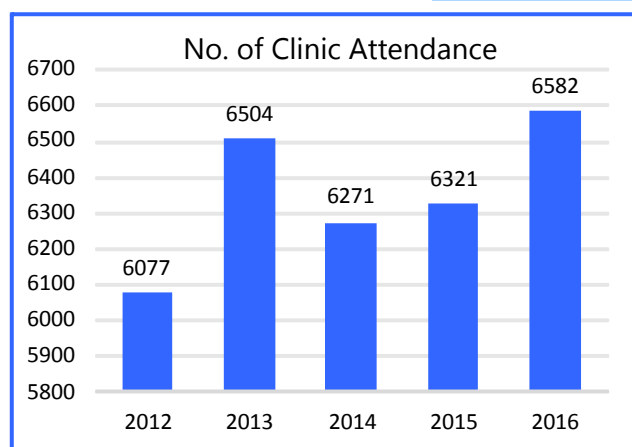
Five year summery



V. ENT Unit

	2012	2013	2014	2015	2016
No. of Clinics Held	98	101	94	95	98
No. of Clinic Attendance	6077	6504	6271	6321	6582
Total No. of Admissions	1378	1331	1201	1316	1150
Bed Occupancy Rate (%)	32.57	31.91	29.09	30.98	37.79
No. of Surgeries done	539	493	451	483	425

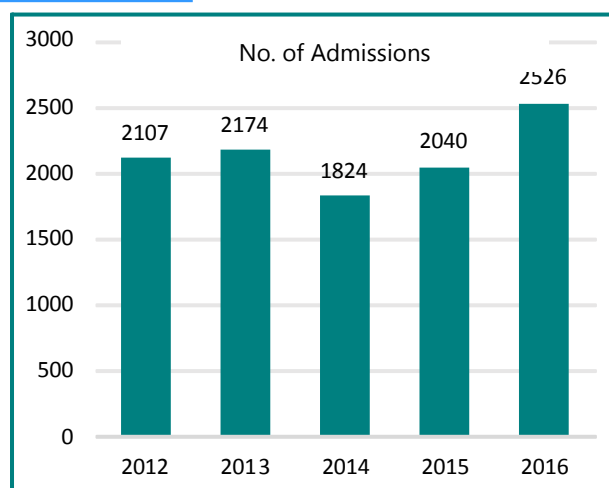
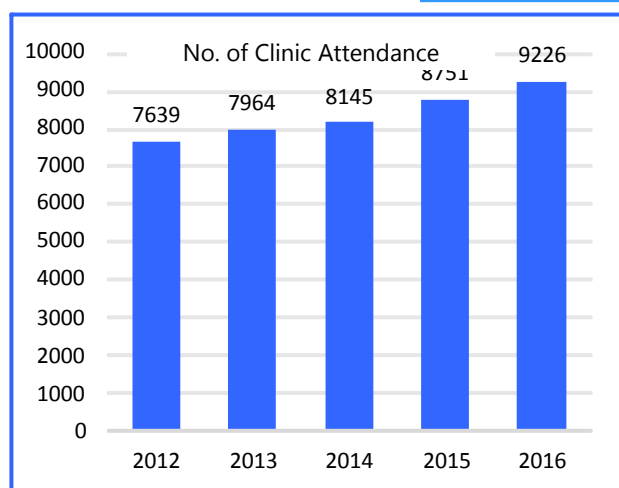
Five year summery



VI. Orthopaedic Unit

	2012	2013	2014	2015	2016
No. of Clinics Held	102	96	95	99	137
No. of Clinic Attendance	7639	7964	8145	8751	9226
Total No. of Admissions	2107	2174	1824	2040	2526
Bed Occupancy Rate (%)	59.31	59.7	47.84	48.93	36.86
No. of Surgeries done	1624	1798	1366	1501	1630

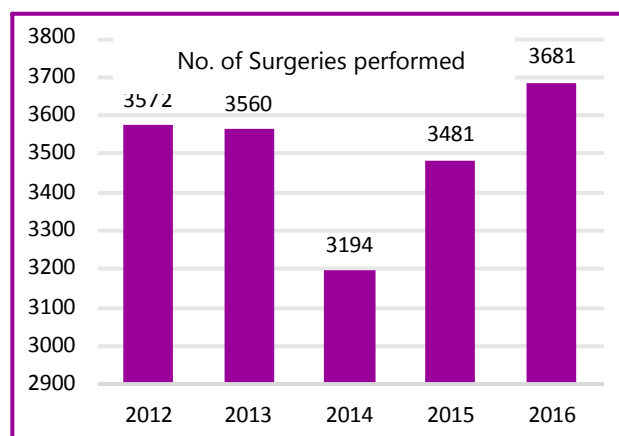
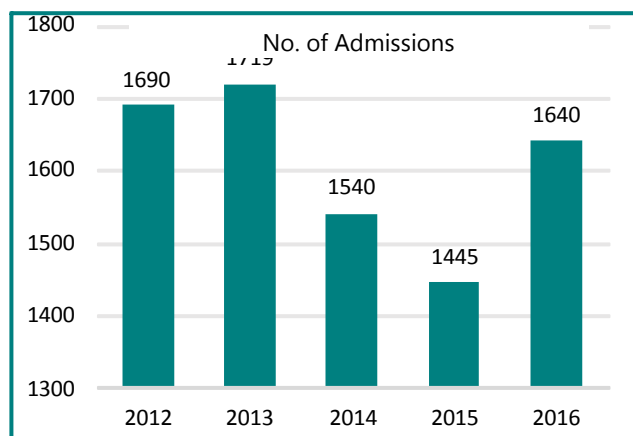
Five year summery



VII. Ophthalmology (Eye) Unit

	2012	2013	2014	2015	2016
No. of Clinics held	148	262	246	242	242
No. of Clinic Attendance	15356	15649	14845	15406	14725
No. of Admissions	1690	1719	1540	1445	1640
Bed Occupation Rate (%)	56.40	58.51	41.36	38.55	43.64
No. of Surgeries performed	3572	3560	3194	3481	3681

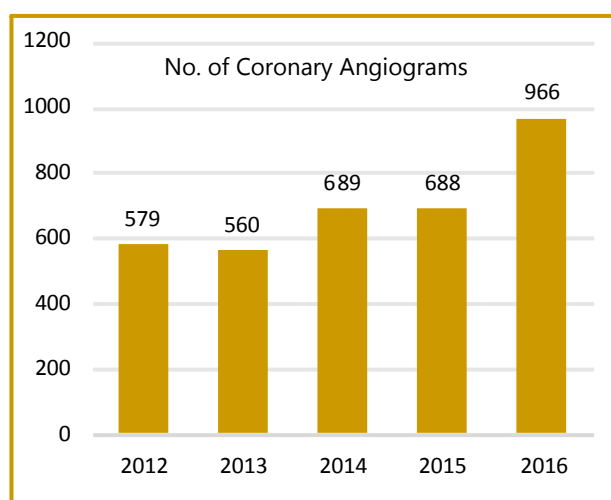
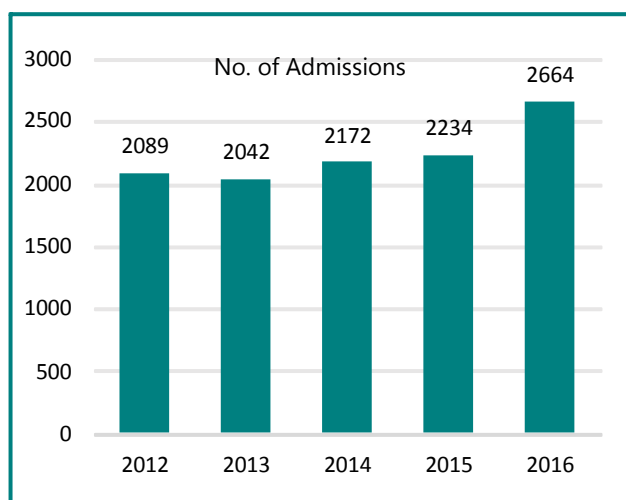
Five year summery



VIII. Cardiology Unit

	2012	2013	2014	2015	2016
No. of Clinics held	100	95	95	99	96
No. of Clinic Attendance	6123	5929	5741	5379	5063
No. of Admissions	2089	2042	2172	2234	2664
Bed Occupancy Rate (%)	62.40	58.23	64.52	63.5	76.79
No. of Coronary Angiograms	579	560	689	688	966

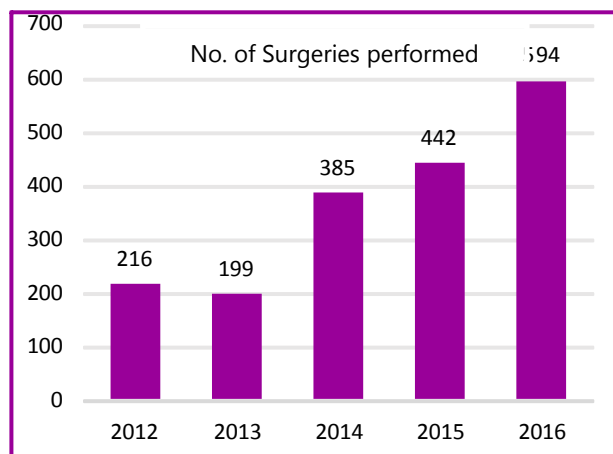
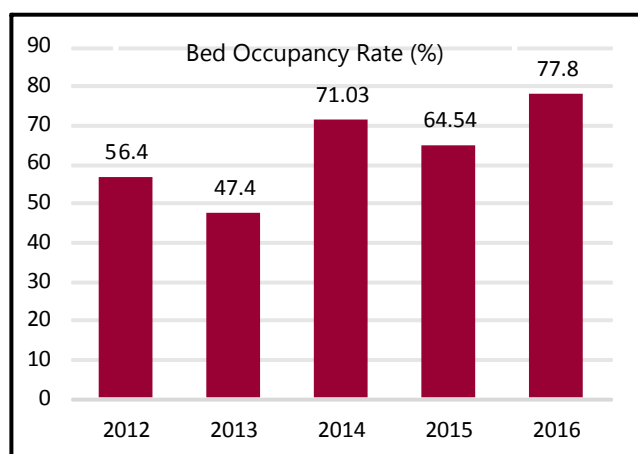
Five year summary



IX. Cardio-Thoracic Unit

	2012	2013	2014	2015	2016
No. of Clinics held	99	101	95	94	98
No. of Clinic Attendance	3940	3536	3733	3709	4308
No. of Admissions	923	831	1312	823	881
Bed Occupancy Rate (%)	56.40	47.40	71.03	64.54	77.8
No. of Surgeries performed	216	199	385	442	594

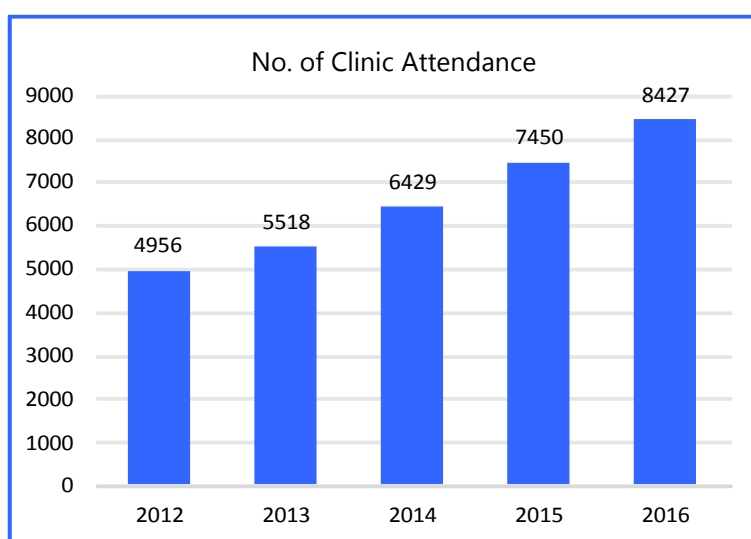
Five year summary



X. Dermatology Unit

	2012	2013	2014	2015	2016
No. of Clinics held	207	217	207	193	193
No. of Clinic Attendance	4956	5518	6429	7450	8427

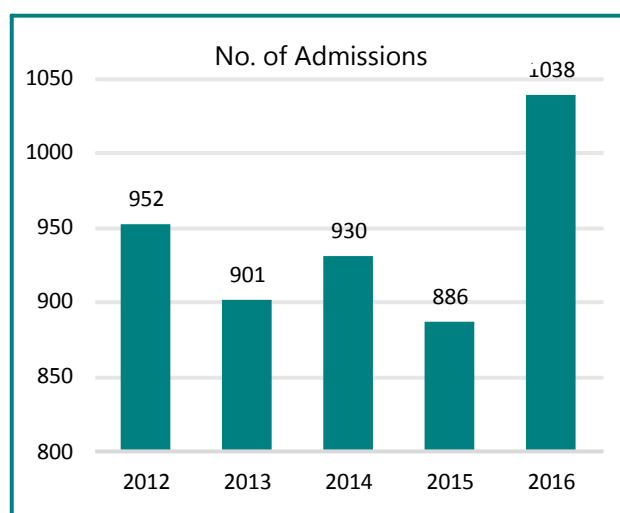
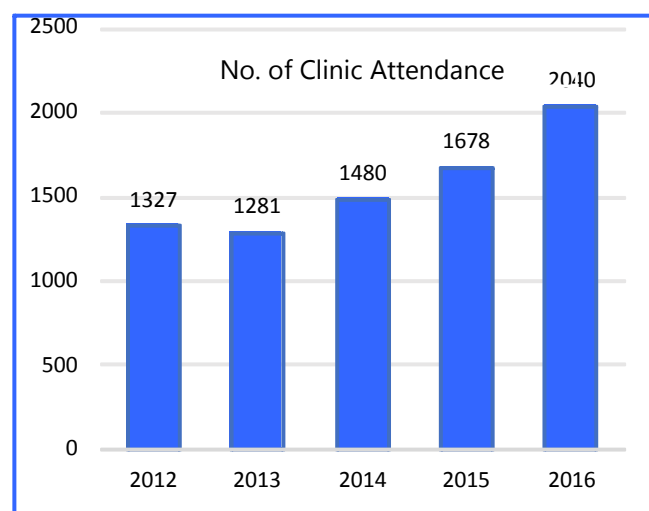
Five year summery



XI. Neonatal Intensive Care Unit (NICU)

	2012	2013	2014	2015	2016
No. of Clinics held	48	49	49	49	49
No. of Clinic Attendance	1327	1281	1480	1678	2040
No. of Admissions	952	901	930	886	1038
Bed Occupancy Rate (%)	71.67	73.51	75.10	61.96	75.26

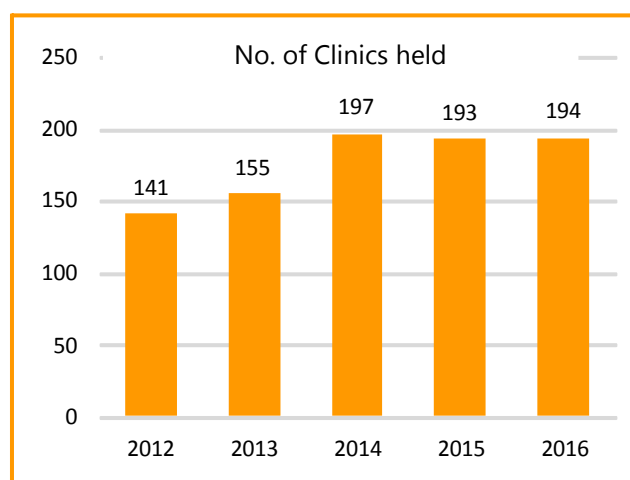
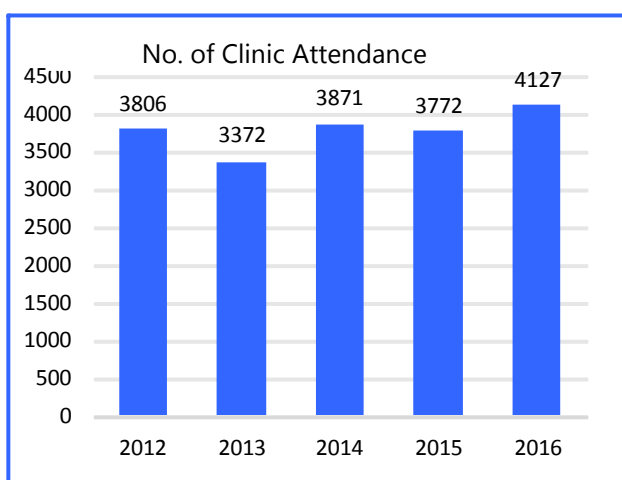
Five year summery



XII. Rheumatology and Rehabilitation Unit

	2012	2013	2014	2015	2016
No. of Clinics held	141	155	197	193	194
No. of Clinic Attendance	3806	3372	3871	3772	4127

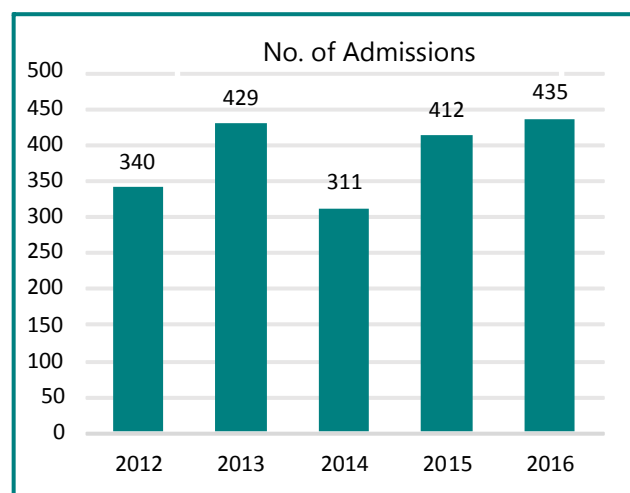
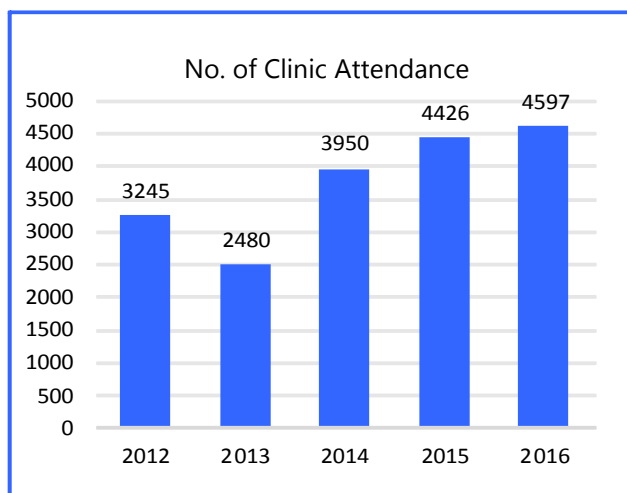
Five year summery



XIII. Neurology Unit

	2012	2013	2014	2015	2016
No. of Clinics held	93	96	100	98	98
No. of Clinic Attendance	3245	2480	3950	4426	4597
No. of Admissions	340	429	311	412	435
Bed Occupancy Rate (%)	52.05	67.05	30.52	34.86	35.58
No. of EEG performed	670	683	642	680	619
No. of EMG performed	1362	1235	1312	1363	1184

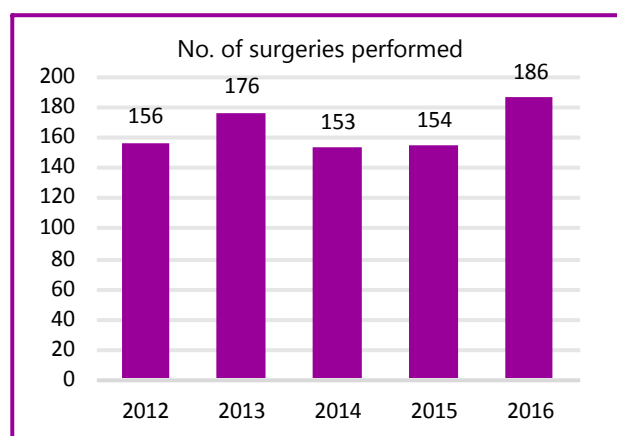
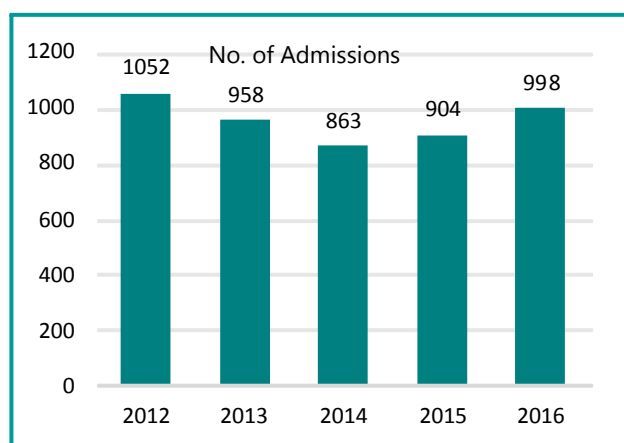
Five year summery



XIV. Neurosurgery Unit

	2012	2013	2014	2015	2016
No. of Clinics held	106	101	95	98	96
No. of Clinic Attendance	851	1465	848	754	981
No. of Admissions	1052	958	863	904	998
Bed Occupancy Rate (%)	35.58	49.25	39.99	44.97	48.52
No. of surgeries performed	156	176	153	154	186

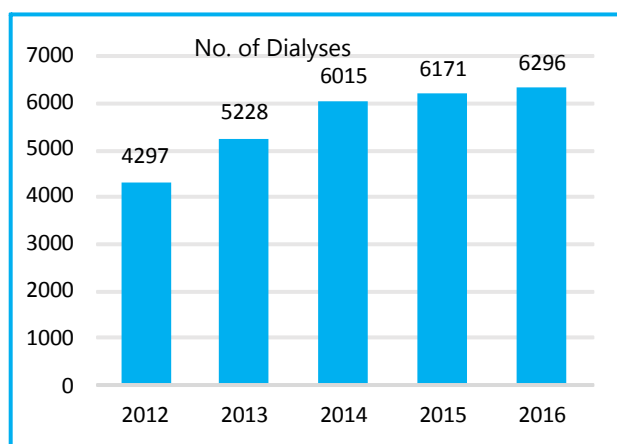
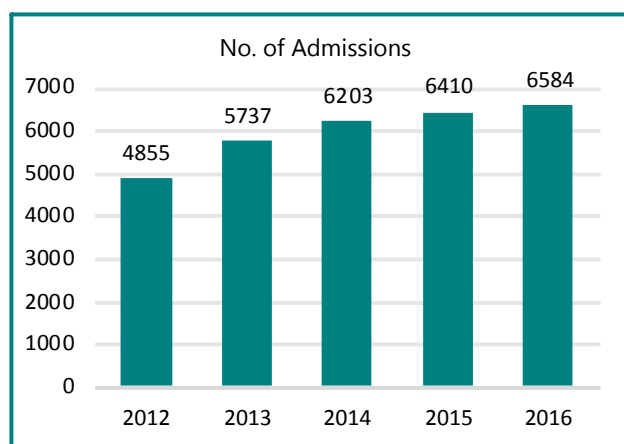
Five year summery



XV. Nephrology Unit

	2012	2013	2014	2015	2016
No. of Clinics held	144	147	134	242	242
No. of Clinic Attendance	10351	11034	12395	12817	13414
No. of Admissions	4855	5737	6203	6410	6584
Bed Occupancy Rate (%)	72.00	66.98	71.54	74.81	79.37
No. of Kidney transplantations	21	16	22	23	24
No. of Dialyses	4297	5228	6015	6171	6296

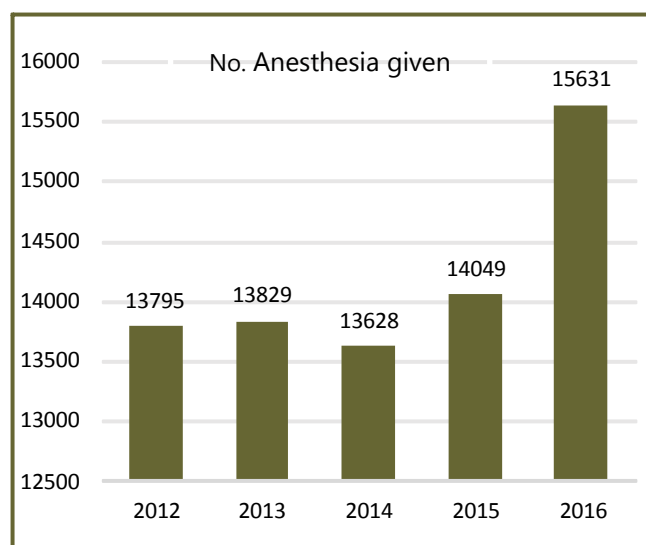
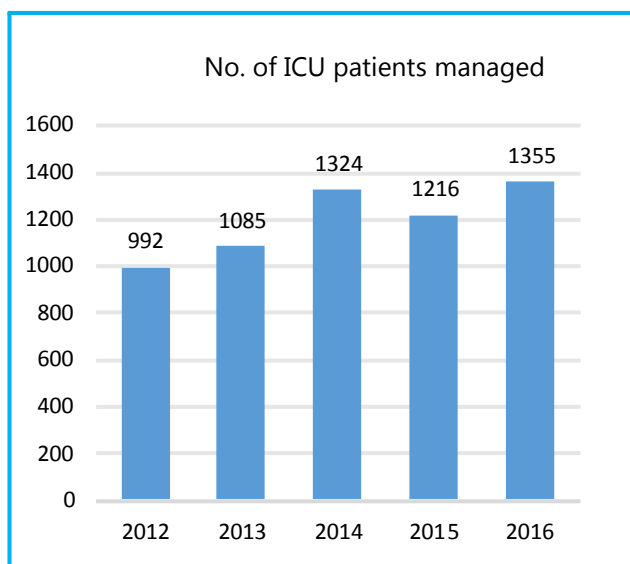
Five year summery



XVI. Anaesthesiology Unit

	2012	2013	2014	2015	2016
No. Anesthesia given	13795	13829	13628	14049	15631
No. of ICU patients managed	992	1085	1324	1216	1355

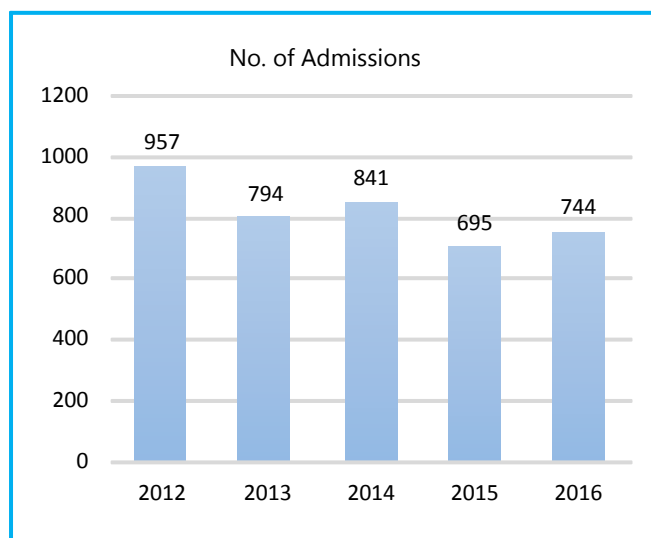
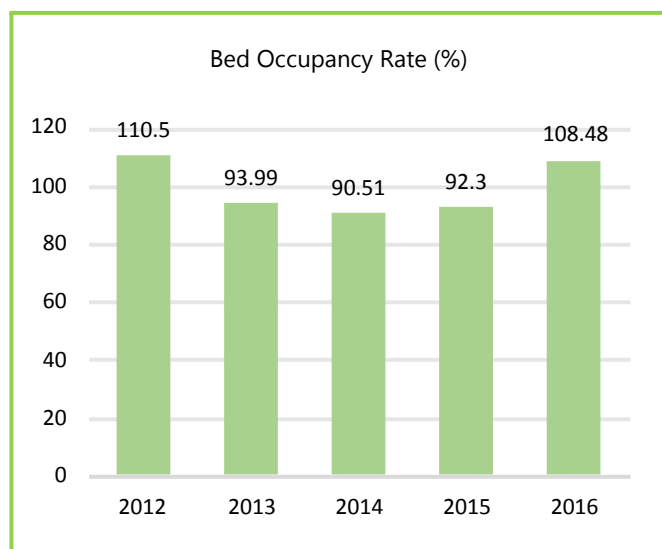
Five year summery



XVII. Intensive Care Unit (ICU)

	2012	2013	2014	2015	2016
No. of Admissions	957	794	841	695	744
Bed occupancy rate (%)	110.50	93.99	90.51	92.3	108.48

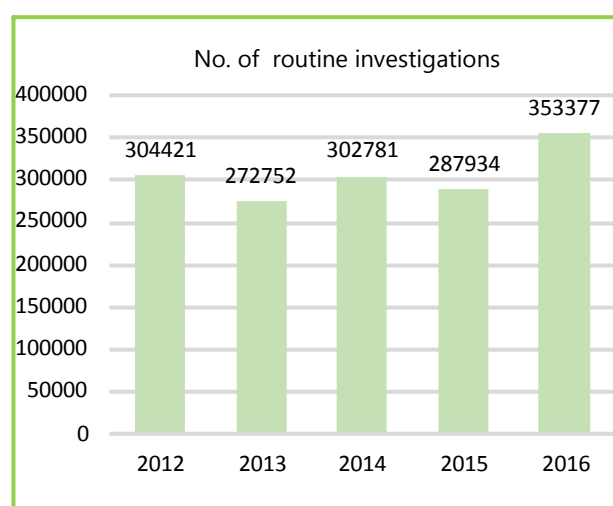
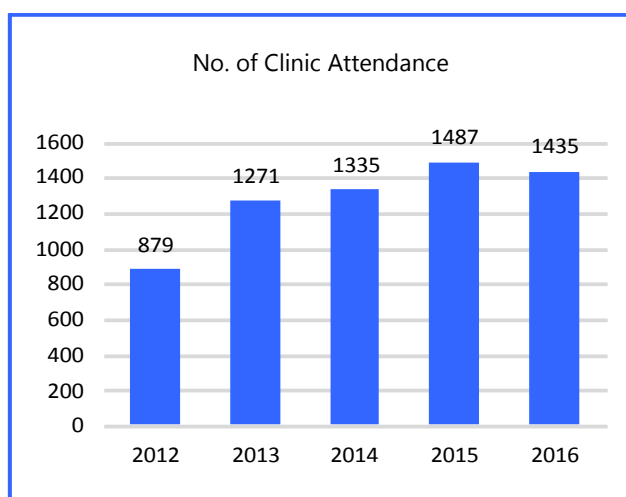
Five year summery



XVIII. Haematology Unit

	2012	2013	2014	2015	2016
No. of Clinics Held	48	49	49	49	48
No. of Clinic Attendance	879	1271	1335	1487	1435
No. of routine investigations	304421	272752	302781	287934	353377
No. of special investigations	57771	37210	44900	54487	31552

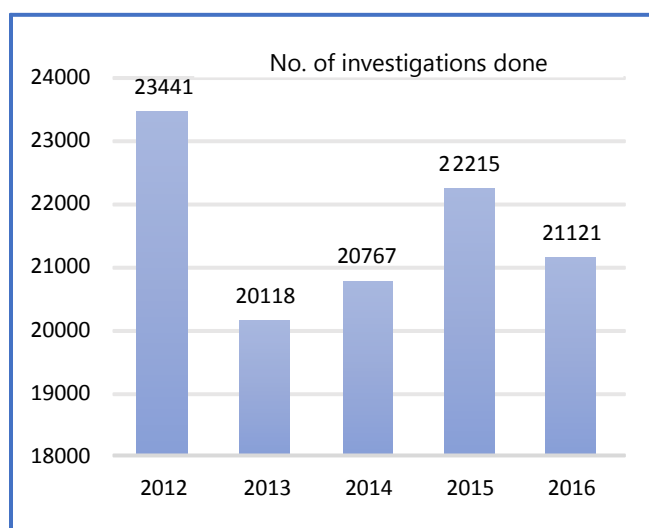
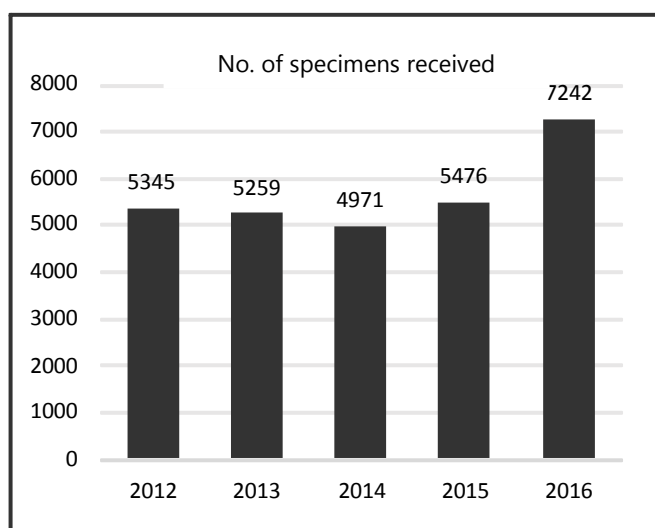
Five year summery



XIX. Histopathology Unit

	2012	2013	2014	2015	2016
No. of specimens received	5345	5259	4971	5476	7242
No. of investigations done	23441	20118	20767	22215	21121

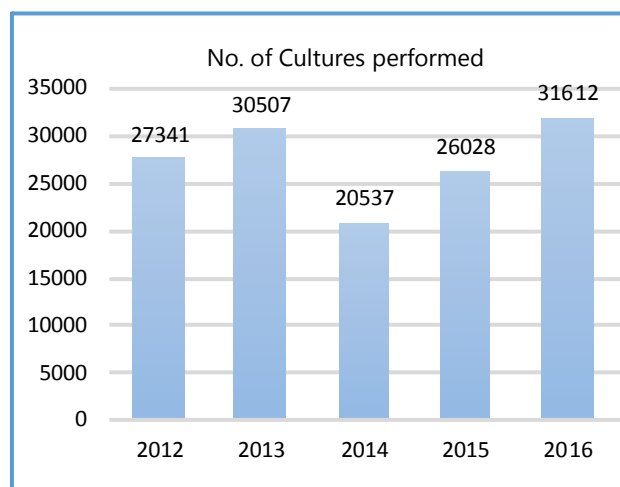
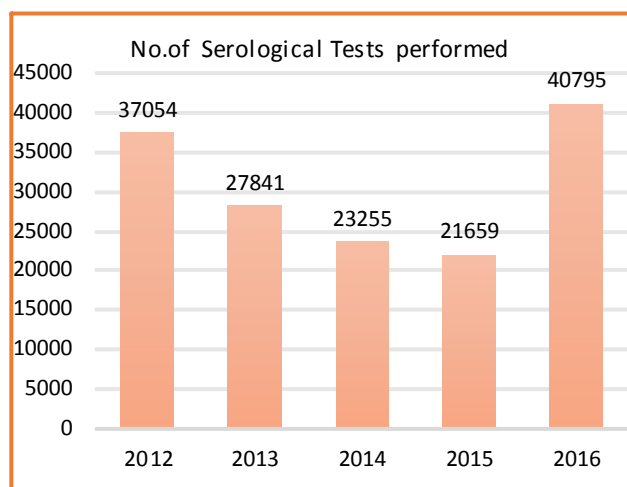
Five year summery



XX. Microbiology Unit

	2012	2013	2014	2015	2016
No. of Cultures performed	27341	30507	20537	26028	31612
No. of ABST performed	4512	4016	4685	4935	6069
No. of Serological Tests performed	37054	27841	23255	21659	40795
No. of AFB Tests performed	2,358	1537	1189	2553	3312

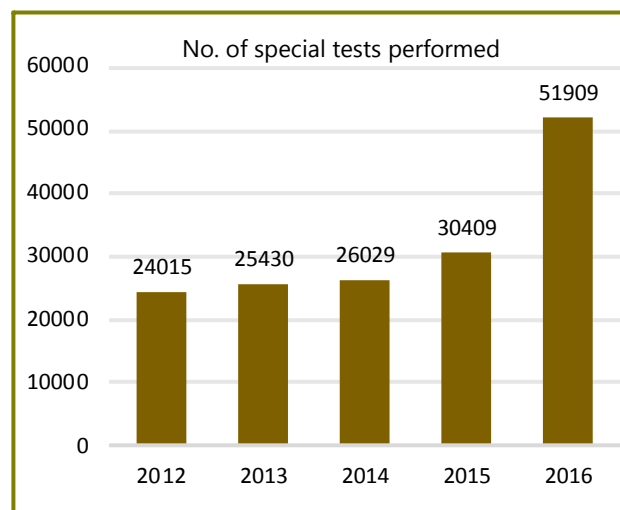
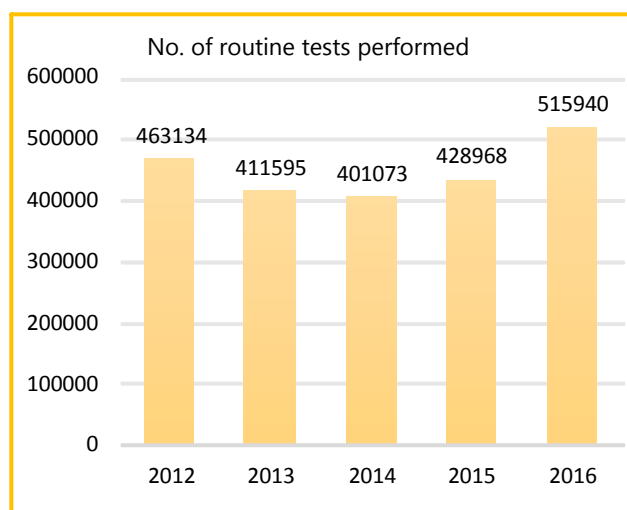
Five year summery



XXI. Biochemistry Unit

	2012	2013	2014	2015	2016
No. of routine tests performed	463134	411595	401073	428968	515940
No. of special tests performed	24015	25430	26029	30409	51909

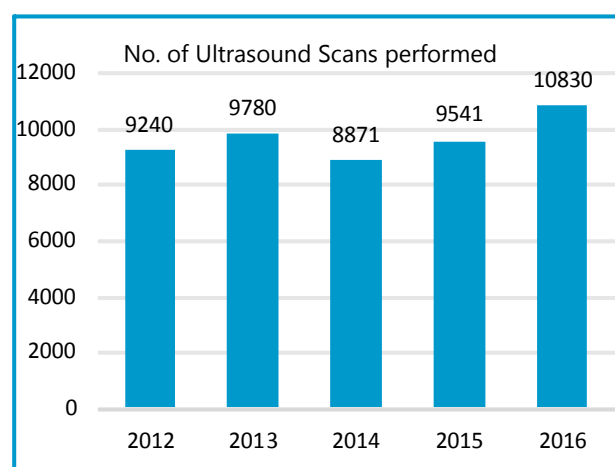
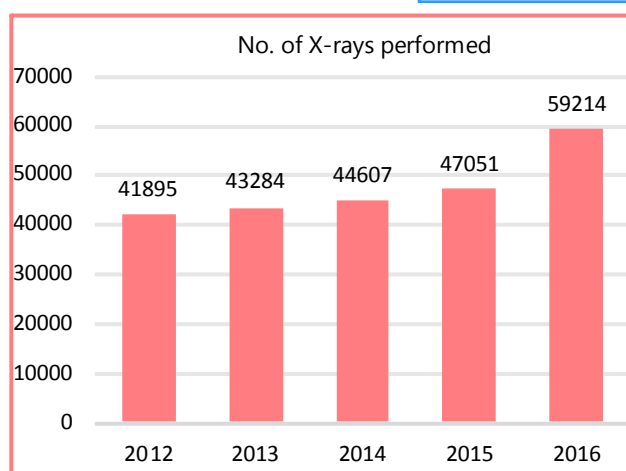
Five year summery



XXII. Radiology & Imaging Unit

	2012	2013	2014	2015	2016
No. of X-rays performed	41895	43284	44607	47051	59214
No. of Ultrasound Scans performed	9240	9780	8871	9541	10830
No. of CT Scans performed	6406	7649	6721	6116	12278
No. of other tests performed	2160	2321	2301	3238	2705

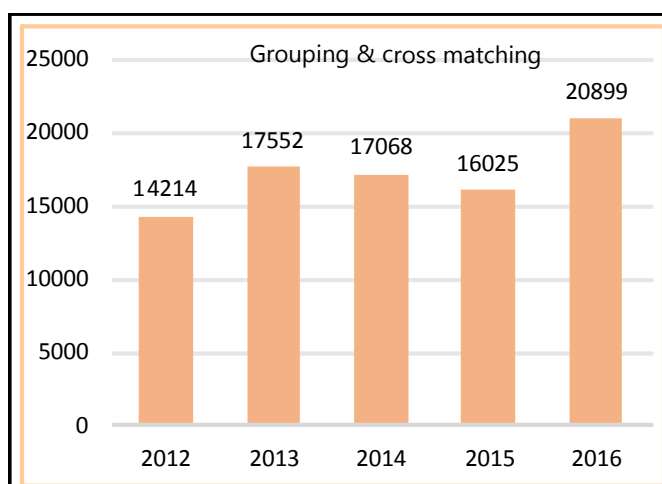
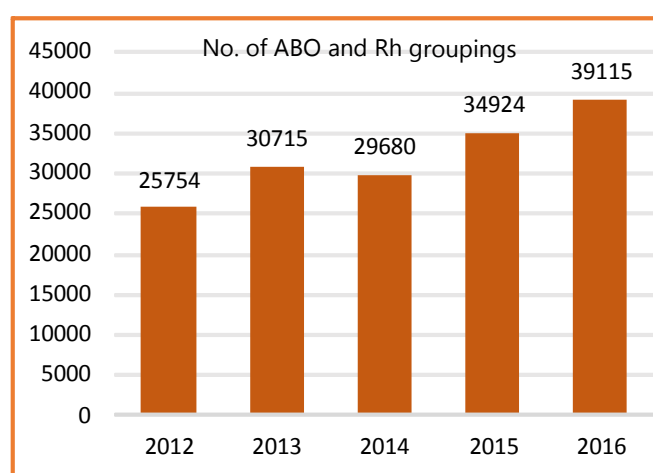
Five year summery



XXIII. Blood Bank

	2012	2013	2014	2015	2016
Total No. of Blood Samples Collected	5273	4504	4414	4877	3778
No. of Red Cell Units Issued	6161	5070	5274	4441	5077
No. of ABO and Rh groupings	25754	30715	29680	34924	39115
Grouping & cross matching	14214	17552	17068	16025	20899

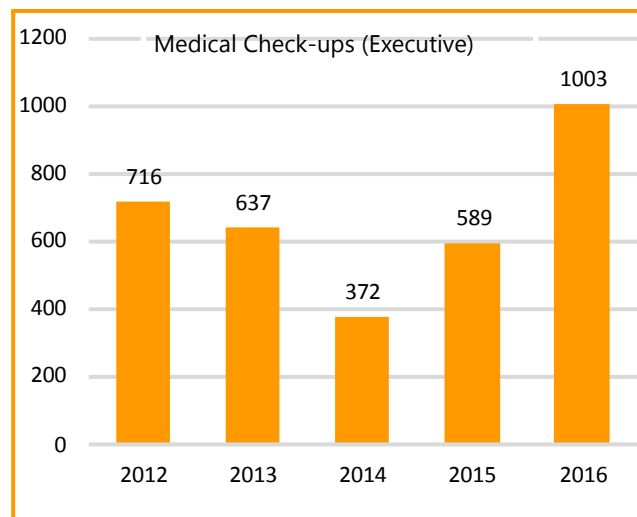
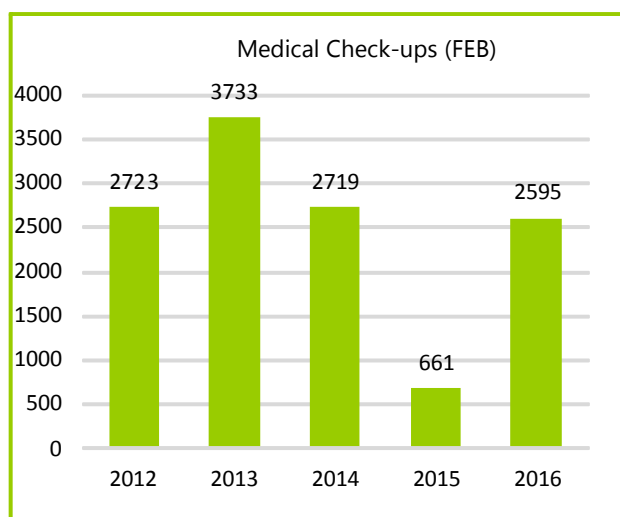
Five year summery



XXIV. Medical Check-up unit

	2012	2013	2014	2015	2016
Medical Check-ups (FEB)	2723	3733	2719	661	2595
Medical Check-ups (Executive)	716	637	372	589	1003

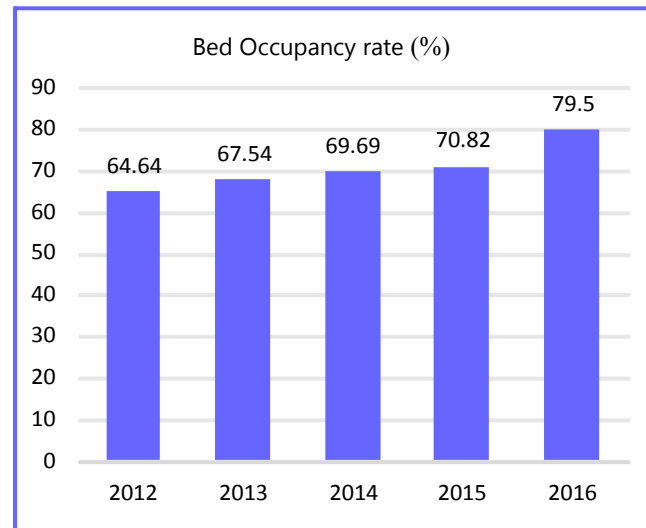
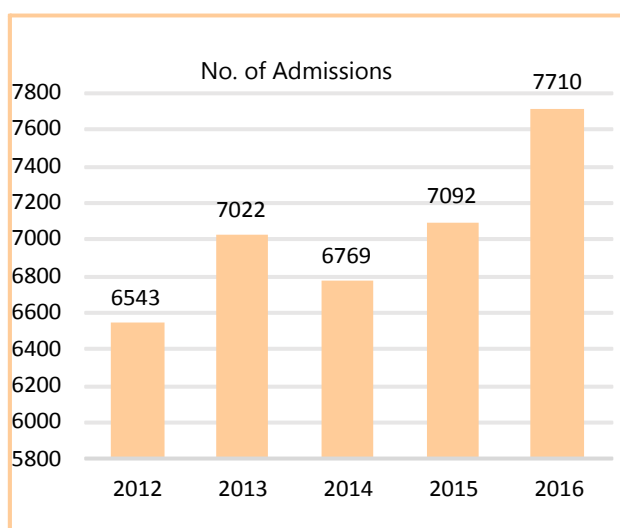
Five year summery



XXV. Paying Wards

	2012	2013	2014	2015	2016
No. of Admissions	6543	7022	6769	7092	7710
Bed Occupancy rate (%)	64.64	67.54	69.69	70.82	79.5

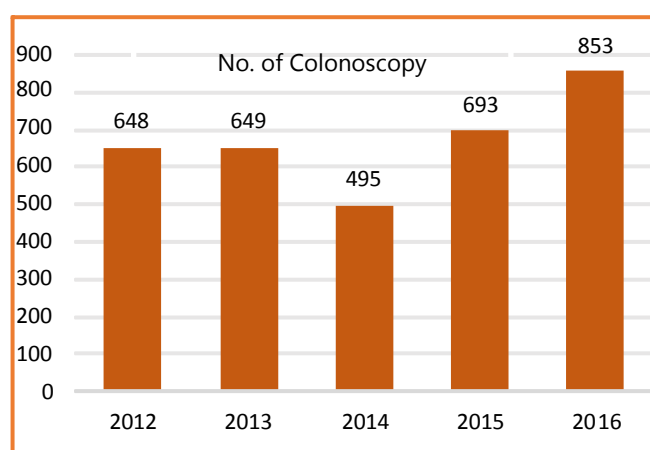
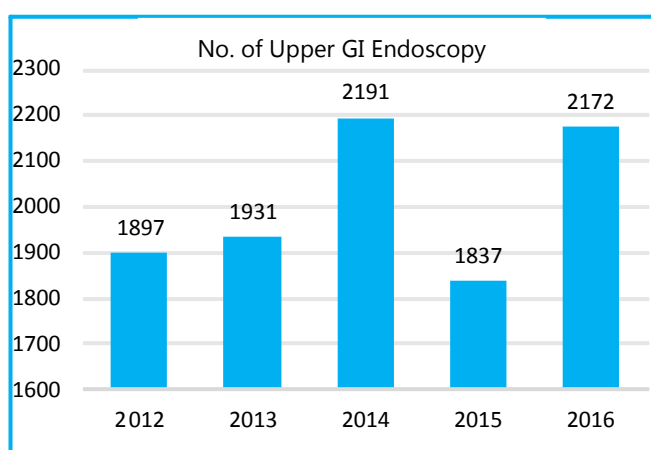
Five year summery



XXVI. Endoscopy Unit

	2012	2013	2014	2015	2016
No. of Bronchoscopy	27	26	17	39	24
No. of Upper GI Endoscopy	1897	1931	2191	1837	2172
No. of Colonoscopy	648	649	495	693	853
No. of Fibre Optic Laryngoscopy	407	422	432	526	607
No. of Oesophageal Variceal Banding	228	253	322	313	337
No. of ERCPs	13	8	4	21	16
Total	3220	3289	3461	3429	5147

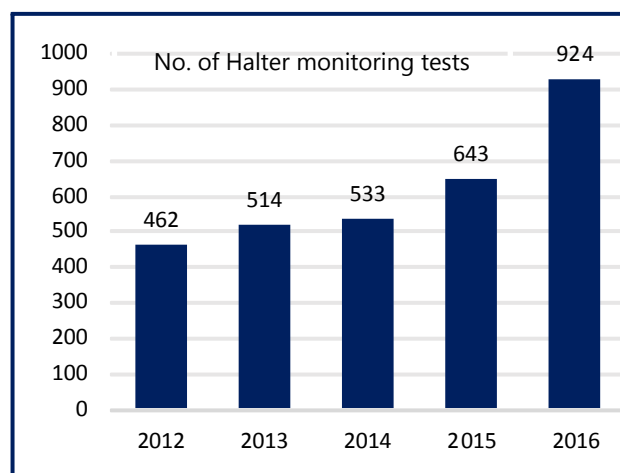
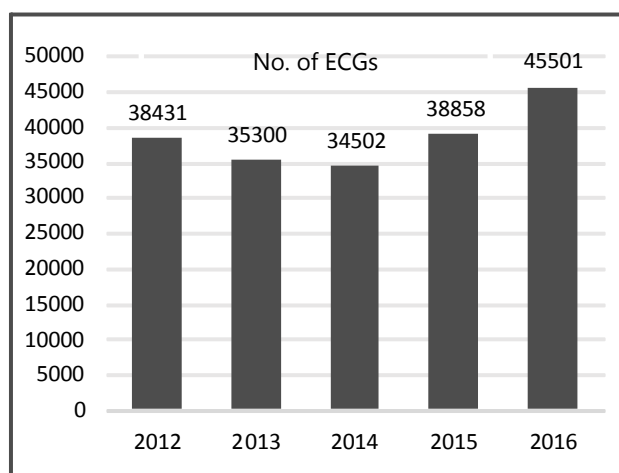
Five year summery



XXVII. ECG unit

	2012	2013	2014	2015	2016
No. of ECGs	38431	35300	34502	38858	45501
No. of Exercise ECGs	1842	1707	1538	1723	1740
No. of Halter monitoring tests	462	514	533	643	924

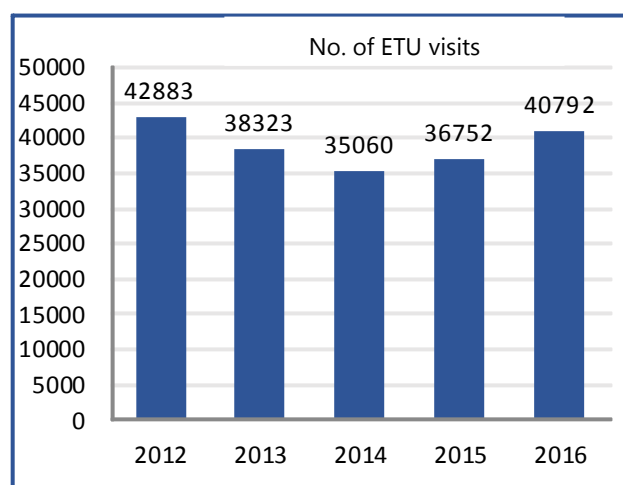
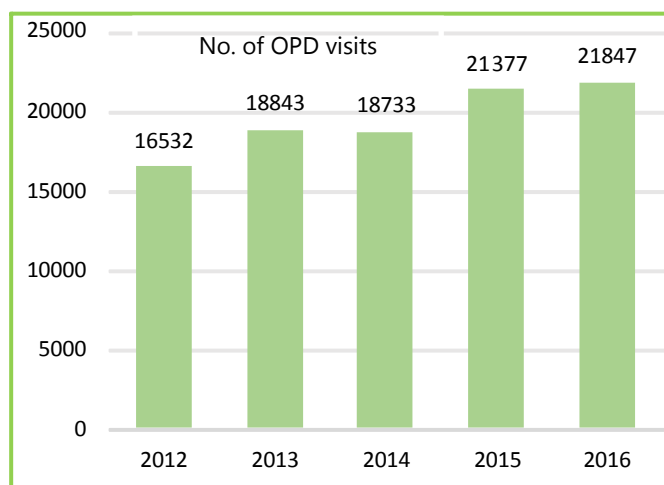
Five year summery



XXVIII. Out Patient Department (OPD) and Emergency Treatment Unit (ETU)

	2012	2013	2014	2015	2016
No. of OPD visits	16532	18843	18733	21377	21847
No. of ETU visits	42883	38323	35060	36752	40792

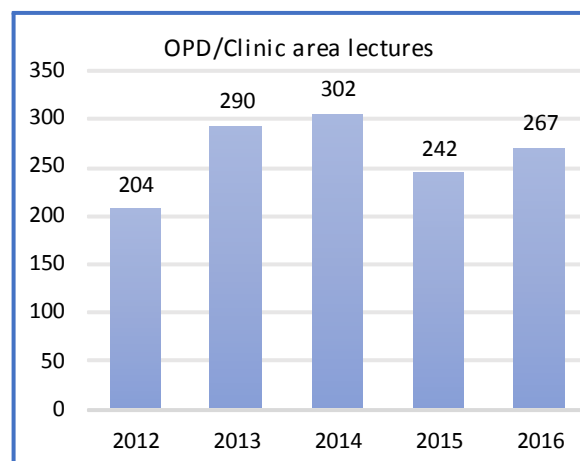
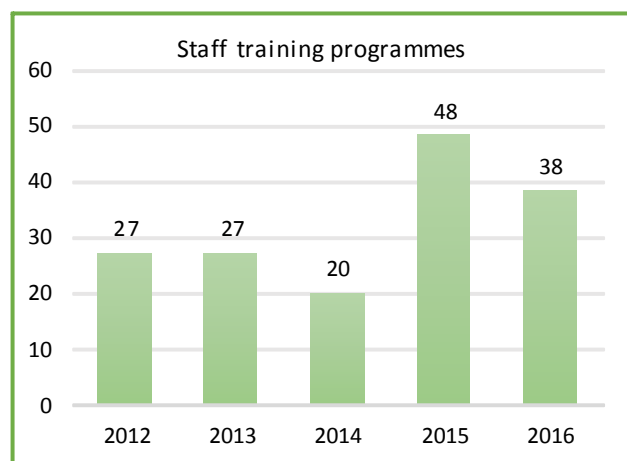
Five year summary



XXIX. Health Education and Infection Control

	2012	2013	2014	2015	2016
Staff training programmes	27	27	20	48	38
OPD/Clinic area Lectures	204	290	302	242	267
Hospital acquired Infection rate	0.31	0.42	0.62	0.56	0.9

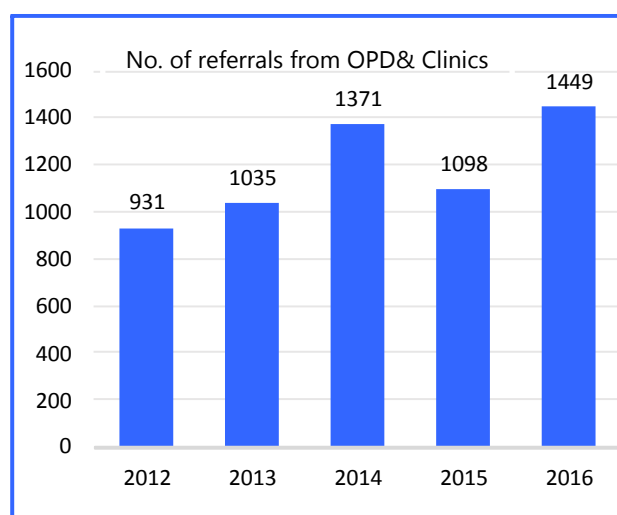
Five year summary



XXX. Nutrition Unit

	2012	2013	2014	2015	2016
No. of referrals from Wards	973	1094	1125	1230	1538
No. of referrals from OPD & Clinics	931	1035	1371	1098	1449

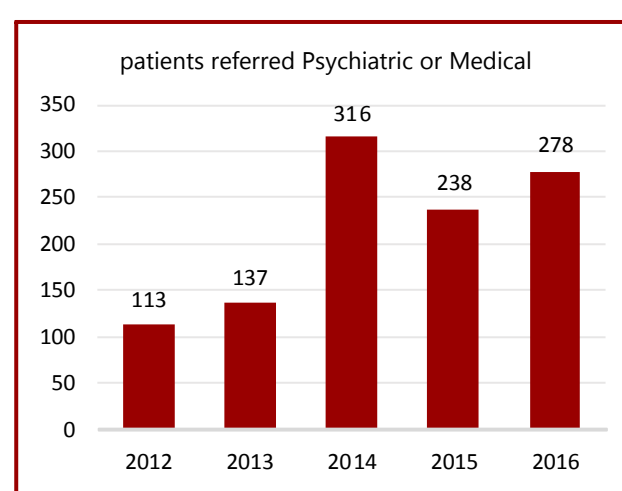
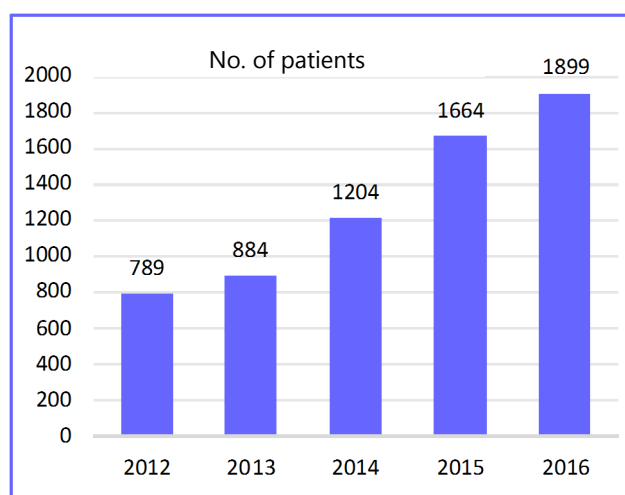
Five year summery



XXXI. Psychological Counseling Unit

	2012	2013	2014	2015	2016
No. of patients	789	884	1204	1664	1899
No. of patients referred for Psychiatric or Medical treatments	113	137	316	238	278
No. of patients referred for legal advice	41	57	86	79	68
No. of awareness programs conducted	4	4	10	11	9

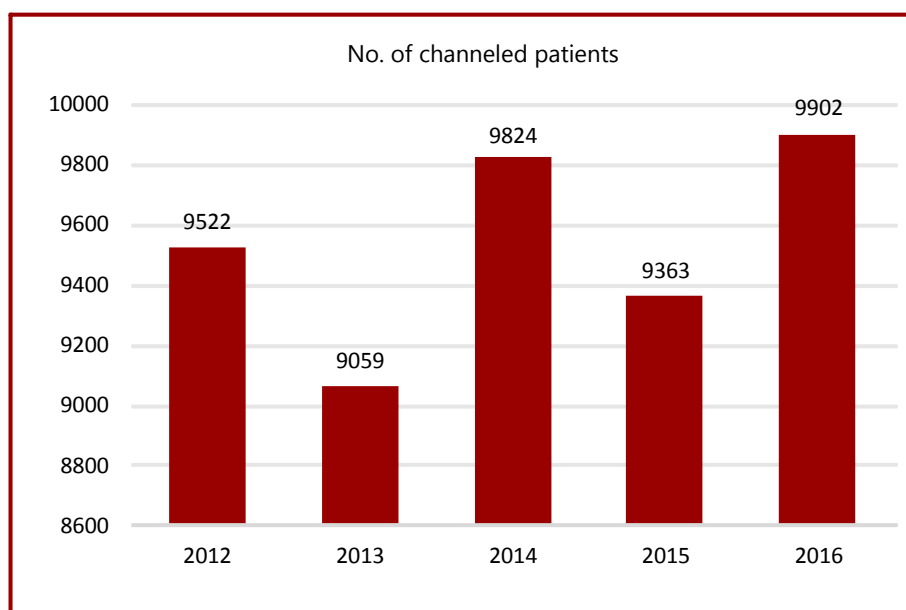
Five year summery



XXXII. Channelling Service

	2012	2013	2014	2015	2016
No. of Channeled patients	9522	9059	9824	9363	9902

Five year summery



3.4 10 year summary

	2007 000'	2008 000'	2009 000'	2010 000'	2011 000'	2012 000'	2013 000'	2014 000'	2015 000'	2016 000'
Hospital Charges	524,314	588,214	721,761	812,121	828,236	993,119	1,120,511	1,316,437	1,493,892	1,856,261
Growth rate %	9.17	12.19	22.70	12.57	1.98	19.91	12.83	17.49	13.48	24.25
Govt. grants - recurrent	672,277	736,400	775,000	775,000	837,000	827,234	999,600	1,700,000	920,086	1,300,000
Growth rate %	14.33	9.54	5.24	-	8.00	(1.17)	20.84	70.07	(45.88)	41.29
Interest income	4,995	4,933	4,823	3,334	4,443	5,376	5,514	5,470	7,163	7,352
Growth rate %	2.23	(1.24)	(2.23)	(30.87)	33.26	21.00	2.57	-0.80	30.93	2.63
Other income	14,742	17,339	27,099	32,909	24,032	32,250	31,788	34,271	40,089	47,157
Growth rate %	(4.79)	17.62	56.29	21.44	(26.97)	34.20	(1.43)	7.81	(16.97)	17.63
Total income	1,216,328	1,346,886	1,528,683	1,623,364	1,693,711	1,857,979	2,157,414	3,056,179	2,635,921	3,454,557
Growth rate %	11.73	10.73	13.50	6.19	4.33	9.70	16.12	41.66	(17.46)	31.05
Total expenditure	1,294,536	1,438,597	1,555,528	1,571,299	1,712,964	1,977,155	2,065,126	2,492,169	2,988,539	3,630,374
Growth rate %	10.84	11.13	8.13	1.01	9.02	15.42	4.45	20.68	19.92	21.47
Surplus / (deficit)	(78,208)	(91,711)	(26,845)	52,065	(19,253)	(119,176)	92,286	720,613	(352,618)	(175,818)
Growth rate %	(1.28)	17.27	(70.73)	(293.95)	(136.98)	519.00	(177)	680.85	148.80	(50.13)
Govt. grants - Capital	130,591	106,100	102,925	115,000	236,785	71,000	282,751	190,225	265,654	998,000
Growth rate %	24.37	(18.75)	(2.99)	11.73	105.90	(70.01)	298.24	-32.72	39.65	275.67
Recurrent grants out of total Revenue %	55	55	51	48	49	45	46	56	35	37

3.4 10 year summary - continue

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
No. of beds in Hospital	1006	1011	1013	1043	1046	1047	1088	1078	1079	1076	1086
Bed occupancy percentage (%)	72%	70%	73%	75%	66.1%	66.8%	70.5%	64.07%	64.10%	63.04%	68.80%
No. of Patients admitted	56,996	52,203	53,952	55,142	53,962	52,554	57,119	54,283	53,424	55,143	59,257
Daily admissions average	156	143	148	151	148	144	156	149	146	151.08	732
Average daily sick	726	704	741	780	670	693	759	690	677.42	678.7	4.5
Average length of stay (days)	4.7	4.7	4.7	5.1	4.6	4.7	4.8	4.6	4.7	4.5	4.5
No. of clinics held	2,170	2,478	2,515	2,782	2,822	2,851	2,939	3,027	3,101	3,196	3,344
No. of first time visits for clinics	27,113	26,604	24,825	26,961	26,312	25,722	24,295	26,854	27,987	28,787	30,956
No. of subsequent visits	136,138	124,810	123,165	126,630	123,611	121,567	123,462	124,302	130,187	129,664	134,202
No. of visits to the Emergency Treatment Unit	36,026	34,695	38,005	40,452	38,012	36,898	42,883	38,323	35,060	36,752	46,792
Total No. of outpatient visits	17,554	18,722	16,895	16,222	15,536	16,434	16,532	18,843	18,733	21,377	21,847
Average of No. attended clinics	75.2	61	59	55	53	51.7	50.3	49.9	51.00	49.6	49.4

4. Financial Reports



4.1 Statement of Financial Position

Statement of Financial position as at 31st December

SRI JAYEWARDENEPURA GENERAL HOSPITAL BOARD

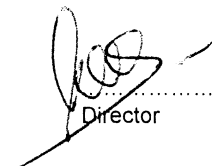
THALAPATHPITIYA, NUGEGODA

Statement Of Financial Position as at 31st December

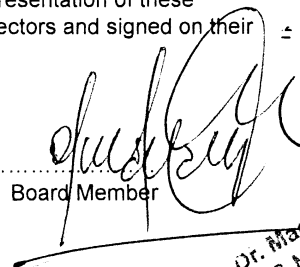
		2016	2015
		Rs;	Rs;
ASSETS			
Current assets			
Cash & Cash equivalents	Page 06	606,124,906	229,149,890
Receivables and Prepayments	Page 05	293,369,443	199,332,899
Inventories	Page 05	264,999,676	213,326,812
Short term Investment	Page 05	45,000	10,045,000
		<u>1,164,539,025</u>	<u>651,854,601</u>
Non current assets			
Property, Plant & Equipment	Page 04	1,240,860,249	1,048,011,935
Furniture & Fittings ,Auto Mobiles, Others	Page 04	67,849,572	72,924,829
Capital work in progress	Page 04	103,540,836	18,516,247
		<u>1,412,250,657</u>	<u>1,139,453,011</u>
Total assets		<u>2,576,789,682</u>	<u>1,791,307,612</u>
LIABILITIES			
Current liabilities			
Creditors & Accrued Payments	Page 06	954,964,140	722,773,014
Total Liabilities		<u>954,964,140</u>	<u>722,773,014</u>
Net assets		<u>1,621,825,542</u>	<u>1,068,534,598</u>
NET ASSETS/ EQUITY			
Contributed Capital and Reserves			
Grants Received from Japanese Govt.	Page 07	978,976,227	978,976,227
Capital Reserve - (Other Grants Received)	Page 07	37,848,935	37,848,935
Capital Reserves	Page 07	2,280,000	2,280,000
Other Donations	Page 07	7,940,525	7,940,525
Deferred Income (Capital Grant)	Page 07	1,189,652,363	445,438,433
Accumulated surpluses / (deficits)	Page 10	(594,872,508)	(403,949,524)
Total net assets / equity		<u>1,621,825,542</u>	<u>1,068,534,596</u>

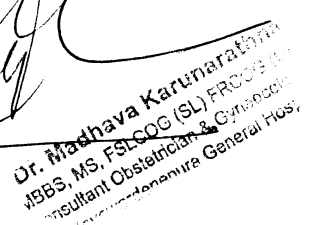
The accounting policies on pages 12 to 15 and notes on pages 04 to 11 form an integral part of these Financial statement. The Board of Directors is responsible for the preparation and presentation of these Financial statement. these Financial statements were approved by the Board Of Directors and signed on their behalf.


Accountant


Director


Chairman


Board Member


Dr. Madhava Karunaratna
MBBS, MS, FRCS(SL) FRCOG
Consultant Obstetrician & Gynaecologist
Sri Jayewardenepura General Hospital

Date

4.2 Financial Performance Statement

Financial Performance Statement for the Year Ended

SRI JAYEWARDENEPURA GENERAL HOSPITAL

FINANCIAL PERFORMANCE STATEMENT FOR THE YEAR ENDED 31ST DECEMBER

		2016	2015
		Rs.	Rs.
Revenue	Note 08	3,203,417,959	2,454,067,197
Other operating Income (interest)		7,352,890	7,163,073
Capital Grant Amortization		243,786,065	174,690,528
		<u>3,454,556,914</u>	<u>2,635,920,798</u>
Materials & Consumables used	Note 09	1,040,739,577	867,508,298
Staff Cost	Note 10	1,904,879,045	1,572,237,783
Depreciation	Note 11	243,786,065	174,690,528
Other Operating expenses	Note 12	423,158,758	361,807,251
		<u>3,612,563,445</u>	<u>2,976,243,860</u>
Profit/(Loss) from operation		(158,006,531)	(340,323,062)
Finance Cost	Note 13	8,585,243	6,462,211
Other expenses & Outgoings	Note 14	4,874,469	2,330,186
Profit/(Loss) before Taxation		(171,466,243)	(349,115,459)
Economic Service Charges		4,352,732	3,502,724
Profit/(Loss) After Taxation		(175,818,975)	(352,618,183)
Profit & Loss Account brought forward		(419,053,540)	(51,331,341)
Profit & Loss Account carried forward		<u>(594,872,515)</u>	<u>(403,949,524)</u>

4.3 Cash Flow Statement

SRI JAYEWARDENEPURA GENERAL HOSPITAL CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER	2016 Rs.	2015 Rs.
CASH GENERATED FROM OPERATIONS		
Profit/(Loss) for the year	(175,818,974)	(352,618,182)
Adjustment in respect of previous year	(15,104,017)	(32,450,917)
Capital Grant Amortization	(243,786,065)	(174,690,528)
Depreciation	257,076,160	174,690,528
Provision for Gratuity	101,325,007	31,261,573
Provision for Expiry Items	-	3,918,875
Provision for Bad debts	-	-
Investment Income (Interest)	(7,352,890)	(7,163,073)
Operating Profit/(Loss) before Working Capital Changes	(83,660,779)	(357,051,724)
Adjustment for Working Capital Changes		
(Increase) / Decrease in Stocks	(51,672,864)	(26,277,376)
(Increase) / Decrease in Debtors	(94,036,544)	182,264,610
Increase / (Decrease) in Creditors & Payables	158,009,884	(143,212,051)
Cash Generated From Operating Activities	(71,360,303)	(344,276,541)
Gratuity Paid	(27,144,676)	(21,374,395)
Net Cash Generating From Operating Activities	(98,504,979)	(365,650,936)
Cash Flows From Investing Activities		
Capital Grant (received)	998,000,000	265,725,004
Purchase of Property, Plant & Equipment	(529,873,807)	(307,908,410)
Net Cash Flows From Investing Activities	468,126,193	(42,183,406)
Cash Flows From Financing Activities		
Interest Income	7,352,890	7,163,073
Net Cash Flows From Financing Activities	7,352,890	7,163,073
Net Increase in Cash & Cash Equivalents		
Cash & Cash Equivalents during the year	376,974,104	(400,671,269)
Cash & Cash Equivalents at the beginning of the year	229,150,800	629,822,069
	606,124,904	229,150,800
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash in Hand & Bank	606,125,053	229,150,947
Bank Overdraft	(147)	(147)
	606,124,906	229,150,800

STATEMENT OF CHANGES IN EQUITY 2016

	ATTRIBUTABLE TO OWNERS OF THE CONTROLLING ENTITY					Total Net equity Rs
	Contributed capital	Other Reserves	Deferred Income	Accumulated surpluses/ (deficits)	Other Donation	
Balance at 01.01.2016 brought forward	1,016,825,160	2,280,000	445,438,428	(403,949,520)	7,940,525	1,068,534,593
Change in net equity 2016				(15,104,017)		(15,104,017)
Capital Grant Received			988,000,000			988,000,000
Capital Grant Amortization			(243,786,065)			(243,786,065)
Surplus for the Period				(175,818,974)		(175,818,974)
Balance at 31.12.2016 Carried forward	1,016,825,160	2,280,000	1,189,652,363	(594,872,511)	7,940,525	1,621,825,537

4. 4 Notes to the Accounts- 2016

Note 01

CASH AND CASH EQUIVALENTS

	2016	2015
	Rs.	Rs.
Bank of Ceylon Current a/c - No 01	35,657,462	154,878,062
Bank of Ceylon Current a/c - No 02	527,743,966	46,314,164
Hatton National Bank - 20th Anniversary a/c	20	20
Hatton National Bank	337,025	248,662
H N B Call Deposit a/c	32,791,000	23,878,000
Bank of ceylon - Dialysis Fund current account	2,211,201	2,211,201
Cash in hand & Imprest accounts	7,287,369	1,522,919
Petty cash imprest for stamp duty	97,010	97,010
HNB-dialysis fund current a/c	(147)	(147)
	<u>606,124,906</u>	<u>229,149,891</u>

Note 02

RECEIVABLES, DEPOSITS AND PRE-PAYMENTS

Miscellaneous deposits	5,839,582	4,339,582
Pre Payments	354,599	451,795
Income Receivable	806,461	6,686,883
Staff Distress Loans	154,018,179	143,943,699
Special Loan - Cricket Team	752,035	60,338
Staff - Salary Advance	247,868	301,992
Staff - Festival Advance	335,190	314,850
Dialysis assistance fund a/c	1,685,600	1,685,600
Sundry debtors	11,728,439	11,593,581
Hospital Charges Receivable	105,391,407	29,410,115
V A T Control A/C	11,615,280	
Death Donation Recoverable	550,340	500,000
Clinical society	44,463	44,463
	<u>293,369,443</u>	<u>199,332,898</u>
	<u>293,369,443</u>	<u>199,332,898</u>

Notes to the accounts

Note 03

INVENTORIES

General stores	22,436,675	21,221,148
Drugs stores	26,393,888	21,738,804
Surgical consumables stores	90,948,245	65,154,792
Dressings stores	10,209,065	9,505,878
Electro Mechanical Engineering (EME) stores	6,965,350	8,986,637
Radiology Department stores	2,092,317	3,013,808
Path lab & Blood Bank stores	12,434,470	10,294,021
General items in sub stores	11,363,068	12,030,396
Drugs & Surgical consumables in sub stores	87,194,360	66,419,090
	<u>270,037,438</u>	<u>218,364,574</u>
Less: Provision for expiry items	5,037,762	5,037,762
	<u><u>264,999,676</u></u>	<u><u>213,326,812</u></u>

Note 04

SHORT TERM INVESTMENTS

	2016	2015
	Rs.	Rs.
Short Term Investments - Call Deposits		
Bank of Ceylon - call deposit a/c	-	10,000,000
National Savings Bank (Staff Security Deposits)	45,000	45,000
	<u><u>45,000</u></u>	<u><u>10,045,000</u></u>

Notes to the Accounts
Note - 05

FIXED ASSETS (PROPERTY, PLANT & EQUIPMENT, FURNITURE ETC.,)

	Freehold Land (26 acres) Rs.	Buildings Donated by Japan Rs.	Other Buildings Rs.	Other donations by Japan Rs.	Furniture & Fittings Rs.	Electrical Equipments Rs.	Refrigerator & Photo Copy Machines Rs.	Medical Equipments & Implements Rs.	Automobiles Rs.	Computer Software & Network Rs.	Renovation Of Kitchen Rs.	Total 2016 Rs.	Total 2015 Rs.
COST / REVALUATION													
As at 1st January	15,015,732	453,028,634	430,096,276	416,490,078	35,863,050	159,598,691	24,149,298	1,942,310,751	49,356,182	29,189,933	28,760,185	3,583,858,810	3,283,102,610
Additions			39,157,324		5,615,586	26,189,205	3,607,257	361,085,511		14,361,235		450,016,118	300,039,300
Transfers/Disposals									5,166,900			5,166,900	
As at 31st December	15,015,732	453,028,634	469,253,600	416,490,078	41,478,636	185,787,896	27,756,555	2,303,396,262	44,189,282	43,551,168	28,760,185	4,028,708,028	3,583,141,910
DEPRECIATION													
As at 1st January		280,877,757	157,688,297	416,490,077	21,515,044	64,316,891	16,580,942	1,456,723,562	38,463,710	1,087,944	9,177,823	2,462,922,047	2,287,088,105
Charge for the year		9,060,573	28,940,348		4,816,417	13,232,356	1,407,264	184,550,441	4,686,800	14,110,842	1,438,019	262,243,060	175,117,042
Charge on Disposals									5,166,900			5,166,900	
As at 31st December	-	289,938,330	186,628,645	416,490,077	26,331,461	77,549,247	17,988,206	1,641,274,003	37,983,610	15,198,786	10,615,842	2,719,998,207	2,462,205,147
NET BOOK VALUE													
As at 1st January	15,015,732	172,150,877	272,407,979	1	14,348,006	95,281,800	7,568,356	485,587,189	10,892,472	28,101,989	19,582,362	1,120,936,763	996,014,505
As at 31st December	15,015,732	163,090,304	282,624,955	1	15,147,175	108,238,649	9,768,349	662,122,259	6,205,672	28,352,382	18,144,343	1,308,709,821	1,120,936,763

Notes to the accounts

Note 06

CURRENT LIABILITIES

Creditors and Accrued Expenses	Note 06.1	432,038,800	311,984,901
Other Liabilities	Note 06.2	73,426,293	35,470,308
Provision for Gratuity		449,499,047	375,317,805
		<u>954,964,140</u>	<u>722,773,014</u>

Note 06.1

Creditors and Accrued Expenses

	2016	2015
Accrued Expenses	144,816,601	96,609,346
Auditor General's Department	1,834,723	3,853,571
Trade Creditors	199,061,610	142,666,131
N W S & D B	437,799	437,799
M S D	77,388,068	41,688,054
Inland Revenue Department	8,500,000	26,730,000
	<u>432,038,801</u>	<u>311,984,901</u>

Note 06.2

OTHER LIABILITIES

	2016	2015
Performance bond deposit	1,685,195	851,907
Sundry creditors	6,625,889	5,800,889
Professional charges	46,220,934	23,766,106
Hospital Charges - Deposits	12,407,000	
Special Projects Funded	25,750	25,750
Gratuity Payable	2,120,778	2,120,778
Special theater allowance	100	100
Special study	15,000	15,000
Dialysis assistance fund a/c	2,214,571	2,214,571
Construction of temple	1,800	1,800
Library Membership	250,907	248,407
cheque Cancelled		
Tender Deposit	1,858,369	425,000
	<u>73,426,293</u>	<u>35,470,308</u>

Notes to the accounts**Note 07**

Contributed Capital and Reserves

	2016 Rs.	2015 Rs.
CAPITAL GRANTS		
Grant from Japanese Government to Sri Lanka Government for the Project	928,851,297	928,851,297
Grant received under Japanese International Co-operation	50,124,930	50,124,930
Deferred Income (Capital Grant from SL Government) Note -C	1,189,652,363	445,438,428
Capital Reserves	2,280,000	2,280,000
Donation to purchase a Hemo Dialysis machine	799,233	799,233
Cars & Equipment donated by Kajima Corporation of Japan	260,000	260,000
Grant from Olympus Corporation of Japan	79,700	79,700
Central Bank Grant for Cardio-thoracic unit	30,000,000	30,000,000
Grant from President Fund	6,710,000	6,710,000
Other Donations - Funds and Equipments	7,940,525	7,940,525
	<u>2,216,698,048</u>	<u>1,472,484,113</u>

Note - C

Deferred Income (Capital Grant from SL Government)

Balance as at 1st January	445,438,428	354,474,997
Add : Capital Grant Received During the Year	988,000,000	265,653,959
Less : Capital Grant Amortization	243,786,065	174,690,528
Balance as at 31st December	<u>1,189,652,363</u>	<u>445,438,428</u>

Notes to the accounts

SRI JAYEWARDENAPURA GENERAL HOSPITAL

NOTES TO THE INCOME STATEMENT FOR THE YEAR ENDED 31ST DECEMBER

	2016 Rs.	2015 Rs.
Note 08		
Revenue from Hospital care	1,856,260,845	1,493,892,145
Government Grant - Recurrent	1,300,000,000	920,086,000
Other Income Note A	47,157,114	40,089,052
	<u>3,203,417,959</u>	<u>2,454,067,197</u>

Note A Other Income

Ambulance charges	2,727,997	3,518,331
By-standards/Visitors	-	3,021,286
Revenue from staff meals	963,510	865,272
Revenue from staff rent and electricity	2,223,500	2,273,496
Hospital shop - Rent	2,792,008	2,580,000
Hospital Shop - Electricity	659,350	799,214
Hospital Bank - Rent	540,000	240,000
Hospital Bank - Electricity	403,299	450,151
Sanasa Rent	12,000	12,000
Bank of Ceylon - Electricity	189,364	189,207
Bank of Ceylon - Rent	240,000	240,000
Miscellaneous Income	10,378,294	5,754,069
Bonds settled by Staff members	1,690,204	2,015,630
Sales Commission	183,937	382,592
Channeling Fees	673,033	979,720
Tender Deposit	-	27,729
Milk Bar Electricity	152,917	126,272
Milk Bar Rent	130,000	80,000
Rent - OSUSALA	1,020,000	1,020,000
OSU SALA - Electricity	916,042	580,907
People's Bank Electricity	-	17,202
Service Charges 0.1%	438,330	370,209
Revenue from Car Park	15,493,097	12,763,567
Fruit Juice Bar - Electricity	57,172	54,199
Income From supplier Registration	-	1,722,000
Sale Of Fixed Assets	5,267,060	-
Post Office - Rent	6,000	6,000
	<u>47,157,114</u>	<u>40,089,053</u>

Note 09

Purchase of materials

Drugs	284,406,175	283,478,508
Surgical Items	366,771,346	261,531,961
Dressings	74,770,520	35,618,379
Medical Oxygen	28,885,080	23,816,974
Lab Chemicals & Consumables	108,727,034	104,495,297
X-ray films & Chemicals	20,122,618	15,492,317
General Supplies	104,490,401	67,634,069
Electro Medical Engineering (consumables)	21,353,740	12,317,493
	<u>1,009,526,914</u>	<u>804,384,998</u>
Add: Stocks brought forward	218,364,574	192,087,197
Less: Stocks carried forward	270,037,438	218,364,574
	<u>957,854,050</u>	<u>778,107,621</u>
Add: Condemned & expired stocks (Provision) *		3,918,875
Add: Material cost for meals (for patients and staff)	82,885,527	85,481,801
	<u>1,040,739,577</u>	<u>867,508,297</u>

*Adjustment for over provision is in brackets

Notes to the accounts

	2016 Rs.	2015 Rs.
Note: 10		
(a) Salaries & Wages		
Salaries & Allowances	1,232,771,529	1,124,566,969
EPF & ETF	137,787,603	113,049,137
Overtime, Piece Rate & Extra Duty Payment	329,710,547	216,256,124
Uniform allowance	14,004,225	12,336,875
Encashment of leave	12,000,000	10,050,000
Pension Contribution	3,972,333	3,203,816
Traveling	1,094,542	809,892
	<u>1,731,340,779</u>	<u>1,480,272,813</u>
Add: Other staff related expenses		
Cost of free medical treatment - Staff Inpatients	38,216,053	33,110,787
S P C - Free Medical To Staff	32,773,618	27,253,971
Staff Welfare	300,688	141,750
Human resources development expenses	922,900	196,890
Provision for gratuity	101,325,007	31,261,573
	<u>1,904,879,045</u>	<u>1,572,237,784</u>
Note 11 Depreciation & amortization		
Provision for the depreciation for the year	243,786,065	174,690,528
	<u>243,786,065</u>	<u>174,690,528</u>
Note 12 Other operating expenses		
(a) Fuel		
Stand by generators	-	285,200
Boilers	18,101,734	12,258,900
Motor Vehicles	1,610,624	1,637,405
	<u>19,712,358</u>	<u>14,181,505</u>
(b) Utility services		
Electricity Charges	133,474,640	130,063,987
Water Charges	50,106,977	39,448,653
Telephone Charges (Communication)	4,229,527	2,741,715
	<u>187,811,144</u>	<u>172,254,355</u>
(c) Repairs & maintenance		
Service Agreements signed with suppliers	17,023,808	15,054,504
Repairs to motor vehicles	1,800,305	2,791,045
Repairs to medical equipment/Other equipments (breakdown)	23,186,399	25,973,297
Repairs to steel furniture	128,710	268,110
Repairs to Buildings	16,465,374	11,667,862
	<u>58,604,596</u>	<u>55,754,818</u>
(d) Other services		
Janitorial and cleaning services	38,900,707	35,938,771
Garbage disposal service	5,965,981	3,078,372
Removal of unclaimed dead bodies	654,000	547,650
Maintenance of sewerage line	15,670,165	16,411,756
Laundry service	8,763,000	7,307,300
Security Service	26,370,604	17,796,916
License and Insurance	1,355,832	732,214
Legal Charges	1,484,165	1,858,588
Audit fees	862,500	750,000
Disciplinary procedure expenses	1,066,373	306,534
Postage & Stamps	742,428	1,008,330
Refreshment	192,950	
Allowances for Board Members/Tender Board Members	1,475,450	738,150
Hospital charges exempted - In Patients(clergy /other)	22,976,525	24,172,358
Press advertisements	7,280,418	4,073,357
Books & Periodicals	1,375,053	1,285,679
Sports Club		84,871
Miscellaneous expenses	21,017,789	2,649,008
Rates & Taxes	876,720	876,720
	<u>157,030,660</u>	<u>119,616,574</u>
	<u>423,158,758</u>	<u>361,807,251</u>

Notes to the accounts

	2016 Rs.	2015 Rs.
Note 13 Finance cost		
Bank charges	10,500	21,675
Credit card commission	8,574,743	6,440,536
	<u>8,585,243</u>	<u>6,462,211</u>
Note 14 Other expenditure & outgoings		
Outside test charges	4,874,469	2,330,186
	<u>4,874,469</u>	<u>2,330,186</u>
Note 15 HOSPITAL FUND UN-APPROPRIATED BALANCE		
Profit /(Loss) as per income Statement	(175,818,974)	(352,618,182)
Profit & (Loss) a/c 1st January	(403,949,523)	(18,880,424)
Adjusted in respect of previous years	(15,104,017)	(32,450,917)
Profit & Loss a/c 31st December	(419,053,540)	(51,331,341)
Profit & Loss A/C at the end of the year	<u>(594,872,514)</u>	<u>(403,949,523)</u>

4.5 Significant Accounting Policies - 2016

Significant Accounting Policies – 2016

GENERAL

1.1 Basis of Preparation

1. The Balance Sheet, Income Statement, Statement of Changes in Equity and Accounting policies and Notes of the Board are prepared in accordance with the Sri Lanka Public Sector Accounting Standards.
2. The Financial Statements of the Board are prepared under the historical cost convention.
3. The Financial Statements of the Board are prepared in Sri Lankan Rupees (Rs.)

1.2 Government Grants

Board received following Government grants namely:

Capital Grant – from the General Treasury

Recurrent Grant – from the General Treasury

1. In the absence of a Sri Lanka Public Sector Accounting Standard for presentation of Government Capital Grant received by a statutory Board, the LKAS 20 Para 26 is adopted by the Board.

Accordingly Capital Grant is credited to a deferred income account and amortized at the rates which are equal to rates of depreciation. Amortization rate is approximately equal to the depreciation rate calculated for the investment made in assets.

2. Recurrent Grant from the Treasury has been recognized as income of the period and credited to the Income Statement for the year.

1.3 Taxation

The provision for Income Tax is based on the elements of Income & Expenditure reported in the Financial Statements and computed in accordance with the provision of the Inland Revenue Act No.10 of 2006. However in view of Tax losses brought forward no provision has been made in the Accounts.

Income Tax on interest income had not been provided in the Accounts as such income tax can be set off against ESC.

1.4 Comparative Information

The Accounting policies have been consistently applied by the Board and are consistent with those of the previous year.

All exempted Hospital bills have been recognized as Hospital Income and shown as an expenditure in the Income Statement.

ASSETS AND BASES OF THEIR VALUATION**2.1 Property, Plant & Equipment, Depreciation and Re-valuation**

1. Property, Plant & Equipment are stated at cost or valuation less accumulated depreciation.

The cost of property, plant equipment is the cost of purchase or construction together with any incidental expenses incurred in bringing 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. **Depreciation is provided on the assets other than on freehold land using straight line method at the rates as stated below:**

Japanese Government Donation

Building	02%
Electrical work	10%
Sewerage & Plumbing	10%
Air conditioning	15%
Lifts	10%
Furniture & Fittings	13%
Medical Equipment	20%

Other Assets

Other Buildings	05%
Furniture & Fittings, Gas cookers And other equipments	20%
Electrical Equip., Sewing machines Cylinders	10%
Medical equip., & implement	25%
Refrigerator & Photocopy mach.	15%
Automobiles	20%
Software (Locally Developed)	100%
Other Software	25%

3. No depreciation is provided in the year of purchase or acquisition, full depreciation is provided in the year of disposal.
4. For the purpose of presentation of cash flow statement cash and cash equivalents consist of cash in hand and outstanding bank overdraft. Cash flow statement reported herein is based on the indirect method.
5. Detail of depreciation as per note 01

Depreciation for the year	243,786,065
Depreciation adjustment for prior years	<u>18,456,985</u>
	<u>262,243,060</u>

LIABILITIES & PROVISIONS

3.1 Capital Commitments & Contingencies

All material capital expenditure commitments and contingent liabilities as at the date of Balance Sheet have been disclosed in the notes to the accounts.

3.2 Retirement Benefit Cost

Provision for gratuity is made only for employees served over five (5 years) recognizing their date of retirement.

A provision of Rs.101,325,007 was made in the 2016 in calculating the revised liability as at 31st December 2016.

3.3 Provision for expiry items of drugs & surgical requisites and provision for bad debts

- (a) The actual cost of drugs expired during the year is recognized as a provision for expiry items and the difference is adjusted in the Income & Expenditure Statement.

Valuation of Inventories

Inventories have been valued at the cost price which is lower than the net realizable value assuming that the latter is equal to the Market price.

4 **INCOME & EXPENDITURE ACCOUNT**

4.1 **Revenue**

1. The revenue of the Board represents the Income from Hospital Charges, Government Recurrent Grant, Interest Income from call deposits and loans to employees, and other miscellaneous income.
2. All income has been recognized on an accrual basis.
3. The total revenue from Hospital care is included cost of free medical provided to (in-patients) Hospital Staff members during the year.

4.2 **Expenditure**

1. All expenditure incurred in providing patient care services, and in maintaining the capital assets in a state of efficiency has been charged to revenue on an accrual basis in arriving at the surplus or deficit for the year.
2. For the purpose of presentation of the income Statement, the Board is of the view that the nature of expenses method fairly presents the elements of the Board's performance: hence such a presentation method is adopted.
3. Professional fees of Rs. 309 million collected by the Hospital Board during the year had not been recognized in the accounts as the same fees are not earned or derived by the Board. These professional fees belongs to some identified employees of the Board for providing professional services on private clients during their off duty hours and on holidays.

5 The following Legal Cases are filed against Hospital Board as at 31.12.2016.

- | | |
|---|--|
| 1 | 258/2009 -Dr. D.H.Samarakoon–Promotion case – Grant compensation |
| 2 | 444/2009 – Dr. Anula Wijesundara - Rs. 2.5 million with cost |
| 3 | Mr. Ekanayake – Labour Tribunal - Rs. 2 million |
| 4 | Mr. Lasantha – Labour Tribunal - Rs. 2 million |
| 5 | Mr. Ratnasinghe – Labour Tribunal - Rs. 2 million |
| 6 | Ex-Internal Auditor - Rs. 3.5 million |
| 7 | 51/68/05 M - Prof. R.L.Satharasinghe - Rs. 60 million with cost |
| 8 | Ms. J.P. Padmini - Rs. 1.5 million |

5. Audit Reports



5.1 Auditor General's Report



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මගේ අංකය
எனது இல.
My No.

HSM/B/SJGH/1/16/38

ඔබේ අංකය
உமது இல.
Your No.

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දිනය
திகதி
Date

22 March 2018

The Chairman,
Sri Jayewardenepura General Hospital Board

Report of the Auditor General on the Financial Statements of the Sri Jayewardenepura General 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 Sri Jayewardenepura General Hospital Board for the year ended 31 December 2016 comprising the statement of financial position as at 31 December 2016 and the statement 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 Sub-section (3) of Section 12 of the Sri Jayewardenepura General Hospital Board Act, No. 54 of 1983. 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. A detailed report in terms of Section 13(7)(a) of the Finance Act was issued to the Chairman of the Board on 08 February 2018.

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 control 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).

1.4 Basis for Disclaimer of Opinion

As a result of the matters described in paragraph 2.2 of this report, I am unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded items, and the elements making up the statement of financial position, statement of comprehensive income, statement of changes in equity and cash flow statement.

2. Financial Statements

2.1 Disclaimer of Opinion

Because of the matters described in paragraph 2.2 of this report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on these financial statements.

2.2 Comments on Financial Statements

2.2.1 Sri Lanka Public Sector Accounting Standards

The following observations are made.



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கணிப்பெயர் தவணை அறிந்த திணைக்களம்
Auditor General's Department

(a) Sri Lanka Public Sector Accounting Standards 07

The fixed assets costing Rs.1,760,458,764 had been fully depreciated as the useful life of non-current assets had not been reviewed annually. However, they had still been in use. Accordingly, action had not been taken to revise the estimated error in terms of Sri Lanka Public Sector Accounting Standard 03.

(b) Sri Lanka Public Sector Accounting Standards 09

The accounting policy adopted for the valuation of balance stock of Rs.270,037,438 shown in the financial statements as at 31 December 2016, had not been disclosed in the financial statements.

2.2.2. Accounting Policies

Even though a sum of Rs.449,499,047 had been shown as provision for post-employment benefits as per the financial statements of the year under review, an accounting policy relating to that provision had not been identified.

2.2.3 Accounting Deficiencies

The following observations are made.

(a) Medical and surgical equipment costing Rs.23,999,790 which were estimated by the Board of Disposal and fully depreciated in the year under review and also the actual cost and accumulated depreciation of 3,892 units of building materials and furniture had not been identified and eliminated from accounts.

(b) The method of making provision for post-employment benefits adopted at present is to add the cost of living allowance to the basis salary and to allocate the half of the



value thereof as per the service period, while the deficiencies observed in the examination thereon is given below.

- (i) Provisions for gratuity amounting to Rs.1,004,992 had been made for the year under review in respect of three employees who had retired in the years before the preceding year.
- (ii) A gratuity amounting to Rs.168,121 paid to an employee in the year under review had been debited to the Provision for Gratuity Account instead of debiting to the Gratuity Payable Account.
- (iii) Two employees to whom the provision for depreciation had not been made, had retired in the year under review while gratuity amounting to Rs.691,645 paid to them had been debited to the Provision for Gratuity Account instead of adjusting to the profit of the preceding year.
- (iv) Provision for gratuity totalling Rs. 6,062,715 had been made as at the end of the year under review in respect of other 30 employees to whom the provision for gratuity had not been made by 31 December of the preceding year. However, out of the said amount, a sum of Rs.5,276,554 relating to preceding years had been adjusted to the profit of the year under review instead of adjusting to the profit of the preceding year.
- (v) Provision for gratuity amounting to Rs.808,897 had not been made for the year under review in respect of two employees served even by the end of the year under review.
- (vi) Provision for gratuity amounting to Rs.1,845,812 in respect of 84 employees of the year under review had been over-computed and brought to account.
- (vii) Even though balance of distress loans amounting to Rs.395, 867 and festival advances of Rs.21,750 had been deducted in the payment of



gratuity for 03 employees, the loans and advances deducted had not been brought to account.

- (viii) In making payment of gratuity totalling Rs.334,557 payable to two employees in the preceding year, had been debited to the Provision for Gratuity Account instead of debiting to the Gratuity Payable Account. As such, the Gratuity Payable Account and the Provision for Gratuity Account had been overstated and understated respectively as at 31 December of the year under review.
- (ix) A pension gratuity of Rs.525,490 paid to an employee who left the service in the year under review, had been debited to the Distress Loan Account and as such, the Distress Loan Account and the Provision for Gratuity Account had been overstated by the same amount.
- (c) The Value Added Tax of Rs.3,115,280 levied on inpatients' room charges in the year under review and paid to the Department of Inland Revenue had been debited to the Value Added Tax Payable Account instead of debiting to the Revenue Account of inpatients' room charges.
- (d) The error of understating the depreciation on property, plant and equipment during the preceding year by Rs.18,095,030 in accounts for the assets purchased from capital grants had been rectified in the year under review. Nevertheless, the assets had not been amortized by a similar amount.
- (e) Depreciation on buildings and furniture had been understated in the account by Rs.93,756 in the year under review.
- (f) The Value Added Tax recoverable on professional fees had not been identified and recovered and instead of that, an estimated sum of Rs.8,500,000 had been debited and credited to the Value Added Tax Receivable Account and a Payable Tax Account respectively.



- (g) The following matters were observed regarding the cash flow statement.
- (h) Even though a depreciation of Rs.243,786,065 pertaining to property, plant and equipment should be adjusted to the profit of the year, it had been adjusted as Rs.257,076,160.
- (i) Adjustments totalling Rs. 15,104,017 relating to the preceding year had been adjusted erroneously to the profit of the year.
- (j) Even though a total sum of Rs.535,040,707 had been spent on the purchase of property, plant and equipment during the year under review, only a sum of Rs.529,873,807 being the balance of said amount after having deducted Rs.5,166,900 as the cost of 04 motor vehicles disposed during the year, had been shown as cash out flows. Further, a sum of Rs.5,267,060 received from the sale of those 04 motor vehicles had not been shown as a cash inflow.
- (k) A sum of Rs.5,497,570 spent on the purchase of property, plant and equipment during the year under review should have been capitalized under the property, plant and equipment. Nevertheless, it had been brought to account as recurrent expenditure.
- (l) The value of 389 units of equipment received as donations in preceding years and in the year under review had not been computed and brought to account.
- (m) The cost of Incinerator valued at Rs.25,359,934 purchased during the year under review had been debited to the Other Buildings Account instead of debiting to the Electrical Equipment Account.

2.2.4 Unexplained Differences



According to the financial statements and files and Registers made available to audit relating to the following items, there had been a difference of Rs.778,874,210. However, reasons for the difference had not been explained.

Item of Account	File/Register presented to audit	Value according to the Financial Statements	Value according to the File/Register	Difference
-----	-----	-----	-----	-----
		-	-	
		Rs.	Rs.	Rs.
(a) Stock as at 31 December 2016	Stock Ledger in the computer system	243,908,511	945,610,170	701,701,659
(b) Income from Hospital Charges	Classification of Hospital Charges income in the computer system as at 31 December 2016	1,782,161,942	1,716,661,796	65,500,146
(c) Distress Loans recoverable as at 31 December 2016	Detailed Report on Distress Loans in the computer system	154,018,179	145,639,273	8,378,906
(d) Hospital Charges receivable as at 31 December 2016	Debtors Control Account on Hospital Charges	101,254,073	101,242,256	11,817
(e) Creditors as at 31 December 2016	Schedule submitted with Financial Statements	199,061,610	202,343,292	3,281,682



778,874,210

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2.2.5 Lack of Evidence for Audit

The evidence indicated against following items was not made available to audit and as such those could not be satisfactorily vouched or accepted.

Item -----	Value ----- Rs.	Evidence not made available -----
(a) Balance stock as at the end of the year pertaining to 5 Divisions of the Hospital as per computer system	(1,137,150,035)	Documentary evidence to confirm the manner in which the stock had taken a negative value as per the computer system and the accuracy of data in the computer system.
(b) Creditors Hospital Charges Debtors	(22,139,133) (29,157,006)	Documentary evidence to confirm the manner in which creditors and debtors balances had taken negative value and the accuracy of data in the computer system.
(c) Surgical Equipment	199,116,129	Documentary evidence to identify the equipment transferred to the Purchase of Surgical Equipment Account from the Purchase of Medical Equipment Account.
(d) Virtual Stock	-	Documentary evidence to identify the category, quantity and the value of virtual stock included in the



stock.

2.3 Accounts Receivable and Payable

The following observations are made.

- (a) Adequate steps had not been taken to recover hospital charges totalling Rs.4,137,333 receivable from the Sri Lanka Army and the Sri Lanka Navy over a period of 07 years.
- (b) The professional fees payable amounting to Rs.3,616,142 older than 06 years as at 31 December 2016 had not been settled or brought to account after having identified as income.

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

The following non-compliances were observed.

Reference to Laws, Rules and Regulations	Non-compliance
(a) Inland Revenue Tax Act, No.10 of 2006	Pay As You Earn (PAYE) Tax should be recovered on the hospital charges which recovered from patients who undergo surgeries and treatments in paying wards and should be remitted to the Commissioner General of Inland Revenue. Nevertheless, Pay As You Earn (PAYE) Tax totalling Rs.45,954,202 estimated relating to the period from January 2016 to April



2017 had not been recovered.

(b) Financial Regulations of the
Democratic Socialist Republic
of Sri Lanka

-
- (i) Financial Regulation 756(2)(b) Even though the Board should consist of an officer who is acquainted with the type of technical stores verified, an officer acquainted with the surgical and medical equipment had not been appointed to the Boards of Survey appointed for the survey of such equipment in the years 2015 and 2016. Further, 05 elevators installed and operated in hospital buildings had been removed and sold at Rs.737,220 without the recommendation of a Board of Survey comprising a Mechanical/Technical Officer to the effect that those elevators were defective, unserviceable or risky in use and without being assessed the value.
- (ii) Financial Regulation 757(2) The Accounting officer shall deal with any discrepancies, shortages and losses identified in physical stock verifications and obtain the explanation of the officers responsible. However, since the virtual stocks had been included in Stock Ledgers in the computer system, discrepancies, shortages and losses of stocks as at 31 December 2016 could not be identified.



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கணக்காய்வகத் துறைமுக அமைச்சு
Auditor General's Department

- (iii) Financial Regulation 770(3) In any case in which the Board has recommended the destruction of any article the purchase price of which was not less than Rs.3,000, the views of an independent Government Official, competent to express an opinion on the matter should be obtained. Nevertheless, surgical equipment, medical equipment, laboratory equipment, building materials and furniture had been disposed during the year under review without obtaining such opinion.
- (c) Budget Circular No.133 of 09 March 2007 and Public Administration Circular No.30/2008 of 31 December 2008 In terms of circular instructions, the maximum amount of a distress loan that can be granted to an employee is Rs.250, 000. Nevertheless, loans totalling Rs.7,155,924 within the range from Rs.259,660 to Rs.384,639 exceeding the limit had been paid to 135 employees in the year under review. Further, a sum of Rs.6,758,503 within the range from Rs.258,114 to Rs.399,346 exceeding the maximum limit had been paid to 105 other employees during the period of 09 months ended 30 September 2017.
- (d) Circular No.39 of 26 May 2009 of the Department of Management Services, Public Administration Circulars No.18/2015 of 26 June 2015 and No.18/2015(i) of 13 July Even though a special allowance had been granted to the officers in executive level of the public service, the recommendation of the Salaries and Cadre Commission and the approval of the Department of Management Services should be obtained in case of granting those



2015

allowances to corporations. Nevertheless, the said special allowance had been paid to 8 officers holding permanent posts in the hospital without obtaining the said recommendation or the approval. The total allowances so paid during the period from 01 July 2015 to 31 December 2016 amounted to Rs.616,500.

(i) Public Finance Circular
No.02/2015 of 10 July 2015

Even though 04 motor vehicles belonging to the Hospital of which the book value amounted to Rs.5,166,900 had been sold at Rs.5,267,060 during the year under review, those 04 motor vehicles had not been identified as to be disposed by a Special Verification Board comprised of three officers including a Mechanical Engineer/ Technical Officer. Further, the minimum selling price of those motor vehicles had not been determined by a committee comprised of an Inspector of Motor Traffic of the Department of Motor Traffic and a Mechanical/ Technical Officer in terms of Paragraph 05 of the Circular. However, these 04 motor vehicles had been sold by inviting bids and the proceeds received by sale had not been credited to the Consolidated Fund in terms of Paragraph 10 of the Circular. Further, the details of selling motor vehicles had not been informed to the Auditor General.



Progress Reports of the year 2016 prepared for the achievement of the said mission, are given below.

- (a) According to the summarized Performance Bulletin prepared for the year 2016, the overall utilization of hospital beds had increased from 63.4 per cent to 68.8 per cent as compared with the preceding year. Nevertheless, the utilization of beds in 8 wards out of the existing 24 wards had decreased within a range from 48.5 per cent to 4.8 per cent.
- (b) The patients subjected to physiotherapy service, pathological services, endoscopy test and E.C.G. test had increased by 141 per cent, 19 per cent, 11 per cent and 17 per cent respectively as compared with the preceding year, thus it was a favourable trend.
- (c) Estimates had been prepared from the year 2014 for the construction of a finance and administration building in respect of the Hospital and it had been included in the Action Plan and the Procurement Plan while provisions amounting to Rs.100 million had been made in the year 2016. Even though this construction was expected to be completed during the year under review, it had not been commenced even by 31 October 2017.

4.2 Management Activities

The following observations are made.

- (a) A methodology for recording the medical equipment, office equipment, drugs and other materials received to the Hospital as donations, had not been implemented even by 31 December 2016. The value of 389 units of such items received as donations to 28 various Divisions of the Hospital during the preceding years and in the year under review had not been computed and duly recorded in the Register of Fixed Assets, Inventory and in the Stock Register.



(b) The period relevant to the Memorandum of Understanding entered into between the Sri Jayewardenepura Hospital and the Ministry of Youth Affairs and Skills Development for the establishment of the University College of Health Studies had expired on 09 May 2016 and subsequently the Ministry of Youth Affairs and Skills Development did not hold the said responsibility. However, according to the instructions of the Minister of Health, Nutrition and Indigenous Medicine, the College had functioned on the basis that it should be maintained until the completion of courses followed by the first two batches of the College, the Sri Jayewardenepura Hospital should carry out the administration and financial activities and further, all expenditure incurred by the Hospital should be reimbursed monthly by the Ministry of Health. Nevertheless, a sum of Rs.3,808,586 spent by the Hospital in respect of the College as at 31 December 2016 had not been reimbursed from the Ministry of Health even by August 2017.

(c) Action had not been taken even by 31 October 2017 to identify and implement a specific policy or a scheme to internally transfer the hospital staff among the Divisions. According to the information made available to audit by the Administration Division of the Hospital, a summary on the staff employed at the same Division or a station for a period over 10 years is given below.

Category of Service -----	Number of Employees -----
Nurses	71
Orderly Employees	115
Management Assistants	25

It was observed that this situation will cause the weakness in the entire system of internal control due to the reasons such as the failure to engage the officers and employees in



another Division as a result of the skills only in one field or activity, failure to gain knowledge on the activities of each Division by all officers and employees according to the respective post and the difficulty in the administration of staff.

(d) The bills of patients directed to the Sri Jayewardenepura Hospital for heart surgeries by Government hospitals had been set off against the bills of drugs obtained from the Medical Supplies Division by the Sri Jayewardenepura Hospital. At the discussions held with the Ministry of Health, Nutrition and Indigenous Medicine from the year 2009 in this connection, it had been decided to formulate a Memorandum of Understanding between the two parties on the methodologies for the direction of patients to this Hospital for heart surgeries by Government hospitals, the confirmation of approval therefor of the Ministry of Health, Nutrition and Indigenous Medicine and for the settlement and set off of bills. Nevertheless, such agreement had not been entered into even by 31 October 2017. As such, patients had been directed to this Hospital and surgeries were performed without a proper methodology and in addition to the expenses on surgeries, charges for tests also included in the hospital bills. Further, the cost of bills had increased due to the increase in the number of hospitalized days by those patients. However, the Medical Supplies Division had not agreed to set off those additional charges. Further, the Hospital had taken action unilaterally to set off the hospital charges totalling Rs.260,636,619 recoverable as at 31 December 2015 from the payable amount to the Medical Supplies Division in the year under review, thus it had not been set off by the Medical Supplies Division.

(e) Professional fees had been charged from patients for surgeries and treatments carried out in the Paying Wards and 99.85 per cent out of those fees had been paid to the Specialist Medical Officers, Medical Officers and to the assisting staff participated in the surgery. The total professional fees so paid during the year 2016 alone amounted to Rs.309,427,740. The following observations are made in that connection.

(i) Even though the approval of the Cabinet of Ministers had been received for the Specialist Medical Officers to engage in private practices outside normal duty hours, the Management had not prepared a specific methodology in



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கணக்காய்வகத் தலைவரின் அலுவலகம்
Auditor General's Department

respect of the value of the professional fees recoverable and the manner in which that value is computed. However, the relevant Specialist Medical Officer had decided the professional fees recoverable at his own discretion.

- (ii) Despite the non-availability of any authority or approval that professional fees were payable to or recoverable from the other Medical Officers, Nurses and to the assisting staff participated in surgeries except the Specialist Medical Officers, a total sum of Rs.77,925,691 had been paid as professional fees to them during the period from 01 January 2016 to April 2017.

4.3 Operating Activities

Drugs and surgical goods costing Rs.5,707,922 issued to 8 Operation Theatres by the sub stores of Operation Theatres during the period from 01 January 2016 to 30 September 2016 had not been added to the hospital charges and recovered from patients. Further, the total cost of Rs.238,304 pertaining to 609 units of surgical goods not issued to the Operation Theatre, had been recovered from patients as hospital charges.

4.4 Procurement and Contract Procedure

The following observations are made.

- (a) Even though the Board of Directors had decided to assign the work of consultancy for repairs and construction of 22 toilets established in the "C" building to the Department of Buildings, the approval of the Procurement Committee had not been obtained therefor. The engineer's estimate prepared by that Department amounted to Rs.122,771,550 and a mobilization advance of Rs.8,000,000 had been paid to the said Department on 12 August 2015. Subsequently, the Hospital had cancelled that contract due to the inadequacy of performance of the constructions even by 20 May 2016. Nevertheless, action had not been taken even by 31 October 2017 to obtain the



bills for the work done until then by the Department of Buildings and to settle the advances given.

- (b) (i) The lowest bid of Rs.1,556,775 less than 52 per cent of the engineer's estimate amounting to Rs.3,286,800 prepared in respect of the contract for the installation of Aluminium Sun Shades in the Cardiology building, had been selected as the qualified contractor without a detailed evaluation and obtaining a Rate Analysis of the contractor and an additional performance security in terms of Guideline 7.9.11 of the Procurement Guidelines .
- (ii) Despite the possibility of awarding contract for the supplier who submitted the second lowest price of Rs.3,278,550, it had been decided to invite bids again and the contract had been awarded to the contractor who submitted the lowest price of Rs.3,385,800. As such, the price had increased by a sum of Rs.107,250.
- (c) The contract for painting rooms and repairing the bath rooms and the ceiling of the Bachelor Medical Officers' Quarters of the Hospital at a cost of Rs.4,002,270 had been awarded without obtaining a performance security as 5 per cent of the contract sum in terms of Guideline 5.4.8 of the Government Procurement Guidelines. Even though the contract should be completed and handed over as at 20 December 2015 in terms of Bid Condition No.12, the contract had been completed on 23 May 2016 whereas the total amount had been paid without charging the liquidated damages.
- (d) The contract for the repairing of Hitachi Chiller Machines of the old building at a cost of Rs.1,250,000 had been awarded to a private institution on 28 September 2015 without entering into an agreement in terms of Guideline 8.9.1 of the Procurement Guidelines.
- (e) Provisions amounting to Rs.80 million had been made in the year 2016 required for the construction of Work Shop Building planned to be commenced in the year 2015



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கணக்காய்வுத் துறை அமைச்சு
Auditor General's Department

as per the Procurement Plan. Nevertheless, the award of contract had been delayed up to 09 November 2016 due to the delay in procurement process and the contract had been awarded at Rs.96.5 million on that day. According to the letter of awarding contract, this contract should be commenced on 30 January 2017 and completed as at 29 April 2018. However, the financial and physical performance even by 13 September 2017 had been Rs.27,131,481 and between 10 and 12 per cent respectively.

- (f) Provisions amounting to Rs.100 million had been made in the year 2016 required for the construction of male nurses' quarters planned to be commenced in the year 2015 as per the Procurement Plan. Nevertheless, the commencement of procurement process had been delayed up to 09 September 2016 while the contract had been awarded on 16 February 2017. However, the agreements had not been entered into even by 31 October 2017. Even though this construction work for which a mobilization advance of Rs.12,945,941 had been paid, should be completed as at 27 June 2018, even the construction of foundation of the Building had not been completed as at 31 December 2017.

4.5 Identified Losses

The following observations are made.

- (a) A number of 159 units of surgical goods purchased at a cost of Rs.4,118,100 in the year 2012 for the Neuro Surgical Unit had been disposed in the year under review due to the expiry on 31 December 2014. Even though the Committee on Public Enterprises had directed to conduct an investigation on ministerial level into the purchase of these goods without studying the consumption pattern during the preceding years and identifying the requirement and submit a report, the said investigation had not been conducted.



- (b) The total cost of stocks of expired drugs and surgical goods existed in 5 stores ,9 wards and in 4 other Divisions of the Hospital as at 31 December of the year under review amounted to Rs.449,294. However, those had not been properly destroyed and eliminated from books even by 31 October 2017.
- (c) A number of 190 Micro Bar Enema Kit Packets purchased for the Radiology Department without properly identifying the requirement, had remained in the stores of the Radiology Department as a slow moving item even by 31 December 2016. Out of those packets, 140 packets were to be expired in July 2017 and 60 packets included therein had been donated to the National Hospital of Sri Lanka in March 2017. Forty packets costing Rs.108,000 had expired as at 31 October 2017.

4.6 Staff Administration

The following observations are made.

- (a) Even though Directives had been given at the meetings of Committee on Public Enterprises held on 10 February 2016 and 09 June 2017 that the Ministry of Health, Nutrition and Indigenous Medicine should intervene directly to fill permanently the vacancies that existed in main posts such as the Director and the Chief Accountant of the Hospital, permanent officers had not been appointed to the posts of Director and the Chief Accountant even up to 31 December 2017.
- (b) A lady medical officer employed in the Hospital until then had been appointed to act in the post of Deputy Director from 08 July 2013. The said officer had not fulfilled the qualifications such as 7 year experience in Medical Administration, a recognized postgraduate degree and age less than 45 years which should be completed at the time of appointment as per the scheme of recruitment pertaining to the post. Even though an officer who is unable to pass beyond a salary point in his own substantive post on account of his failure to pass a prescribed qualifying examination or an Efficiency Bar, should not be appointed to act in a superior post in terms of Section 13.4.1 of Chapter II of the Establishments Code, she had been appointed despite the failure to



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Auditor General's Department

earn the salary increments for 12 years as the Efficiency Bar Examination has not been passed. Further, acting salaries totalling Rs.1,827,893 had been paid during the period from 08 July 2013 to 31 January 2017 without issuing a formal letter of appointment enabling the payment of acting salary for this lady officer.

- (c) A medical officer who was not given a formal letter of appointment to the post of Director of the Hospital had assume the duties of that post from 04 March 2015 and since then he had involved in all decisions of management level of the Hospital up to 31 December 2017. The Board of Directors had given the approval for payment of initial salary and all other allowances pertaining to the post of Director disregarding the non-receipt of a formal letter of appointment and as such salaries and allowances totalling Rs.5,903,431 had been paid to the said officer during that period. The qualifications such as 7 year experience in Medical Administration and a recognized postgraduate degree which should be completed at the time of assuming duties as per the scheme of recruitment for the post of Director, had not been fulfilled.

5. Accountability and Good Governance

5.1 Corporate Plan

Even though a Corporate Plan had been prepared for a period of 05 years, the following observations confirmed that action had not been taken as per that Corporate Plan and the Action Plan had not been prepared in line with the Corporate Plan.

- (a) The Corporate Plan prepared for the period from the year 2014 to the year 2018 had not been updated for the year 2016.
- (b) According to the Corporate Plan, functions such as establishment of a cafeteria for Doctors, construction of a laboratory of high standard for heart patients and improvement of Neonatal Intensive Care Unit to be implemented in the years 2015 and 2016, had not been included in the Action Plan of the year under review.



- (c) Functions not included in the Corporate Plan such as repairing of central air conditioning system, improvement of the electricity supplying system and purchase of elevators had been included in the Action Plan of the year under review and implemented without updating the Corporate Plan.

5.2 Action Plan

The following observations are made.

- (a) Estimated value relating to each targeted function had not been included in the Action Plan.
- (b) Progress reports had not been prepared quarterly so as to enable to identify the progress of the achievement of the intended targets and objectives according to the Action Plan, to identify the amount spent thereon according to the Budget Estimate and copies of those had not been furnished to the relevant Ministry and the Department of Public Enterprises in terms of Section 4.2.6 of the Public Enterprises Circular No.PED/12 of 02 June 2003.

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
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(a) Fixed Assets Control	(i) Failure in taking action to identify physically all fixed assets, assess their values and to record them in the Register.



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Auditor General's Department

- (ii) Failure to record a sum of Rs.39,157,304 spent on the improvement of buildings during the year under review, in the computer printout which contain the fixed assets purchased in the year.

(b) Stock Control

Non-maintenance of inventories of drugs and surgical goods in the stores as well as in other sub-stores in the updated manner, failure to include in the computer system the cost of 350 types of surgical goods existed in 5 Divisions of the Hospital due to the non-introduction of a methodology for accounting the receipts and issue of stocks and stock balances accurately, recording the figures in the Stock Verification Reports with a pencil and failure in certifying the accuracy thereof and failure in placing the signatures of officers in charge of main stores in the Stock Verification Reports

(c) Staff Administration

Failure in taking action to prepare and obtain approval for the proper schemes in respect of recruitments, promotions, grading and salary scales.



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கணக்காளர் திணைக்களம்
Auditor General's Department

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| (d) Contract Administration | Failure in super-checking and supervising continuously in respect of contract administration. |
| (e) Control of Purchases | Failure to purchase by identifying the requirement and failure in taking action to obtain the service of suppliers in terms of conditions. |
| (f) Computer Accounting System | Failure to enter the journal entry number, characteristics and details into the system and failure to enter the details on double entry in Ledger Accounts. |

Sgd./ H.M. GAMINI WIJESINGHE
Auditor General

H.M.Gamini Wijesinghe
Auditor General

**In Terms of Section 142(2) (c) of the Finance Act No. 38 of 1971, the Auditor General's Report
of Sri Jayawardanapura General Hospital, for the Year ended 31st December 2016**

	Audit Observations	Measures taken to correct
2.2	Definition about Financial Statements	
2.2.1	Public Sector Accounting Standards	
	(a) Public Sector Accounting Standards 07	
	The fixed assets costing Rs. 1,760,458.764 had been fully depreciated as the useful life of non-current assets had not been reviewed annually. However, they had still been in use. Accordingly, action had not been taken to revise the estimated error in terms of Sri Lanka Public Sector Accounting Standard 03.	Certain assets of the hospital used up to date since its commencement have been fully depreciated, but those assets are still using as they are in usable nature. But their book value has become zero so that steps will be taken in future to re-value them jointly with a recognized institution.
	(b) Sri Lanka Public Sector Accounting Standards 09	
	The accounting policy adopted for the valuation of balance stock of Rs. 270,037,438 shown in the financial statements as at 31 December 2016, had not been disclosed in the financial statements.	The hospital's accounting practice is to assess all stocks under "First In First Out" method which couldn't disclose in the financial statements, as the accounting policy. Steps have been taken to disclose this in the final accounts as the accounting policy since 2017.
2.2.2	Accounting Policies	
	Even though a sum of Rs. 449,449,047 had been shown as provision for post-employment benefits as per the financial statements for the year under review, an accounting policy relating to that provision had not been identified.	The hospital doesn't possess an accounting policy introduced specially to allocate the post-employment benefits and, provisions are allocated according to the Gratuity Act No. 62 of 1992.
2.2.3	Accounting Deficiencies	
	The following observations are made	
	(a) Medical and surgical equipment costing Rs. 23,999,790 which were estimated by the Board of Disposal and fully depreciated in the year under review and also the actual cost and accumulated depreciation of 3,892 units of building materials and furniture had not been identified and eliminated from accounts.	Although surgical equipment, building materials and furniture costing Rs. 23,999,790.00 were disposed in the year under review after identifying by the Board of Disposal, I admit that it couldn't include to the accounts by certain oversight as necessary documents had not been produced. Also, 88 units of chemical and medical equipment had been disposed but not included to the accounts by certain oversight. Adjustments will be made while preparing accounts for 2017 considering these matters.
	(b) The method of making provision for post-employment benefits adopted at present is to add the cost of living allowance to the basic salary and to allocate the half of the value thereof as per the service period, while the deficiencies observed in the examination thereon is given below.	
	(i) Provisions for gratuity amounting to Rs. 1,004,992 had been made for the year under review in respect of three employees who had retired in the years before the preceding year.	The mistake happened is admitted. Steps will be taken to correct in the accounts.
	(ii) A gratuity amounting to Rs. 168,121 paid to an employee in the year under review had been debited to the Provision for Gratuity Account instead of debiting to the Gratuity Payable Account.	While paying gratuity, debited to the relevant account and the relevant adjustments are recorded at the end of the year. Accordingly, the amount of Rs. 168,121.00 had been brought to the accounts correctly. The balances that should be deducted from the

			amount thereof had not been deducted and we admit that it is a deficiency. Steps will be taken to correct the same.
	(iii)	Two employees to whom the provision for gratuity had not been made, had retired in the year under review* while gratuity amounting to Rs. 691,645 paid to them had been debited to the Provision for Gratuity Account instead of adjusting to the profit of the preceding year.	Non-allocation of provision in 2015 for the employees mentioned is a deficiency. The reason is, one employee had been retired with effect from 01.01.2016 and the other employee had been obtained no pay leave to leave abroad.
	(iv)	Provisions for gratuity totaling Rs. 6,062,715 had been made as at the end of the year under review in respect of other 30 employees to whom the provision for gratuity had not been made by 31 December of the preceding year. However, out of the said amount, a sum of Rs. 5,276,554 relating to preceding years had been adjusted to the profit of the year under review instead of adjusting to the profit of the preceding year.	Salaries for December 2015 of other 30 employees had been deferred based on various reasons so that had not been included to the accounts of allocating provision for 2015.
	(v)	Provision for gratuity amounting to Rs. 808,897 had not been made for the year under review in respect of two employees served even by the end of the year under review.	The date of ending the services of the employees mentioned above had been entered erroneously in the computer system so that had not been included to the report.
	(vi)	Provision for gratuity amounting to Rs. 1,845,812 in respect of 84 employees of the year under review had been over-computed and brought to account.	The date of joining to the nursing school had been entered in the computer system as the date of joining to the service, so that this error had occurred. The error was corrected.
	(vii)	Even though balances of distress loans amounting to Rs. 395,867 and festival advances of Rs. 21,750 had been deducted in the payment of gratuity for 03 employees, the loans and advances deducted had not been brought to account.	The fault is admitted.
	(viii)	In making payment of gratuity totaling Rs. 334,557 payable to two employees in the preceding year, had been debited to the Provision for Gratuity Account instead of debiting to the Gratuity Payable Account. As such, the Gratuity Payable and the Provision for Gratuity Account had been overstated and understated respectively as at 31 December of the year under review.	This is a transferring error happened within the year of account and had corrected in 2017.
	(ix)	A pension gratuity of Rs. 525,490 paid to an employee who left the service in the year under review, had been debited to the Distress Loan Account and as such, the Distress Loan Account and the Provision for Gratuity Account had been overstated by the same amount	This is a posting error. Steps will be taken to correct it.
	(c)	The Value Added Tax of Rs. 3,115,280 levied on inpatients' room charges in the year under review and paid to the Department of Inland Revenue had been debited to the Value Added Tax Payable Account instead of debiting to the Revenue Account of inpatients' room charges.	This error is admitted and this situation has been arisen due to inability of identifying correctly the VAT amount contained in the computer system of the hospital, although a classification of income was done in 2016 (the first year of commenced collecting VAT) through the system. VAT for all items were charged up to 11 th July in the year under review. But VAT was not charged from 11 th July to 30 th October. Again VAT was charged with effect from 01 st November 2016. There was a practical difficulty of programming in the software system due to the above complexity.

(d)	The error of understating the depreciation on property, plant and equipment during the preceding year by Rs. 18,095,030 in accounts for the assets purchased from capital grants had been rectified in the year under review. Nevertheless, the assets had not been amortized by a similar amount.	Admitted that this an error in accounting principles. Steps will be taken to make the relevant adjustments in 2017.
(e)	Depreciation on buildings and furniture had been understated in the account by Rs. 93,756 in the year under review.	Steps will be taken to compute the correct depreciation value in 2017, by correcting the depreciation values made in deficit.
(f)	The Value Added Tax recoverable on professional fees had not been identified and recovered and instead of that, an estimated sum of Rs. 8,500,000 had been debited and credited to the Value Added Tax Recoverable Account and a Payable Tax Account respectively.	Steps will be taken to account them correctly.
(g)	The following matters were observed regarding the cash flow statement.	
(h)	Even though a depreciation of Rs. 243,786,065 pertaining to property, plant and equipment should be adjusted to the profit of the year, it had been adjusted as Rs. 257,076,160.	This is presentation error.
(i)	Adjustments totaling Rs. 15,104,017 relating to the preceding year had been adjusted erroneously to the profit of the year.	When preparing the cash flow statement in every year, the errors occurred in the previous year will be included to the cash flow statement.
(j)	Even though a total sum of Rs. 535,040,707 had been spent on the purchase of property, plant and equipment during the year under review, only a sum of Rs. 529,873,807 being the balance of said amount after having deducted Rs. 5,166,900 as the cost of 04 motor vehicles disposed during the year, had been shown as cash out flows. Further, a sum of Rs. 5,267,060 received from the sale of those 04 motor vehicles had not been shown as a cash inflow.	This is a presentation error.
(k)	A sum of Rs. 5,497,570 spent on the purchases of property, plant and equipment during the year under review should have been capitalized under the property, plant and equipment. Nevertheless, it had been brought to the account as recurrent expenditure.	Steps have been taken to capitalize in 2017.
(l)	A value of 389 units of equipment received as donations in preceding years and in the year under review had not been computed and brought to account.	Donations received by certain units of the hospital have been identified and recorded at the Board of Survey conducted in 2016. Steps will be taken to compute those assets and include to the accounts in future. Further, a method of identifying and reporting the donations made by patients has been introduced by the hospital, by now.
(m)	The cost of Incinerator Rs. 25,359,934 purchased during the year under review had been debited to the Other Buildings Account instead of debiting to the Electrical Equipment Account.	When fixing the incinerator costing Rs. 25,359,934.00, it was fixed on a building constructed, so that it had brought the account under Other Buildings, based on a problem of identification. But steps will be taken to indicate this machine under Electrical Equipment, in 2017.

2.2.4	Unexplained Differences															
	According to the financial statements and files and Registers made available to audit relating to the following items, there had been a difference of Rs. 778,874,210. However, reasons for the differences had not been explained.															
(a)	<table><tr><th>Item of Account</th><th>File/Registrar presented to audit</th><th>Value according to the Financial Statements (Rs.)</th><th>Value according to the File/Registrar (Rs.)</th><th>Difference (Rs.)</th></tr><tr><td>Stock as at 31 December 2016</td><td>Stock Ledger in the computer system</td><td>243,908,511</td><td>945,610,170</td><td>701,701,659</td></tr></table>					Item of Account	File/Registrar presented to audit	Value according to the Financial Statements (Rs.)	Value according to the File/Registrar (Rs.)	Difference (Rs.)	Stock as at 31 December 2016	Stock Ledger in the computer system	243,908,511	945,610,170	701,701,659	<u>Existence of Virtual Stocks</u> At the commencement of the computer system in the hospital, the need of preparing hospital bills via system was arisen. Accordingly, the virtual stocks had been entered by the computer system of every division of the hospital. Although such virtual stocks should have been removed by the Board of Survey conducted in 2016, it had not been done in certain divisions (considering that no virtual stocks). They had only calculated the correct stocks and computed. Accordingly, the stock verification cost has been adjusted with the accounts. But there were virtual stocks in the system as at 31.12.2016, so that a big variance can be seen between the stocks verification cost and, the cost indicated by the computer system.
Item of Account	File/Registrar presented to audit	Value according to the Financial Statements (Rs.)	Value according to the File/Registrar (Rs.)	Difference (Rs.)												
Stock as at 31 December 2016	Stock Ledger in the computer system	243,908,511	945,610,170	701,701,659												
(b)	<table><tr><th>Item of Account</th><th>File/Register presented to audit</th><th>Value according to the Financial Statements (Rs.)</th><th>Value according to the File/Register (Rs.)</th><th>Difference (Rs.)</th></tr><tr><td>Income from Hospital Charges</td><td>Classification of Hospital Charges income in the computer system as at 31 December 2016</td><td>1,782,161,942</td><td>1,716,661,796</td><td>65,500,146</td></tr></table>					Item of Account	File/Register presented to audit	Value according to the Financial Statements (Rs.)	Value according to the File/Register (Rs.)	Difference (Rs.)	Income from Hospital Charges	Classification of Hospital Charges income in the computer system as at 31 December 2016	1,782,161,942	1,716,661,796	65,500,146	When all income accounts are added, it is equal to the income indicated in the Financial Statements. The relevant income is indicated considering the paying ward income and the normal ward income in the trial balance. The relevant classification in the trial balance was made according to the format used previously. This comparison is incorrect.
Item of Account	File/Register presented to audit	Value according to the Financial Statements (Rs.)	Value according to the File/Register (Rs.)	Difference (Rs.)												
Income from Hospital Charges	Classification of Hospital Charges income in the computer system as at 31 December 2016	1,782,161,942	1,716,661,796	65,500,146												
(c)	<table><tr><th>Item of Account</th><th>File/Registrar presented to audit</th><th>Value according to the Financial Statements (Rs.)</th><th>Value according to the File/Registrar (Rs.)</th><th>Difference (Rs.)</th></tr><tr><td>Distress Loans recoverable as at 31 December 2016</td><td>Detailed Report on Distress Loans in the computer system</td><td>154,018,179</td><td>145,639,273</td><td>8,378,906</td></tr></table>					Item of Account	File/Registrar presented to audit	Value according to the Financial Statements (Rs.)	Value according to the File/Registrar (Rs.)	Difference (Rs.)	Distress Loans recoverable as at 31 December 2016	Detailed Report on Distress Loans in the computer system	154,018,179	145,639,273	8,378,906	This error is admitted and steps will be taken to make a search with regard to this and to bring to accounts once the correct balances are identified.
Item of Account	File/Registrar presented to audit	Value according to the Financial Statements (Rs.)	Value according to the File/Registrar (Rs.)	Difference (Rs.)												
Distress Loans recoverable as at 31 December 2016	Detailed Report on Distress Loans in the computer system	154,018,179	145,639,273	8,378,906												
(d)	<table><tr><th>Item of Account</th><th>File/Registrar presented to audit</th><th>Value according to the Financial Statements (Rs.)</th><th>Value according to the File/Registrar (Rs.)</th><th>Difference (Rs.)</th></tr><tr><td>Hospital Charges recoverable as at 31 December 2016</td><td>Debtors Control Account on Hospital Charges</td><td>101,254,073</td><td>101,242,256</td><td>11,817</td></tr></table>					Item of Account	File/Registrar presented to audit	Value according to the Financial Statements (Rs.)	Value according to the File/Registrar (Rs.)	Difference (Rs.)	Hospital Charges recoverable as at 31 December 2016	Debtors Control Account on Hospital Charges	101,254,073	101,242,256	11,817	According to the balances in Debtors Control Account and Financial Statements, the reason for the difference of the hospital charges value is, the hospital charges income receivable from Sri Lanka Army and Sri Lanka Navy. Steps will be taken to find out the difference between the balances of each debtor and the balances in the Debtors Control Account.
Item of Account	File/Registrar presented to audit	Value according to the Financial Statements (Rs.)	Value according to the File/Registrar (Rs.)	Difference (Rs.)												
Hospital Charges recoverable as at 31 December 2016	Debtors Control Account on Hospital Charges	101,254,073	101,242,256	11,817												

(e)	<table><tr><th>Item of Account</th><th>File/Register presented to audit</th><th>Value according to the Financial Statements (Rs.)</th><th>Value according to the File/Register (Rs.)</th><th>Difference (Rs.)</th></tr><tr><td>Creditors as a 31 December 2016</td><td>Schedule submitted with Financial Statements</td><td>199,061,610</td><td>202,343,292</td><td>3,281,682</td></tr><tr><td></td><td></td><td></td><td></td><td>778,874,210</td></tr></table>				Item of Account	File/Register presented to audit	Value according to the Financial Statements (Rs.)	Value according to the File/Register (Rs.)	Difference (Rs.)	Creditors as a 31 December 2016	Schedule submitted with Financial Statements	199,061,610	202,343,292	3,281,682					778,874,210	Steps will be taken to find out this difference. This difference is admitted and steps will be taken to correct by re-examining the balances in each debtor and comparing with the Debtors Control Account.
	Item of Account	File/Register presented to audit	Value according to the Financial Statements (Rs.)	Value according to the File/Register (Rs.)	Difference (Rs.)															
	Creditors as a 31 December 2016	Schedule submitted with Financial Statements	199,061,610	202,343,292	3,281,682															
				778,874,210																
2.2.4	Lack of Evidence for Audit																			
	The evidence indicated against following items was not made available to audit and as such those could not be satisfactorily vouched or accepted.																			
(a)	<table><tr><th>Item</th><th>Value (Rs.)</th><th>Evidence not made available</th></tr><tr><td>Balance stock as at the end of the year pertaining to 5 Divisions of the Hospital as per the computer system</td><td>(1,137,150,035)</td><td>Documentary evidence to confirm the manner in which the stock had taken a negative value as per the computer system and the accuracy of data in the computer system.</td></tr></table>				Item	Value (Rs.)	Evidence not made available	Balance stock as at the end of the year pertaining to 5 Divisions of the Hospital as per the computer system	(1,137,150,035)	Documentary evidence to confirm the manner in which the stock had taken a negative value as per the computer system and the accuracy of data in the computer system.	Negative stock balances had been existed in the computer system due to entering virtual stocks and not entering the correct stock balances while operating the computer system. Steps will be taken in future to correct such situations.									
	Item	Value (Rs.)	Evidence not made available																	
Balance stock as at the end of the year pertaining to 5 Divisions of the Hospital as per the computer system	(1,137,150,035)	Documentary evidence to confirm the manner in which the stock had taken a negative value as per the computer system and the accuracy of data in the computer system.																		
(b)	<table><tr><th>Item</th><th>Value (Rs.)</th><th>Evidence not made available</th></tr><tr><td>Creditors, Hospital Charges, Debtors</td><td>(22,139,133) (29,157,006)</td><td>Documentary evidence to confirm the manner in which creditors and debtors balances had taken negative value and the accuracy of data in the computer system.</td></tr></table>				Item	Value (Rs.)	Evidence not made available	Creditors, Hospital Charges, Debtors	(22,139,133) (29,157,006)	Documentary evidence to confirm the manner in which creditors and debtors balances had taken negative value and the accuracy of data in the computer system.	BHT numbers didn't indicate due to defects in the computer system at the initial time. Thereby, the receipts were entered as prepayments so that indicates as a negative value. But the relevant receipts had been adjusted, identifying the correct debtor.									
	Item	Value (Rs.)	Evidence not made available																	
Creditors, Hospital Charges, Debtors	(22,139,133) (29,157,006)	Documentary evidence to confirm the manner in which creditors and debtors balances had taken negative value and the accuracy of data in the computer system.																		
(c)	<table><tr><th>Item</th><th>Value (Rs.)</th><th>Evidence not made available</th></tr><tr><td>Surgical Equipment</td><td>199,116,129</td><td>Documentary evidence to identify the equipment transferred to the Purchases of Surgical Equipment Account from</td></tr></table>				Item	Value (Rs.)	Evidence not made available	Surgical Equipment	199,116,129	Documentary evidence to identify the equipment transferred to the Purchases of Surgical Equipment Account from	Steps will be taken in future to update the computer system and to establish a method to identify the fixed assets. Accordingly, the fixed assets can be identified correctly via introducing codes for the fixed asset items. Further, the Information Technology Division was instructed to arrange a correct method in the computer system.									
	Item	Value (Rs.)	Evidence not made available																	
Surgical Equipment	199,116,129	Documentary evidence to identify the equipment transferred to the Purchases of Surgical Equipment Account from																		

				the Purchase of Medical Equipment Account					
	(d)	Item	Value (Rs.)	Evidence not made available	This situation may be avoided meantime the computer system is operated duly.				
		Virtual Stock	-	Documentary evidence to identify the category, quantity and the value of virtual stock included stock.					
2.3	Accounts Receivable and Payable								
	The following observation are made.								
	(a)	Adequate steps had not been taken to recover hospital charges totaling Rs. 4,137,333 receivable from the Sri Lanka Army and the Sri Lanka Navy over a period of 07 years			Steps will be taken to submit this sum to the Board of Directors and remove from accounts.				
	(b)	The professional fees payable amounting to Rs. 3,616,142 older than 06 years as at 31 December 2016 had not been settled or brought to account after having identified as income.			This sum is a total of the unrecovered professional charges since 1998. Steps will be taken to submit this sum to the Board of Directors and to account it, identifying as a hospital income.				
2.4	Non-compliance with Laws, Rules, Regulations and Management Decisions								
	The following non-compliances were observed								
	(a)	<table><tr><th>Reference to laws, Rules and Regulations</th><th>Non-compliances</th></tr><tr><td>The Inland Revenue Act, No. 10 of 2006</td><td>Pay As You Earn (PAYE) Tax should be recovered on the hospital charges which recovered from patients who undergo surgeries and treatments in paying wards and should be remitted to the Commissioner General of Inland Revenue. Nevertheless, Pay As You Earn (PAYE) Tax totaling Rs. 45,954,202 estimated relating to the period from January 2016 to April 2017 had not been recovered</td></tr></table>	Reference to laws, Rules and Regulations	Non-compliances	The Inland Revenue Act, No. 10 of 2006	Pay As You Earn (PAYE) Tax should be recovered on the hospital charges which recovered from patients who undergo surgeries and treatments in paying wards and should be remitted to the Commissioner General of Inland Revenue. Nevertheless, Pay As You Earn (PAYE) Tax totaling Rs. 45,954,202 estimated relating to the period from January 2016 to April 2017 had not been recovered	According to the Inland Revenue Act, No. 10 of 2006, it is admitted that the monthly permanent profit of employment of an employee subjects to the Pay As You Earn (PAYE) Tax. But it was a problematic matter to decide whether the professional charges is a profit of employment or a profit of employment received based on the professional functions according to the Inland Revenue Act. This had been inquired from the Ruling Committee of the Department of Inland Revenue but no reply has been received to date with regard to that. However, the Inland Revenue Act applies only for the Specialist Doctors and Doctors in the hospital, so that a professional income can be received only by professional people. As professional charges don't apply for Nursing Staff and Orderlys, arrangements have been made to add the fees received by conducting surgeries and attending for patients in paying ward, to the salary, and recover the Pay As You Earn (PAYE) Tax accordingly. The income tax files are opened by the Specialist Doctors and Doctors and, steps will be taken to act with regard to the professional charges of those officers who don't like to open the income tax files as above, according to the Inland Revenue Act. Presently this process has been implemented as well, steps will be taken to act according to the instructions		
Reference to laws, Rules and Regulations	Non-compliances								
The Inland Revenue Act, No. 10 of 2006	Pay As You Earn (PAYE) Tax should be recovered on the hospital charges which recovered from patients who undergo surgeries and treatments in paying wards and should be remitted to the Commissioner General of Inland Revenue. Nevertheless, Pay As You Earn (PAYE) Tax totaling Rs. 45,954,202 estimated relating to the period from January 2016 to April 2017 had not been recovered								

			received from the Department of Inland Revenue. Instructions to determine the Pay As You Earn (PAYE) Tax on professional charges have been requested from the Department of Inland Revenue as above and, presently the Pay As You Earn (PAYE) Tax on professional charges is paid duly.
(b)	Financial Regulations of the Democratic Socialist Republic of Sri Lanka		Steps have been taken to identify and dispose the equipment in the medical laboratory by a Board of Disposal which Chaired by the Chief Medical Laboratory Scientist. A copy of the letter submitted by the Board of Disposal has produced as an annexure. Equipment in the Radiology Division have been recommended by an Electric Medical Technician, for disposal. It has been further confirmed by the Senior Specialist of Radiology Division by signing over a minute placed by him. Thereafter, approval has been granted by the Hospital Director too for disposal. Steps will be taken in future to dispose equipment through a more methodical way appointing officers for the Boards of Disposal who possess a special knowledge about such equipment. The 5 elevators in the hospital had been fixed at the time it was opened. Number of repairs in these elevators had been carried out within past few years. Further, the staff had often faced difficulties when carrying patients by these elevators because they were broken down from time to time. Also this is a risky situation for serious patients who come to the hospital. Accordingly, proposals to fix new elevators after removing the old ones were included to the annual procurement plan within past few years (since 2013) but couldn't implement because no provisions were received. Accordingly, this was included to the procurement plan for 2016 and could implement as provisions were received. This procurement plan has been approved by the Hospital Board. These elevators were in a working level but still under a risk because they may break down at any time. In case such equipment were broken down without leaving chance to repair them again, a long time may get to obtain provisions to purchase and fix new elevators ipso facto no elevators could be used. This may directly effect for the patient hospitality. In order to prevent from this risk, this measures has been followed on a decision taken by the hospital management. Further, it is not practical to consider that this is a
(i)	Financial Regulation 756(2)(b)	Even though the Board should consist of an officer who is acquainted with the type of technical stores verified, and officer acquainted with the surgical and medical equipment had not been appointed to the Boards of Survey appointed for the survey of such equipment in the years 2015 and 2016. Further, 05 elevators installed and operated in hospital building had been removed and sold at Rs. 737,220 without the recommendations of a Board of Survey comprising a Mechanical/Technical Officer to the effect that those elevators were defective unserviceable or risky in use and without being assessed the value.	

			disposal. The old elevators should be dismantled and removed when fixing new ones because they can't retained in the hospital premises so that compelled to sell them. Accordingly, no requirement was arisen to refer this to a Board of Disposal or get their recommendations. Open quotations were called to dismantle and remove these elevators. After dismantling and removing such equipment, a large area is need to store and difficult retain them safely. Accordingly, the tender was awarded to the highest price out of the quotations received. In case this was re-tendered, there was a chance to arise financially practical problems.		
	(ii)	<table> <tr> <td>Financial Regulation 757(2)</td> <td>The Accounting officer shall deal with any discrepancies, shortages, and losses identified in physical stock verifications and obtain the explanation of the officers responsible. However, since the virtual stocks had been included in Stock Ledgers in the computer system, discrepancies, shortages and losses of stocks as at 31 December 2016 could not be identified.</td> </tr> </table>	Financial Regulation 757(2)	The Accounting officer shall deal with any discrepancies, shortages, and losses identified in physical stock verifications and obtain the explanation of the officers responsible. However, since the virtual stocks had been included in Stock Ledgers in the computer system, discrepancies, shortages and losses of stocks as at 31 December 2016 could not be identified.	The relevant heads of departments have been made aware of the discrepancies, shortage, non-comparisons and losses by each team but we admit that no instructions have been given in writing with regard to that. Steps will be taken in future to prevent from such omissions.
Financial Regulation 757(2)	The Accounting officer shall deal with any discrepancies, shortages, and losses identified in physical stock verifications and obtain the explanation of the officers responsible. However, since the virtual stocks had been included in Stock Ledgers in the computer system, discrepancies, shortages and losses of stocks as at 31 December 2016 could not be identified.				
	(iii)	<table> <tr> <td>Financial Regulation 770(3)</td> <td>In any case in which the Board has recommended the destruction of any article the purchase price of which was not less than Rs. 3,000, the views of an independent Government Official, competent to express an opinion on the matter should be obtained. Nevertheless, surgical equipment, medical equipment, laboratory equipment, building materials and furniture had been disposed during the year under review without obtaining such opinion.</td> </tr> </table>	Financial Regulation 770(3)	In any case in which the Board has recommended the destruction of any article the purchase price of which was not less than Rs. 3,000, the views of an independent Government Official, competent to express an opinion on the matter should be obtained. Nevertheless, surgical equipment, medical equipment, laboratory equipment, building materials and furniture had been disposed during the year under review without obtaining such opinion.	A report about 4 anesthetic machines has been obtained after examining by the Biological Engineering Services Division of the Ministry of Health and, these machines have not been recommended according to said report. The newspaper advertisements should be published in trilingual and the cost for same is approximately Rs. 50,000/-. But the income receivable by selling these items may be less than above, so that arrangements have been made to sell such items via internal notices considering the above economic benefit. The income received by selling these items is Rs. 15,890/-. The report related to the fans dismantled and removed had been submitted to the Director on 03rd January, 2017 by the Board of Disposal recommending for auction. That report had been submitted to the Director and, the Chairman of the Board of Disposal (the Maintenance Engineer) was not possessing a copy of said report so that couldn't provide to the audit officers. But the audit officers had been informed that the said report may be obtained from the Director. We were informed on 14th December 2016 that the removed & decayed iron made water tank, the pipes flowed shit from toilets in
Financial Regulation 770(3)	In any case in which the Board has recommended the destruction of any article the purchase price of which was not less than Rs. 3,000, the views of an independent Government Official, competent to express an opinion on the matter should be obtained. Nevertheless, surgical equipment, medical equipment, laboratory equipment, building materials and furniture had been disposed during the year under review without obtaining such opinion.				

		Ward No. 12 and 16, the decayed pipes dismantled and removed at the maintenance works in which flowed other waste, were collected in the hospital premises so that the rain water may retain therein and the Dengue mosquitoes may develop. The places in the hospital premises where Dengue mosquitoes can be developed were inspected by a team arrived to the hospital together with Health Medical Officer and Entomology Officer of Pitakotte. Thereby, it was observed that water is remaining in the pipes dismantled from the toilets in the hospital. They had informed the Director in writing to take immediate steps to remove these items from hospital premises, so that there was a want of remove these items as soon as possible. Likewise, many practical problems had been arisen due to collecting and retaining the ceiling fans and other goods removed from usage, in the stores having a limited space. It was a deadlock to carry on the day to day works in the wards. Therefore, approval had been granted to the letter given by a hospital employee to remove and take out the ceiling fans and other goods (dismantled and removed) that were in Ward No. 06, 12 and 17. Thereby, he had paid an amount totaling to Rs. 20,000/- i.e. Rs. 15,000/- and Rs. 5,000/- for the fans and other goods (dismantled and removed) respectively to the hospital. Therefore, steps were taken to remove these items from the hospital premises as an exigency. No financial loss had been occurred to the hospital by this, and it was a benefit as to preventing from developing the Dengue mosquitoes via such activities as well could keep maintained the hospital duly. Steps have been taken to remove such items from the hospital under a formal process hereinafter.		
(c)	<table> <tr> <td> Budget Circular No. 133 of 09 March 2007 and Public Administration Circular No. 30/2008 of 31 December 2008 </td> <td> In terms of circular instructions, the maximum amount of a distress loan that can be granted to an employee is Rs. 250,000. Nevertheless, loans totaling Rs. 7,155,924 within the range from Rs. 259,660 to Rs. 384,639 exceeding the limit had been paid to 135 employees in the year under review. Further, a sum of Rs. 6,758,503 within the range from Rs. 258,114 to Rs. 399,346 exceeding the maximum limit had been </td> </tr> </table>	Budget Circular No. 133 of 09 March 2007 and Public Administration Circular No. 30/2008 of 31 December 2008	In terms of circular instructions, the maximum amount of a distress loan that can be granted to an employee is Rs. 250,000. Nevertheless, loans totaling Rs. 7,155,924 within the range from Rs. 259,660 to Rs. 384,639 exceeding the limit had been paid to 135 employees in the year under review. Further, a sum of Rs. 6,758,503 within the range from Rs. 258,114 to Rs. 399,346 exceeding the maximum limit had been	Distress loan for employees had been paid since commencement of the hospital. Initially the distress load was the basic salary x 18 months and later it had been reduced up to ten months according to a decision taken by the Board of Directors. A long list had to maintain when granting a ten months' loan and an employee had to wait for a long time to obtain a loan. Therefore, a maximum limit of loan (Rs. 250,000.00) has been prescribed by the Board of Directors for ten month's distress loan. However in calculating the loan for an employee, steps have been taken to pay a maximum limit amounting to Rs. 250,000/- considering the ten months' loan and deducting the previous balance. We admit
Budget Circular No. 133 of 09 March 2007 and Public Administration Circular No. 30/2008 of 31 December 2008	In terms of circular instructions, the maximum amount of a distress loan that can be granted to an employee is Rs. 250,000. Nevertheless, loans totaling Rs. 7,155,924 within the range from Rs. 259,660 to Rs. 384,639 exceeding the limit had been paid to 135 employees in the year under review. Further, a sum of Rs. 6,758,503 within the range from Rs. 258,114 to Rs. 399,346 exceeding the maximum limit had been			

		paid to 105 other employees during the period of 09 months ended 30 September 2017.	that this is a non-compliance to the Public Administration Circular No. 30/2008. However, the employees in the institution have no an alternative source of loan and this method had been implemented considering the employees' satisfaction to engage them in the service. However, if it is accepted that this should be amended, steps will be taken to do so.
(d)	Circular No. 39 of May 2009 of the Department of Management Service, Public Administration Circulars No. 18/2015 of 26 June 2015 and No. 18/2015(i) of 13 July 2015	Even though a special allowance had been granted to the officers in executive level of the public service, the recommendation of the Salaries and Cadre Commission and the approval of the Department of Management Services should be obtained in case of granting those allowance to corporations. Nevertheless, the said special allowance had been paid to 8 officers holding permanent posts in the hospital without obtaining the said recommendation or the approval. The total allowances so paid during the period from 01 July 2015 to 31 December 2016 amounted to Rs. 616,500.	This Board had been commenced by a special parliamentary act No. 54 of 1983 and it is the one and only fully government sponsored income earning hospital. Maintenance of this institution at its commencement was fully born by the government and only Rs. 10 was charged from a patient in nominal. Also in recruiting officers to the institution, they were recruited based on the qualifications considered for public service. The benefits given to the officers in public service also given to the officers of the hospital since its commencement. Accordingly, the institution had been administered based on the Establishment Code, Financial Regulations and the circulars applied for government servants in paying salaries and other allowances. Decisions had never been taken based on the Management circulars since commence of this institution and decisions pertained to the employees had always been taken based on the Public Administration Circulars. Based on this method, the Sri Jayawardenepura Hospital had not been addressed based on the Public Administration Circulars but those circulars were referred to the Board of Directors (a representative from the General Treasury also represents the Board of Directors) and the relevant decisions were taken based on its approval. Accordingly, the decisions pertained to the salaries and any other allowance for the employees of this institution had been taken based on the Public Administration Circulars. The Sri Jayawardenepura Hospital Board doesn't come under the classification (Corporations and Boards) made by the Department of Management Services (Management Services Circular No. 30 and 02/2016). The reason for which is, the said Department is also aware that the decisions pertained to the salaries and allowances for the employees are taken based on the Public Administration Circulars. Therefore and, as decision similar to the decisions taken for other officers, the Board of Directors had been taken this decision to make this payment. The Circular No. 39 dated 26th May 2009

			issued by the Department of Management Services indicates; there isn't a note 'unless an allowance decided by the Board of Directors, the allowances granted by the Public Administration Circulars should not be applied'. Also to the provisions contained in the Hospital Act granted on a legal base by the Parliament, having cabinet approval (the Board of Directors compulsorily represents a representative from the General Treasury) with regard to paying salaries and allowances, this payment had been approved for the officers holding similar positions in government institutions relevant to the public service, so that the salaries and allowances had been paid up to date based on the Public Administration Circulars. Therefore, you are kindly informed that the relevant payment had been paid obtaining a legitimate authority.
(e)	Public Finance Circular No. 02/2015 of 10 July 2015	Even though 04 motor vehicles belonging to the Hospital of which the book value amounted to Rs. 5,166,900 had been sold at Rs. 5,267,060 during the year under review, those 04 motor vehicles had not been identified as to be disposed by a Special Verification Board comprised of three officers including a Mechanical Engineer/Technical Officer. Further, the minimum selling price of those motor vehicles had not been determined by a committee comprised of an Inspector of Motor Traffic of the Department of Motor Traffic and a Mechanical/Technical Officer in terms of Paragraph 05 of the Circular. However, these 04 motor vehicles had been sold by inviting bids and the proceeds received by sale had not been credited to the Consolidated Fund in terms of Paragraph 10 of the Circular. Further, the details of selling motor vehicles had not been informed to the Auditor General.	The motor vehicles mentioned had been deployed for common use of the hospital and, steps were taken to purchase 02 vans and a car according to a request made to the Ministry of Health, considering the cost incurred for the repairs carried out from time to time for above mentioned vehicles. Accordingly, the Board of Directors had decided to sell the old vehicles calling quotations and to purchase other vehicles required to the hospital spending the proceeds of selling above vehicles. Due to often repairs and receiving new vehicles in place of that, steps were taken to sell the old vehicles as above and this is not a disposal of goods but sale of vehicles calling quotations considering economic losses. Accordingly, a need of identifying the vehicles had not been arisen by such board. The Transport Division had taken steps to obtain an estimate for the vehicles prescribed to sell but it had not been informed in writing by the respective institution. The vehicles were not evaluated technically and the relevant committee had recommended to sell the vehicles to the person who submitted the highest price. As new vehicles received for hospital use, so that the hospital could sell those vehicles on a higher price following a tender procedure. Accordingly, no loss had been incurred to the hospital by this. Any income of the Sri Jayawardenepura Hospital is not credited to the Consolidated Fund and it had been acquired to the hospital considering as an income of the hospital according to the relevant Act.

3.	Financial Review	
3.1	Financial Results	
	According to the financial statements presented, the operations of Hospital Board for the year ended 31 December of the year under review had resulted in a deficit of Rs. 175,818,974 as compared with the corresponding deficit of Rs. 352,618,183 for the preceding year, thus indicating an increase of Rs. 176,799,209 in the financial result as compared with the preceding year. The increase in the income of year by Rs. 818,636,117 despite the increase in the operating expenditure of the Hospital by Rs. 636,319,584 in the year under review had been the main reason for the said increase. An analysis of financial results of the year under review and 04 preceding years revealed a financial deficit in the year 2012. Nevertheless, there had been a financial surplus in the year 2013 and 2014 and it had again converted to a financial deficit in the years 2015 and 2016. Taking into consideration the employees' remuneration, Government tax and depreciation for the non-current assets, the overall contribution of the Board had improved continuously from the year 2012 up to the year 2014 from Rs. 716,896,615 to Rs. 1,739,662,005. However, the overall contribution had decreased to Rs. 950,142,035 in the year 2015 while it had increased again up to Rs. 1,305,091,352 in the year under review and it was an increase by Rs. 354,949,317 as compared with the preceding year.	
4.	Operating Review	
4.1	<u>Performance</u> The mission of the Hospital is providing quality patient care with high ethical standards and observations on the performance as per the Action Plan, Procurement Plan and Progress Report of the year 2016 prepared for the achievement of the said mission, are given below.	
	(a) According to the summarized Performance Bulletin prepared for the year 2016, the overall utilization of hospital beds had increased from 63.4 per cent to 68.8 per cent as compared with the preceding year. Nevertheless, the utilization of beds in 8 wards out of the existing 24 wards had decreased within a range from 48.5 per cent to 4.8 per cent.	According to the statistical reports in 2016, the beds utilization in 06 wards i.e. Ward No. 02 and 09 (maternity wards), Ward No. 06 (a medical ward), Ward No. 10 (an Orthopaedic ward), Ward No. 14 (a ward related to urinary sexual diseases) and Ward No. 15 (a surgical ward), had been decreased. Accordingly, the number of wards (22) mentioned in the audit query should be corrected as 24 and, the number of wards in which the beds utilization decreased (08) should be corrected as 06. Among the wards decreased the beds utilization, the beds utilization in Ward No. 10 (an Orthopaedic Ward) had been decreased by 2.06% i.e. from 48.93% to 46.87%. But an Orthopaedic ward (Ward No. 11A) was established newly in 2016. Therefore, the Orthopaedic patients come to the hospital are divided for two wards. Accordingly, the beds utilization in Ward No. 10 and 11A in 2016 were 46.87 and 26.85 respectively.

			Accordingly, the number of Orthopaedic patients admitted to the hospital in 2015 was 2040, which had been increased up to 2526 in 2016 and, this corroborates that the beds utilization in Orthopaedic wards in 2016 had been increased comparing 2015. Ward No. 06 is a medical ward. In addition to that, Ward No. 12 and 17 are also medical wards. Accordingly, the patients suffering from physiological diseases are divided for all these wards (03 Nos.). The average value of beds utilization in medical wards (03 Nos.) in 2015 and 2016 was 103.6% and 107.7% respectively. Further, the number of patients admitted to the medical wards in 2015 had been increased from 16557 to 17440. Although the beds utilization in Ward No. 06 had been decreased, the average beds utilization in all three medical wards had been increased by 2.14%. This corroborates that the patients came to Ward No. 06 had been shifted to other two wards to which caused, the division of leave in the year. Ward No. 14A and 15 are surgical wards. The beds utilization in these two wards had been decreased in 2016 by 5.8% and 5.56% respectively. But there are four surgical wards (No. 08, 14, 14A and 15). The average value of beds utilization in all those four wards in 2015 and 2016 was 62.4% and 65.7% respectively, which had been increased by 3.3% in 2016. Although the beds utilization in Ward No. 14A and 15 had been decreased, the beds utilization in all surgical wards had been increased by 3.3 in 2016 comparing 2015. There is a decrease in beds utilization in Ward No. 02 and 09 (maternity wards) in 2016 comparing 2015.
	(b)	The patients subjected to Physiotherapy Service, Pathological Services, Endoscopy Test and E.C.G. Test had increased by 141 per cent, 19 per cent, 11 per cent respectively as compared with the preceding year, thus it was a favorable trend.	An increase of the divisions mentioned in the audit query had been indicated in 2016 comparing 2015.
	(c)	Estimate had been prepared from the year 2014 for the construction of a finance and administration building in respect of the Hospital and had been included in the Action Plan and the Procurement Plan while provisions amounting to Rs. 100 million had been made in the year 2016. Even though this construction was expected to be completed during the year under review, it had not been commenced even by 31 October 2017.	After calling quotations for the finance and administration building and, finalizing the technical evaluations with precedence of the Ministry of Health and, consultation of the consulting institution, a contractor has been selected by the ministry's Procurement Board met on 04.10.2017 and, we were informed about that. Accordingly, the letter of order handing-over dated 22.11.2017 had been given to Sripali Constructions on 28.11.2017 by the Director of the Hospital and, the contract premises had been given to them on 18.12.2017.

4.2	Management Activities The following observations are made.										
	(a)	A methodology for recording the medical equipment, office equipment, drugs and other materials received to the Hospital as donations, had not been implemented even by 31 December 2016. The value of 389 units of such items received as donations to 28 various Divisions of the Hospital during the preceding years and in the year under review had not been computed and duly recorded in the Register of Fixed Assets, Inventory and in the Stock Register.	Many goods and equipment indicated by the audit had entered in the inventories. In issuing the Goods Receiving Notes (GRN) by the computer system (SIS) operated presently in the hospital, the value of said donated goods had not entered so that those donated goods have not included to the annual accounts. According the methodology introduced, the goods and equipment received as donations will be included to the annual accounts in future.								
	(b)	The period relevant to the Memorandum of Understanding entered into between the Sri Jayawardenepura Hospital and the Ministry of Youth Affairs and Skills Development for establishment of the University College of Health Studies had expired on 09 May 2016 and subsequently the Ministry of Youth Affairs and Skills Development did not hold the said responsibility. However, according to the instructions of the Minister of Health, Nutrition and Indigenous Medicine, the College had functioned on the basis that it should be maintained until the completion of courses followed by the first two batches of the College, the Sri Jayawardenepura Hospital should carry out the administration and financial activities and further, all expenditure incurred by the Hospital should be reimbursed monthly by the Ministry of Health. Nevertheless, a sum of Rs. 3,808,586 spend by the Hospital in respect of the College as at 31 December 2016 had not been reimbursed from the Ministry of Health even by August 2017.	After expiring the Memorandum of Understand and according to the conclusion of the discussion had with the management of Sri Jayawardenepura General Hospital and, the Minister of Health, letters to recover the amount of Rs. 3,808,586.38 that was spent by the hospital in 2016, had been submitted by now. The bank reconciliation statements for 2016 have already been prepared by now and presented to the audit. The bank reconciliation statements from January 2016 to July 2016 were prepared temporarily and they were prepared based on the balance in the bank statement for the purpose of internal payments. The bank reconciliation statements for all years have been prepared duly and presented to the audit.								
	(c)	Action had not been taken even by 31 October 2017 to identify and implement a specific policy or a scheme to internally transfer the hospital staff among the Divisions. According to the information made available to audit by the Administration Division of the Hospital, a summary on the staff employed at the same Division or a station for a period over 10 years is given below. <table><tr><td>Category of Service</td><td>Number of Employees</td></tr><tr><td>Nurses</td><td>71</td></tr><tr><td>Orderly Employees</td><td>115</td></tr><tr><td>Management Assistants</td><td>25</td></tr></table> It was observed that this situation will cause the weakness in the entire system of internal control due to the reasons such as the failure to engage the officers and employees in another Division as a result of the skills only in one field or activity, failure to gain knowledge on the activities of each Division by all officers and employees according to the respective post and the difficulty in the administration of staff.	Category of Service	Number of Employees	Nurses	71	Orderly Employees	115	Management Assistants	25	This institution is a hospital so that every function is carried out with the lives of human beings. Therefore, certain officers are specially trained about the method of treatments required to save the human life and to serve for a long period. Although the management had taken steps to introduce and implement a method of transferring, certain trained employees couldn't transfer considering the problems arisen about the risk occur to the patients so that the said method of transferring couldn't implement. But a formal method of transferring will be introduced in future to transfer the employees among divisions, who don't possess such training. The Building Division and, the Electro Technical Division of the institution are the Divisions to which need the employees possessing professional qualifications. While conducting new recruitments for the staff, priority is given for the applicants who possess professional qualifications relevant to each Division and they too have been attached
Category of Service	Number of Employees										
Nurses	71										
Orderly Employees	115										
Management Assistants	25										

			to the relevant Divisions after the recruitment. Eg. : Sub-stores are maintained in Buildings/Electric Divisions so that the applicants possess an experience for that are recruited and attached to carry on said duties.
	(d)	The bills of patients directed to the Sri Jayawardenepura Hospital for heart surgeries by Government hospitals had been set off against the bills of drugs obtained from the Medical Supplies Division by the Sri Jayawardenepura Hospital. At the discussions held with the Ministry of Health, Nutrition and Indigenous Medicine from the year 2009 in this connection, it had been decided to formulate a Memorandum of Understanding between the two parties on the methodologies for the direction of patients to this Hospital for heart surgeries by Government hospitals, the confirmation of approval therefor of the Ministry of Health, Nutrition and Indigenous Medicine and for the settlement and set off of bills. Nevertheless, such agreement had not been entered into even by 31 October 2017. As such, patients had been directed to this Hospital and surgeries were performed without a proper methodology and in addition to the expenses on surgeries, charges for tests also included in the hospital bills. Further, the cost of bills had increased due to the increase in the number of hospitalized days by those patients. However, the Medical Supplies Division had not agreed to set off those additional charges. Further, the Hospital had taken action unilaterally to set off the hospital charges totaling Rs. 260,636,619 recoverable as at 31 December 2015 from the payable amount to the Medical Supplies Division in the year under review, this it had not been set off by the Medical Supplies Division.	Patients from Government hospitals are directed to Sri Jayawardenepura Hospital for heart surgeries, via the Secretary to the Ministry of Health. Directing patients to Sri Jayawardenepura Hospital for heart surgeries as above was done since and before 2009 and, the decisions required with regard to that had been taken at the committee meetings held headed by the Secretary to the Ministry of Health. The accountant too of the Medical Supplies Division had participated for all those meetings and it is clear that she is bound to implement the recommendations issued by said committee. Accordingly, equally to the cost of drugs taken from the hospital, the cost of heart surgeries performed by the hospital should be set off and it is the responsibility of the Accountant of the Medical Supplies Division. Discussions about the fees relevant to the tests and the number of days the patients stayed at the hospital, were held continuously and a Memorandum of Understanding containing the matters related to that, is being prepared at the moment.
	(e)	Professional fees had been charged from patients for surgeries and treatments carried out in the Paying Wards and 99.85 per cent out of those fees had been paid to the Specialist Medical Officers, Medical Officers and to the assisting staff participated in the surgery. The total professional fees so paid during the year 2016 alone amounted to Rs. 309,427,740. The following observations are made in that connection.	
	(i)	Even though the approval of the Cabinet Ministers had been received for the Specialist Medical Officers to engage in private practices outside normal duty hours, the Management had not prepared a specific methodology in respect of the value of professional fees recoverable and the manner in which that value is computed. However, the relevant Specialist Medical Officer had decided the professional fees recoverable at his own discretion.	A definite methodology of recovering and paying the professional fees had been prepared and submitted to the Board of Directors meeting held on 26th January 2015 to which the approval was granted. The Sri Jayawardanepura Hospital consists with 20 wards and professional fees are recovered from the patients admitted to Ward No. 3, 4 and 5. A majority out of these patients obtain services from private Doctors and admitted to the hospital keeping full trust on said Doctors as well desire to leave the hospital very soon after obtaining treatments

			on a higher price under more facilities. When determining fees recoverable from patients, the Doctors take into consideration the nature of the patient, nature of the surgery and the time spent by them. Therefore, when determining the fees recoverable from patients, all matters mentioned above are considered together with the seniority, experience and goodwill of the Doctor so that the hospital management can't intervene unnecessarily to that fee. This has also been emphasized by the Board decision No. 32:4.2. This service is carried out competitively with other private hospitals and a considerable income is received by the government so that the necessary facilities for Doctors have been extended by the hospital to carry on the private medical service at the hospital.
	(ii)	Despite the non-availability of any authority or approval that professional fees were payable to or recoverable from the other Medical Officers, Nurses and to the assisting staff participated in surgeries except the Specialist Medical Officers, as total sum of Rs. 77,925,691 had been paid as professional fees to them during the period from 01 January 2016 to April 2017.	Recovering professional fees from the patients get treatments in the paying wards of Sri Jayawardenepura Hospital is been carried out since its commencement and, it has been approved by the cabinet. Professional fees are recovered from those patients admitted to the hospital to whom conduct surgeries and health services after 4.00 pm. The responsibility of paying these professional fees to Nurses and Orderlys who participate the surgeries and serve at the operation theatre has been entrusted to the Specialist Doctors by the Board decision taken on 15th November 2000. The Board Decision No. 223:025 has annexed herewith (Annexure 3.3(b)).
4.3	<u>Operating Activities :</u> Drugs and surgical goods costing Rs. 5,707,922 issued to 8 Operation Theatres by the sub stores of Operation Theatres during the period from 01 January 2016 to 30 September 2016 had not been added to the hospital charges and recovered from patients. Further, the total cost of Rs. 238,304 pertaining to 609 units of surgical goods not issued to the Operation Theatre, had been recovered from patients as hospital charges.		In observing these drugs and surgical goods, they are not billed directly to the patients. They should be considered as goods consumed and be removed from the stock, because of the value of said stock has been charged indirectly from patients. Accordingly, the goods costing Rs. 7,763,424.00 out of Rs. 12,953,011.00 mentioned in the query are surgical goods that are not billed directly. As an example; in determining the price of each surgery carried out in the operation theatre, the prices of goods (consumables) mentioned above that are not billed directly also have included. Accordingly, it can be emphasized that no loss had been incurred to the hospital by the amount mentioned here, and it had been recovered indirectly to the hospital. It is admitted that deficiencies had been occurred when billing other items and steps will be taken in future to minimize such situations by formalizing the internal controlling methods.

		There are items in the system that are billed directly and, not billed. It is admitted that the items not billed, but should be billed directly, are available and steps have been taken to correct them in 2017 after identifying such weaknesses. Further, issuing stocks and processing bills presently are being fully done by the computer system and such deficiencies may be minimized in future.
4.4	Procurement and Contract Procedure : The following observations are made.	
	(a) Even though the Board of Directors had decided to assign the work of consultancy for repairs and construction of 22 toilets established in the "C" building to the Department of Buildings, the approval of the Procurement Committee had not been obtained therefor. The engineer's estimate prepared by that Department amounted to Rs. 122,771,550 and a mobilization advance of Rs. 8,000,000 had been paid to the said Department on 12 August 2015. Subsequently, the Hospital had cancelled that contract due to the inadequacy of performance of the construction even by 20 May 2016. Nevertheless, action had not been taken even by 31 October 2017 to obtain the bills for the work done until then by the Department of Buildings and to settle the advances given.	The Department of Buildings acts as the consulting institution of repairing the toilets in the building No. C. Also, the construction works were carried out by their contractors at the commencement and requested an advance of Rs. 8 million for that, which was paid on the instructions given by the hospital administration. The construction works carried out by the contractors of the Department of Buildings were continuously delayed so that they were removed from that and the job was assigned to a new contractor after re-calling quotations. Steps are taken by now to use the advances paid initially to the Department of Buildings, for the payment in respect of consultation. A part of repairing the toilets has already been completed by now and another part is under progress. Quotations have to be called for another part. Therefore, the advances paid initially will be used to pay for the consultations. The Final Measurement Bills of Ward No. 12 and 16 were prepared duly after completing the works there. Payments for the contractor had been made on the recommendations of the consultant institution. Those payments had been recommended as On Account Payments to complete jobs immediately under finalizing the checking of bills of quantities. Thereby, an amount less than the amount requested by the contractor had been recommended. The Chief Engineer there had stated that these recommendations were issued due to lack of officers in the Department of Buildings and having many tasks. However, the Department had taken steps to recommend the final bill after checking the all bills of quantities.
	(b) The lowest bid of Rs. 1,556,775 less than 52 per cent of the engineer's estimate amounting to Rs. 3,286,800 prepared in respect of the contract for the installation of Aluminum Sun Shades in the Cardiology building, had been selected as the qualified contractor without a detailed evaluation and obtaining a Rate Analysis of the contractor and an additional performance security in terms of Guideline 7.9.11 of the Procurement Guidelines.	The contract had been awarded on 21st July 2015 to Nevils institution under certain conditions. That is, a sample sun shade in with of 3 feet should be made prior to commence the contract, approval of the Engineer should be obtained and next the contract should be commenced. Accordingly, the date of commencement of the contract is that day and, an agreement can

			be signed later to obtain the performance bond. The contractor had not attained to said stage so that the performance bond couldn't obtain. The former Health Management Assistant responsible for this subject, had been transferred to another subject and, a new Health Management Assistant had been appointed for this subject. He was not aware of this and therefore paid the tender deposit by oversight.
	(ii)	Despite the possibility of awarding contract for the supplier who submitted the second lowest price of Rs. 3,278,550, it had been decided to invite bids again and the contract had been awarded to the contractor who submitted the lowest price of Rs. 3,385,800. As such, the price had increased by a sum of Rs. 107,250.	This had been done based on the decision taken by the Technical Evaluation Committee.
	(c)	The contract for painting rooms and repairing the bath rooms and the ceiling of the Bachelor Medical Officers' Quarters of the Hospital at a cost of Rs. 4,002,270 had been awarded without obtaining a performance security as 5 per cent of the contract sum in terms of Guidelines 5.4.8 of the Government Procurement Guidelines. Even though the contract should be completed and handed over as at 20 December 2015 in terms of Bid Condition No. 12, the contract had been completed on 23 May 2016 whereas the total amount had been paid without charging the liquidated damages.	In terms of the Tender Condition No. 15, although a performance bond of 5% should be submitted by the bidder, the contractor also was not in a position give a definite period of completing the repairs of 50 rooms, based on the practical problems while the Doctors are residing in those rooms. Therefore, a letter explaining the practical situation was given by him to the Director and, he was exempted from the performance bond on the approval granted by the Director. This is not a breach of tender conditions but a decision taken on the practical situation (Annexure 3.5(e)ii). This contract is a task of repair carried out in a building existed. While carrying out such repairs, problems that were not identified previously may be arisen so that the repairs should be done while solving such problems too. Performing a job according certain Tender Conditions is not practical in such situations. The contract letter had been issued on 03.10.2015 and he had received it on 12th October. Later he had given letters stating that the he accepted the contract on 19th October. Accordingly, the contract was due to complete as at 20th December but couldn't complete on said date due to the practical situations existed. That is, getting rooms from Doctors for repair works was difficult while they were residing there. Further, the rooms should be repaired under certain limitations (in the manner of preventing from interruptions to other rooms). A delay may occur in such time but it is not a defaulting of works. No delay charges can be recovered in such situations.

	(d)	The contract for the repairing of Hitachi Chiller Machines of the old building at a cost of Rs. 1,250,000 had been awarded to a private institution on 28 September 2015 without entering into an agreement in terms of Guidelines 8.9.1 of the Procurement Guidelines.	According to Section 8.9.1 of the Procurement Guideline, a letter (stating the quotation submitted by said institution was accepted) had been sent and Section 8.9.1 doesn't describe that the parties should enter into a contract agreement.
	(e)	Provision amounting to Rs. 80 million had been made in the year 2016 required for the construction of Work Shop Building planned to be commenced in the year 2015 as per the Procurement Plan. Nevertheless, the award of contract had been delayed up to 09 November 2016 due to the delay in procurement process and the contract had been awarded at Rs. 96.5 million on that day. According to the letter of awarding contract, this contract should be commenced on 30 January 2017 and completed as at 29 April 2018. However, the financial and physical performance even by 13 September 2017 had been Rs. 27,131,481 and between 10 and 12 per cent respectively.	After finalizing the procurement process, the contract of the work site building was awarded to Electro Metal Pressing (Pvt) Limited on 09 th November 2016. Advances have already been paid by now and construction works are in progress. The floors have already been concreted and, a part out pillars have been built upwards. There is some delay in constructions and the contract institution and consulting institution have been informed with regard to that.
	(f)	Provision amounting to Rs. 100 million had been made in the year 2016 required for the construction of male nurses' quarters planned to be commenced in the year 2015 as per the Procurement Plan. Nevertheless, the commencement of procurement process had been delayed up to 09 September 2016 while the contract had been awarded on 16 February 2017. However, the agreements had not been entered into even by 31 October 2017. Even though this construction work for which a mobilization advance of Rs. 12,945,941 had been paid, should be completed as at 27 June 2018, even the construction of foundation of the Building had not been completed as at 31 December 2017.	After finalizing the procurement process, the contract of male Nurses' boarding-house was awarded to Electro Metal Pressing (Pvt) Limited on 16 th February 2017 and it should be completed within 455 days. The foundation for upper part of a side thereof has already been completed by now and, the consulting institution has informed that steps will be taken to commence the foundation for the lower part after constructing the wall and filled with soil. We have informed to the contract institution and the consulting institution that there is some delay in construction works of this.
4.5	<u>Identified Losses :</u> The following observations are made.		
	(a)	A number of 159 units of surgical goods purchased at a cost of Rs. 4,118,100 in the year 2012 for the Neuro Surgical Unit had been disposed in the year under review due to the expiry on 31 December 2014. Even though the Committee on Public Enterprises had directed to conduct an investigation on ministerial level into the purchase of these goods without studying the consumption pattern during the preceding years and identifying the requirement and submit a report, the said investigation had not been conducted.	We have already inquired about this matter from the Specialist Doctor and the letter submitted by her has annexed herewith (Annexure 3.6(a)).
	(b)	The total cost of stocks of expired drugs and surgical goods existed in 5 stores, 9 wards and in 4 other Divisions of the Hospital as at 31 December of the year under review amounted to Rs. 449,294. However, those had not been properly destroyed and eliminated from books even by 31 October 2017.	The expired items up to 04.10.2016 had been handed over to the Board of Disposal appointed by the Administration. The said items had been disposed by the Board of Disposal. A Board of Disposal for 2017 has not yet appointed and therefore can't dispose the items. Steps will be taken to appoint a Board of Disposal and dispose those items without delay. Further, there are issues on the quality of drugs received from the Medical Supplies Division so that they have removed from use according to the circulars sent. In general, the

			disposable items are handed over back to them in case they advise us to do so. Therefore, those items can't hand over to the Board of Disposal appointed by our hospital and they are remaining in the relevant stores. We have tried to exchange the drugs at every time possible, although they can't be exchanged. The attempt was unsuccessful when drugs expired on a same day are available in the Medical Supplies Division and other hospitals. Annexure 3.6(b), (c).
	(c)	A number of 190 Micro Bar Enema Kit Packets purchased for the Radiology Department without identifying the requirement, had remained in the stores of the Radiology Department as a slow moving items even by 31 December 2016. Out of those packets, 140 packets were to be expired in July 2017 and 60 packets included therein had been donated to the National Hospital of Sri Lanka in March 2017. Forty packets costing Rs. 108,000/- had expired as at 31 October 2017.	80 Packets out of this stock are remaining as at today and, 40 packets out of that are due to expire in 2020 so that those 40 packets can be used in that period. The remaining 40 packets had expired in July 2017. All other packets had been used as at July 2017. Except Barium power containing in these 40 packets, the rest of plastic parts can be used for CT tests enemas. Therefore, these 40 packets won't waste and, a mass of the loss incur may settled by using the plastic parts taken from that, for CT tests enemas.
4.6	Staff Administration The following observations are made.		
	(a)	Even though Directives had been given at the meetings of Committee on Public Enterprises held on 10 February 2016 and 09 June 2017 that the Ministry of Health, Nutrition and Indigenous Medicine should intervene directly to fill permanently the vacancies that existed in main posts such as the Director and Chief Accountant of the Hospital, permanent officers had not been appointed to the posts of Director and the Chief Accountant even up to 31 December 2017.	The officer held the Chief Account position on secondary basis arrived to Sri Jayawardenepura Hospital in 2015 has again assumed duties in public service and therefore that position is presently vacant. Therefore, advertisements in public newspapers were published in several times calling applications for said position. But applications from qualified applicants had never sent and therefore that vacancy couldn't fill. Necessary steps to fill the vacancy of Chief Accountant are being taken by now. We emphasize that recommendations to recruit officers from public service on secondary basis had been issued at the Committee on Public Enterprises (COPE) meeting held on 21.09.2012. As stated above, the officer holds the Director of the Hospital presently, had been appointed by the Secretary to the Ministry of Health, on secondary basis. Further, his duties are in a very satisfactory and top level which proves by the Progress Reports in 2015 and 2016 of the hospital. Therefore, that position is not vacant.
	(b)	A lady medical officer employed in the Hospital until then had been appointed to act in the post of Deputy Director from 08 July 2013. The said officer had not fulfilled the qualifications such as 7 year experience in Medical Administration, a recognized postgraduate degree and age less than	Duties of the Deputy Director are very essential to carry on the hospital's affairs continuously. In such situation, a most qualified officer from internal was appointed to act in the said position, considering the administrative requirements in the institution,

45 years which should be completed at the time of appointment as per the scheme of recruitment pertaining to the post. Even though an officer who is unable to pass beyond a salary point in his own substantive post on account of his failure to pass a prescribed qualifying examination or and Efficiency Bar, should not be appointed to act in a superior post in terms of Section 13.4.1 of Chapter II of the Establishment Code, she had been appointed despite the failure to earn the salary increment for 12 years as the Efficiency Bar Examination has not been passed. Further, acting salaries totaling Rs. 1,827,893 had been paid during the period from 08 July 2013 to 31 January 2017 without issuing a formal letter of appointment enabling the payment of acting salary for this lady officer

by the Board of Directors upon the powers vested by Section 07 of the Extra Ordinary Parliamentary Act No. 54 of 1983, until find out a solution for the problem. This decision had been taken by the Board of Directors based on the powers vested by the Act. It is also pointed out that provisions have been provided by Section 13:5, Chapter 11 of the Establishment Code. Therefore this appointment was done merely to continue the institution selecting the most suitable person and it is not against the provisions contained in the Establishment Code. Further, your attention is drawn in respect of Sections from 118 to 120, Chapter ix of the Extra Ordinary Gazette No. 1589/30 of Public Services Commission, with regard to this appointment, also corroborates that the decision taken by the Board of Directors is correct.

We have tried to recruit an officer calling application but was unsuccessful at several times. The reason for that is, the recruitment procedure adopted for Deputy Director is higher than the recruitment procedure adopted for public sector. Therefore, it is too difficult to recruit officers for these two positions under this recruitment procedure. Because nobody like to join for this position in this institution, leaving the pension and other privileges granted for public sector.

Based on the above reasons, the criterions of the recruitment procedure was submitted to the Board Meeting held on 16.06.016 for amendment according to the instructions given by the Director General of Health Services and the Director of Postgraduate Institute (the Board Members) to recruit a young, active officer for the post of Deputy Director.

Criterions contained in the previous recruitment procedure

Qualifications – Should be a Doctor qualified with Postgraduate having 07 years' experience of medical administration

Age - Should be below 45 years

Salary Scale - SL 3 Grade

Criterions Suggested

Qualifications - Should be a Doctor qualified with Postgraduate having 03 years' experience of medical administration

Age - Should be below 40 years

Salary Scale - SL 3 Grade

As this is a post belong to Senior Management Level and, this position had been held by very senior and experienced Medical Officers in the hospital, the Board of Directors decided on 16.06.2016 that the qualifications and experience determined in

		the recruitment procedure relevant to the Deputy Director should not be changed (Board decision No. 401.07.07). Thereafter, considering according to the officers in Deputy Medical Administration Grade, the minimum age limit in the recruitment procedure for Deputy Director was reduced from 45 years to 40 years. This decision was taken at the Board of Directors meeting held on 21.07.2016 by Board decision No. 402:02.05 According to the Board decision No. 403:02.03 taken at the Board of Directors meeting held on 18.08.2016, a newspaper advertisement about the amendment of the age limit, was published on 30.10.2016. Thereby, only one application was received which also was disqualified because the applicant was not possessing 07 years' experience. Thereafter, the required experience for the post of Deputy Director was reduced from 07 years to 03 years by the Board decision No. 404:02.01 taken at the Board of Directors meeting held on 22.09.2016. According to the amended criterions, applications were invited again for said post by a newspaper advertisement published 30.10.2016. Four applications had been received which were shortlisted to 03 applications. Those 03 applicants were called for the interview held on 29.12.2016. Therefore, a formal letter of appointment had been given for this post by the Board of Director so that no problem will arise in paying salaries according to Section 12:2.5, Chapter vii of the Establishment Code (Annexure 3.7(b)iii).
(c)	A medical officer was not given a formal letter of appointment to the post of Director of the Hospital had assume the duties of that post from 04 March 2015 and since then he had involved in all decisions of management level of the Hospital up to 31 December 2017. The Board of Directors had given the approval for the payment of initial salary and all other allowances pertaining to the post of Director disregarding the non-receipt of a formal letter of appointment and as such salaries and allowances totaling Rs. 5,903,431 had been paid to the said officer during that period. The qualifications such as 7 year experience in Medical Administration and a recognized postgraduate degree which should be completed at the time of assuming duties as per the scheme of recruitment for the post of Director, had not been fulfilled.	Letter releasing the relevant officer after appointing him as the Acting Director of Sri Jayawardenepura Hospital had been referred to me and arrangements were made him to assume duties accordingly. Steps were not taken to check his qualifications and experiences because the Board of Directors has no powers to raise problems about the appointments made by the Secretary to the Ministry of Health. Dr. Gamage left the hospital on 31.12.2014 to retire and therefore the hospital had no Director from 01.01.2015 to 03.03.2015 as well a Board of Director also had not been appointed. All duties within this period were covered by the Deputy Director. A new Board of Directors, Chairman and an Acting Director on secondary basis were appointed on 02.03.2015 by the Hon. Minister of Health. The said officer was appointed as the Acting Director of the Hospital by Secretary on

		secondary basis, upon instructions given by the Hon. Minister to do so. Accordingly, the relevant officer had been appointed by the competent authority in terms of Section 4.2.1, Chapter II of the Establishment Code. In terms of Section 119, Chapter IX of the Extra Ordinary Gazette No. 1589/30 related to the Procedural Regulations issued by the Public Service Commission, your attention is drawn toward the section contained as “A government officer acts or executes duties on behalf of any post may enjoy the allowances and privileges that are officially entitled to said post, within the period of acting or executing duties”. Further, the relevant officer engages in duties in full time in the post of Director of the institution so that the Board of Directors has been decided to grant him all privileges entitled to said post. Accordingly, there is no question in granting salaries, allowances and privileges entitled to said officer.
5.	<u>Accountability and Good Governance : Corporate Plan</u>	
5.1	Even though a Corporate Plan had been prepared for a period of 05 years, the following observations confirmed that action had not been taken as per that Corporate Plan and the Action Plan had not been prepared in line with the Corporate Plan.	
	(a)	The Corporate Plan prepared for the period from the year 2014 to the year 2018 had not been updated for the year 2016. Subsequently rejecting the Corporate Plan for 2014-2018 by the Committee on Public Enterprises, the Corporate Plan from 2017 to 2020 was prepared by a reputed private institution after studying about the resources and weakness of the hospital over ten months, which is presently being implemented after obtaining the approval from the Board of Directors.
	(b)	According to the Corporate Plan, functions such as establishment of a cafeteria or Doctors, construction of a laboratory of high standard for heart patients and improvement of Neonatal Intensive Care Unit to be implemented in the years 2015 and 2016, had not been included in the Action Plan of the year under review. Steps will be taken in future to prepare the Action Plans, following the Corporate Plan.
	(c)	Functions not included in the Corporate Plan such as repairing of central air conditioning system, improvement of the electricity supplying system and purchase of elevators had been included in the Action Plan of the year under review and implemented without updating the Corporate Plan. Steps will be taken in future to prepare the Action Plans, following the Corporate Plan.
5.2	<u>Action Plan :</u> The following observations are made.	
	(a)	Estimated value relating to each targeted function had not been included in the Action Plan. The objected and estimated values have included to the Action Plan for 2016.
	(b)	Progress reports had not been prepared quarterly so as to enable to identify the progress of the achievement of the intended targets and objectives according to the Action Plan, to identify the According to the Action Plan, the expected targets & progress of achieving objectives and, the quarterly information about the money spent for that have included in the

		amount spent thereon according to the Budget Estimate and copies of those had not been furnished to the relevant Ministry and the Department of Public Enterprises in terms of Section 4.2.6 of the Public Enterprise Circular No. PED/12 of 02 June 2003.	quarterly performance reports of the hospital and, copies of said reports had presented to the Ministerial Secretary, Chief Internal Auditor, Planning Division, Department of Public Enterprises and the Government Auditor. The report related to the progress of the Action Plan pertained to the relevant subject was prepared for the complete year and handed over to the Planning Division of the Ministry of Health, in February 2017.
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.		
(a)	Fixed Assets Control	(i) Failure in taking action to identify physically all fixed assets, assess their values and to record them in the Register.	(i) Existence and safety of fixed assets of the hospital have been assured by conducting the annual fixed assets surveys since 2015. The stocks controlling has been brought to an efficient position using the computer system. (ii) I admit that fixed assets to the value of Rs. 39 million had not been entered in the Fixed Assets Register in 2016. However, this value has been brought to the accounts. Accordingly, reporting the purchasing of assets has not been omitted.
		(ii) Failure to record a sum of Rs. 39,157,304 spend on the improvement of buildings during the year under review, in the computer printout which contain the fixed assets purchased in the year.	
(b)	Stock Control	Non-maintenance of inventories of drugs and surgical goods in the stores as well as in other sub-stores in the updated manner, failure to include the computer system the cost of 350 types of surgical Goods existed in 5 Divisions of the Hospital due to the non-introduction of a methodology for accounting the receipts and issue of stocks and stock balances accurately, recording the figures in the Stock Verification Reports with a pencil and failure in certifying the accuracy thereof and failure in placing the signatures of officers in charge of main stores in the Stock Verification Reports.	Steps have been taken to bring the stocks controlling of the hospital to an efficient and correct position using the computer system.
(d)	Staff Administration	Failure in taking action to prepare and obtain approval for the proper schemes in respect of recruitments, promotions, grading and salary scales.	A recruitment procedure has been prepared and presented to the Department of Management Services and, it had been presented to the National Cadre and Salaries Commission by said department for recommendations.
(e)	Contract Administration	Failure in super-checking continuously in respect of contract administration.	Steps have been taken to keep maintained the contracts controlling in more efficient and productive manner with often supervision and monitoring.

(f)	<table><tr><td>Control of Purchases</td><td>Failure to purchase by identifying the requirement and failure in taking action to obtain the service of suppliers in terms of conditions.</td></tr></table>	Control of Purchases	Failure to purchase by identifying the requirement and failure in taking action to obtain the service of suppliers in terms of conditions.	Steps have been taken to keep maintained a more productive and efficient purchasing methodology, minimizing the deficiencies pointed out by the audit.
Control of Purchases	Failure to purchase by identifying the requirement and failure in taking action to obtain the service of suppliers in terms of conditions.			
(g)	<table><tr><td>Computer Accounting System</td><td>Failure to enter the journal entry number, characteristics and details into the system and failure to enter the details on double entry in Ledger Accounts.</td></tr></table>	Computer Accounting System	Failure to enter the journal entry number, characteristics and details into the system and failure to enter the details on double entry in Ledger Accounts.	Steps will be taken in future to correct such deficiencies.
Computer Accounting System	Failure to enter the journal entry number, characteristics and details into the system and failure to enter the details on double entry in Ledger Accounts.			

6. Future Vision



6.1 Expected Medium Term Actions to Improve the performance of the Institute

Objectives	Activities
1. Improvement of infrastructure facilities at the hospital for patients, visitors and the staff	- i Construction of nurses quarters (on going) - ii Construction of Administration and Finance building with auditorium. (on going) - iii Construction of work shop Building (on going) - iv Construction of nurses (Male) quarters.(on going) - v Construction of 6 story paying ward complex(on going) - vi Installation of solar energy panels for all existing roof area of the main building (on going)
2.Expansions	i. Expansion of OT complex ii. New car parking facility. iii. Expansion of the main laboratory iv. Expansion of CSSD Unit - V . Refurbishing of existing sanitary facilities (on going) Vi. To build solar powered hot water systems in paying ward complex. Vii. OPD, Clinics to be converted to Holistic transformation.
3.Improvements for the existing infrastructure	i. Improvements of general appearance of hospital entrance and the security check point. ii. Reinstallations of fire protection and detection system - iii ..Purchase of MRI Scanner. (Ordered)& Purchase of other medical equipment
4.Human Resource Development	- i Establish a training and development unit for the hospital. ii. Training of employees of all categories . iii. Training on information technology and usage of information technology.



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