

Primary Health Care Audit Protocol

Financial, claiming and
referred services
Version 1.0

This Protocol does not cover quality or service delivery.

This Primary Health Care Audit Protocol applies to all
PHOs and their contracted health providers.

This Protocol should be read in conjunction with Parts C
and G of the PHO Agreement and Section 22G of the
Health Act 1956.

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Audit Purpose

Introduction

1. The Primary Healthcare Audit Protocol (Protocol) provides detailed information on how audits and investigations under the PHO Agreement will be carried out.
2. All audits and investigations conducted under this Protocol shall be conducted in accordance with Parts G and C3 of the Primary Health Organisation Agreement (Attachment 1), Section 22G of the Health Act 1956, The Health Privacy Code and the Privacy Act 1993.
3. Audits and investigations conducted under this Protocol will deal with financial claiming and funding practices as opposed to quality and delivery issues. The areas which will be covered are:
 - population-based funding registers
 - casual general medical services claims
 - immunisation claims
 - maternity claims
 - prescribing
 - laboratory referrals
 - financial aspects of any other claims for services.

Scope

4. This document covers three activities.

Audits

5. The objective of audits is to provide an accountability framework. There are programmed audits and selected audits. Programmed audits are those where the PHO has been selected as part of a regular audit programme as decided by the relevant DHB. Selected audits are those where the PHO or contracted health provider has been selected for audit for a particular reason, ie, unusual claiming patterns or other matters that require clarification.

Investigations

6. The rare cases of suspected fraud or serious breaches of the PHO Agreement will be investigated. Where fraud or serious non-compliance is identified the matter may be referred to court and/or dealt with under provisions D15 to D21 of the PHO Agreement.

Informal practice visits and inquiries

7. Auditors may, from time to time, make informal contact with PHOs or their contracted health providers to clarify issues arising from the submission of their patient registers to HealthPAC for payment.
8. Such inquiries are not an audit or investigation as covered in this Protocol.

The Audit Process

9. An audit may be either 'programmed' or 'selected'.
10. Programmed or selected audits will normally involve auditors spending time at the PHO and/or the contracted providers' practice.
11. In addition to a programmed or selected audit, DHBs and HealthPAC will monitor capitation registers to ensure that they are valid and contain accurate and appropriate details of patient enrolments. Informal enquiries or selected audits may result from this process.
12. Auditors will advise PHOs, and where applicable their contracted health providers, of the scope and type of audit to be conducted. This will be advised in writing prior to the audit.

Programmed audits

13. Programmed audits are part of a planned audit programme set by individual DHBs where DHBs intend to audit all PHOs over a period of time.

Selected audits

14. A selected audit is where a PHO and/or its contracted health provider/s are selected because of apparent irregularities or unusual claiming patterns or any other issues which may cause the DHB to initiate an audit. The PHO and the contracted health provider, where applicable, will be advised in writing prior to the audit of the general reasons why it has been selected for audit.

Patient surveys

15. Audits or investigations may involve surveying some patients to confirm:
 - enrolment details;
 - eligibility status;
 - that services have been provided in accordance with the PHO Agreement or the Section 88 Notice (where applicable).

Where casual patients have been surveyed to establish whether they have received a claimable General Medical Service, with the approval of the PHO and/or contracted provider, they may be advised the results of the audit in respect to the consultation for which they were surveyed. This will not apply in the case of investigations.

16. The auditors will consult and agree with the PHO regarding: (a) the process to be used, and (b) the wording and format of the questionnaire before it is sent to contracted providers and their patients. Where agreement cannot be reached the matter will be referred to the DHB who will facilitate agreement. This process will apply to audits involving surveys and activities listed in clauses 18 to 25. This clause does not apply to investigations.

17. The relevant contracted health provider will be notified that a survey is being conducted. The results of the survey will be conveyed to the PHO. The contracted health provider will be notified immediately prior to the survey being mailed as it is known that some patients contact their health provider upon receipt of such surveys.

Confirmation with patients

18. Auditors may wish to confirm with patients that the enrolments or services match those claimed. This will occur:
 - on a random basis as part of the audit process
 - as a result of issues arising during the audit
 - as part of an investigation.

This confirmation may involve:

- written correspondence with the patients
- visits to patients
- telephone calls to patients.

Patient visits

19. All approaches to patients will be handled with the utmost care and sensitivity.
20. Inquiries of patients will be made at reasonable times by agreement with the patients. The audit or investigation will not be discussed with the patients except to explain the process in general terms. Brochures are available for patients which explain the process.
21. When a patient is approached, auditors will show their identification and explain their role. The patient will be asked if he or she minds answering questions regarding their enrolment or GMS service which was claimed. If the patient does not wish to cooperate, auditors will not take any further action.
22. The interview may be terminated at any time by either party. Auditors will always respect patients' wishes in this regard.
23. It is in the interests of the PHO, contracted health provider, auditors and patients to ensure that this part of the process is handled with care to ensure the image and integrity of the process is maintained and patients' wishes and needs are respected.
24. Where a patient is found to be unable to answer questions, enquiries will be made of a suitable carer or rest home management as appropriate and not the patient directly. If a patient is a young person then questions will be asked of the caregiver.
25. In following up any matters with patients every care will be taken to:
 - explain the purpose of the inquiries
 - identify the auditors
 - clarify any patient rights issues
 - respect patients' wishes at all times
 - preserve the integrity of the PHO and/or contracted health provider.

On-Site Audit

26. Notification of audits will be given pursuant to Part G.5.2 of the PHO Agreement (refer Attachment 1).

Who will perform the audits?

27. Audits will be conducted by qualified and authorised auditors. It is intended that in the initial two years from the commencement of a PHO that a programmed audit will take place twice, and thereafter less frequently.
28. All auditors will carry an identification card signed by a delegate of the Director-General of Health or the CEO of the relevant DHB authorising the holder to inspect, copy or take notes of records in accordance with Section 22G of the Health Act 1956. Such identification will be shown to the manager of the PHO and the relevant contracted health provider.
29. Audits will be approved by a delegate of the Director-General of Health or CEO of the relevant DHB. Auditors will have this approval in writing and will leave a copy with the PHO.
30. Where clinical records require viewing this will be undertaken by a registered medical practitioner authorised by the DHB. The auditing medical practitioner may be assisted by auditors working directly under his/her direction. Where the clinical records are made by a primary healthcare nurse a qualified primary healthcare nurse will be used to view the records as appropriate. Where the clinical records are made by another qualified healthcare practitioner, then an appropriately qualified healthcare practitioner may be used to view the records as appropriate.

What happens during an audit?

31. PHOs and, if applicable, their contracted health providers will receive a written summary of the audit plan which will provide an outline of the nature of the audit and general areas to be covered.
32. At the prearranged time the auditors will visit the PHO or the contracted health provider (or both) to inspect relevant records.
33. These may include the capitation register, enrolment forms, clinical records and appointment registers. The audit may also involve a survey of patients.
34. The auditors may also speak to various staff at the PHO or contracted health providers' practice to discuss systems, practices and procedures.
35. The auditors will require access to any computerised Practice Management System in order to examine records.
36. The PHO, contracted health provider or their representatives may be present during the audit if they so wish.

How will PHOs be notified of the results of an audit?

37. Auditors will normally have ongoing communication with the PHO and the contracted health provider during and following an on-site audit and will provide a Draft Finding Audit Report as soon as is practicable, but not later than four weeks after the audit. If for some reason the Draft Findings Audit Report cannot be completed within four weeks of the audit, the auditors will provide a progress update.
38. Due to time constraints and other tasks requiring attention at the completion of an on-site audit, auditors will generally not discuss specific findings with the PHO or contracted health providers on the day of the on-site visit. Time for assessment of records and any necessary follow-up with patients is often needed before such discussion can take place.

Draft audit findings report

39. A report listing draft findings of the audit will be provided to the PHO and relevant contracted health providers for their response.
40. The PHO and relevant contracted health provider has the opportunity to make corrections and respond in writing at this stage. The PHO and/or contracted health providers' comments will be included in the final audit report.
41. The final audit report, containing auditors recommendations where applicable will be forwarded to the DHB and PHO.
42. Audit recommendations to the PHO and/or DHB may include:
 - recovery for invalid payments
 - referral of the matter to an Advisory Committee or other complaints body
 - advice to the auditee on correct compliance with the PHO Agreement
 - a notification of no further action
 - notification that the matter has been re-categorised as an investigation as a result of suspicions of fraud or serious non-compliance.

How will confidentiality be assured?

43. Patient confidentiality will be preserved throughout the audit.
44. Auditors shall seek to achieve their audit objectives by accessing records from the least sensitive source first. Where clinical records are to be inspected they will be viewed by a registered healthcare practitioner as described in paragraph 30.
45. The results of all audits will be confidential to the DHB, PHO, contracted health providers and the auditors. General assurance may be given to other PHOs who have been debited for Fee for Service deductions as a result of casual services provided by the PHO being audited.
46. Final audit reports will be provided to the relevant DHB. Provisions of the Privacy Act and Health Privacy Code will be strictly followed. All completed audit reports may be subject to discovery under the Official Information Act.

What is in an audit plan?

47. An audit plan is an auditors' management document.
48. Every audit will have a plan which will specify the scope and issues to be examined during the audit. It will also specify dates for the completion of a report and feedback to the PHO.
49. The audit plan may also include plans for:
 - an initial interview with the contracted health provider or practice staff to confirm how the health care practice records match the claim records, and how other details such as the eligibility status, casual consultations and enrolments are recorded
 - an appropriate review of patient enrolment and healthcare practice records
 - a discussion of an appropriate approach to specified patients to confirm details of casual consultations or enrolments. A sample of patients might be contacted to confirm that a consultation took place
 - other procedures as may be agreed upon between the auditors, the contracted health provider/s and the PHO.

Rules concerning the audit

50. An audit will be structured in such a way that a contracted health provider is normally not kept from his/her regular work for longer than one hour. Where the auditors require more than one hour of the contracted health providers' time (eg, large clinics or multiple surgeries) prior notice will be given advising a finite period which will not exceed three hours. Where further time is required to complete the audit this will be agreed between the PHO and/or the contracted health provider and the auditors.

Complaints procedure

51. Where the PHO or contracted health provider being audited has complaints that auditors have breached the Protocol and the difference cannot be resolved between the parties, the PHO or contracted health provider may forward complaints to the CEO of the DHB or, in the case of HealthPAC audits, the Deputy Director General of the Ministry of Health (Corporate and Information Directorate).

HealthPAC independence

52. Where an audit involves issues with HealthPAC payments or systems and the PHO questions HealthPAC's independence or objectivity, the PHO may seek from their DHB an independent review of that aspect of the audit. Who meets the cost of such a review will be decided by a third party agreeable to the DHB and PHO.

Cultural sensitivity

53. Audits will be conducted in accordance with the cultural and relationship provisions set out in Parts C and G of the Primary Health Organisation Agreement (refer Attachment 1).

The Investigation Process

Investigation

54. Investigations are uncommon.
55. An investigation may be carried out where the DHB or their agent has reason to suspect:
 - fraudulent claiming
 - serious breaches of the PHO Agreement.
56. The investigation will follow the same procedures as for an audit and will include interviews with people whom auditors believe can assist the investigation.
57. The PHO and/or the contracted health provider will be advised of the general issues of concern prior to an investigation, unless auditors believe, on reasonable grounds, that such advice may prejudice the investigation.
58. The PHO and/or contracted health provider will be advised when an audit becomes an investigation. This notification may be given orally on site or by letter or facsimile. An oral notification that an investigation has started will be confirmed in writing as soon as is practicable.
59. The procedures used in an investigation will follow normal investigation practices and strictly observe the principles of natural justice, and abide by the legal provisions of the statutes of New Zealand.

Advance notice

60. Where an investigation is to be conducted, advance notice of visits may be reduced or not given at all (refer clause G5.2 of the PHO Agreement). No notice will be provided where auditors reasonably believe the investigation may be obstructed by providing such notice. Every effort will be made not to disrupt the normal operation of the healthcare practice. If the contracted provider so wishes he or she will be allowed 60 minutes to arrange for a representative to be present for the viewing (and/or copying) of records. If for practical reasons 60 minutes is insufficient time then the period may reasonably be extended. During this period the auditors may remain on the contracted provider's premises but will not commence the investigation.

Records

61. The copying of patients' records will only be done where it is reasonably considered necessary. The inspection and copying of patients' clinical records will be performed only under the supervision of a registered medical practitioner. Non-clinical records required may be inspected and copied by other auditors.
62. If patients' clinical records are copied, the auditing registered medical practitioner will advise patients accordingly, and will be responsible for the security and confidentiality of those records. Should records be required for use as evidence in any Advisory Committee or court adequate provisions exist for the suppression of any sensitive information.

63. Where auditors require copies of contracted provider's records, these will be made as outlined above and the original left for the contracted provider's continued use.
64. Computerised healthcare records may be viewed and copied for each patient nominated by auditors pursuant to Section 22G Health Act 1956. This will be done on the same basis as for handwritten records.
65. At the end of an investigation, (or audit) copies of the healthcare practice records will be returned to the contracted provider or destroyed. This will be done after all parties have agreed that no further action is contemplated.

Follow-up issues raised

66. Where an investigation is carried out, the PHO/contracted health provider will be informed of progress at regular intervals not less than monthly. This will continue until the matter is resolved, passed to another agency or put before the courts. Every effort will be made to expedite the investigation.

Practice Visits and Informal Enquiries

67. From time to time auditors may informally visit or contact a PHO and/or a contracted health provider to clarify queries or discuss systems issues.
68. These contacts are largely educational and are designed to assist PHOs and health providers understand the claiming system and conditions. Such contact may also alleviate the need for a selected audit.
69. Where the contact is by personal visit, the visit will be arranged in advance to occur at a time that is mutually acceptable.
70. This activity is not an audit.

Attachment 1: Extract from PHO Agreement 16.1 (incorporating changes from two variations to the Agreement)

C3 Relationship Principles, Section G – Audit

C.3 Relationship principles

C.3.1 We both acknowledge that our relationship is fundamental in achieving both of our objectives in entering into this agreement.

C.3.2 We both agree to foster a long-term co-operative and collaborative relationship to enable us both to achieve our respective objectives efficiently and effectively. We both agree that the following relationship principles will guide each of us in our dealings with each other under this agreement. Further, we both acknowledge that strategies to improve the health of Māori as a result of accessing their choice of quality primary health care services, are essential to equity of health outcome for all.

- (a) The way in which we both respond to Māori issues will reflect the Treaty of Waitangi principles of partnership, participation and protection. These principles will guide the operational policies and practices of PHOs including PHO service provision
- (b) We both agree to observe the principles of natural justice in giving effect to this agreement.
- (c) You acknowledge that we are subject to, and must comply with, the strategic and policy directions of the Crown. Equally, we acknowledge that you have your own strategic and policy directions.
- (d) We recognise your right to maintain your clinical and business autonomy.
- (e) We both agree that clinical interventions should be based on the best evidence available at the time.
- (f) We both will respect and maintain patient confidentiality.
- (g) We both recognise and value the other's skills and expertise and commitment to high quality performance.
- (h) We both will negotiate and implement agreements in good faith and respect, and trust the other to work together to find solutions to problems.
- (i) We both will communicate directly with each other, openly and in a timely manner (including in relation to any request by either of us to review any aspect of this agreement).
- (j) We both will work in a co-operative and constructive manner, and where appropriate undertake joint projects.
- (k) We both will encourage continuing quality improvement and innovative service development to achieve the health gain objectives of us both to the extent possible within available funding.
- (l) We both agree that risks will be borne by the party best placed to manage the risk.

- (m) We will pay you fairly for services that you are required to provide under this agreement.
- (n) We both acknowledge the importance of national consistency in PHO business rules and in Parts A to I of this agreement.

G.1 Full and open accountability

G.1.1 We may audit your compliance with any or all of the requirements of this agreement.

G.1.2 You (and contracted providers) must co-operate with us and provide us and our auditor with all reasonable assistance to ensure that any audit conducted by us or our auditor under this Part G is fully and properly completed to our and our auditor's satisfaction.

G.2 Audit principles

G.2.1 We both agree that, under capitation, the financial risk associated with first level service provision is now held by PHOs and their contracted providers. The audit provisions in this Part G reflect the respective risk level of PHOs and DHBs and acknowledge that, while not constraining our rights to Audit under this Part G, you are responsible for auditing performance of your contracted providers.

G.2.2 We both have an interest in the appropriate performance of the standard PHO agreement by other PHOs.

G.2.3 Both of us agree that audits will be carried out in accordance with the document entitled 'Primary Healthcare Audit Protocol' which, when finalised, will form part of this agreement by becoming a referenced document pursuant to the process described in clause D.10.

G.2.4 You are responsible for auditing the performance of your contracted providers. Without limiting the generality of this clause, in particular you are responsible for:

- (a) auditing the registers maintained by your contracted providers
- (b) auditing the information that your contracted providers are required to provide to us, through you
- (c) clinical audit of your contracted providers.

G.2.5 We may audit you and your contracted providers' performance under this agreement in accordance with the provisions of the Primary Healthcare Audit Protocol. Without limiting the generality of this clause, in particular we may audit:

- (a) your compliance with the information provisions of this agreement
- (b) your compliance with the requirements to provide quality health plans
- (c) your compliance with the requirements under this Agreement to develop a Māori Health Action Plan in line with nationwide and DHB Māori health policy (see Part H.9).
- (d) your compliance with the establishment enrolment rules
- (e) your GMS claims for visits by casual users.

G.3 Audit activities and processes

- G.3.1 Audits may involve a variety of activities that may include (without limitation) conducting investigations or on-site audits of your premises or any contracted provider's premises, or surveying service users and contracted providers (Document 457).
- G.3.2 Any audit process will be designed in-keeping with the relationship principles set out in clause C.3 of Part C.
- G.3.3 From time to time we will evaluate the audit principles and process described in this Part G including seeking and considering your feedback on the audit process.

G.4 Audit framework guiding principles

We both agree that, where we conduct an Audit under this Agreement, our respective roles in any Audit will be undertaken in accordance with the principles of natural justice, and in particular the following principles:

- G.4.1 Audits are conducted promptly, and include active participation from us both.
- G.4.2 Appropriate notice of an audit (including the anticipated scope of the audit) is given pursuant to clause G.5.2 of this Part G.
- G.4.3 Auditors are suitably experienced, competent and carry out their work in a professional manner, and in particular:
 - (a) minimise disruption to the services
 - (b) take into account relevant safety considerations
 - (c) display appropriate sensitivity to the privacy and dignity of service users seen in the course of a visit
 - (d) where culturally specific services or Contracted Providers are subject to an Audit, the Auditor must be a suitably qualified cultural auditor;
 - (e) where services provided to Māori are the subject of an audit, suitably qualified Māori must be included in the audit team.
 - (f) where clinical records are the subject of an audit, the auditor must be a suitably qualified clinician.
- G.4.4 Except where the exceptions described in paragraphs (a) to (c) of clause G.5.2 apply, audit activities will be undertaken at a time that is reasonably convenient for you and any contracted providers involved in the audit.
- G.4.5 Audit activities must meet all legal requirements and the requirements of this agreement.
- G.4.6 We may make copies of any part of any record for the purposes of the audit (as provided for under section 22G(1) of the Health Act 1956), except to the extent restrained by law.
- G.4.7 You may have a person present during an on site visit.

G.4.8 We both will provide accurate information and prompt responses to all relevant queries, unless a prompt response would prejudice the integrity of the audit.

G.4.9 Audit reports will:

- (a) be timely
- (b) detail the facts found during the audit
- (c) be provided in draft for your consideration and comment, and include your relevant feedback
- (d) where appropriate, provide recommendations to identify the actions necessary for either of us to bridge the gap between the audit criteria and the level of performance found in the audit.

G.4.10 Where audits result in recommendations, either or us both will take reasonable steps to implement them and any agreed follow-up processes.

G.4.11 Where any audit includes a contracted provider, the principles and obligations described in this clause G.4 apply to the contracted provider as they apply to you.

G.5 Audit requirements

G.5.1 **Access for audits:** You agree to co-operate with us for the purposes of, and during the course of, conducting an audit and to allow (and/or arrange) our auditor or auditors to access at any time during business hours, or at any other time by arrangement with you, to the extent that you are legally able to (but not including any case where you have failed to ensure contracted providers are obliged to submit to an audit):

- (a) your or any contracted provider's premises, including to observe the provision of the services
- (b) records and any other information (including health information), in whatever form, that relates to this agreement, the service users and their families and associates
- (c) staff, contracted providers, subcontractors, contractors, agents or other personnel used by you to provide the services
- (d) service users, their families or their associates, for interviews about the services provided under this agreement. You further agree to ensure that we and our authorised agents have equivalent access in relation to any services provided through any contracted provider, agent or other personnel.

G.5.2 **Notice of audit:** We will give you thirty (30) business days' prior written notice of our intention to carry out an Audit, except where we have reasonable grounds to believe that:

- (a) there has been a material breach of this agreement or
- (b) a delay of thirty (30) business days would unreasonably prejudice the integrity of the audit or
- (c) a delay of thirty (30) business days would unreasonably prejudice the interests of any eligible person, in which case a reduced notice period may

be given which is reasonable in the circumstances (and may include less than 24 hours' notice or no notice in some circumstances). Where we reasonably suspect that fraudulent claiming has occurred, we may enter your or any contracted provider's premises and conduct an audit at any time without prior notice.

G.5.3 Other information: The notice of audit will also include:

- (a) the identity of the person or persons appointed as auditor
- (b) their qualifications (if any) and
- (c) a declaration from such person or persons of any conflicts of interest he or she may have.

G.5.4 Where you have any reasonable concerns about the focus of any audit or any person appointed by us as an auditor, you will bring those concerns to our attention within ten (10) business days of receiving our notice of intention to audit. Subject to time constraints when we are conducting an urgent audit in the situations described in clause G.5.2, we will discuss those concerns with you and respond to you in writing regarding your concerns prior to commencing the audit.

G.6 Audits after this agreement is terminated

G.6.1 Audits may continue to be conducted under this Part G after this agreement has terminated, but only to the extent that it is relevant to the period during which this agreement was in force.

G.7 Specific provisions for financial and minimum requirements Audits

G.7.1 We both acknowledge and agree that the purpose of any financial audit is to:

- (a) maintain public confidence in the spending of public health funding
- (b) confirm you meet (and continue to meet) the requirements of being a not-for-profit organisation described in clause E.2.1 and/or
- (c) ensure you comply (and continue to comply) with the other PHO minimum requirements.

G.7.2 Where we have a concern regarding your financial arrangements and or financial position, we may request by notice in writing, and you must provide to us within thirty (30) days of such request a certificate from a suitably qualified person certifying your solvency, or financial or other information regarding your financial position or arrangements relevant to assessing whether you meet the requirements of being a not-for-profit organisation.

G.7.3 From time to time we may appoint, at our cost, a suitably independent financial analyst as an auditor to determine or assess:

- (a) the correctness of the financial information you give us
- (b) your overall financial position and
- (c) any other matters relevant to assessing whether you have met the requirements of a not-for-profit organisation and the other PHO minimum requirements.

G.8 Application of the Health Act 1956

- G.8.1 You must ensure that contracted providers are subject to the same obligations that you are subject to under section 22G of the Health Act 1956 (Inspection of Records) as if they were 'providers' under section 22G(1), so that we are able to exercise all our rights under section 22G of the Health Act in respect of any information held by any contracted provider as if you held that information.