

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. Fixed Assets

The tangible assets recorded on the Balance Sheet of the Board do not include the value of all equipment owned by the Board at 31 December 1994. It includes only equipment (to a value of £832,134) acquired during 1994. Depreciation on buildings and equipment has not been provided for in the accounts although this is a requirement of Department of Health accounting standards. In response to my inquiries the Chief Executive Officer (CEO) informed me that the Board maintains comprehensive fixed assets registers in respect of land, buildings, vehicles and computer equipment. However, with regard to other equipment the Board is currently developing a computer based asset register which will be implemented on a phased basis in 1996. Depreciation of equipment assets will be an integral part of the new system.

2. Pharmacy Stocks

The Board maintained its pharmacy stocks as follows

- stocks valued at £581,000 at 31 December 1994 - in a central pharmacy
- the remaining stocks, valued at over £685,000 - at pharmacies within the Board's hospitals.

Stock records were only maintained for stocks valued at £161,000 which were held in the central pharmacy.

In response to my inquiries the CEO informed me that a major reorganisation of the existing central and hospital pharmacy structures has been under discussion with the trade union representing pharmacists and supplies officers. This process, when completed, should result in staff time becoming available for implementation of enhanced stock control procedures.

3. Staff Remuneration

3.1 On-Call Payments and Allowances

It was noted from a review of on-call payments and allowances at one of the Board's hospitals that seven radiographers earned more than £10,000 each on these allowances, and that the highest paid amounted to £13,845. The average basic annual salary for these employees was £16,601.

Nine medical laboratory staff earned over £10,000 each as additional remuneration over their basic average pay of £17,000. In response to my inquiries as to whether the system of overtime and on-call allowances was the most economic way of addressing the needs of patients' care in the Board's hospitals the CEO stated that the rates paid to paramedical staff in respect of on-call and standby payments are negotiated nationally and it is not possible for the Board to unilaterally determine the level of such payments. Certification procedures ensure that levels of payments made are consistent with essential service needs.

The CEO also stated that the current arrangement under which on-call payments and allowances are made to laboratory staff and radiographers has been the subject of review by a value for money group established by the CEOs of the health boards. The recommendations of this group form part of the current management agenda for restructuring discussions with the relevant trade unions.

3.2 Retired Staff

It was noted during audit that some employees were also in receipt of pensions from the Board. In response to my inquiries the CEO informed me that it was the general policy of the Board not to continue to employ persons who have reached normal retirement age. In the small number of cases where employment was continued, the pension was abated either in full or to the extent required so as to ensure no increase in overall remuneration for the same position. Employment was continued for a small number of individuals where

- it was not possible to secure replacements
- reorganisation of staffing structures was proposed
- an individual had particular expertise to contribute to a special or fixed term project.

4. Supplementary Welfare Allowances

The Board made payments of £25.9 million in respect of rent allowances in 1994 under the supplementary welfare allowance scheme. It was noted from a review of the records in one supplementary welfare area that there was no evidence on file that physical inspection of the accommodation had been carried out by the Board's staff and that files did not contain evidence of the basis for the rent allowances paid by the Board. In response to my inquiries the CEO stated that it is standard Board policy that Community Welfare Officers (CWOs) visit accommodation which is the subject of an application for a rent supplement except where other prior satisfactory validation information exists. He had been assured that physical inspection of the accommodation had in fact been carried out in the area referred to but had not been recorded. Steps have been taken to ensure that the requirement to record relevant information on file is brought to the attention of all Community Welfare staff.

The CEO also stated that individual rent allowances were calculated by reference to the Department of Social Welfare regulations, guidelines drawn up by the Board on its own initiative and the information contained on application forms. The amount of each individual rent allowance is recorded on each application form by the CWO and approved and countersigned by the Superintendent CWO. The attention of the relevant staff has been drawn to the necessity to ensure that all relevant information is fully recorded in all cases.

5. Disabled Persons Maintenance Allowance (DPMA)

- 5.1 The Board paid £27.8 million in DPMA in 1994. An audit test by my staff, designed to detect possible duplicate allowances, brought to light a case involving an overpayment of £23,456 to a person who had claimed the allowance using two different addresses.

In response to my inquiries the CEO informed me that the circumstances which led to the duplicate payment were that the mentally handicapped person in question had originally applied for and was in receipt of the allowance when living at home. She was admitted to institutional accommodation provided by a voluntary religious order and when she subsequently moved to hostel accommodation the order submitted a new application for DPMA on her behalf without being aware that her mother was still receiving the allowance on behalf of her daughter. He stated that the prospects for immediate recovery of the overpayment appeared to be poor having regard to the family circumstances. The CEO is satisfied that the duplicate payment identified was an isolated case and pointed out that the Board issued DPMA allowances to an average of 8,500 recipients weekly during 1994.

- 5.2 It was noted that an insurance settlement of £70,000 in favour of a DPMA recipient had not been duly reported to the Board. In response to my inquiries the CEO informed me that in the case of any person granted a DPMA allowance whose disability has arisen in circumstances where compensation might be payable through an insurance settlement it was the Board's standard practice to grant the allowance subject to an undertaking by the recipient's Solicitor to notify the Board when the compensation claim had been settled. In this case the recipients solicitor failed to do so. The payment of the allowance in this case was cancelled immediately the circumstances of the compensation became known. The matter is still being pursued.

6. Section 65 Grants

Section 65 of the Health Act, 1953 empowers health boards with the approval of the Minister for Health to give assistance to a body which provides or proposes to provide a service similar or ancillary to a service which the health board may provide. The Board's expenditure on Section 65 grants totalled £51.7 million in 1994. The following deficiencies were identified during the course of the audit

- final grant allocation letters were not issued by the board to some organisations who received this funding

- evidence was not available on files reviewed during the audit that reconciliations had been carried out between the grants paid by the Board and the grant income as shown in the grantees' audited accounts.

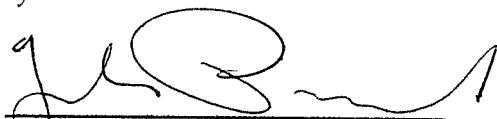
In response to my inquiries the CEO informed me that

- All organisations in receipt of Section 65 grants are formally notified of initial grant allocation. Final grant allocations are confirmed by letter except in some instances where they are agreed in the course of service review meetings. Arrangements have been made to have final grant allocations confirmed by letter in such cases in future.
- In order to formally record details of reconciliations between the grants paid by the Board and the grant income as shown in the grantees' audited accounts a standard reconciliation form has been implemented for use throughout all areas which will be retained on individual files. In addition, a standard format and register have been introduced in respect of annual accounts as and from 1995 for every organisation in receipt of a Section 65 grant.

7. Stock Adjustments

It was noted that the value of stocks as determined by year end stocktaking was some £500,000 less than that shown in the Board's ledgers. Following my inquiries, the Board established that the overstatement in the general ledger was offset by a compensating overstatement of the same amount in liabilities in the same ledger. The overstatement was attributable to a combination of an intermittent computer programme malfunction, a deficiency in the system processing routines and a once-off stock duplication adjustment. The 1994 accounts have been adjusted to properly reflect stock levels.

The CEO informed me that a new stores system had already been installed in one location and that this new system was to be extended to all locations. He assured that this system is fully interfaced with the Board's general ledger accounting system.



John Purcell

Comptroller and Auditor General

26 April 1996