Comptroller and Auditor General

Report on General Matters arising out of Audit of 1995 Accounts in the Health Sector

Baile Átha Cliath
Arna fhoilsiú ag Oifig an tSoláthair

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This report was prepared on the basis of information, documentation and explanations obtained from the bodies referred to in the report.

Drafts of relevant segments of the report were sent to the bodies concerned and their comments requested. Where appropriate, these comments were incorporated into the final version of the report.

Report of the Comptroller and Auditor General

Minister for Health

I have prepared a special report under Section 11 of the Comptroller and Auditor General (Amendment) Act, 1993 on matters arising in relation to audits carried out by me under Sections 5 and 6 of that Act.

I hereby submit the report for presentation to Dáil Éireann pursuant to Section 11 of the said Act.

John Purcell
Comptroller and Auditor General

30 April 1997

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Health Sector

Health Boards

Accounts of the eight regional health boards are audited by me in accordance with Section 6 of the Comptroller and Auditor General (Amendment) Act, 1993.

I have certified my opinion on the accounts of the boards for the year ended 31 December 1995. In addition, I have issued a report under section 6(4) of the Act on matters arising out of my audit in the case of each of the boards. These reports are set out in the Appendix to this report.

General matters arising out of my audit of the boards are set out hereunder.

1. Financial Outturn

Overall gross expenditure by the boards in 1995 increased by 6.4% over the previous year as set out in Table 1.1.

Table 1.1
Gross Health Board Expenditure

	1995		1994	
Expenditure Classification	**£m**	**%**	**£m**	**%**
Pay and Pensions	900	58	839	58
Other Costs	638	42	607	42
Total	1538	100	1446	100

The total payroll costs[1] of £824m and the employment levels of the boards were as set out in Table 1.2 beneath.

Table 1.2
Payroll Costs and Employment

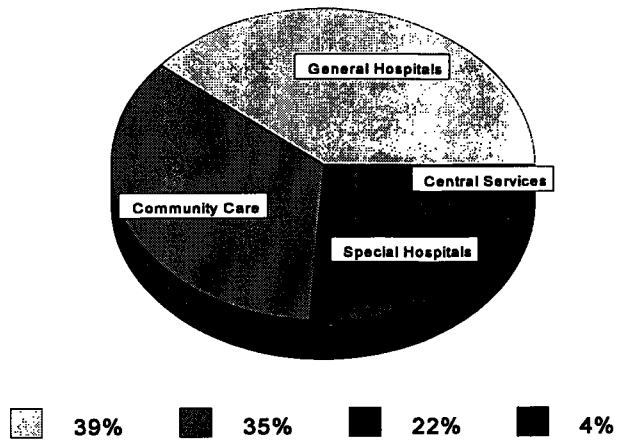
	Cost £m	Numbers Employed	Average Cost £
Medical and Dental	119	2,770	42,960
Nursing	367	17,238	21,290
Paramedical	72	3,169	22,720
Support Services	172	12,179	14,123
Maintenance	20	1,180	16,949
Administration	74	5,261	14,066
	824	41,797	19,714

[1] *These costs exclude superannuation expenditure of £76m.*

2. Expenditure by Category of Care

The gross expenditure of the boards during 1995 was incurred on the categories of care set out in Figure 1.

Figure 1
Expenditure by Category of Care



The total spending of £1.54 billion incurred by the eight health boards in 1995 analysed by service activity is set out in Table 2.1.

Table 2.1
Current Expenditure of Health Boards 1995[a]

Health Board	General Hospitals		Special Hospitals		Community Care		Central Services		Gross Expenditure
	Pay £m	Non Pay £m	Pay £m	Non Pay £m	Pay £m	Non Pay £m	Pay £m	Non Pay £m	£m
Eastern	67	45	65	46	50	110	6	8	397
Southern	97	39	34	9	22	42	2	3	248
Western	62	25	41	9	21	41	2	3	204
North Eastern	27	13	11	3	26	26	7	2	115
North Western	37	13	12	3	34	26	3	6	134
South Eastern	57	23	35	8	13	36	12	7	191
Midland	25	10	15	4	27	22	2	2	107
Mid-Western	42	16	31	8	13	28	2	2	142
Total	414	184	244	90	206	331	36	33	1,538

Note: [a] *The pay costs reported include superannuation.*

£143m in income was generated by the boards during 1995.

3. State Allocations and Net Outturns

Funds allocated to the boards in 1995 were approximately 6.5% higher than the 1994 allocations. The funding allocated by the Department of Health and the net outturns of the health boards for 1995 were as set out in Table 3.1.

Table 3.1
State Allocations and Net Health Board Outturns 1995[a]

Health Board	Allocations £m	Surplus/(Deficits) £m
Eastern	370	(0.91)
Southern	222	(0.11)
Western	184	-
North Eastern	104	0.18
North Western	120	0.13
South Eastern	173	(0.30)
Midland	94	-
Mid-Western[b]	126	1.36
Total	**1,393**	**0.35**

Note: [a] *The allocations quoted are for running expenses and include a total of £15.9m of lottery funding.*

[b] *The surplus reported by the Mid-Western Health Board is mainly attributable to the inclusion for the first time of stocks of medical equipment and drugs in that Board's accounts.*

4. Indebtedness

Overdrafts

The total overdrafts of the boards at 31 December 1995 were £31.8m.

Bank Loans for Capital Purposes

In addition to the funding received by the boards from the Department of Health towards the costs of their ongoing services and for capital purposes, certain capital works have been funded by recourse to bank borrowing. The loan debt due to the banks reduced by £5.5m in 1995 as indicated in Table 4.1.

Table 4.1
Indebtedness of Boards

Health Board	1995 £m	1994 £m
Eastern	3.76	3.84
Southern	0.06	0.15
Western	-	-
North Eastern	0.04	0.05
North Western	0.06	2.96
South Eastern	-	2.70
Midland	0.25	0.19
Mid-Western	0.33	0.11
Total	4.50	10.00

5. Capital Income and Expenditure Account

Capital expenditure amounted to £57.57m in 1995 (1994-£37.56m). The projects on which significant expenditure was incurred in 1995 are set out in Table 5.1.

Table 5.1
Health Board Capital Projects 1995

Hospital	Project Purpose or Stage	Cost £m
Ardkeen Hospital, Waterford	Development of psychiatric, obstetric and general services	4.74
St. Luke's Hospital, Kilkenny	Construction and equipping of intensive care unit and new childrens ward (20 beds)	1.00
Regional Hospital, Limerick	Design Team Fees	1.18
Western Health Board	Purchase of workshop for training purposes	0.87
Letterkenny General Hospital	Development of day services	0.55
Sligo General Hospital	Payments to contractor and professional fees	0.69
Markievicz House, Sligo	Development of new Community Care Centre	2.13
General Hospital, Mullingar	New operating theatres	3.32

6. Patients' Property Accounts

The boards administer funds held on behalf of patients in their hospitals. Such funds are invested by the boards in gilt-edged securities. The patients' property accounts in the various hospitals are examined annually by auditors appointed by the boards. The total funds held on these accounts amounted to £16.77m at 31 December 1995 of which £2.6m related to discharged or deceased patients. In total, £1.1m was charged by the boards in 1995 in respect of administration of these moneys.

Details of the arrangements for administering patients' property accounts in each health board are set out in the individual reports prepared under Section 6(4) of the Comptroller and Auditor General (Amendment) Act, 1993 and can be found in the Appendix at pages A.1 - A.25.

Regional Hospital Boards

7. Dissolution

The Health Act, 1970 provided for the establishment of bodies for the coordination and development of hospital services. Regulations made under the Act[2] provided for the establishment of Comhairle na nOspidéal and regional hospital boards for Dublin, Cork and Galway.

The major function assigned to the regional hospital boards under Article 8 of the Regulations was to consider any proposal of a health board or other body for

- a change in the use of a hospital maintained by it
- an extension of such a hospital, or
- the discontinuance of such a hospital.

Following consideration of proposals a regional hospital board's duty was to convey its decision to the health board or other body concerned and that board or body could not act further except in accordance with the decision of the relevant regional hospital board.

During the course of audit it was noted that the regional hospital boards ceased to operate in the mid 1970s. In response to my inquiries the Accounting Officer of the Department of Health informed me that the regional hospital boards were established in 1972 to coordinate the general organisation and development of hospital services. According to the Accounting Officer it became apparent that this function could be better performed by the Department itself and that the boards were unnecessary.

On 19 October 1978 the Minister for Health announced in Dáil Éireann that he proposed to ask the House on some suitable occasion to discontinue the three regional hospital boards. When the terms of office of the members of the boards expired on 30 September 1979 the boards were not reconstituted. The boards have not functioned since then and the Health (Amendment) (No 3) Act 1996 provided for the formal dissolution of the regional hospital boards.

Arising from a judgment given in 1995 in a court case concerning the siting of an acute general hospital it appeared that there had never been any statutory requirement on health boards to consult the relevant regional hospital boards in relation to the matters specified in Article 8 of the Regulations. In order to copperfasten this position the 1996 Act also provided that the non-performance of the functions of the regional hospital board shall not affect the validity of anything done by a health board or other body in relation to which functions fell to be performed by a regional hospital board.

2 *The Health (Hospital Bodies) Regulations 1972 (SI 164 of 1972)*

St. James's Hospital

8. Collection of Patients' Accounts due from VHI

The hospital has a direct payment arrangement with the Voluntary Health Insurance Board (VHI). Charges due from VHI members, who are treated by the hospital, are paid directly to the hospital by the VHI. This arrangement has been in place since March 1992.

The designation of public and private beds within hospitals must be approved by the Minister for Health in accordance with the Health Services (In-patient) Regulations, 1991. It appears that when the formal designation of beds was approved in 1991, ten beds used for private and semi-private patients were not taken into account. Notwithstanding this, the VHI paid all claims related to those beds up to September 1994.

The VHI then rejected all claims in respect of the beds in question submitted between that date and June 1995, when the Department of Health formally designated them, following an application by the hospital in March 1995.

As at 31 December 1995 claims totalling £175,224 had been rejected by the VHI and a further £82,644 had been designated as pending.

Both figures have been included as part of a bad debt provision made in the hospital's accounts for 1995. To the extent that such bad debts materialise due to non-payment of the claims, the provision will represent a real loss of income to the hospital since patients who were VHI members would have effectively been provided with private and semi-private facilities for which the hospital received no reimbursement.

In response to my inquiries the Chief Executive Officer informed me that in 1992/93 the hospital availed of the opportunity offered by new bed designation regulations to amalgamate its private and semi-private bed facilities into an 81 bed designated unit. The ten beds in question were not formally designated at that stage as those beds had always been recognised by VHI as relating to private/semi-private care. The issue of formally designating them was subsequently raised by the hospital with the VHI on a number of occasions. The position at 31 December 1996 was that £76,064 had been received from the VHI in respect of the claims and the hospital was actively pursuing the collection of the remaining £181,804.

9. Capital Purchases

Guidelines for voluntary agencies issued by the Department of Health specify that commitments outstanding at year end (i.e. purchase orders issued for which no service or goods have been received by that date) should not be charged as expenditure of the accounting period. The amount should, however, be disclosed by way of a note in the financial statements.

Documentation in the form of delivery notes in respect of equipment to a value of £537,000 was received and processed by the hospital notwithstanding the fact that the related equipment was not physically received.

From a review of purchase invoices it appeared that the goods were not actually received by the hospital until 1996.

In response to my inquiries the CEO informed me that the equipment was associated with a specific phase of the hospital's redevelopment programme. As these facilities had only been partly taken into possession by the end of 1995 it would not have been feasible to accept delivery of the equipment at that stage. Suppliers expressed a willingness to retain these goods on the hospital's behalf until such time as delivery acceptance became possible.

The CEO also informed me that these goods were not covered by the hospital's insurance while being held by the suppliers as it was considered that legal liability did not arise for St. James's until after they had been taken into possession on the hospital site and verified to be in order.

He acknowledged that the receipt of delivery notes in advance of physical delivery of equipment was a deviation from control procedures but stressed that formal acknowledgement in respect of the acquisitions did not occur until the goods were taken into possession.

The cost of the equipment in question has been charged to the 1995 accounts.

10. Laboratory Income

The hospital's income from laboratory charges amounted to £324,000 in 1995. While the vast bulk of this income was derived from work undertaken on behalf of Health Boards, it was noted in the course of audit that charges were not levied for tests performed on behalf of three private clinics.

The CEO informed me that two of the clinics are exclusively outpatient based and it was the hospital's interpretation of the relevant regulations[3] that it was not strictly in a position to charge for tests undertaken in respect of outpatients. The third clinic refers specialised tests to the hospital in respect of inpatients. The CEO stated that it had now been established that these tests may be deemed as chargeable by reference to a particular interpretation of the relevant regulations and that the hospital was now negotiating an arrangement with the clinic in question.

3 *Health (Out-Patient Charges) Regulations 1994.*

Board for the Employment of the Blind (Blindcraft)

11. Accountability and Management

The Board for the Employment of the Blind was established by the Minister for Social Welfare in 1957. Responsibility for the Board was transferred to the Minister for Health in 1972.

The constitution of the Board, as revised and adopted in April 1989, provides that the Minister for Health shall appoint the members of the Board and a chairman who shall hold office for such period as the Minister may determine.

The constitution of the Board also provides that the Minister shall appoint three trustees whose duties it specifies.

During the course of audit it was noted that the last meeting of the Board was held in November 1992. In January 1993 the Minister had appointed four individuals to the Board for a period ending in November 1995 but the Board had not met due to the failure to appoint a chairman.

As a result draft accounts for the period 1991 to 1995 remain unapproved and unsigned by the Board and while I have carried out audits of the draft accounts for 1994 and 1995, they could not, together with my report thereon, be formally submitted to Dáil Éireann.[4]

The Board incurred trading losses of £91,000 in 1995 and received grant assistance of £305,000 in that year.

The Accounting Officer has informed me that while four board members were appointed by the Minister in January, 1993 following a change of government the incoming Minister decided not to appoint a chairman until he was fully apprised of the situation in Blindcraft and had considered options regarding its future. Later in 1993 proposals for the management of Blindcraft were submitted to him for consideration by the National Council for the Blind (NCBI) and in March 1994 NCBI assumed responsibility for the management of Blindcraft. By this time the Board was into the second half of its term without having formally met as a Board. In addition, with the new management arrangements put in place by NCBI, the role of the Board had changed substantially. In effect NCBI was performing many of the functions of the Board. It was felt, that what was required was a small scaled-down Board to operate as trustees. A decision was made not to appoint a chairman until the term of the Board expired at the end of November 1995. In 1996 it was decided to give priority to a review of the management of Blindcraft by NCBI since 1994 and arising from this review to make a recommendation to the Minister on the composition and functions of a Board.

The Accounting Officer also informed me that when the current review of the role of NCBI and of future options for Blindcraft is completed, decisions can be made in

4 *As required by section 11 of the Comptroller and Auditor General (Amendment) Act, 1993.*

regard to appropriate and accountable arrangements for its future operation. In the interim, the day-to-day operation of Blindcraft has been carried out under the NCBI contract. The Department has taken on a broad policy role and accountability has been maintained through this chain of responsibility. The trustees have also been actively involved in the financial management of Blindcraft.

In regard to the management of the Board, the Department has asked NCBI to review progress in the implementation of the agreed management plan and the NCBI reported in July 1996. Recommendations submitted are now under consideration in the Department.

The Accounting Officer stated that the Department is not satisfied with the current trading position of Blindcraft. It is, however, recognised that NCBI took over a difficult situation in difficult circumstances. The temporary nature of this arrangement was reflected in the relatively short duration of the agreement. The review being undertaken by NCBI is concentrating on ensuring the optimal opportunity to turn the organisation's fortunes around given the existing difficulties and the fact that a majority of the work force have a physical disability which materially affects productivity.

These new arrangements may require a change in the terms of the Blindcraft constitution and this will be among the urgent matters to be considered by a new Board when appointed by the Minister.

The Blood Transfusion Service Board

12. Cost of Recovery Measures

Blood donated is used by the Blood Transfusion Service Board (BTSB) to make three component products

- plasma
- platelets
- red cells.

In the case of a patient who received a red cell transfusion in the Meath Hospital and had an adverse reaction to the transfusion, an organism, Serratia Marcescens, was isolated in tests conducted by the Department of Microbiology in St James's Hospital, both in the contents of the pack and on its outside.

The BTSB took the following action

- informed the Department of Health
- immediately quarantined all blood, platelets and plasma at Pelican House and at all hospitals supplied by Pelican House
- arranged for the supply of blood from the Board's regional office in Cork which used a different pack
- organised additional donor clinics in Dublin and Cork
- obtained additional supplies from England, Scotland, Wales and Holland
- suspended the use of blood packs manufactured by the supplier company.

In order to examine the blood supplies and the packs used in the process the Board established an incident investigation team, consisting of representatives from BTSB, the Irish Medicines Board, the Microbiology Department St. James's Hospital and the manufacturer of the blood packs.

The investigation team examined the other component products derived from the implicated donation and the physical environments in which the blood pack was handled. The team's findings were

- no Serratia Marcescens was isolated from the associated plasma of the implicated donation or from the outside of the plasma pack

- no evidence of bacterial contamination was found at Pelican House, St. James's Hospital or at the Dutch manufacturing facility.

5,130 blood packs were examined for evidence of leakage i.e. moisture in the plastic overwrap. Three major leakages were observed. Droplets of moisture or inclusions were observed in a further 59 overwraps. On the 10 January 1996 the three major leakages were examined by personnel from the Board and the manufacturers. These leakages were attributed to a needle defect which was confirmed later as a defect caused by handling at the manufacturing plant. Corrective action was implemented by the manufacturers on 23 January 1996. The droplets of moisture present in the other

overwraps was confirmed as normal or expected after the sterilisation process at the plant.

I inquired, from the Chief Executive Officer (CEO) of the BTSB as to

- the cost to the Board arising out of the withdrawal of the packs and the additional cost of recovery measures
- whether any such costs were covered by insurance or otherwise recoverable
- whether regular independent environmental monitoring is carried out on the Board's and hospitals' blood storage facilities and transportation systems
- the steps taken or proposed to reduce the risk of service breakdown due to contamination or suspected contamination.

In response to my inquiries the CEO informed me that the Board incurred the following costs arising from the incident.

	£
Credits to hospitals in respect of blood withdrawn	106,763
Stocks discarded	126,953
Recovery Costs	141,826
Total	**375,542**

The CEO also informed me that these costs were not covered by insurance and the Board is in discussions with the Department in relation to the financial implications of the incident.

He stated that independent environmental monitoring exercises were performed in the collection, processing, storage and transportation facilities at Pelican House in October/November 1994 and January 1996. The findings indicated that no significant bacteriological contamination was encountered and cleaning was effective. The Board is not aware that independent environmental monitoring of hospital blood bank storage facilities is undertaken.

The CEO also stated that the following action has been taken or is proposed by the Board.

- A multiple blood pack collection system used to collect and process blood donations in a closed system has greatly reduced the risk of microbial contamination of blood and blood components. Standard procedures for the collection, processing and storage of blood have been developed and implemented to minimise the risk of accidental contamination of blood donation/product.

- Environmental monitoring programmes are being developed to monitor the effectiveness of the cleaning and disinfection procedure.

- A formal protocol for reporting pack faults has been agreed with the main pack manufacturer which should expedite the investigation of faults observed. Meetings have been held with the manufacturer to discuss improvement opportunities.

- A mechanism for communicating observed pack faults has been established between blood transfusion services in Scotland, Northern Ireland and Ireland. This should assist in providing current and meaningful data on the frequency of faults and facilitate decision making.

- Guidelines on the storage, transportation and handling of blood and blood components at hospital blood banks are being drafted. These guidelines are intended to assist hospital personnel with the development of their own written standard operating procedures and training programmes. These will be circulated when approved.

- A standard hospital procedure for the examination of blood products associated with an adverse reaction in a recipient has been drafted and will be recommended to all hospitals when approved.

General Medical Services (Payments) Board

13. Payments Pending Review

The General Medical Services (Payments) Board makes payments to community pharmacists on behalf of health boards in respect of drugs, medicines and some appliances dispensed under the General Medical Services (GMS) Scheme.

Payments to pharmacists in respect of this scheme in 1995 amounted to £159.6m.

Eligibility is determined on the basis of the existence of a valid current medical card. Cards can be issued on a family basis with eligible persons within the family identified by alphabetic identifiers.

The policy of the Board is to make payment on foot of GMS prescription/claim forms even when the medical card numbers quoted suggest that the named persons are not currently eligible for services, on the basis that the items were dispensed in good faith.

In certain cases payments were made under the GMS Scheme where it was found that the registration of persons being assisted had lapsed or where the medical card numbers quoted were illegible or invalid. Payments of the order of £8m were processed in such circumstances in 1995.

The cost of prescriptions processed for payment in such circumstances accounted for approximately 5% of the total cost of pharmacy claims under the GMS Scheme in 1995. Over half of the cost was attributable to claims with illegible or incorrect numbers and the balance arose because

- card numbers quoted did not correspond with those on file
- the alphabetic identifier for a patient within a family did not correspond with that on file
- the entitlement of certain family members had lapsed although the card number remained valid.

In addition, in an emergency situation, a person eligible for GMS services is entitled to attend any participating general practitioner and be issued with a GMS prescription form - the majority of forms issued under this arrangement do not show a medical card number.

While it is not possible to accurately assess the amount of payments which will, ultimately, be determined to be invalid, the Chief Officer has assured me that historically, the amount is quite small.

I am also advised by the Chief Officer that the Board is of the view that because of the manner in which persons can avail of general practitioner services under the scheme it is not possible to eliminate all invalid claims from the system but nevertheless the Board, in association with the health boards, is examining ways of reducing the level of pharmacy claims not supported by a current valid patient number.

Tallaght Hospital Board

14. Construction of Operating Theatres

Tallaght Hospital Board was established in February 1980. The functions of the Board include planning, building, equipping and furnishing a new general hospital at Tallaght and managing the hospital up to its commissioning date. The contract sum for the construction of the hospital is £68m (including VAT). Work commenced in late 1993 and included the construction of 12 operating theatres.

It was noted in the course of audit that the Board had discovered in the early stages of construction that the 12 operating theatres were being constructed to an approximate size of 34 square metres instead of 37 square metres specified in the design brief. This matter came to light in early 1995.

In the course of rectifying the matter the Board negotiated a lump sum price of £1,203,036 with the contractor for the demolition of the partly constructed operating theatres and their reconstruction.

The reconstruction involved enlarging the theatre size to 42 square meters in the case of 10 of the operating theatres and to 56 square meters for two orthopaedic operating theatres, together with alterations to comply with statutory requirements and medical practices e.g. radiation protection.[5]

The additional cost has been apportioned by the Board as follows

	£
Demolition and reconstruction work	658,525
Claim for delay, disruption or acceleration	544,511
	1,203,036

The total cost has been attributed by the Project Director to the following

	£
Increase in size of general theatres	414,186
Increase in size of orthopaedic theatres	267,750
Radiation Protection Measures	296,100
Laser Protection Measures	113,625
Additional services to theatres	111,375
	1,203,036

In response to my inquiries regarding the cause of the error I have been informed that the Board's enquiries have established that

- the design team had confirmed in 1988 that the theatres as designed conformed to the brief

[5] The additional radiation protection improvement incorporated into the construction of theatres was implemented to ensure compliance with new regulations under statutory requirements.

- however, documents sent for contract included a provision for six theatres to be built to a size of 34.28 square metres and a further six to a size of 34.92 square metres.

The Board sought a report from its Project Managers as to the cause of this apparent error when discovered. The Project Managers reported that

- the theatre sizes as approved in October 1987 complied with the brief. After completion of this stage no planning changes should be allowed save in exceptional circumstances

- what resulted were theatres which were not in compliance with the approved schedule and brief and which had an area significantly less than that approved

- this reduction seemed to have occurred between October 1987 and June 1990 due mainly to revisions made to the exit corridors and doors from the theatres

- there was no evidence on the Board's file that instructions had been issued to the Design Team to reduce theatre sizes from that approved. Neither was there any document from the Design Team confirming that any such reduction took place.

The Project Director has informed me that the additional cost arising from the alterations is a maximum of £414,000 plus fees if appropriate.

In reckoning the additional cost the Project Director has only counted the cost of the general theatres because he maintains it would have been necessary in any event to adjust the size of the operating theatres for orthopaedic operations in view of the fact that additional larger equipment was becoming commonplace in support of surgery in orthopaedic operating theatres. In his view, this enlargement would have had to be undertaken in any case and would have been funded from a contingency sum within the contract. However, had the remaining general theatres been constructed to the proper shape and an area of 37 square meters in the first instance no alteration to these theatres would have been required.

The Board has taken legal advice on whether and to what extent this additional cost can be recovered.

Beaumont Hospital

15. Charges for Laboratory Tests

Income of £100,652 was generated by the hospital from laboratory test charges in 1995.

It was noted in the course of audit of the 1995 accounts of the hospital that

- charges for laboratory services had not changed since 1991
- the private clinic attached to the hospital was not billed for tests.

In response to my inquiries the Chief Executive Officer informed me that

- Laboratory charges were based on the most accurate and readily available information at the stage invoicing of pathology tests commenced in 1991. The charges set were based on comparable charges made by similar institutions in the UK and Ireland with whom the hospital was competing.

- With effect from May 1996 the charges have been amended to reflect an inflationary adjustment and it is now hospital policy to increase such charges by the consumer price index on an annual basis. In addition, over the past two years, the hospital has been developing a computerised costing system for its range of laboratory tests. Additional resources were allocated to this work in 1996 and it is anticipated that the actual cost of tests will be available to the hospital by 1998.

- Beaumont Private Clinic has not been invoiced for tests carried out on behalf of consultants' patients who attend that Clinic. Discussions are continuing with the management of the Private Clinic to ensure that a mutually acceptable formula is arrived at for the billing of hospital services to the Private Clinic. The total number of laboratory tests carried out in 1995 for that clinic was 5,720. If the clinic had been charged for these tests, the hospital would have raised invoices to a value of £56,000.

Appendix

Reports on health boards issued under Section 6(4) of the Comptroller and Auditor General (Amendment) Act, 1993 are set out at pages A.1 - A.25 beneath.

Eastern Health Board
Report of the Comptroller and Auditor General

This report has been prepared pursuant to Section 6(4) of the Comptroller and Auditor General (Amendment) Act, 1993.

1. Patients' Property Accounts

The Eastern Health Board (EHB) administers funds held on behalf of patients in its hospitals. The total of such funds held by the Board amounted to £3.6m at 31 December 1995, being

- £2.1m in balances due on patients' accounts
- £1.5m accumulated interest earned on the investment of patients' funds.

In response to my inquiries the Chief Executive Officer (CEO) stated that the Board has formal regulations for the administration of these accounts. These regulations cover the following

- custody of patients' property
- receipt of money
- patients' property bank accounts and bank reconciliations
- accounting records
- procedures to be followed on the death of patients
- the independent audit of these accounts.

The CEO also stated that a total of £572,000 was held by the Board at 31 December 1995 in respect of discharged or deceased patients. On the death of a patient any property held by the Board, after deduction of funeral expenses or other charges, is handed over to the legal personal representative entitled to administer the estate only on the production of probate or letters of administration, and a receipt obtained therefor.

Accumulated interest is utilised to discharge the management costs associated with providing this facility for patients. When investment income earned in any year is not sufficient to meet that year's charge accumulated interest is used to meet the shortfall.

The CEO informed me that the Board's administration charge of £303,592 in 1995, did not represent the full cost of managing these accounts.

2. Payroll Control

The EHB employs approximately 9,000 staff to manage and deliver a range of health services within its region. During audit it was noted that there was no evidence of a reconciliation being carried out between the numbers of employees paid by the payroll section and those shown in records maintained in the personnel department in respect of the Board's approved staff complement.

In response to my inquiries the CEO stated that the number of staff employed by the Board at 31 December 1995 was 8,801, whereas its approved staff complement was 8,584. Retrospective approval for 194 posts was given by the Department of Health during 1996. The extra staff was in respect of approved service developments which, although funded by the Department in 1995, had not been the subject of a corresponding staff ceiling adjustment. Discussions are ongoing with the Department to finalise outstanding approvals.

The CEO also stated that extensive accounting controls and procedures, in both the personnel and payroll departments and internal audit unit, ensure that payroll information is accurate and complete and that payments to staff are properly authorised and validated. The complexity of both staff cover and payroll arrangements make it difficult to reconcile payments made with numbers of staff actually on duty at a particular point in time. The Board is currently developing systems to overcome these difficulties.

3. Capital - Development Grants

In 1995 an allocation of £1.91m was made to the Board for the development of services for people with mental handicap. The following grant allocations were reviewed during audit:

Organisation	Amount Allocated £	Project
Sunbeam House	35,000	Purchase of day centre
Sunbeam House	75,000	Purchase of house
Cheeverstown	180,000	Purchase of two houses & day centre
Kare	80,000	Purchase of house
Camphill	60,000	Purchase of two houses
	430,000	

I sought explanations from the CEO since

- there was no charge registered in respect of these properties which were acquired using capital development grants

- supporting documentation on the files of the Board's finance unit was sparse with most of the files containing only a copy of the actual payment authorisation for these grants.

In response the CEO stated that

- It had not been the practice for the Board to register charges against properties acquired by voluntary agencies by way of capital grant. Draft guidelines have been circulated by the Department relating to securing the State's interest when grants for capital purposes are provided by the health boards to these agencies. These guidelines when finalised will be implemented.

- The properties acquired were inspected by staff from the Board and details of the projects were referred for approval to the Central Planning Committee on Mental Handicap Services. The decisions to purchase were subsequently notified to the Department.

- The approval process is also underpinned by a long term commitment by the organisations to provide a specific level of services in these premises.

4. Prepayments

The following grants to voluntary agencies, although paid in 1995, have not been charged in the annual accounts of the Board for the year ended 31 December 1995.

Organisation	Amount £
St. John of God's Hospital	300,000
Cheeverstown	149,000
Sunbeam House	100,000
Mater Child Clinic	50,000
	599,000

In response to my inquiries the CEO stated that the voluntary agencies are required to plan and manage their services strictly within the limits of the agreed funding. In a number of exceptional circumstances where agencies have encountered cashflow difficulties advance funding was provided to enable the agencies to continue to provide essential services. These exceptions were agreed on the understanding that the agencies would secure cost reductions within a reasonable period of time so that the total expenditure by the agencies would be contained within the approved level. Where such an advance is provided a prepayment is made to ensure that budget limits for individual years are not breached.

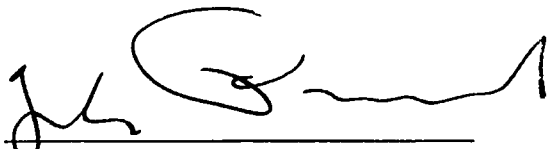
5. Dispute with Dublin Corporation

Dublin Corporation's fire brigade department provides the emergency ambulance service for the EHB. There is a long running dispute between these two public bodies as to the level of charges that should be borne by the Board for this service. The Board paid £4,925,000 for the service in 1995 but only £4,170,000 was charged to the 1995 accounts.

The CEO informed me that the total amount in dispute with Dublin Corporation for the service at 31 December 1995 was £2m but that this sum was not provided for in the 1995 accounts because the basis for the charge is disputed by the Board. The EHB and its predecessor (the Dublin Health Authority) had an informal arrangement of long standing with Dublin Corporation for the provision on an agency basis of an accident and emergency ambulance service. The charge levied for this service is based on an ad-hoc formula implemented in the early 1960s. The Board is charged for the direct costs of fire personnel which the Dublin Fire Brigade determines are necessary to staff 11 ambulances, associated fuel and running costs together with one seventh of the total overhead costs of the Brigade. The Board has long

disputed the appropriateness of this formula. Discussions have now commenced with Dublin Corporation with a view to resolving the difficulty once and for all.

In regard to the difference between the amount paid and the amount charged for the service in the 1995 accounts, the CEO stated that it was largely due to a decision to treat a payment of £731,500 as a 1996 expense item as it was not budgeted for in 1995. This payment formed part of the settlement negotiations with Dublin Corporation.



John Purcell
Comptroller and Auditor General

30 April 1997

Southern Health Board
Report of the Comptroller and Auditor General

This report has been prepared pursuant to Section 6(4) of the Comptroller and Auditor General (Amendment) Act, 1993.

Patients' Property Accounts

The Board administers the funds held on behalf of patients in the Board's hospitals. These accounts are mainly in respect of moneys belonging to long stay psychiatric and geriatric patients. The moneys held by the Board on behalf of patients at 31 December 1995 totalled £1.86m, of which

- £1.806m related to balances due to patients, £237,081 being in respect of dormant accounts i.e. discharged / deceased patients

- £56,617 represented the accumulated interest from the investment of funds held on behalf of patients.

The Board has implemented patients' property regulations covering the operation of these accounts which are maintained in 22 of the Board's institutions. Provision is made within these regulations for the administration of such property generally and in particular for

- official books of account / records to be maintained
- the receipt and custody of patient property
- the independent audit of the accounts
- procedures to be followed up when patients are discharged / deceased.

While the regulations covered situations where a claim is made by relatives of deceased patients, there is no specific requirement therein for notifying the next-of-kin or legal representatives of the existence of such property.

In response to my inquiries I was informed that where a relation of a patient wishes to take care of the patients' property or a patient is personally in a position to do so, the Board will facilitate this in every way possible. Where this option is not availed of and the Board holds property on behalf of patients its policy is to make every effort to trace the next-of-kin of deceased patients. This includes writing to the next-of-kin informing them of the balance on the account. Any funds remaining, after providing for funeral expenses are paid over to the next-of-kin following receipt of a signed Letter of Indemnity, or in cases where there is a large amount, a Grant of Probate or a Letter of Administration. All enquiries by patients or their next-of-kin regarding balances on their accounts are dealt with immediately by the hospital concerned.

Funds belonging to former patients, not yet claimed, are held within the Patients' Property Accounts and the Board has no plans to change this arrangement at the present time.

I also asked whether the annual charge (£150,000 in 1995) accurately reflects the costs of administering these funds. I was informed that the charge levied by the Board on Patients' Property Accounts does not accurately reflect the costs of administering the funds. The administration fee of £150,000 charged in 1995 was mainly in respect of clerical input. The true cost would be higher if the input of nursing staff were taken into account.

John Purcell
Comptroller and Auditor General

6 March 1997

Western Health Board
Report of the Comptroller and Auditor General

This report has been prepared pursuant to Section 6(4) of the Comptroller and General (Amendment) Act, 1993.

1. Patients' Property Accounts

The Board acts as trustee of the funds held on behalf of patients in the Board's hospitals. The moneys held by the Board on behalf of patients at 31 December 1995 totalled £2.6m, of which

- £1.76m related to balances due to patients, £532,000 being in respect of discharged/deceased patients

- £0.84m represented the accumulated interest from the investment of funds held on behalf of patients.

The Board has implemented patients' property regulations since 1977 covering the operation of these accounts which are maintained in 23 of the Board's institutions. Provision is made within these regulations for the administration of such property generally and in particular for

- the receipt and custody of patient property
- the independent audit of these accounts
- procedures to be followed for the disposal of balances due to discharged/deceased patients
- the levying of an annual charge by the Board for administering these accounts.

While the regulations covered situations where the legal personal representatives of deceased patients approached the Board, in the first instance, there was no specific procedure therein for notifying the next-of-kin or legal personal representatives of the existence of such property.

In response to my inquiries the CEO informed me that difficulties were experienced in disposing of a number of deceased patients' balances, particularly in the Psychiatric and Geriatric hospitals. These balances have accumulated over many years and have arisen mainly because at the time of the demise of these patients, particulars of next-of-kin noted on hospital records when the patients were originally admitted, no longer applied. Whenever possible, balances held on behalf of deceased patients are paid to the patients' next-of-kin following burial arrangements.

Hospital administrators have been reminded of the need for strict compliance with the Board's patients property regulations covering the control of these funds and of their responsibility to ensure that new employees were aware of the contents thereof.

I also asked the CEO what was the Board's policy in relation to funds belonging to former patients. The CEO stated that the Board's policy regarding the discharge of these funds is outlined in the Board's patients property regulations. These regulations are specific to the Western Health Board and contain the administrative and accounting procedures to be followed by the hospitals' administrators in the custody and control over patients' property. Where funds remain after implementation of these internal regulations, they are subject to annual review which may result in their transfer from the hospital accounts for investment in Government/State guaranteed securities to generate income to go towards meeting the Board's administration charges. There is approximately £0.5m held in respect of dormant balances which generates approximately £50,000 in annual income. Legal opinion obtained by the Board indicates that the Board has no entitlement to these dormant balances in the absence of legislation.

The CEO also stated that it was Board policy to re-invest the interest in order to maximise income and thus secure each year, as far as possible, sufficient annual income from which to recoup the Board's annual administration charges. The extent of accumulated interest (£0.84m) derives mainly from the continued re-investment over the years of earlier accumulated surpluses. These surpluses will also safeguard the Board in the event of any successful claims arising where interest is claimed by or on behalf of patients on their account balances. This fund will also enable the Board to recoup its current level of administration charge when prevailing investment fund income yields are low and do not generate sufficient annual income in any one year to meet that year's charge.

I also asked the CEO whether the annual charge (£175,506 in 1995), levied by the Board on Patients' Property Accounts, accurately reflects the costs of administering these funds. The CEO stated that, in his opinion, the full cost of supporting these accounts is not fully recouped by the administration charge levied due to the substantial cost of staff involvement in managing the individual accounts and in record keeping in both the hospitals' accounts offices and on wards. Involvement by nursing and administrative staff is substantial particularly for patients who are physically incapable of lodging/withdrawing their funds and for psychiatric patients who are unfit to manage their financial affairs. He pointed out that, over the years, the independent auditors of the patients' property accounts had acknowledged that the actual cost of administering patients' funds far exceeds the administration charges levied.

2. Disabled Persons Maintenance Allowances (DPMA)

2.1 Medical Reviews

DPMA allowances were paid by Health Boards up to October 1996 to persons satisfying criteria as laid down by the Disabled Persons Maintenance Allowance Regulations. One of the eligibility requirements was that the person, in the opinion of a medical officer of the Health Board, was by reason of a specified disability substantially handicapped in undertaking work of a kind which if he\she were not

suffering from that disability, would be suited to his\her age, experience and qualifications. In certain cases the medical officer could indicate further review dates as part of the administration of these allowances.

It was noted, following a review of a sample of DPMA recipients in the Galway Community Care area, that medical reviews were not being carried out in all appropriate cases. On further investigation it appeared that, while a facility was available on a computerised allowance system to produce reports of DPMA medical review dates, it was not being used. The preference in the DPMA section was to continue using a manual medical review register which was in place prior to the introduction of the computerised system. It appeared from a review of this register that the system was not operating properly, resulting in a large number of cases not being sent for medical review as required. At my staff's request a thorough review of the register was carried out which resulted in many cases being forwarded for medical reviews.

In response to my inquiries the CEO informed me that

- 294 cases had been identified for medical review
- the initial 86 medical reviews undertaken had recommended continuation of these allowances and therefore no loss of funds had been incurred by the Board from the delay in carrying out these reviews
- the manual medical review register was no longer in operation.

2.2 Overpayments of DPMA

Payment of DPMA allowances were examined during the audit of Galway, Mayo and Roscommon Community Care areas. It was noted from this examination that allowances had been overpaid to a value of £77,410 (57 cases) in Galway and £11,964 (9 cases) in Mayo as at 31 December 1995. One individual had been overpaid by £17,490. Overpayments totalling £15,530 and £12,768 were written off in Galway and Mayo community care areas in 1995.

In response to my inquiries the CEO stated that DPMA recipients were amongst the most disadvantaged groups in our society. During 1995 the Board paid out £14.5m, with an average of 4,379 recipients each week. The Board employed 44 whole time and 2 part time Community Welfare Officers (CWOs) together with 4 Superintendents who do their utmost to keep any overpayments to an absolute minimum.

In general the overpayments can be attributed to

- the Board not being notified of changes in the recipients' means
- the Board not being notified that the recipient had been maintained in a hospital for longer than the permitted eight weeks in any calendar year.

The Disabled Persons Maintenance Allowance Regulations stipulate that a person receiving an allowance should notify the Board of any change in his/her circumstances that is material to the entitlement. However this requirement was not always observed.

The CEO also stated that the following controls are in place in the Board to prevent overpayments:

- all cases are subject to annual review by the CWOs
- on-going monitoring by the CWOs and a process of internal control checks by Superintendent CWOs
- cross checking with Departments responsible for paying other benefits
- notification from hospitals of admission dates for recoupments
- internal audit reviews
- regular medical reviews.

The Board is taking the following action to recover the overpayments

- reductions of allowances where they remain payable, having regard to the recipients' basic need

- agreement with recipient for repayment in full or by instalment

- legal action where appropriate.

3. Lottery Grants

The Board is allocated a national lottery grant each year, known as a block allocation, for distribution to voluntary bodies. The block allocations received by the Board in 1994 and 1995 were £262,000 and £210,000 respectively. It was noted that grants, totalling £126,649 which were allocated to applicants from the 1994 or earlier block allocations remained unpaid at 31 December 1995.

In response to my inquiries the CEO stated that lottery grants approved for various organisations require the submission by them of evidence as to how the expenditure had been or will be incurred. While most organisations submit this evidence promptly to facilitate early payment, some organisations have had difficulty in meeting the Board's requirements. Of the £126,649 unpaid at 31 December 1995, £57,033 has now been reallocated or paid to date and he is reviewing the balance with a view to bringing existing commitments to organisations to finality and/or reallocating these funds. He indicated that the matter would be fully resolved before 31 December 1996.

4. Tax Clearance Certificates

The Minister for Finance has directed that in the case of all public sector contracts of a value of £5,000 (inclusive of VAT) or more within any 12 month period, contractors will be required to produce a valid tax clearance certificate. The basis for identifying

suppliers who had been paid in excess of £5,000 during the financial year and who should have supplied tax clearance certificates to the Board is a listing which in the case of the Board was only produced after the year end from the Board's accounts payable system. At the time of audit in January 1996 there were many suppliers who had not supplied tax clearance certificates or whose certificates had expired

- 169 companies had not submitted tax clearance certificates - however by November 1996 this number had been reduced to four

- tax clearance certificates had expired for 93 companies during 1995. However by November 1996 all these companies had submitted up to date certificates.

The CEO informed me that at the time of audit the Board's finance department had been actively involved in pursuing companies who had not submitted tax clearance certificates. The possibility of introducing a computerised system of control which would facilitate earlier notice of suppliers reaching the threshold limit was being investigated.

5. Medical Cards

Eligibility for medical cards is determined by the CEO of the Health Board under Section 45 of the Health Act 1970. An eligible person is defined as an "adult person (or dependant of such a person) who without undue hardship is unable to arrange general practitioner, medical and surgical services". Some of the benefits available to a medical card holder are free GP services, free prescribed drugs and medicines and free hospital in-patient and out-patient charges.

The following matters were noted from a review by my staff of the procedures relating to the processing and issuing of medical cards in the Galway community care area

- there were no controls over medical card stationery

- there were no reconciliations carried out between applications processed and medical cards issued

- review dates can be altered by all staff in the medical card section. Edit lists of such changes were not produced for review by supervisors.

In response to my inquiries the CEO informed me that

- a room had since been prepared specifically for the storage of medical card stationery, with access by combination lock and key to be held at all times by the Staff Officer in that section
- the current procedures leading to a decision on a medical card application are completely manual. A number of officers handle new applications making it virtually impossible to implement a satisfactory reconciliation of the number of medical cards issued and granted. It is proposed to introduce a computerised

medical card system, currently in use in the South Eastern Health Board area, in the near future which itself generates the actual medical card numbers and is capable of tracking applications received.

The CEO agreed that review dates could be amended by all staff in the medical card office but stated that in practice the function had been reserved to three designated staff.

6. European Liaison Manager

Public procurement guidelines state that all consultancy appointments should be made on the basis of proper tendering procedures. Those projects costing less than the current EU threshold level need only be advertised in Ireland, the minimum requirement being that three tenders be sought.

It was noted from a review of consultancy payments that a retired former employee had been appointed as a consultant to the Board in May 1993 without a normal tendering competition being held. The consultant's brief was to maximise EU and other European funding for the Board.

In response to my inquiries the CEO stated that

- he requested a former programme manager of the Board to undertake an assignment in relation to EU funding on a consultancy basis because of his qualifications and experience
- he was anxious to see greater involvement in expanding the horizons and experience of the Board's staff and resources in relation to EU programmes. It was on that broad basis that he considered that this former employee would bring qualifications and experience to the undertaking which would not be available from any other source, either internal or external
- the rate of remuneration approved by him was approximately the minimum rate specified by the Department of Health for consultants. The title used by this consultant was adopted entirely for the purpose of facilitating his dealings with offices in Brussels and with partners and potential partners in other EU countries
- this former employee, in addition to his pension, was paid a total of £106,904 (£93,155 in fees and £13,749 in expenses) for the three years ended 31 December 1995 - some of these costs formed part of claims on the EU
- the Board received a total of £235,075 to end of 1995 in respect of specific EU projects into which the consultant had an input
- he was satisfied that the Board's revenue position had benefited substantially as a result of the appointment of the consultant.

7. Payroll and Personnel

6,500 staff are employed by the Board. During the course of audit of the payroll it was noted that

- there was no evidence of a reconciliation being carried out between the number of permanent employees paid by the salaries section with the staff records maintained in the personnel section
- the recruitment of temporary employees is approved by the head of department at local level without any involvement of the personnel section. However, personnel section is provided with a listing of temporary employees monthly from the payroll system. There is no subsequent reconciliation between the number of temporary employees paid by payroll section and those sanctioned by the heads of departments at the locations.

It was also noted from a review of payroll for November 1995 in University College Hospital, Galway, that of the 85 temporary employees paid only seven appeared to have had current contracts. In the case of the remainder

- 3 did not appear to have any contract
- 66 had contracts which had expired at the date of payment (21 of which had expired in 1994 and one which had expired in 1992)
- 3 had contracts which did not specify a finishing date
- the contract status could not be established for 6 employees.

The CEO informed me that the Board's finance department produces a monthly whole time equivalent report for all staff on a cost centre and category basis as a control on staff numbers. Payroll procedures provide that only temporary employees certified by designated officers as having worked in the relevant period are paid by the Board. The number of staff employed by the Board is within the ceiling assigned by the Department of Health. It was not possible to control the number of temporary employees centrally through the Board's Personnel Department due to the decisions which had to be made on the spot locally to deal with problems arising to maintain the services.

The CEO also agreed, with regard to University College Hospital Galway, that a number of staff were paid without having an up to date contract. This situation has now been corrected. New contracts have been introduced for temporary staff and a series of meetings have taken place with all local managers with a view to ensuring that everything in this regard is in order.

John Purcell
Comptroller and Auditor General

20 December 1996

North Eastern Health Board
Report of the Comptroller and Auditor General

This report has been prepared pursuant to Section 6(4) of the Comptroller and Auditor General (Amendment) Act, 1993.

1. Patients' Property Accounts

The Board administers funds held on behalf of patients in its hospitals. The total of such funds held by the Board amounted to £1.78m at 31 December 1995, being

- £1.09m in balances due on patients' accounts
- £0.69m accumulated interest earned on the investment of patients' funds.

In response to my inquiries the Chief Executive Officer (CEO) stated that the Board has formal regulations for the administration of patients' funds. Provision is made within these regulations for

- the receipt and custody of patients' property
- procedures to be followed for the disposal of balances due to deceased patients
- regular review of the patients' property accounting records by the Board's Internal Audit unit.

The CEO also stated that a total of £300,256 was held by the Board at 31 December 1995 in respect of discharged/deceased patients. While the regulations covered situations where the legal personal representative of deceased patients approached the Board in the first instance, there were no specific procedures therein for notifying the next of kin or legal personal representative of the existence of such property. These regulations do not contain procedures in relation to funds still held on behalf of discharged patients. It is the intention of the Board to have revised procedures in place in early 1997.

The CEO also informed me that the annual charge (£137,000 in 1995), levied by the Board on Patients' Property Accounts, covers the cost of administering them.

2. Payroll and Personnel

Approximately 3,500 staff are employed by the Board. During the course of audit of payroll it was noted that:

- There was no evidence of a reconciliation being carried out between the number of permanent employees paid by payroll section with the approved staff complement according to the personnel department.

- The recruitment of temporary employees is approved by the head of a department at local level without any involvement of the personnel

department. However, the personnel department is provided with a monthly listing of temporary employees from the payroll system. There is no subsequent reconciliation between the number of temporary employees paid by payroll section and those sanctioned by the heads of departments at the locations.

In response to my inquiries the CEO informed me that:

- The feasibility of reconciling payroll and personnel records in respect of permanent employees will be considered in the light of further developments in payroll/personnel computer systems which are currently being reviewed by a working group on behalf of all Health Boards.

- It is now board policy to devolve to local managers the responsibility for ensuring that budgetary requirements are met and that staff costs are kept in line with available funding. Details of all temporary staff must be entered on the pay sheets which are prepared and certified at local level. He considered that such controls are adequate. The use of formal employment contracts began in 1996 and is currently being phased in across the region.

3. Collection of Patients' Charges

Debt collection procedures were examined at two of the board's institutions in the course of audit. Internal control weaknesses noted during a review at Louth County Hospital included:

- The follow up of patients' hospital maintenance accounts appeared to be inadequate. A total of £453,000 was outstanding at 31 December 1995. Overdue accounts were last referred to solicitors for collection in December 1992 covering bills issued in and prior to 1990.

- There is no billing system in operation for the collection of the outpatients' charge for services provided in the accident and emergency department. It was also noted that there was no attempt to collect the charge outside of office hours and at weekends.

- The follow up procedures for Road Traffic Accident (RTA) cases appeared to be poor with some files having no correspondence within the last two or three years.

At St. Mary's Hospital, Castleblaney there did not appear to be any follow up procedures for the collection of maintenance charges.

The CEO informed me that the receipts from maintenance accounts in Louth County Hospital had increased to £588,000 in 1995 from £438,000 in 1991. This represented a 34% increase in the period and reflected the increased efforts to improve collection procedures.

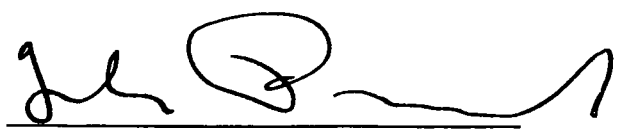
The Board is currently conducting an internal review of all outstanding accounts with a view to maximising the collection rates and a significant reduction in the arrears will be achieved by the year end. Each outstanding account is being reviewed individually and an appropriate action plan determined for it. A similar review will be carried out on all RTA accounts.

The CEO also stated that when the Board extended its services in St Mary's, Castleblaney, it had not the necessary accounts collection procedures in place. This matter has now been rectified and a system whereby arrears notices are sent out monthly is being put in place. Any problems which may have been found in this area during the audit have now been rectified.

4. Supplementary Welfare Allowances

Supplementary Welfare Allowances (SWA) are paid to persons who have little or no means. The allowance can be in cash or in kind. Provision is also made under this scheme for the granting of urgent or exceptional needs payments. SWA payments by their nature are often a payment of last resort. It is essential that the authenticity of these payments be properly documented and approved. It was noted from a review of a sample of SWA payment files in Meath Community Care Area that there was a lack of documentary evidence supporting payments in respect of rent allowances, electricity bills and general purchases.

In response to my inquiries the CEO informed me that the Board has recognised the need to improve the internal controls in this area and that the Superintendent Community Welfare Officers have been authorised to make the necessary changes in procedures.



John Purcell
Comptroller and Auditor General

13 March 1997

North Western Health Board
Report of the Comptroller and Auditor General

This report has been prepared pursuant to Section 6(4) of the Comptroller and Auditor General (Amendment) Act, 1993.

1. Patients' Property Accounts

The Board administers the funds held on behalf of patients in its hospitals. The total of such funds held by the Board amounted to £1.96m at 31 December 1995, being

- £1.06m in balances due on patients' accounts
- £0.9m accumulated interest earned on the investment of patients' funds.

In response to my inquiries the Chief Executive Officer (CEO) stated that the Board has formal regulations for the administration of these accounts which are maintained in 23 of the Board's institutions. Provision is made within these regulations to cover the following

- custody of patients' property
- officers authorised to receive patients' money
- receipt of money
- custody of patients' money
- patients' property bank accounts and bank reconciliations
- procedures on discharge of patients
- procedures to be followed on the death of a patient.

The CEO also stated that a total of £416,768 was held by the Board at 31 December 1995 in respect of discharged or deceased patients. The Board experiences difficulties in disposing of some deceased patients' balances because there may be no next of kin. Whenever possible, balances held on behalf of deceased patients are paid to a patient's next of kin following burial arrangements.

The Board levies an annual administration charge on the patients' property accounts. The charge in 1995 was £105,000. It was computed to cover the Board's total costs in administering them.

2. Review of Road Traffic Accident Accounts in Sligo General Hospital

The Health (Amendment) Act, 1986 empowers the Boards to make charges for services provided to patients for the treatment of injuries suffered as a result of road traffic accidents (RTA). An amount of £1.8m was outstanding in respect of these charges at 31 December 1995. Procedures for the review of road traffic accident accounts were inadequate. For example, of nineteen accounts examined, nine appeared not to have been reviewed for at least four years. In response to my inquiries the CEO stated that this was a particularly difficult area to monitor, since as little as 12% of the debts

originally raised for RTA cases are actually collectable by the Board. It is only in the event of a successful insurance claim that payment is due. It is difficult to establish whether a claim is successful or not unless there is a decree granted by the courts. The majority of cases do not end up in court. Most cases can take up to five years to reach a conclusion.

The CEO also stated that since the audit all procedures have been reexamined and have been tightened where possible. Arrangements have been made to ensure that in future evidence of review by the Board's staff will be recorded.

3. Pharmacy Stock Control in Sligo General Hospital

Because of the value and nature of drugs and medicines held in stock, a reliable stock control system is vital in the pharmacy of a large hospital like Sligo General Hospital. A physical count of 59 high value items was compared with the stock figures listed in the computerised stock records. This review identified significant differences on 50% of the items checked. An examination of the stock printout revealed many negative balances in stock items.

The CEO informed me that most of the discrepancies found at audit related to the fact that the system was not being updated at the time the physical transfer of stock took place due to pressure of work. Since the audit a complete review of the pharmacy stock system has taken place. Staff have been instructed to operate the system on an ongoing basis to ensure that book stocks as recorded on the system agree with the physical stock.

4. Donegal Community Care Office

4.1 Supplementary Welfare Allowance (SWA)

Supplementary welfare allowances are paid to persons who have little or no means. The allowances can be in cash or in kind. Provision is also made under this scheme for the granting of urgent or exceptional needs payments. SWA payments by their nature are often a payment of last resort. It is essential that the authenticity of these payments be properly documented and approved.

SWA files reviewed during audit did not contain the following relevant information

- the basis of the determination of rent allowances awarded
- proof that applicants had applied for the relevant Social Welfare payment.

In response to my inquiries the CEO informed me that with effect from the beginning of February 1996 uniform guidelines have been put in place throughout Donegal relating to the payment of rent supplements. Full information on the determination and calculation of these payments are to be maintained on file. The CEO also stated that it is only possible to place proof of application to the Department of Social Welfare on files where the Department is willing to give the Board confirmation in

writing that applications have been made. This is not the case in all parts of Donegal and some Social Welfare offices have stated that they are unable to give written confirmation relating to all applications because of their own resource constraints.

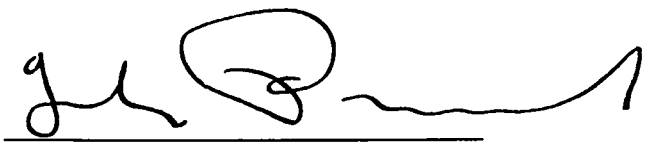
4.2 Medical Cards

Eligibility for medical cards is determined by the Chief Executive Officer of the Health Board under Section 45 of the Health Act, 1970. An eligible person is defined as an "adult person (or dependant of such a person) who without undue hardship is unable to arrange general practitioner, medical and surgical services". Some of the services available without charge to a medical card holder are GP services, prescribed drugs and medicines and hospital in-patient and out-patient services.

The following matters were noted from a review by my staff in December 1995 of the procedures relating to the processing and issuing of medical cards

- there was a backlog of 7,400 medical cards to be reviewed, of which, 2,076 were due for review before 1995
- there was no stock control over medical card stationery.

In response to my inquiries the CEO informed me that the backlog of 7,400 medical cards reviews arose mainly in a small number of districts because of an unusually high demand for supplementary welfare allowance (SWA) payments in those areas due to seasonal factors. A plan was put into operation in 1995 to reduce the backlog in the years 1995 and 1996 by finding alternative ways of dealing with the high SWA demands, e.g. the processing of some SWA payments on a monthly rather than a weekly basis. The CEO stated that this programme is on target and all medical card reviews in Donegal will be up to date before the end of 1996. The issue of stock control over medical card stationery is also being addressed. Subject to these comments the CEO is satisfied that medical cards were only issued to eligible applicants.



John Purcell
Comptroller and Auditor General

13 March 1997

South Eastern Health Board
Report of the Comptroller and Auditor General

This report has been prepared pursuant to Section 6(4) of the Comptroller and Auditor General (Amendment) Act, 1993.

1. Patients' Property Accounts

The Board administers funds held on behalf of patients in its hospitals. The total of such funds held by the Board amounted to £1.5m at 31 December 1995.

In response to my inquiries the Chief Executive Officer (CEO) stated that the Board has formal regulations for the administration of patients' funds. Provision is made within these regulations for the administration of such property generally and in particular for

- the receipt and custody of patients' property
- procedures to be followed on the death or discharge of patients.

The Board endeavours to notify relatives of deceased patients of the balances on accounts. Whenever possible balances held on behalf of deceased patients are paid to their next-of-kin following burial arrangements. Funds, totalling £346,366 at 31 December 1995, belonging to former patients, not yet claimed, were held within the patients' property accounts. The Board has no plans to change this arrangement at the present time.

Surplus funds held in patients' property accounts are invested by the Board. The earnings generated on these investments (£86,927 in 1995) are accounted for as part of patients' income in the Board's accounts.

2. Pharmacy Stores

The Board spent £3.97m in 1995 on drugs and medicines. An audit of pharmacy stock systems and records was completed in the Board's four major general hospitals, Waterford Regional Hospital, Wexford General Hospital, St Luke's Kilkenny and St Joseph's Clonmel, in February 1996. These four hospitals accounted for £2.92m of the Board's total expenditure on drugs and medicines in 1995. The following internal control weaknesses were noted from this review

- a physical count of a number of stock items was compared with the quantities recorded on a computerised stock recording system and discrepancies were noted in the four hospitals

- pharmacy stock issue documentation was not formally signed by pharmacy and nursing staff in St. Joseph's or Wexford General Hospital

- it was noted in St Joseph's and St Luke's that the values of some stock items were overstated

- a register of controlled drugs, which is a statutory requirement, was not up to date in St. Luke's.

The CEO made the following comments in relation to the specific issues arising from the audit of these stores.

- The computerised stock control system in the pharmacies is adequate. However, it has been in place for eight years and is currently being reviewed along with all the Board's computer systems. Procedures associated with the computerised stock system need to be fully adhered to in all centres.

- While official documentation which evidenced stock issues to wards and outside locations was not signed in the case of St. Joseph's or Wexford General Hospital such procedures are now being adhered to.

- Those parts of procedures relating to pricing updates require to be reviewed particularly in relation to avoiding confusion between unit price and pack price.

- The manual system for the custody of controlled drugs is regarded as adequate. The cumulative balance record in the hospital in question was not up to date although the individual records of receipts and issues were correctly entered.

- The Board has advanced from a situation when there were no systems and virtually no full time staff in pharmacies to one where a good degree of control has been established. The Board will continue its efforts to ensure full adherence to the system by all staff. The financial accounts have not been distorted by these weaknesses, nor is there any evidence of financial loss to the Board.

The CEO also stated that in recent years the Board has attempted to integrate the pharmacy function into the supplies function so that sound procedures would be applied to stock control. While good progress has been made a further tightening of procedures is necessary and is being attended to. In order to carry forward this policy a regional group has been set up to examine value for money and stock control issues in pharmacies.

3. Grants to Voluntary Organisations

The Board may provide assistance to voluntary organisations by way of grants or through the provision of premises, furniture or materials. The statutory authority for these grants is based on Section 65 of the Health Act, 1953. In order that there would be a common set of protocols and procedures for dealing with voluntary organizations the Board implemented guidelines in 1994 which included a requirement that these

bodies had to apply in writing for grants. In 1995, the Board paid almost £4m to 305 organizations. During the course of audit in the South Tipperary Community Care Area it was noted that there was no official application form for applying for grants. It was also noted that of 12 grant files examined only two organisations had formally applied for grants. The other 10 organisations received £340,700 in 1995 without making formal applications.

In response to my inquiries the CEO stated that the Board's guidelines make provision for applications, but these have not always been formalised. There is a close working relationship between these organisations and the community care staff and many of these grants payable represent a continuation of ongoing arrangements subject to current assessment including the submission of accounts. The Board is currently examining the possibility of a formal contract with each significant organisation.

4. Hospital Patient Debtors

An examination of the patient debtor system in Wexford General Hospital highlighted the following system weaknesses.

4.1 *Collection of debtors*

It was noted in relation to patient debtors that, other than the initial invoice and final demand notice, no "Solicitors Demand" or other follow up had been carried out due to the lapsing of the Board's contract with its former solicitors in March 1995.

4.2 *Road Traffic Accident Cases*

A review of debtors arising out of road traffic accident cases passed to solicitors for enforcement action was carried out by the hospital in 1995. The following matters were noted from our examination of this review.

- Road Traffic Accident claims in respect of 1993 and 1994 were not included in the review carried out

- There were 11 accounts in respect of the period 1986 to 1992 which were not reviewed in 1995.

In response to my inquiries the CEO stated that in cases where the Board has been informed of third party action being pursued in respect of road traffic accidents it has supplied details of amounts due to legal representatives of former patients. Because of the nature of such cases and their direct relationship with the process of legal compensation claims, it is often some years before a decision is made on any particular case. Periodic reviews are carried out but staff often report that the review is unproductive taking into account the time invested. The frequency of such reviews is being reexamined and a prescribed frequency of review will be set down.

The CEO also stated that the legal firm to which the Board referred cases was dissolved in March 1995. Alternative arrangements have since been put in place.

In recent months existing procedures for income collection in all acute hospitals have been examined and recommendations on best practice arising from such examinations will be applied.

John Purcell
Comptroller and Auditor General

9 April 1997

Midland Health Board
Report of the Comptroller and Auditor General

This report has been prepared pursuant to Section 6 (4) of the Comptroller and Auditor General (Amendment) Act, 1993.

Patients' Property Accounts

The Board administers funds held on behalf of patients in its hospitals. The total of such funds held by the Board amounted to £1.09m at 31 December 1995, being

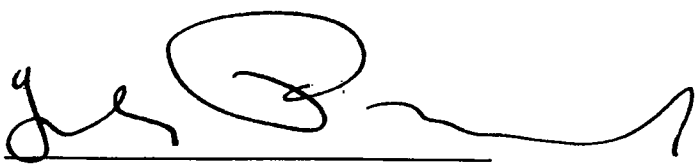
- £0.87m in balances due on patients' accounts
- £0.22m accumulated interest earned on the investment of patients' funds.

In response to my inquiries the Chief Executive Officer stated that the Board's policy in relation to patients' property is set out in its financial regulations. These regulations are specific to the Midland Health Board, and cover such matters as

- the procedures for the receipt and custody of these funds
- banking arrangements
- making payments on behalf of patients
- the procedures on the discharge/death of a patient
- the independent audit of these accounts.

The Chief Executive Officer also stated that every effort is made by the Board to notify the families or next-of-kin of deceased patients of the balances on accounts. These amounts are paid over subject to the signing of an appropriate indemnity form. At 31 December 1995 an amount of £125,754 was held by the Board in respect of former patients who had died intestate and leaving no known relatives. These funds are held for transfer, in due course, to the Exchequer in accordance with the provisions of the Succession Act, 1965.

A charge of £100,000 in 1995 was levied by the Board on these funds to cover administration costs.



John Purcell
Comptroller and Auditor General

13 March 1997

Mid-Western Health Board
Report of the Comptroller and Auditor General

This report has been prepared pursuant to Section 6(4) of the Comptroller and Auditor General (Amendment) Act, 1993.

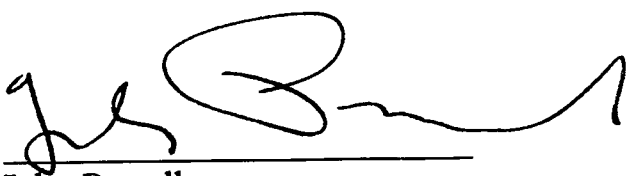
Patients' Property Accounts

The Board administers funds held on behalf of patients in its hospitals. The total of such funds held by the Board amounted to £2.38m at 31 December 1995, being

- £1.21m in balances due on patients' accounts
- £1.17m accumulated interest earned on the investment of patients' funds.

In response to my inquiries the Chief Executive Officer stated that the Board had, from its inception, a standard procedure whereby hospital staff attempt to identify and contact the next-of-kin or the legal representative of deceased patients and advise them of the existence of such property. Hospital administrators are authorised to pay out the balances on these accounts provided the authenticity and entitlements of the claimants can be established. A total of £96,585 is held by the Board at 31 December 1995 in respect of discharged or deceased patients.

The charge levied by the Board on these funds (£140,810 in 1995) reflects the administration costs. This charge is reviewed periodically, but is considered to be the minimum charge which may be levied due to the substantial involvement by the Board's staff on these accounts.



John Purcell
Comptroller and Auditor General

13 March 1997

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