

EXECUTIVE COUNCIL

PUBLIC

Title: Response to Public Accounts Committee request for a response from FIG to “Internal Audit – Medical Treatment Overseas” raised at the Legislative Assembly on 27/04/2017

Paper Number: 91/18

Date: 28 May 2018

Responsible Director: Director of Health and Social Services

Report Author: Director of Health and Social Services

Portfolio Holder: MLA Ian Hansen

Reason for paper: This paper is submitted to Executive Council:

For policy update/information
To meet a statutory requirement

Publication: Yes following submission to the Legislative Assembly

Previous papers: None

List of Documents: Appendix 1 – PAC Motion 5-17
Appendix 2 – MTO Follow up
Appendix 3 – Funding available for Medical Treatment Overseas
Appendix 4 – Letter to Patients

1. Recommendations

Honourable Members are recommended to approve:

- (a) Approve submission of this response to the Assembly

2. Additional Budgetary Implications

None

3. Executive Summary

- 3.1. The Public Accounts Committee submitted a report to Members of the Legislative Assembly on 13 April 2017 following their review of the internal audit regarding Medical Treatment Overseas (Appendix 1)
- 3.2. An internal audit was published in February 2017, with a follow-up report being published in February 2018 (Appendix 2). The outcome was satisfactory. However the Public Accounts Committee were concerned that it appeared that individuals could profit from FIG as a result of receiving treatment overseas, and also that an individual had gained substantively. A response to the Assembly is provided below.
- 3.3. This paper confirms the additional measures now in place to ensure only appropriate payments are made and also confirms that the money from the individual identified in the initial audit has been repaid.
- 3.4. This paper is provided for information purposes.

4. Background and Links to Islands Plan and Directorate Business Plan/s

- 4.1. An internal audit was published in February 2017, with a follow-up report being published in February 2018.
- 4.2. In a letter to the Members of the Legislative Assembly from the Public Accounts Committee dated 13th April 2017 it was said *'We understand that the audit was satisfactory overall but have some questions to ask. The Internal Auditor identified weaknesses in the system. We would like assurance from MLAs that the policy for medical treatment overseas is to be redrafted so that individuals cannot profit from FIG as a result of receiving treatment overseas. We understand that, in a recent case, an individual gained substantively and would also like assurance that appropriate action has been taken,'*
- 4.3. A written response was requested and is provided within this ExCo paper.

Response to Public Accounts Committee (PAC 17/04/02)

- 4.4. The current Overseas Medical Treatment Policy was approved by ExCo in March 2016 and has been reviewed in May 2018 to ensure the maximum amount able to be claimed and that any claim has to be supported by receipts is clear.
- 4.5. In September 2017 two new documents were introduced that clarified payments available (Appendix 3 and Appendix 4) and are provided before people leave for planned medical treatment overseas. These clearly identify eligibility and funding rules. The publication 'Information for Patients - Funding Available for Medical Treatment Overseas' clearly states that if people are booking their own accommodation the allowance is up to a *maximum* of £80 per night and that this is for the patient only.

4.6. The KEMH Finance Clerk has confirmed that reimbursement for self-booked accommodation is only made within the £80 per night rate and that receipts are required before payment is made. The Medical Treatment Overseas policy has been amended to ensure that this is clear.

4.7. In respect of the individual the Public Accounts Committee described as having ‘gained substantively’ it is confirmed that the additional money was recovered with £3,240 being repaid. The documentation introduced in September 2017 avoids such events occurring in the future.

5. Options and Reasons for Recommending Relevant Option

5.1. This paper provides an update, not recommendations.

6. Resource Implications

6.1. Financial Implications

6.1.1 This paper demonstrates improved financial management in relation to Medical Treatment Overseas.

6.1.2 The improved systems clarify the policy to ensure that it is correctly followed and implemented.

6.2. Human Resource Implications

None

6.3. Other Resource Implications

None

7. Legal Implications

None

8. Environmental & Sustainability Implications

None

9. Significant Risks

None

10. Consultation

10.1. This paper has been shared with Directors of Finance, Policy and the AG and the subject discussed with the portfolio holder prior to submission.

11. Communication

This paper provides a requested update.

Appendix 1

Public Accounts Committee

Shackleton House PO Box 420 Stanley Falkland Islands FIQQ1ZZ

Tel +500 22905

Email: pacsecretary@horizon.co.fk

Ref: PAC/17/04/02

13th April 2017

Members of the Legislative Assembly
Gilbert House
Stanley

Dear Members,

Medical Treatment Overseas

At our Committee Meeting held on 2nd November, the Chief Internal Auditor appraised us of an Internal Audit regarding Medical Treatment Overseas.

We understand that the audit was satisfactory overall but have some questions to ask. The Internal Auditor identified weaknesses in the system. We would like assurance from MLAs that the policy for medical treatment overseas is to be re-drafted so that individuals cannot profit from FIG as a result of receiving treatment overseas. We understand that, in a recent case, an individual gained substantively and would also like assurance that appropriate action has been taken.

Yours sincerely,



Dr Andrea Clausen
Chairman
Public Accounts Committee

cc: Chief Internal Auditor

Public Accounts Committee



Falkland Islands Government Internal Audit

Report to:	Mandy Whittingham	
Copies to:	Venessa Neylen	
From:	Chief Internal Auditor	
Date:	23/02/18	REF: FUR 7/18

Internal Audit Follow-up Report: Medical Treatment Overseas

The report assesses the implementation of the recommendations in the FIG Internal Audit report on Medical Treatment Overseas, published in February 2017. The audit formed part of the 206/17 annual plan and the overall opinion was satisfactory.

The overall audit opinion of the progress made on the 7 recommendations is:

**Substantial
Implementation**

7 recommendations have been implemented, with progress made against a further 2. The table below shows the current situation. The context of the overall audit opinion and an explanation of recommendation priorities are both explained in Appendices 1 and 2.

	Original Recommendations	Implemented	In Progress	Not actioned	Not Applicable
High	0	0	0	0	0
Medium	5	3	2	0	0
Low	2	2	0	0	0
Total	0	0	0	0	0

Medium Priority			
Ref	Finding	Recommendation	Management Response (including Implementation Date)
1.1	<p>FIG has an Overseas Medical Treatment Policy which sets out the eligibility for overseas treatment. On a weekly basis the Chief Medical Officer, Chief Nursing Officer, Hospital Manager and relevant healthcare professionals discuss each case and agree if overseas treatment should be provided. Details of the treatment are then recorded on a series of spreadsheets by the Overseas Medical Co-ordinator. Details are also entered onto the existing medical treatment database, although this database requires updating to enable it to provide the appropriate information. As a result data is being captured in several different ways rather than in one single source.</p> <p>No timetable has been agreed with Synergy for the database to be updated.</p>	The Hospital Manager should liaise with Synergy to agree a date for the updating of the overseas medical treatment database.	<p>Management response:</p> <p>We met with a Synergy rep recently and will take follow up action.</p> <p>The database needs to be used for monitoring patient information and also producing management information.</p> <p>Implementation Date:</p> <p>March 2017</p>
	<p>Implemented.</p> <p>An interim measure has been implemented which extends the spreadsheets so they can be used for both management and clinical information. In the longer term the functionality of the MTO database will be incorporated into the new clinical information system to provide a better solution.</p> <p>Implementation of New Clinical Information System: April 2019</p>		

Medium Priority			
Ref	Finding	Recommendation	Management Response (including Implementation Date)
2.1	<p>Patients are normally sent overseas to either the UK or Chile for treatment. Treatment in the UK is free of charge but the travel time and costs are significantly more.</p> <p>The hospital always use the same hospital in Santiago and the same hospital in Punta.</p> <p>We were advised that there have been some reviews of the medical services available including a review last year of the hospital used in Punta and the other main hospital there.</p>	<p>The Hospital Manager should ensure that periodically an evaluation of the medical hospitals and air ambulance services available is performed to demonstrate value for money is being obtained.</p>	<p>Our intention is for CMO or other KEMH representative to visit in 2018. In the meantime a desk survey will be done to identify alternative providers and costs.</p> <p>Implementation Date: Desk survey September 2017 Visit 2018</p>
	<p>In Progress. The Hospital Manager has confirmed current pricing and discount arrangements with the main hospital used in Chile. The desk survey and visit are still outstanding.</p> <p>Departmental Comment: optional.</p> <p>Revised Implementation Date: The desk survey will be completed by end of March 2018. The visit will be later in 2018 to fit in with clinical obligations.</p>		
4.1	<p>The Overseas Medical Treatment Policy allows patients the option of arranging their own accommodation. They are then reimbursed £80 a night on production of a receipt.</p> <p>The intention of the policy is to give patients choice and £80 a night is a typical rate for accommodation that FIG book. However we identified two anomalies with the application of this policy:</p> <p>1 – Whilst receipts are required if the patient provides a receipt for less than £80 a night they are still reimbursed the full £80.</p>	<p>The Hospital Manager should review the Overseas Medical Treatment Policy nightly accommodation allowance of £80 and clarify:</p> <p>a) If the policy should be that patients will be reimbursed on actual costs up to a maximum of £80 per night; and</p> <p>b) If the £80 per night should apply to just the patient or accompanying persons, even when the accompanying person would be expected to share the same room.</p>	<p>Policy will be reviewed and arrangement clarified where necessary. SOP will be written to support MTO Coordinator in making payment arrangements.</p> <p>Implementation Date: March 2017</p>

Medium Priority			
Ref	Finding	Recommendation	Management Response (including Implementation Date)
	<p>2 – Where the patient is accompanied then a rate of £80 per person per night is paid. This was the case when you would expect the 2 people to share the same bedroom (couple or mother/ baby)</p> <p>In one case a couple have had to return to the UK for the birth of their child. They have arranged their own accommodation at a cost of £3,790 but have been reimbursed by the hospital for £10,240 (64 days x 80 x 2).</p> <p>Payments such as this do not represent value for money and although they are in line with the policy would appear to be against the spirit of the policy.</p>		
	<p>Implemented. A new Standard Operating procedure has been written and implemented to address recommendation 4.1a). Patients and their families are given written information on what (and whose) costs are payable by FIG.</p>		
4.2	<p>Patients are provided with a £50 advance to cover internal travel costs. Patients must then provide receipts on their return and repay any surplus or can claim any additional travel expenses in excess of the £50 advance.</p> <p>However, there is no formal process to chase patients to provide this information.</p> <p>For a sample of 5 patients, only 2 had provided the required information and repaid surplus funds.</p>	<p>The Overseas Medical Co-ordinator should ensure that:</p> <p>a) All patients who return to the Falkland Islands are asked to provide receipts; and</p> <p>b) Where patients fail to provide this information consideration should be given to raising an invoice for the monies due.</p>	<p>Arrangement clarified where necessary. SOP will be written to support MTO Coordinator in making payment arrangements.</p> <p>Implementation Date:</p> <p>March 2017</p>
	<p>Implemented. A new Standard operating Procedure has been written and implemented.</p>		
4.3	<p>In addition to the £50 internal travel advance we also identified 2 examples in our sample of patient</p>	<p>The Overseas Medical Co-ordinator should ensure that any monies due from patients are recovered as</p>	<p>Arrangement clarified where necessary. SOP will be written to support MTO</p>

Medium Priority			
Ref	Finding	Recommendation	Management Response (including Implementation Date)
	<p>payments where monies needed to be reclaimed. One case relates to excess telephone/ internet charges which were deducted from the rental deposit but did not appear to have been recharged to the family.</p> <p>Another case relates to an individual who was provided with a payment of £590 (£50 internal travel and £540 daily living allowance) but at the last minute the patient did not go overseas for the medical treatment. This amount has not been recovered from the patient.</p>	soon as possible.	<p>Coordinator in making payment arrangements.</p> <p>Implementation Date:</p> <p>March 2017</p>
	<p>In Progress. A Standard Operating Procedure has been written and implemented. The individual who did not travel at the original time did travel later, so the allowance was held over until then. The case of internet charges is being checked.</p> <p>Option for departmental comment.</p> <p>Revised Implementation Date: 31/3/18</p>		

Low Priority			
Ref	Finding	Recommendation	Management Response (including Implementation Date)
4.4	<p>When a patient requires hotel accommodation in Chile this is arranged with ITT along with the flights. Invoices are received from ITT detailing the total cost but it is not clear what, if any, of the cost is ITT commission.</p> <p>Without this information it's impossible to see if FIG is receiving value for money from this service or if it would make more economic sense for accommodation to be booked directly by FIG.</p>	The Hospital Manager and Overseas Medical Co-ordinator should obtain information from ITT regarding the charges for their services and should consider alternative methods of booking overseas accommodation.	<p>The current process will be reviewed and clarified where necessary. Clarification is needed about whether FIG require bookings to be made through ITT or not as it may be cheaper to book hotels direct. Issue of credit card will be followed up.</p> <p>Implementation Date: March 2017</p>
	<p>Implemented. Credit Card are now in place and can be used where appropriate. The Hospital Manager met with ITT to discuss the services they provide to ensure best prices are available to FIG. Assurances have been received that their prices are the same as FIG would have when booking directly, except that they don't have the option of cheaper booking with no cancelation fee. So if we are booking in advance we could still use them if this is more convenient for us and doesn't make a difference to the price. We will use the credit card facility in emergencies mainly. The limit on each card is £5,000 so we couldn't use them for all our bookings anyway.</p>		
4.5	<p>Where patients use private transport to travel to/from appointments they are reimbursed at a set mileage rate of 29p per mile.</p> <p>This rate is a historic rate and is different to the FIG business mileage rate of 40p per mile.</p> <p>It may be that the 29p per mile rate is derived from UK central government departments who will reimburse individuals at a public transport rate. However this is currently 25p for HMRC and other UK government departments.</p>	The Hospital Manager should review the current mileage rate and ensure it is appropriate. An annual review of mileage rates should be performed.	<p>Agreed.</p> <p>Implementation Date: March 2017</p>
	<p>Implemented. Rate to be changed to 25p with immediate effect.</p>		

Appendix 1 – Follow-Up Opinion

Full Implementation	All recommendations have been implemented and all identified control weaknesses have been corrected.
Substantial Implementation	Action on the majority of recommendations is complete. While substantial progress has been made, some recommendations are still outstanding but these are unlikely to impair overall achievement of objectives.
Partial Implementation	Many of the original High and Medium Priority recommendations have been implemented but some remain. Alternatively, the majority of the original recommendations may have been for minor improvements but these have yet to be completed, leading to an increased risk that objectives may not be achieved. Action should be taken on those outstanding.
Limited Implementation	A significant number of recommendations, particularly those with High and/or Medium Priority, have not been actioned or not implemented fully. Serious weaknesses remain and immediate corrective action should be taken.
No Implementation	Little or no action has been taken to implement the recommendations made in the original report. There remains no assurance that objectives will be achieved.

Appendix 2 – Recommendations

Priority	Explanation
High	Fundamental control weaknesses for senior management action. These recommendations relate to key controls crucial to managing the risk of error, loss, fraud or the non-achievement of business objectives.
Medium	Other control weaknesses for local management action. These recommendations address controls the absence of which, in themselves, are not likely to be serious, but if other key controls to lapse there could be a problem.
Low	Recommended best practice to improve overall control and/or efficiency.

Appendix 3

Information for Patients

Funding available for Medical Treatment Overseas.

The arrangements below explain how funding of the MTO policy is applied. This should be viewed alongside the information you have been given about your trip by the Coordinator and the MTO Policy. This information explains what FIG funds for your care while you are away and is in addition to any actual treatment costs that have been approved.

Eligibility	funding	Booking arrangements	Payment
Adult Patient and agreed companions / escorts	Flights	KEMH book outward journey. MTO Coordinator in London books return journey. KEMH book return trips from Chile using ITT	Full cost paid by KEMH directly
	Travel expenses and transfers	KEMH book transfer from home to MPA on outward journey and return journey KEMH book transfer from Brize Norton to onward destination and accommodation FIGO book transfer from accommodation to Brize Norton	Full cost paid by KEMH directly
	Travel expenses during stay abroad	An advance of £50 is paid to cover travel to appointments by public transport or other transport method if necessary. This applies to UK travel only. Receipts must be produced on return to Falkland Islands and any of the advances not used must be returned. If a private car or hire car is being used an allowance of 29p per mile is paid for journeys relating to medical appointments on completion of a claim form.	£50 advance. Receipts must be provided.
Adult Patient only	Accommodation	KEMH book accommodation as described in Appendix 1 of the 'MTO Policy - Accommodation Policy'	Full cost paid by KEMH directly
		Accommodation – with family /	

		friends £20 per day	
	Accommodation – self booking	<p>Patients have the option to book their own accommodation instead of KEMH making the booking.</p> <p>An allowance of up to a maximum of £80 per night will be made for the patient. There is no additional funding for anyone accompanying the patient.</p> <p>The allowance is payable on production of receipts.</p> <p>An advance can be arranged if an invoice or quotation is produced and can be paid for 15 days at a time. In exceptional circumstances an advance may be made for a longer period (for example, where a landlord requires it).</p> <p>Any overpayment must be returned.</p>	<p>£80 maximum per night paid to patient.</p> <p>Receipts must be provided.</p>
Adult Patient only	Daily Living Allowance	<p>For patients who wish to claim, there is an allowance of £10 per day for adult patients. This will be paid in advance for 15 days at a time. The first payment can be made up to one week before the trip begins.</p> <p>If the trip is cancelled before travel for any reason the allowance must be returned.</p> <p>No receipts are required.</p> <p>No allowance is paid to accompanying companions / escorts.</p>	£10 per day
Adult Patient only In receipt of Welfare Benefits or State Pension as their only income	Daily Living Allowance higher rate	<p>There is an additional allowance of £15 per day for adult patients whose only income is Welfare Benefits or State Pension. The first payment can be made up to one week before the trip begins.</p> <p>If the trip is cancelled before travel for any reason the allowance must be returned.</p> <p>No receipts are required.</p>	£15 per day

		No allowance is paid to accompanying carers.	
Child (under 18) agreed companions / escorts	Flights	KEMH book outward journey. MTO Coordinator in London books return journey. KEMH book return trips from Chile using ITT	Full cost paid by KEMH directly
	Travel expenses and transfers	KEMH book transfer from home to MPA on outward journey and return journey if requested KEMH book transfer from Brize Norton to onward destination and accommodation	Full cost paid by KEMH directly
	Travel expenses during stay abroad	An advance of £50 is paid to cover travel to appointments by public transport, or other transport method if necessary. Receipts must be produced on return to Falkland Islands and any of the advances not used must be returned. If a private car or hire car is being used an allowance of 29p per mile is paid for journeys relating to medical appointments on completion of a claim form.	£50 advance. Receipts must be provided.
Child (under 18) Patient only	Accommodation	KEMH book accommodation as described in Appendix 1 of the MTO Policy -Accommodation Policy	Full cost paid by KEMH directly
	Accommodation – with family / friends	£10 per day	KEMH will make payment direct to either family member or parent of patient
	Accommodation – self booking	Patients have the option to book their own accommodation instead of KEMH making the booking. An allowance of up to a <i>maximum</i> of £80 per night will be made for the	£80 <i>maximum</i> per night paid to patient. Receipts must be provided.

		<p>patient. There is no additional funding for anyone accompanying the patient.</p> <p>The allowance is payable on production of receipts.</p> <p>An advance can be arranged if an invoice or quotation is produced, and will be paid for 15 days at a time. In exceptional circumstances an advance may be made for a longer period (for example, where a landlord requires it)</p>	
Child (under 18) Patient only	Daily Living Allowance	<p>There is an allowance of £10 per day for adult patients. This will be paid in advance for 15 days at a time. The first payment can be made up to one week before the trip begins.</p> <p>If the trip is cancelled before travel for any reason the allowance must be returned.</p> <p>No receipts are required.</p> <p>No allowance is paid to accompanying parents.</p>	£10 per day
Holiday MTO		<p>Where a patient is having medical treatment while on holiday this policy covers the additional expenses incurred.</p> <p>Flights and travel to the UK are not funded.</p> <p>Travel expenses from the UK holiday destination to the UK treatment location are refunded on production of receipts.</p> <p>Accommodation for the patient and agreed companions/escorts is funded limited to the time relating to the medical treatment only. This accommodation can be booked by KEMH or FIGO on behalf of the patient or the patient can book their own accommodation up to a maximum cost of £80 per night which will be</p>	

		<p>refunded on production of receipts.</p> <p>The Daily Living Allowance of £10 per day is also payable for the days relating to medical treatment.</p>	
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Summary

	Flight	Transfers	Travel	Accom: KEMH booked	Accom: Self- booked	Daily Living Allowance	Daily Living Allowance – higher rate
Patient	Yes	Yes	Yes	Yes	Yes	Yes	Depends on income
Carer	Yes	Yes	No	Yes	No	No	No
Child	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Parent	Yes	Yes	No	Yes	No	No	No
Holiday	No	No	Limited	Limited	Limited	Limited	Limited



Appendix 4

The Falkland Islands Government

King Edward VII Memorial Hospital, Stanley, Falkland Islands, FIQQ 1ZZ

Telephone: (500) 28006

E-mail: financeclerk@kemh.gov.fk

Dear Patients Name

While you are away on your MTO, Falkland Islands Government agrees to give financial support to fund your trip. This includes travel, accommodation and flights as agreed prior to your departure.

KEMH will arrange your travel to your accommodation, and will arrange your accommodation unless you choose to arrange it yourself. The attached document explains what you support is available to you.

Please tick below the funds you wish to claim:

1.	Accommodation allowance when staying with a relative or friend instead of other accommodation – Adult patients £20 per day Child patient (Under the age of 18 years) £10 per day Parent accompanying a child/Accompanying Relative £20 per day	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
2.	Reimbursement of accommodation costs of up to £80 per day when staying in accommodation not arranged by FIG. Claims must be accompanied by receipts.	<input type="checkbox"/>
3.	Reimbursement of public transport fares Claims must be accompanied by receipts.	<input type="checkbox"/>
4.	Advance of £50 for travel expenses paid before departure. Receipts must be produced on return. Any un-used allowance must be returned to KEMH accordingly	<input type="checkbox"/>

The Falkland Islands Government also wishes to support people on low income while they are away and pay a daily living allowance to cover incidental expenses. Please tick below the funds you wish to claim:

5.	Daily Living Allowance £10 per day (The Patient Only)	<input type="checkbox"/>
6.	Daily Living Allowance Higher Rate £15 per day (The Patient Only) Please confirm you are in receipt of welfare benefits or State Pension is your only income.	<input type="checkbox"/>

These allowances must be declared for tax purposes. If your needs change while you are away please let us know.

I confirm the above information is correct;

PRINT NAME: _____ DATE: _____

SIGNATURE: _____