

## **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 reinvest 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 Patient 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 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 was 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 two part time Community Welfare Officers (CWOs) together with four 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 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 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

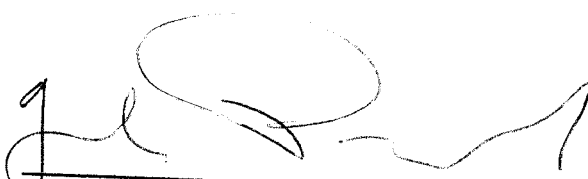
- there was no evidence of a reconciliation being carried out between the number of permanent employees paid by the salaries section with the staff records maintained in the personnel section
- the recruitment of temporary employees is approved by the head of department at local level without any involvement 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 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