

Report No. 51 of the Director of Audit — Chapter 12

THE PRINCE PHILIP DENTAL HOSPITAL

Summary

1. The Prince Philip Dental Hospital (PPDH) is the only dental teaching hospital in Hong Kong, providing clinical training facilities for undergraduate and postgraduate students of the Faculty of Dentistry (FOD) of the University of Hong Kong. It also runs training courses at certificate/diploma level for dental ancillary personnel. It serves two types of patients, i.e. teaching patients (TPs) and private fee paying patients (PFPPs). Patients will be registered as TPs if their dental problems are suitable for teaching purpose, whereas PFPPs are recommended by registered doctors/dentists for receiving advanced level of dental treatment at the PPDH. TPs pay \$45 per attendance (plus costs of dental appliances if applicable) while PFPPs pay fees at market rates.

2. The PPDH is mainly funded by recurrent subvention (\$104 million in 2007-08) from the Food and Health Bureau (FHB). As at 31 March 2008, it employed some 290 staff. The Audit Commission (Audit) has recently conducted a value for money audit on the administration of the PPDH.

Governance and other management issues

3. *Attendance of members at meetings.* The PPDH is governed by a Board of Governors (Board), under which there is a Planning Group. Audit found that the attendance of some members at the Board/Planning Group meetings during 2003-04 to 2007-08 was low. *Audit has recommended that the PPDH should take measures to improve the low attendance of some of the members.*

4. *Re-appointment of Board members.* Audit examination showed that while two members' attendance at the Board meetings during their 2-year service terms was low, they were re-appointed. *Audit has recommended that the Secretary for Food and Health should take into account the attendance records of Board members in considering their re-appointment.*

5. ***Roles of Director and Comptroller.*** The PPDH Ordinance (Cap. 1081) has provided for the segregation of duties of the Director (who oversees the day-to-day management of the PPDH) and the Comptroller (who assists the Director and reports directly to the Board on financial matters). However, Audit noted that during the long sick leave periods of the Comptroller in 2005 and 2008, the Director also took up the financial duties of the Comptroller. *Audit has recommended that the PPDH should consider setting up alternative operational arrangements when the Comptroller is on long leave.*

6. ***Establishment of an internal audit function.*** The PPDH does not have any internal audit function within its organisation structure. There is merit to consider setting up such a function in the light of inadequacies identified in the controls. *Audit has recommended that the PPDH should critically consider the desirability of establishing an internal audit function within the PPDH to step up controls.*

7. ***Establishment of funding and service agreement.*** In mid-2003, there was discussion about changing the PPDH subvention mode from deficiency grant to lump sum grant basis. It was intended that a funding and service agreement (FSA) would be entered into with the PPDH upon introduction of the new subvention mode. As at mid-September 2008, the new subvention mode was still under consideration. *Audit has recommended that the Secretary for Food and Health should: (a) take prompt action to decide on the mode of subvention to the PPDH; and (b) once the subvention mode is decided, accord priority to entering into an FSA with the PPDH.*

Income matters

8. ***Charging of patient fees.*** Based on a sample check of the charging of fees on PFPPs, Audit found that there were instances of incorrect charging of treatment fees and omissions in billing. *Audit has recommended that the PPDH should: (a) conduct an examination to ascertain whether there are other similar cases of incorrect charging of patient fees; and (b) step up its controls of the patient fees charging system.*

9. ***Use of Dental Health Information System (DHIS) for patient billing.*** The DHIS, which would facilitate patient billing, was planned to be in operation by March 2006. However, as at mid-September 2008, the DHIS had not been fully implemented. As a result, patient billing is a laborious task for the Accounts Office and is susceptible to incorrect charging. *Audit has recommended that the PPDH should: (a) take actions to complete the implementation of the DHIS as soon as possible; and (b) in the interim, remind all parties involved in the billing process to properly inform the Accounts Office the relevant cost items to be charged.*

10. **Transfer of patient status.** In an examination of cases involving the change of patients' status from PFPP to TP, Audit noted that no reason was given for the change in some cases. There were also two cases of transfer on financial grounds but the PPDH has not set any policies or guidelines to govern such transfer. *Audit has recommended that the PPDH should establish proper policies and guidelines to govern the transfer of patient status from PFPP to TP.*

11. **Administration of Continuing Medical Education (CME) courses.** The FOD and the PPDH have been jointly running CME courses on a self-financing basis to provide continued education for qualified dentists. Audit examination revealed that the true cost for running CME courses might not have been reflected in the operating results of individual courses, and the PPDH's overhead charge might not have been determined on a reasonable basis. *Audit has recommended that the PPDH should: (a) in collaboration with the FOD, review and improve the existing approach of charging expenditure against the CME courses; (b) revise the methodology for determining the overhead charges; and (c) seek the approval of the Board on the agreed approach and methodology.*

Human resource management

12. **Recruitment of staff.** Audit examination of the PPDH's staff recruitment practices revealed that the PPDH: (a) did not use recruitment websites to publicise vacancies; (b) had not documented in some cases the shortlisting criteria and the reasons for not shortlisting a candidate for interview; and (c) had not used the prescribed selection board for recruiting Junior Hospital Dental Officers (JHDOs). *Audit has recommended that the PPDH should: (a) publicise vacancies as widely as possible; (b) keep proper and complete records of recruitment exercises; and (c) always use the prescribed selection board for recruiting JHDOs.*

13. **Staff training.** The PPDH's existing system for approving study leave and financial subsidy for staff training is in some respects more favourable than that of the civil service. The system has not been endorsed by a proper authority (such as the Board). *Audit has recommended that the PPDH should: (a) review whether the existing regulations governing staff training need to be modified/elaborated; and (b) seek endorsement, if appropriate, for the modified/elaborated regulations.*

Stock management

14. **Control of stock level.** As at 31 July 2008, the Supplies Office kept at its store stock of furniture, equipment and instruments (FEI) and consumables amounting to \$11.4 million. Some stock items were purchased over nine years ago. Audit noted that no

actions had been taken to review if any of the stock items in hand had become obsolete and to clear the idle stock items. *Audit has recommended that the PPDH should: (a) carry out a comprehensive review to ascertain which old stock items are still usable and which have already become obsolete; and (b) consider ways to dispose of the surplus-to-requirement stock items.*

15. ***Annual checking of FEI held by PPDH Units.*** The Supplies Office conducts annual inventory reconciliation exercise, requiring PPDH Units to check physical FEI stock against the inventory records. Audit examination of the reconciliation exercises for 2005 to 2007 revealed no documented evidence that follow-up actions had been taken on: (a) reconciliation reports not returned by Units; and (b) discrepancies reported by Units in their reconciliation reports. Furthermore, there were no surprise stock checks on the FEI held by Units. *Audit has recommended that the PPDH should: (a) ensure that PPDH Units timely complete and return their reconciliation reports to the Supplies Office; (b) take appropriate follow-up actions on the discrepancies reported by Units; and (c) conduct surprise stock checks on FEI held by Units.*

16. ***Checking of consumables held by PPDH Units.*** The Supplies Office has not conducted any stock checks of consumables held by PPDH Units. *Audit has recommended that the PPDH should conduct annual and surprise stock checks of consumables at Units, particularly those Units that keep valuable consumables.*

Response from the PPDH and the Administration

17. The PPDH welcomes and agrees with the audit recommendations. The Secretary for Food and Health also welcomes the audit review, and agrees with the audit recommendations addressed to him.

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