

**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 organizations 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 organizations 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*

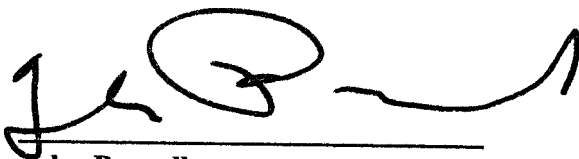
A review of debtors arising out of road traffic accident cases passed to solicitors for enforcement action was carried out by the hospital in 1995. The following matters were noted from our examination of this review.

- 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