

Inventory Weaknesses

- Inventory control over lease to buy equipment was not established.

In 1998 \$57,759.00 was expended for a rent to purchase program covering 146 units of 16 various types of medical equipment (wheelchairs, nebulizers, IV poles). No lease agreements were on file for any of the equipment. No tracking was done of the physical location of the equipment, nor could it be determined which units present in the Center were still under lease and which units had been converted to Center ownership. No controls were established over any returns, the length of time the units were in service, nor to distinguish the Centers units from those owned by others (i.e., resident's or ambulance service's wheelchairs).

- No system was in place to track a fixed assets physical location. The Geriatric Center relied on vendors to track the location and number of rented items.

The BVGC paid Continental Health Equipment \$70,800 for mattresses without the center being aware of how many mattresses were rented, where the mattresses were located or how long the mattresses were rented. The vendor was relied on to track the rentals and invoice the Center appropriately. Additionally, 12 of the 13 invoices paid did not have backup attached (IE./ purchase order, requisition, physician order, discontinuance authorization, etc.). Materials Management personnel ordered and discontinued the mattress rentals based upon verbal requests from the nurses. Physician orders are required to rent the mattresses and discontinuance orders are required to end the rental. Copies of these physician orders were not received in Materials Management for the ordering of the mattress; therefore, they were not attached to the invoices for verification of the billing.

Out of 75 residents billed in 1998 from Continental Health Equipment, 9 residents (12%) were tested and the following 5 exceptions (55.6%) were noted:

-3 of the 9 residents tested had discrepancies in the room they occupied compared to the room charged by Continental.

-1 of the 9 residents tested had a physician discontinue a mattress on 1/12/98, charges did not cease until 1/23/98.

-1 resident was charged rental for a mattress 4 days before being admitted or having a physician order done for the special mattress.

Recommendation:

We recommend that:

An inventory control system be created to account for all leased and purchased medical equipment.