

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.

1. Financial Accounting and Control

The Board's financial systems, which are maintained by a computer bureau, are approximately twenty years old. Consequently, there can be delays in producing management information. I inquired from the Chief Executive Officer (CEO) how, based on the current systems, the Board can effectively manage its financial affairs and what action is to be taken on the implementation of new systems, particularly in relation to the control of fixed assets.

In response, the CEO acknowledged that the present systems, in place since 1976, are not capable of satisfying the level of sophistication required and are in urgent need of replacement. The Board seeks to overcome the inadequacies of the existing bureau-based systems by developing and extending supplementary manually-operated information systems and by requiring line managers to devote significant time to investigation of variances and to the manual extraction of relevant data.

The CEO accepted that new financial systems are required to satisfy the Board's financial and accountability obligations. The Board is most anxious that a suite of financial systems capable of satisfying current and projected requirements be installed without delay, provided that the cost is sanctioned by the Department of Health and Children.

He also stated that lack of resources did not permit the installation of a computerised fixed asset register until recently. While funding had been provided in 1995 to cover the hardware and software costs and for extra staff in the finance department it was not possible to assign or recruit a member of staff to install the computerised asset register until September 1996. This system is to be fully implemented before the end of the current financial year.

2. Debtors

Income generated in respect of in-patient, maintenance and other charges by the Board's general hospitals amounted to £2,369,265. The following is an aged analysis of debtors at 31 December 1996 for Tullamore and Mullingar General Hospitals, which were the two hospitals reviewed during the audit.

Tullamore General Hospital

Categories of Charge	Pre 1996 £	1996 £	Total £
In-patient	230,359	157,017	387,376
Maintenance	219,837	288,158	507,995
Other	44,518	32,151	76,669
Total	494,714	477,326	972,040

Mullingar General Hospital

Categories of Charge	Pre 1996 £	1996 £	Total £
In-patient	127,892	82,546	210,438
Maintenance	116,767	230,938	347,705
Other	33,213	12,360	45,573
Total	277,872	325,844	603,716

The debt outstanding for more than twelve months for these two hospitals was in excess of £770,000. Provision had been made in the financial statements against the non collection of some £370,000 of this amount.

In view of the extent of the debt uncollected or deemed uncollectable I asked the CEO whether he was satisfied with the collection procedures employed.

The CEO outlined the procedures currently employed which include

- issue of invoices followed where necessary with reminders and a final notice
- referral of delinquent accounts to a collection agency
- pursuit of outstanding amounts through legal proceedings.

He informed me that there is clear evidence that a direct payment system is most effective in ensuring that bad debts do not arise. Consequently, the Board is endeavouring to extend a direct payment arrangement which it has with the VHI in respect of its other hospitals to Tullamore General Hospital where a small number of consultants are unwilling to operate the system at this time.

He informed me that an examination of the effectiveness of the Board's income collection system is taking place.

A handwritten signature in black ink, appearing to be 'John Purcell', written over a horizontal line.

John Purcell

Comptroller and Auditor General

28 November 1997