1.0 Introduction

This paper updates and combines the Audit and Monitoring: Responsibilities and Audit and Monitoring: Guidance for DHBs papers previously applicable in the 2001/02 financial year. The information provided is intended to reflect responsibilities and provide guidance as it relates to the DHB in its funder function.

The paper defines audit and monitoring and outlines the responsibilities for audit and monitoring for DHBs and the Ministry of Health. Key legislation as it relates to audit and monitoring is also detailed. The paper concludes by listing resources available to DHBs that can assist them in performing their audit and monitoring responsibilities.

2.0 Definitions of Audit and Monitoring

2.1 Audit

Audit is a systematic review of services to ensure funded services are being delivered and that they are financially viable, clinically safe and of a high quality. Audits are generally of two types. Programme audits are a regular review of services at routine intervals throughout the year. Other audits are usually incident-based, where problems with a service are picked up through monitoring activity.

2.2 Monitoring

Monitoring is the routine analysis of service based information to ensure funded services are being delivered. Monitoring also measures the utilisation of services for planning purposes.

3.0 Responsibilities for Audit and Monitoring

3.1 District Health Boards (DHBs)

As specified in the NZPHD Act 2000 Part 3, s23(i), one of the functions of the DHB is “to monitor the delivery and performance of services by it and by persons engaged by it to provide or arrange the provision of services.”

District Health Boards monitor themselves as a provider and funder of services, through various internal processes, drawing in part on data provided by national systems.
3.2 Ministry of Health (MOH)

DHB Funding and Performance

The District Health Board Funding and Performance Directorate (DHBF&P) undertakes significant monitoring roles on several levels.

- Indicators of DHB Performance (IDPs). Targets for these indicators are jointly agreed between DHBs and the Ministry, as agent for the Minister.
- Balanced Scorecard (BSC). Reporting against these performance measures is done on a quarterly basis.
- Variation to contract volumes is done on a six monthly basis, to ensure that DHBs are delivering on their contracted volume levels and the effectiveness of service delivery. (Section 2.8.A, Operating Policy Framework 2003/04)
- Reporting against the Crown Funding Agreement (CFA) is done on a quarterly basis and/or annual basis.
- Monitoring work through monthly financial analysis and reporting.
- Monitoring of Crown Entities and other significant non-government organisations.
- Compilation of the risk register across the Ministry and the sector, identifying and classifying key areas of risk.
- The directorate has seven Account Managers who are involved in monitoring, through the relationships and daily interaction they have with their DHBs. Compliance and issue management is another form of monitoring, through formal escalation paths and other more ad-hoc resolution plans.

Both the Indicators of DHB Performance and the Balanced Scorecard will be subject to full review in 2003/04, with implementation in 2004/05.

Other initiatives are under development for future use, namely:

- Monitoring Ministry performance as funder is a new framework to be introduced during 2003/04, which will develop key performance indicators against which Ministry performance will be assessed.
- Data Integrity Validation Activity (DIVA) will be commenced in 2003 to ensure validity of information provided by DHBs through the quarterly reporting and Balanced Scorecard processes.
- Performance Enhancement Programme is informed by joint Treasury and Ministry work. This will be further progressed in 2003/04 in consultation with the DHB sector and consideration given to incorporating into the standard quarterly reporting process.

This monitoring is used as a basis for performance management; working with DHBs, primarily issue driven, to define highlighted issues and to develop appropriate resolution paths.
Other Ministry Directorates

Other directorates in the Ministry also undertake other various monitoring activities.

- Sector Policy is concerned with system monitoring and the performance of the sector. This directorate reports on the delivery of the objectives of the New Zealand Health Strategy (NZHS). This monitoring is primarily outcome focussed.
- The Public Health Directorate is involved with surveillance and monitoring of the health sector. This involves environmental health and infectious disease monitoring.
- Surveys, media information analysis and other such sector intelligence gathering is another way in which the Ministry conducts monitoring.
- Screening programmes, such as Breastscreen Aotearoa, are another area of Ministry monitoring.
- The Disability Services Directorate has reporting requirements for all their providers (hospitals included), which are particular to service areas and are client level based.
- The draft New Zealand Health and Disability Quality Improvement Strategy has been out with the sector for consultation for the past six months, and will be finalised early in 2003. The initial focus of the strategy is building an environment that fosters a quality improvement ethic and quality improvement practises.
- A project is also underway to produce a document which integrates all the existing quality guidelines, which are currently spread across a number of documents.
- Contract level monitoring of non-devolved services is also done by respective service directorates\(^1\).

National Systems

There are several national systems operated by the Ministry that support monitoring on different levels that currently reside in the Corporate and Information Directorate (CID).

- The Health Sector Payments and Administration Group (HealthPAC)\(^2\) is mainly involved with the agreement and payment for contracts, and associated information. They also manage the “output collection programme” which collates non-inpatient hospital services data. This group is also responsible for payments on fee for service contracts (section 88), including referred services and general medical services.
- New Zealand Health Information Systems (NZHIS) collects data for various national collections and data warehouses:

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\(^1\) For devolved contracts, this function is the responsibility of the funding entity that respective contracts have been devolved to.

\(^2\) The Health Sector Payments and Administration Group is comprised of the former Shared Support Services Group (SSSG) and Health Benefits Limited (HBL). The two organisations were merged into one entity in April 2002, as part of the Corporate and Information Directorate’s restructure.
The National Health Index (NHI) uniquely identifies health care users.
The Medical Warnings System (MWS) warns health providers of individual patient risk factors, to better inform their decisions on patient care.
The National Minimum Data Set (NMDS) collates hospital inpatient volumes, maintains a cancer registry and also holds mental health and mortality data.
The New Zealand Cancer Registry (NZCR) is a population-based tumour register of all primary malignant disease.
The National Booking and Reporting System (NBRS) is a database of details on all booking system events involving a healthcare user who receives an assessment of priority for a medical or surgical service and who is accepted for publicly funded treatment.
The Maternity and Newborn Information Systems (MNIS) provides information relating to maternal and newborn services provided up to nine months prior to and three months after a birth.
The Mental Health Information National Collection (MHINC) provides information on secondary mental health services funded by the Government.
The Health Workforce Data Collection holds information on all New Zealand’s registered professions.
NZHIS also collects information regarding pharmaceuticals, laboratorary claims, in addition to immunisation data and hepatitis B screening information.

All of the above provide performance reports for DHBs and data can be extracted from these systems for Ministry purposes.

Diagram 1 that follows illustrates the key monitoring arrangements that currently exist in the New Zealand Health Sector.

Diagram 1: New Zealand health sector monitoring arrangements
4.0 Key Legislation

4.1 Health and Disability Services (Safety) Act 2001

- This requires service providers to comply with Standards approved by the Minister of Health. Service providers’ compliance with Standards will be audited by “designated audit agencies.” The service providers apply to the Ministry of Health for certification under the Act. From 1 July 2002, the Director General of Health has had the ability to designate audit agencies.

- Current service agreements usually require, for example, a complaints management system, but in future this will be required under an approved Standard. Some of the areas the Standards cover are:
  - consumer rights
  - organisational management
  - pre-entry and entry to services
  - service delivery
  - managing service delivery
  - safe and appropriate environment
  - infection control
  - safe restraint of consumers
  - mental health.

It will be the DHBs’ responsibility to ensure that they contract with certified service providers.

There are a number of audit tools for the Standards that DHBs may find useful. These are listed in section 5.0 of this paper.

The Standards will apply from 1 October 2004 for existing service providers and have applied from 1 October 2002 for new service providers. This means there is a two-year transition period for existing service providers to move from being licensed to becoming certified under the Act.

4.2 Health Practitioners Competence Assurance Bill

- This provides a framework for the regulation of all health practitioners where there is a risk of harm to the public. One of its features is to provide a mechanism for ensuring that they maintain their competence throughout their careers in order to practice safely. The Bill will give regulatory bodies the power to require professionals to participate in competency programmes. It will also require employers, the ACC, and the Health and Disability Commissioner to advise each other and the regulatory bodies of concerns regarding the competence of individual professionals.

- The Bill is currently at Select Committee stage and a large number of submissions have been received. It is likely that the Bill will be passed into law by mid 2003.
Table 1 below provides a summary of long term monitoring responsibilities for the Ministry, DHBs, providers and designated audit agencies.

**Table 1: Summary of Long Term Monitoring Responsibilities**

<table>
<thead>
<tr>
<th>Ministry of Health</th>
<th>Designated Audit Agencies</th>
<th>DHBs</th>
<th>Providers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy relating to sector-wide safety and quality</td>
<td>Conduct provider-initiated audits for use in certification under Safety Act</td>
<td>Monitor/audit service agreements that are directly held by the Ministry</td>
<td>Comply with standards under Safety Act, including operating quality and risk management systems reflecting continuous quality improvement principles and ensuring that only competent professionals are employed</td>
</tr>
<tr>
<td>Monitor/audit service agreements that are directly held by the Ministry</td>
<td>May conduct other provider audits at the request of the certifier of providers (MoH Licensing), a funder or a provider</td>
<td>Ensure that funded providers are certified (where the Safety Act applies)</td>
<td>Plan for, and move towards use of best practice service guidelines where applicable</td>
</tr>
<tr>
<td>Ensure that funded providers are certified (where the Safety Act applies)</td>
<td></td>
<td></td>
<td>Manage risks affecting achievement of DHB objectives</td>
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<tr>
<td>Monitor performance of DHBs and other Crown health entities</td>
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<td></td>
<td>Manage risks affecting achievement of provider objectives</td>
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<tr>
<td>Certify providers that meet standards and audit a sample</td>
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<td></td>
<td></td>
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<tr>
<td>Select and monitor designated audit agencies</td>
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<tr>
<td>Where a DHB is the funder, intervention at provider level only where necessary to meet the Ministry’s regulatory responsibilities</td>
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<td></td>
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<tr>
<td>Manage risks affecting achievement of Ministry’s objectives</td>
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</tbody>
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3 Note that responsibility for arranging or conducting inquiries (eg. a Commission of Inquiry or a Ministerial Inquiry) in response to particular service issues, is not included in this table.

4 The Ministry’s objectives are those agreed with the Minister, via the Purchase Agreement.
5.0 Guidance on Audit and Monitoring

District Health Board Mental Health Quality Monitoring Guidelines

• Date of publication: January 2002
• Provides guidance to DHBs on undertaking audit and monitoring programmes of their contracted mental health providers. The document includes a summary of key legislative requirements for mental health services.
• This document can be found on the MOH website, www.moh.govt.nz, under the Publications link.

Reports and data extraction from national systems

• Requests for special reports and one-off data extraction from national systems need to be made directly to the organisation concerned. This supplements routine reports, available to DHBs, provided by these national systems.

Standards New Zealand

• Standards New Zealand is a good information enquiry point for all standards and standards related needs. Further detail can be found on their website, www.standards.co.nz

Health and Disability Services (Safety) Act 2001

• To date, the publications below are audit tools for the Standards. These documents provide a useful reference for DHBs and can be purchased from Standards New Zealand.

- Health and Disability Sector Standards (Hospital) Audit Workbook
- Health and Disability Sector Standards (Residential) Audit Workbook
- Infection Control Audit Workbook
- National Mental Health Sector Standard Audit Workbook

Designated Audit Agencies

• These have been gazetted since 1 July 2001. The gazette notices are available on the MOH website, www.moh.govt.nz

6.0 Conclusion

Audit and monitoring are important functions in the health sector. By ensuring that audit and monitoring is carried out regularly and effectively, this will contribute to improved service delivery and health outcomes for all New Zealanders.

Where gaps or issues are identified, or there are constructive suggestions to improve current processes on phased feedback systems, these should be directed to the DHB Funding and Performance Directorate in the Ministry of Health in the first instance.