

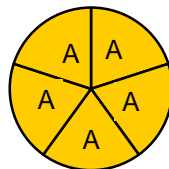
# Internal Audit



## Public Dental Service Accounts Receivable

December 2015

### Report Assessment



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## **Contents**

Introduction .....	1
Executive Summary .....	2
Management Action Plan .....	5
Appendix 1 - Definition of Ratings .....	24

## Introduction

The Public Dental Service (PDS) is available for dental patients that cannot attend General Dental Practitioners, due to reasons such as medical complexity, drug or alcohol abuse, dental anxiety, special care needs, being in hospital, and out-of-hours dental emergencies, or if there is a requirement for specialist treatments. In NHS Lothian, the PDS is based across 30 locations within hospitals, health centres and other venues.

Since 1 January 2014, the PDS must charge non-exempt patients for their treatment and the funding received from the Scottish Government is reduced to account for the amounts due from patients. It is therefore important that the PDS maximises recovery of amounts due from patients, in order to recover the full cost of each patient's treatment.

NHS Lothian uses the R4 system to manage and record patient treatments, including amounts due from individual patients, for the majority of PDS locations. Chalmers Dental Centre use the Exact system. It is intended that all sites will use R4 by the end of 2015. All locations are set up to take payments by cash, cheque and debit/credit card and, where the patient does not pay at the time of the treatment, a process is in place to requisition an invoice.

Management identified the following issues within the current accounts receivable process: inconsistent recording of payments in R4; comparison of treatment provided and payments accepted; open courses of treatment and general R4 housekeeping; and aligning patient payments to cashier/banking receipts.

The PDS is subject to quarterly payment verification processes undertaken by Practitioner Services. However, this process is designed for general dental practices and therefore does not assist in identifying/resolving the issues noted above.

### Scope

We reviewed the processes used by PDS to monitor and record income from patients, from recording of treatments to receipt of payment within NHS Lothian's financial records. In particular, we considered the monitoring controls in place that allow management to determine whether controls are applied consistently and effectively across all PDS locations.

We visited the following six PDS locations to carry out sample testing:

- Chalmers Dental Centre
- Spittal Street Centre
- St John's Hospital
- Royal Infirmary of Edinburgh
- Duncan Street Dental Centre
- Leith Community Treatment Centre

### Acknowledgements

We would like to thank all staff consulted during this review for their assistance and cooperation.

## Executive Summary

### Conclusion

We have identified a range of weaknesses in the Public Dental Service's (PDS's) systems for collecting patient income and the related monitoring processes. In particular these weaknesses relate to patient exemption checks, recording of information on R4, reconciliation of income received, and management reporting.

### Summary of Findings

The table below summarises our assessment of the adequacy and effectiveness of the controls in place to meet each of the objectives agreed for this audit. Definitions of the ratings applied to each action are set out in Appendix 1.

No.	Control Objective	Control objective assessment	Number of actions by action rating			
			Critical	Significant	Important	Minor
1	There are clear procedures in place for recording patient treatments, including instructions for claiming payment, which are followed by all staff.	Amber	-	1	2	-
2	The R4 system is updated accurately and completely after each treatment by authorised system users only.	Amber	-	2	1	-
3	The value of treatments and payments received in R4 are reconciled to the NHS Lothian financial ledger on a regular basis.	Amber	-	2	-	-
4	Outstanding debtors are subject to regular review and follow up by management, with write-offs following approved NHS Lothian procedures.	Amber	-	-	3	-
5	Regular management information is produced, which allows senior management to identify and investigate any variance against expected performance.	Amber	-	1	1	-

## Control Objective Ratings

Action Ratings	Definition
Red	Fundamental absence or failure of controls requiring immediate attention (60 points and above)
Amber	Control objective not achieved - controls in place are inadequate or ineffective (21 – 59 points)
Green	Control objective achieved – no major weaknesses in controls but may be scope for improvement (20 points or less)

## Main findings

This review was commissioned by PDS management who recognised that there were weaknesses with the existing systems. Management identified the following issues within the current accounts receivable process:

- Inconsistent recording of payments in R4;
- Comparison of treatment provided and payments accepted;
- Open courses of treatment and general R4 housekeeping; and
- Aligning patient payments to cashier/banking receipts.

We identified six significant issues during this review:

Staff we met during our audit were unaware of the documented procedures for collecting payments and checking for payment exemptions, and entering patient information onto the electronic system. In addition, there were no procedures in place to record the processes to be followed in relation to credit control and banking of cash.

The general dental practitioners providing the out-of-hours public dental service at St. John's Hospital do not have access to R4 and instead record patient information on paper. The patient treatment information is not retrospectively entered into R4, meaning that the data for St John's Hospital is incomplete.

PDS staff do not always record whether they have asked patients for proof of any claimed exemptions from treatment charges. In addition, patients are never asked for proof of identity when they attend for treatment.

PDS sites other than Chalmers Dental Centre do not perform daily checks to confirm that cash, cheque, and credit card income taken during the day matches the income recorded in the electronic system.

Reconciliations are not currently performed to confirm that income recorded in PDS electronic systems have been completely and accurately transferred to the general ledger.

Internal Audit  
Public Dental Service Accounts Receivable

The only regular management information that PDS management receives is a list of payments from patients, and monthly budget reports from Finance. For example, no reports are produced showing a list of debtors.

Further details of these points, and seven important points, are set out in the Management Action Plan.

## Management Action Plan

**Control objective 1: There are clear procedures in place for recording patient treatments, including instructions for claiming payment, which are followed by all staff.**

**1.1: Procedures are not complete and not used by staff**

**Significant**

### Observation and Risk

PDS staff should follow the procedures set out in the *Protocol for Collection of Patient Charges* and the *Reception Protocol* when collecting payments from patients, checking for payment exemptions, and entering patient information on the R4 electronic system. Staff were given the procedures when they were trained to use R4. The procedures are also available on the PDS shared drive, which is accessible by all staff. However, staff at five of the six sites we visited stated that they were not aware of them.

We noted that there were no documented procedures for credit control and banking of cash and that there were inconsistent practices in operation across the sites we visited. For example, St. John's Hospital will chase outstanding debts above £10 and Duncan Street chase debts above £11, while staff take cash to the hospital cashier or the bank whenever they feel that a sufficient amount has been collected or when they feel a significant amount of time has passed since the last banking was undertaken.

Finally, the *Protocol for Collection of Patient Charges* does not have a stated review date. This reduces the likelihood that the document is reviewed in good time and that it states best practice. If procedures are not in place, comprehensive and up-to-date, there is a risk that staff do not comply with them. This may lead to PDS revenue not being maximised.

### Recommendation

PDS management should inform staff again that the procedures are located on the shared drive, and that they should be aware of them. This could also be picked up by local site managers during their checks.

A review date should be agreed and documented for the *Protocol for Collection of Patient Charges* document.

### Management Response

The *Protocol for Collection of Patient Charges* document was originally written to reflect the need of the PDS to collect payment for all eligible dental treatment and a training programme was undertaken by all supporting staff (receptionists and dental nurses) to support this change in process.

It is clear that the process instructions in the *Protocol for Collection of Patient Charges* document are not defined well enough and the staff groups have not understood what was expected of them in relation to patient charges.

Management Action

The *Protocol for Collection of Patient Charges* will be reviewed and revised to ensure clarity and to provide step-by-step easy to follow instructions. PDS will continue to work with the Finance Department in the development of all procedures and written protocols.

The protocol and supporting paperwork will remain on the shared drive, and its location will be widely promoted through:

- Providing a refresher training sessions that will continue on a permanent basis;
- Checking compliance with the Annual Clinic Visit programme (a system already in place to support the Scottish Government Integrated Practice Inspections);
- Testing of staff understanding as a mandatory topic covered by the annual PDPR process;
- The inclusion of a standing item at local morning meetings; and
- The PDS newsletter.

The Protocol will be reviewed every two years, with the next review date being noted on the Protocol itself.

Responsibility: Business Manager and Senior Management Team

Due dates:

- (1) Immediate – to inform staff of the location of the Protocol;
- (2) 31 May 2016 – creation of the revised Protocol
- (3) 30 September 2016 – completion of training.



1.2: Inconsistent approaches to receiving payments from patients	Important
<p><b>Observation and Risk</b></p> <p>Patients often receive a course of treatment which requires more than one visit. Currently patients are given the option of paying for the entire treatment course at the time of the first visit, paying at the end of the course of treatment, or paying at the end of each visit.</p> <p>In addition, PDS staff will often undertake domiciliary visits, where patients are treated in their own homes or at nursing homes. We found inconsistencies in approach with some staff requesting payment at the time of visit and other staff arranging for the patient to be invoiced at a later date.</p> <p>If payments are not received at the time of the appointment, there is an increased risk that payments are never received.</p>	
<p><b>Recommendation</b></p> <p>PDS management should inform all staff that patients who are undergoing a course of treatment should be asked for payment following each appointment. In addition, they should inform staff that payments from domiciliary patients should be taken at the time of the visit.</p> <p>The requirement to pay at the end of each visit should be set out in the procedures referred to at MAP 1.1.</p>	
<p><u>Management Response</u></p> <p>The most appropriate method of accepting payment on a domiciliary visit is to advise the patient of the amount to be charged and methods of payment by letter after the appointment. This is because the dentist would have to manually calculate the total, based on the charges for the treatment provided (and knowing the cost of all itemised treatment). R4 is directly linked to the Statement of Dental Remuneration and its current charges so the total cost of the treatment provided would not be known until entered on R4 when the dental team return to their base. It is not practical to expect the dental team to attempt to calculate a cost in a domiciliary setting, nor would it be advisable for clinicians to collect and transport cash between appointments in patients' homes.</p> <p>In the case of Care Home residents seen in a domiciliary setting, most people seen by PDS, if they are eligible to pay for treatment, do not have access to their own money therefore payment can only be made in arrears, requested by letter after the appointment.</p> <p>Intravenous and oral sedation patients are asked to pay before treatment starts, as payment cannot be accepted after an appointment while a patient is under the influence of a sedative. Because of this, patients may be over or under-charged as the dentist will not know exactly what treatment is required and until they have access to the sedated patients teeth.</p> <p>It is standard practice for all patients attending their family dentist to pay after treatment has been provided. As the service provided by PDS is in line with that provided by family dentists, it</p>	

Internal Audit  
Public Dental Service Accounts Receivable

would not be appropriate to charge for treatment in advance.

Management Action

The *Protocol for Collection of Patient Charges* will be reviewed and revised, and will include instructions for staff so that there is consistency on when they take payments from patients, whether they are treated outside or within PDS premises.

Responsibility: Business Manager and Senior  
Management Team

Due date: 31 May 2016

1.3: Receipt books are not reconciled to income collection sheets	Important
<p><b>Observation and Risk</b></p> <p>When patients provide a payment, staff will record it on the electronic system and issue the patient with a receipt. The receipt is written by a member of staff, with a carbon copy kept in the payment book. Each receipt is sequentially numbered. In addition, the staff member will record each transaction on an income collection sheet together with the receipt number. However, staff do not check to confirm that all receipt numbers have been noted on the income collection sheets. At the Royal Infirmary of Edinburgh we found seven instances where receipts were not recorded on the income collection sheets and this was not identified until the time of our audit.</p> <p>By not reconciling the receipt book with the income collection sheets, there is a risk that cash is misappropriated through income being received, a receipt being given, but the cash not being placed in the cash tin / safe and the transaction not being recorded on the income collection sheet. Currently this would go undetected as the income collection sheet and the physical cash balance would still reconcile.</p>	
<p><b>Recommendation</b></p> <p>Each month a senior member of staff, who is not involved in the income collection process, should reconcile the receipt book with the income collection sheets. Any missing entries on the income collection sheets should be investigated.</p>	
<p><u>Management Response</u></p> <p>The <i>Protocol for Collection of Patient Charges</i> document was originally written to reflect the need for PDS to collect payment for all eligible dental treatment and a training programme was undertaken by all supporting staff (receptionists and dental nurses) to support this change in process.</p> <p>It is clear that the process instructions in the <i>Protocol for Collection of Patient Charges</i> document are not defined well enough and the staff groups have not understood what was expected of them in relation to patient charges.</p> <p><u>Management Action</u></p> <p>For each PDS location, staff will perform a reconciliation between the receipt book and the income collection sheets. The frequency of this check will vary from site to site based on the frequency with which cash is collected from patients, and will be stated in the revised Protocol.</p>	
<p>Responsibility: Business Manager and Senior Management Team</p>	<p>Due date: 31 May 2016</p>

<b>Control objective 2: The R4 system is updated accurately and completely after each treatment by authorised system users only.</b>	
<b>2.1: Data for out-of-hours patients at St. John's Hospital is not stored on R4</b>	<b>Significant</b>
<p><b>Observation and Risk</b></p> <p>St John's Hospital operates an out-of-hours public dental service, where treatment is provided by general dental practitioners (GDPs), rather than PDS staff. The GDPs do not use R4 to record details of patient treatment and payment information, instead recording the information on paper. In addition, there is no process in place to enter the data into R4 retrospectively.</p> <p>We were informed that the GDPs do not use R4 as each GDP will usually only work for the PDS for small number of days each year. This previously caused difficulties with obtaining access to R4, as many GDPs forgot their R4 passwords and could not obtain replacement passwords due to the infrequency of their working patterns. In addition, due to reasons of data protection and IT security, the GDPs as a whole were not allowed to have a single generic login.</p> <p>If all patient treatment and patient information is not entered into R4 there is an increased risk that treatment information is lost and payments from patients are not received. In addition, any management information obtained from R4 will be incomplete.</p>	
<p><b>Recommendation</b></p> <p>Management should ensure that R4 holds a complete record of PDS patient treatment and payments. This could be achieved by identifying a member of PDS staff at St John's Hospital to contact eHealth in advance of each GDP shift asking them to provide R4 login details.</p> <p>Alternatively, management could designate a resource that will enter all the information into R4 retrospectively, using the paper records maintained by the GDPs during their shifts. The latter option would be more time consuming.</p>	
<p><u>Management Response</u></p> <p>PDS recognises and accepts the need for Out of Hours (OOH) sessions at St John's Hospital to utilise R4 as an electronic patient record, so that payments can be made at the time that treatment is provided.</p> <p>Chalmers Dental Centre will also migrate from Exact to R4 Clinical Plus, so that all PDS clinical activity is recorded in the same place, in a standardised way.</p>	
<p><u>Management Action</u></p> <p>The Out of Hours sessions at St John's Hospital will transfer to R4, which will holds a complete record of PDS patient treatment and payments.</p>	

Internal Audit  
Public Dental Service Accounts Receivable

PDS will introduce the recommended process that the OOH Admin Team will telephone the dentist a week before their session to provide any pre-session information and also to advise them to contact eHealth in advance of each GDP shift asking them to provide R4 login details (as happens with GMPs in the Lothian Unscheduled Care Service).

PDS will also seek guidance from eHealth on the most appropriate arrangement on how to deal with a dentist who arrives at a weekend clinical OOH session and cannot log-in. Discussions will be held with eHealth to explore the possibility of the eHealth helpdesk being available out of hours.

Where dentists attend without knowing their passwords, they will record treatment and financial information on paper and PDS staff will enter the information into R4 within the next few working days. In addition, individual patient treatment information which is currently recorded on paper will be entered into R4 prior to the patient returning for further treatment.

Responsibility: Business Manager, Assistant  
Clinical Director, Lead GDP for West Lothian  
Out of Hours with input from eHealth

Due date: 31 May 2016

<b>2.2: Patient identification and payment exemption documentation is not always checked by staff</b>	<b>Significant</b>
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**Observation and Risk**

Many of the patients who use the PDS are exempt from paying for their dental treatment. When patients are wholly or partially exempt from treatment charges they must declare this to PDS staff. The PDS staff should then ask the patients for proof of their exemption and record on a form that the proof was requested, and whether or not it was provided. Although patients do not have to provide proof that they are exempt, they are informed that they may be subject to investigation by Practitioner Services Division if they have claimed an exemption they are ineligible for.

We tested a sample of 83 exempt patient visits and found that proof of exemption was not requested in 31 instances (37%). Of these 31 instances, 22 (71%) were for patients visiting Spittal Street where staff informed us that they never ask for proof of exemption.

In addition, patients are never asked for proof of identity when they attend for treatment. NHS Lothian has a policy whereby patients are refused treatment if they have outstanding debts from a previous appointment or treatment. However, if a patient who has outstanding debts attends a different PDS site and claims to be someone else they could avoid payment of debts and still receive treatment.

If patient identity is not confirmed or proof of payment exemption is not requested then income may not be maximised.

**Recommendation**

Management should instruct PDS staff to ask patients for proof of their identity each time they visit and this should be recorded via the standard forms.

Staff should be reminded to always ask for proof of exemption status and record that they have asked for this on the standard forms, whether or not the proof is actually provided.

PDS managers should periodically audit whether staff have recorded confirmation of these checks on the standard forms. Instances of non-compliance should be raised with staff as part of their performance management and appraisal processes.

Management Response

It is not accepted that patients should be asked for identification each time they attend an appointment at the Public Dental Service. This is not common practice in any other area of healthcare.

In the case of exemption, if a patient has been asked for proof and does not have it at that time, then a box can be ticked in R4 to indicate that they have been asked and could not provide at the time. This information is then automatically reported to the Dental Practice Board, which alerts the Dental Practice Board to check the status of the patient using their

Internal Audit  
Public Dental Service Accounts Receivable

national database. This is the recognised procedure for every Public Dental Service in Scotland.

Management Action

A training programme will be rolled out across PDS ensuring a consistent approach is taken to charging eligible patients for their dental treatment. Specifically, staff will be reminded to always ask for proof of exemption status and then record that they have asked for this on the standard forms, whether or not the proof is actually provided.

Responsibility: Business Manager and Senior Management Team

Due date: 31 May 2016

<p><b>2.3: Staff who have left the organisation do not always have their electronic system access revoked</b></p>	<p><b>Important</b></p>
<p><b>Observation and Risk</b></p> <p>PDS staff are given access to the electronic systems R4 and Exact by PDS managers as part of their induction sessions. The systems are set up so that different levels of access can be given depending on the role. When staff leave the organisation their system access is then removed.</p> <p>We tested a sample of 11 leavers and found that four (36%) had not had their system access removed. One of the four leavers had left the organisation over twelve months ago.</p> <p>In addition, we noted that management do not perform periodic checks to confirm that staff continue to have appropriate system access rights.</p> <p>There is a risk that staff who no longer require access to the system still have access or staff have the wrong level of access. This may lead to inaccurate or inappropriate changes to the system.</p>	
<p><b>Recommendation</b></p> <p>Site managers should be reminded to notify the system administrator as soon as a staff member leaves their position. Confirmation should then be provided to the site manager that the access has been removed as requested.</p> <p>In addition, the system administrator should send a list of all users and access rights to each site manager and ask them to confirm that the listing remains accurate or notify the system administrator of any changes required. This should be undertaken at least annually.</p>	
<p><u>Management Response</u></p> <p>Although an NHS Lothian email address is deactivated when a member of staff is terminated from NHS Lothian employment, PDS accepts that a formal system to ensure staff are removed from R4 when they leave the service would be good working practice.</p> <p><u>Management Action</u></p> <p>Implement a process for ensuring that leavers are removed from the system once their employment at PDS has terminated. This can be included into the existing Internal Notification process and a section included on the Internal Notification Form that a leaver is to be removed from the system (with the required date).</p> <p>The system administrator will send a list of all users and access rights to each site manager and ask them to confirm that the listing remains accurate or notify the system administrator of any changes required. This will be undertaken annually.</p>	
<p>Responsibility: Business Manager</p>	<p>Due date: 29 February 2016</p>



<b>Control objective 3: The value of treatments and payments received in R4 are reconciled to the NHS Lothian financial ledger on a regular basis.</b>	
<b>3.1: No reconciliations are performed to confirm that payments taken match income recorded on R4</b>	<b>Significant</b>
<p><b>Observation and Risk</b></p> <p>Chalmers Dental Centre staff perform daily checks to confirm that all cash, cheque, and credit card income taken during the day matches the income recorded in the electronic system. This helps ensure that all income received has been recorded on the system. However, this reconciliation is not performed at any other PDS site.</p> <p>If daily checks are not performed to confirm that all income has been recorded in the system there is an increased risk that cash is misappropriated.</p>	
<p><b>Recommendation</b></p> <p>Daily reconciliations between the R4 system and the physical income received should be performed across all PDS sites. The reconciliations should be performed by one member of staff and reviewed and approved by a different, more senior, member of staff.</p>	
<p><u>Management Response</u></p> <p>It is recognised and accepted that adequate daily checks are not undertaken in all locations.</p> <p>The <i>Protocol for Collection of Patient Charges</i> document was originally written to reflect the need of the PDS to collect payment for all eligible dental treatment and a training programme was undertaken by all supporting staff (receptionists and dental nurses) to support this change in process.</p> <p>It is clear that the process instructions in the <i>Protocol for Collection of Patient Charges</i> document are not defined well enough and the staff groups have not understood what was expected of them in relation to patient charges.</p> <p><u>Management Action</u></p> <p>The <i>Protocol for Collection of Patient Charges</i> will be revised to include the instruction that all sites should perform a daily reconciliation between the R4 system and the physical income received, and that reconciliations will be reviewed by a different, more senior, member of staff.</p>	
Responsibility: Business Manager, Senior Management Team and Finance Department	Due date: 30 September 2016

<p><b>3.2: No reconciliations are performed to confirm that the PDS electronic systems agree to the general ledger</b></p>	<p><b>Significant</b></p>
<p><b>Observation and Risk</b></p> <p>Currently the PDS patient income figures are entered into the general ledger manually. There is no reconciliation to confirm that the income recorded on the R4 and Exact systems has been recorded completely and accurately within the General Ledger.</p> <p>There is a risk that PDS patient income is not reflected accurately within the NHS Lothian general ledger. This is increased because there is a risk of human error associated with manual entry of data onto the ledger.</p>	
<p><b>Recommendation</b></p> <p>PDS management should reconcile the PDS electronic systems and NHS Lothian's general ledger each month. The reconciliations should be performed by one member of staff and reviewed and approved by a different, more senior, member of staff.</p> <p>If possible, automated interfaces between the PDS electronic systems and the general ledger should be introduced.</p>	
<p><u>Management Response</u></p> <p>This is a difficult area to agree as any sort of reconciliation of the income lodged and what is reported will be very time consuming and difficult to perform due to timing differences, various methods of payment, number of transactions etc.</p> <p>An automated interface is not planned and not likely to be viable.</p> <p>Further work can be undertaken with the Finance Department to produce a patient transaction report from the ledger to allow PDS to perform manual checks against electronic systems.</p> <p><u>Management Action</u></p> <p>The Finance Department will develop an appropriate report that allows PDS to perform a manual check against electronic systems. The check will be performed monthly by one member of staff and reviewed and approved by a different, more senior, member of staff.</p>	
<p>Responsibility: Finance Department and PDS Business Manager</p>	<p>Due date: 31 May 2016</p>

<b>Control objective 4: Outstanding debtors are subject to regular review and follow up by management, with write-offs following approved NHS Lothian procedures.</b>	
<b>4.1: Patient credits and refunds are not approved by managers</b>	<b>Important</b>
<p><b>Observation and Risk</b></p> <p>R4 allows staff to provide credits and refunds to patients where necessary, for example, where a patient pays for a course of treatment in advance which then costs less than expected.</p> <p>When issuing credits and refunds at Chalmers Dental Centre using the Exact system, a system administrator is required to process the credits and refunds, to provide some form of senior approval. However, when processing credits and refunds through the R4 system, which is used by all other PDS sites, these can be processed by any member of staff, without the need for line manager approval.</p> <p>Without approval by a senior member of staff, there is a risk that credits and refunds are given inappropriately, which will lead to lost income for the PDS.</p>	
<p><b>Recommendation</b></p> <p>Management should explore whether the R4 system can be configured so that credits and refunds can only be given by a senior member of staff. If this cannot be achieved, a listing of all credits and refunds processed should be passed to a site manager each month for retrospective review and approval. Any inappropriate refunds and credits should be discussed with the staff member responsible to ensure they are aware why the refund or credit should not have been given.</p>	
<p><u>Management Response</u></p> <p>Because of the nature of PDS operating in community location, line managers cannot always be present. Counter-signature arrangements can be defined and implemented, but it will need to be paper-based using the Refund Receipt Form from the <i>Protocol for Collection of Patient Charges</i> document. This will be included in the revision of procedures and subsequent staff training programme.</p>	
<p><u>Management Action</u></p> <p>The <i>Protocol for Collection of Patient Charges</i> will be revised to include the instruction that a listing of all credits and refunds processed will be passed to a site manager each month for retrospective review and approval. Any inappropriate refunds and credits will be discussed with the staff member responsible to ensure they are aware why the refund or credit should not have been given.</p>	
Responsibility: Business Manager and Senior Management Team	Due date: 31 May 2016

4.2: Debt write-off levels are not consistent across sites		Important
<p><b>Observation and Risk</b></p> <p>We noted inconsistent debt write-off practices across each PDS site. For example, St. John's Hospital will write-off outstanding debts below £10 and Duncan Street will write-off debts below £11.</p> <p>If debts write-off levels are not consistent across PDS sites, there is an increased risk that not all recoverable debts are chased and income is not maximised.</p>		
<p><b>Recommendation</b></p> <p>PDS management should agree the correct debt write-off level to be used across the service and communicate this to all relevant staff.</p>		
<p><u>Management Response</u></p> <p>The level was set at £11 because a scale and polish is £10.86, which is an extremely common item of treatment. This will be standardised to £11 as a minimum to be written-off in the case of non-payments.</p> <p><u>Management Action</u></p> <p>The <i>Protocol for Collection of Patient Charges</i> will be revised to include the instruction that £11 is the minimum write-off level in the case of non-payments. A training programme will be rolled out across PDS, with revised step-by-step instructions. Refresher sessions will continue on a permanent basis, with the Annual Clinic Visit programme, included as a mandatory subject covered by the annual PDPR process, and at local morning meetings.</p>		
<p>Responsibility: Business Manager and Senior Management Team</p>	<p>Due dates:</p> <ul style="list-style-type: none"> <li>(1) 31 May 2016 – creation of the revised Protocol;</li> <li>(2) 30 September 2016 – completion of staff training.</li> </ul>	

**4.3: There is a lack of clarify over credit control procedures**

**Important**

**Observation and Risk**

Where a patient has incurred a debt, PDS will send up to two reminder letters requesting payment. If this is unsuccessful, PDS will either write-off the debt (see MAP 4.2) or pass it to Finance to be chased. Finance will then send up to three reminder letters to patients before making a decision regarding recoverability. Therefore, debtors can be sent up to five reminder letters before the debt is either written-off or referred to a debt recovery agency, which seems excessive. In our experience, typically three letters are sent before a decision is made regarding recoverability.

NHS Lothian's *Accounts Receivable & Credit Control Operating Procedures* document states that debts should be chased by Finance with three letters to the debtor before being passed to a debt collection agency. However, our testing of 24 overdue debts found that Finance only sent a maximum of two letters in each instance before the debt had been passed to a debt recovery agency.

In addition, we were informed by Finance that debts greater than £20 will be referred to the debt recovery agency whilst debts less than £20 will be written-off, due to being uneconomical to pursue. However, during testing we noted that two of 12 (17%) debts that had been written-off were in excess of £20 (£24.20 and £20.27), which contradicts the information we received from Finance. Upon further discussion with Finance we were informed that the aforementioned £20 policy has not been documented. There was no information held on file to record why the two amounts had been written-off.

Credit control procedures have not been followed in all instances and are unclear in others. This could lead to a reduction in the level of PDS income recovered.

**Recommendation**

The credit control procedures for PDS debtors should be clarified. In particular:

- PDS and Finance should agree who should send reminder letters and the number of reminder letters that should be sent. For example, PDS could send the first two reminder letters and then Finance could send the third. Finance could then send a final reminder letter before the debt is either written off or passed to a debt recovery agency. The agreed approach should be formally documented within a procedure and made available to all staff.
- Finance should review and agree the level at which debts are deemed uneconomical to pursue. The value should be recorded in the relevant procedure document and relayed to all relevant staff.

We appreciate there may be instances where debts greater than the agreed level are recommended for write-off, possibly due to the remote chances of recovery. Where this is the case, Finance should instigate formal procedures for escalation and authorisation of this.

Evidence of authorisation and reasons for writing off a debt should be recorded within the

general ledger.

Management Response

The *Protocol for Collection of Patient Charges* document was originally written to reflect the need of the PDS to collect payment for all eligible dental treatment and a training programme was undertaken by all supporting staff (receptionists and dental nurses) to support this change in process.

It is clear that the process instructions in the *Protocol for Collection of Patient Charges* document are not defined well enough and the staff groups have not understood what was expected of them in relation to patient charges.

The revision to procedures will be made with Finance Department colleagues to agree and confirm the most appropriate process and ensure consistency.

Management Action

PDS will review this process with the Finance Department, with a view to resolving the letters required to be sent, the order in which they are sent, timescales and reporting arrangements. If the minimum amount for debt collection to be pursued by the Debt Collectors is £20, then:

- PDS would prefer that if the amount is greater than £20 then Finance is notified and they generate the appropriate letters and pursue the outstanding amount.
- If the amount is less than £20, then PDS will issue the appropriate letters and pursue the outstanding amount.

Training will be provided to staff so that they implement the revised procedure effectively.

Responsibility: Business Manager, Senior Management Team and Finance Department

Due dates:

- (1) 31 May 2016 – creation of the revised Protocol;
- (2) 30 September 2016 – completion of staff training.

<b>Control objective 5: Regular management information is produced, which allows senior management to identify and investigate any variance against expected performance.</b>	
<b>5.1: Staff cannot easily run reports from the electronic systems</b>	<b>Significant</b>
<p><b>Observation and Risk</b></p> <p>The R4 and Exact systems can produce exception reports which enable management to review staff performance, confirm that all income is being receipted, and monitor whether debts are being chased effectively.</p> <p>However, the only regular reporting that PDS management receives is a list of payments received from individual patients and monthly budget reports from Finance.</p> <p>We were informed this is because PDS staff have not had sufficient training to enable them to run such reports from the systems. For example, staff are not yet able to run a report to show a list of patients with outstanding debts.</p> <p>If management do not receive regular reporting that provides complete, accurate, and timely information which is relevant to the service's objectives, there is an increased risk that financial and other key objectives are not achieved.</p>	
<p><b>Recommendation</b></p> <p>PDS management should provide training on running reports from R4/Exact. The training should be offered to all relevant staff and management should ensure that at least one member of staff from each site receives the training.</p> <p>PDS management should decide on the reporting required to determine whether the service is achieving its objectives. Once the information required has been determined, it should then be provided in a complete, accurate, and timely manner.</p>	
<p><u>Management Response</u></p> <p>It is recognised and accepted that adequate reconciliation of treatment provided against income received is not undertaken in any location and a structured reporting and reconciliation process needs to be developed and included in protocols.</p> <p>The Finance Department already run reports of outstanding debtors to be checked against Exact and R4 Clinical Plus reports, but this reconciliation is not monitored or reported regularly.</p> <p><u>Management Action</u></p> <p>Training on how to run reports from R4/Exact will be provided to the Business Manager.</p> <p>A list of reports required by PDS in order to determine if it is achieving its objectives will be generated. The reports will then be provided to all relevant staff and committees.</p>	
Responsibility: Business Manager and	Due date: 31 May 2016

Internal Audit  
Public Dental Service Accounts Receivable

Senior Management Team	
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<b>5.2: PDS does not compare expected income against actual income</b>		<b>Important</b>
<p><b>Observation and Risk</b></p> <p>PDS management receive monthly budget reports from Finance which state expenditure against budget, and income received from patients.</p> <p>However, the reports do not compare income received against expected income. Doing so would allow management to identify unexpected income shortfalls, which could then be investigated.</p> <p>If expected income is not compared to actual income there is an increased risk that income is not maximised.</p>		
<p><b>Recommendation</b></p> <p>PDS management should determine its expected income and then measure it against actual income received each month, with any significant variances then being investigated.</p>		
<p><u>Management Response</u></p> <p>As the activity of the PDS becomes more specialised and the service moves away from general dental care (as expected by the Scottish Government), it is anticipated that income received for treatment will reduce from current levels. This is because the majority of patients seen will be the most vulnerable and are more likely to be exempt from paying for their dental care. However, improved processes, awareness and training for staff will ensure that payments received from those patients who will continue to pay will be managed more consistently and efficiently, following the action plan to be developed.</p> <p><u>Management Action</u></p> <p>Income received will be monitored against actual income each month with significant variances investigated, taking developments and changes in service delivery into account. Working with the Finance Department management accountants, PDS will report the income received to the Scottish Government, as required, and monitor progress for each financial year.</p>		
Responsibility: Business Manager and Finance Department		Due date: 31 May 2016

## Appendix 1 - Definition of Ratings

### Management Action Ratings

Action Ratings	Definition
Critical	The issue has a material effect upon the wider organisation – 60 points
Significant	The issue is material for the subject under review – 20 points
Important	The issue is relevant for the subject under review – 10 points
Minor	This issue is a housekeeping point for the subject under review – 5 points

### Control Objective Ratings

Action Ratings	Definition
Red	Fundamental absence or failure of controls requiring immediate attention (60 points and above)
Amber	Control objective not achieved - controls in place are inadequate or ineffective (21 – 59 points)
Green	Control objective achieved – no major weaknesses in controls but may be scope for improvement (20 points or less)