



**Auditing efficiency and effectiveness of procedures for providing medicines, consumables and medical devices (2018-2020)**

**To achieving comprehensive health coverage and everyone's access to medicines and basic health services**

**Sustainable Development Goal No. 3 - Good health and well-being**



### **introduction:**

The auditing team examined the procedures of the Ministry of Health in providing medicines, medical devices and supplies and the extent of the ability to provide what health care requires to patients. The procedures of procurement and disbursement procedures for medicines, consumables and medical devices were validated after obtaining the evidence analyzed in order to reveal the general situation in the procurement and supply Directorate and biomedical engineering directorate, based on the standards and legislation in force in this field.

### **Legal authorization of the Audit Bureau:**

The Audit Bureau performs its auditing function based on the provisions of its Law No. 28 of 1952 and its amendments issued under the provisions of Article 119 of the Jordanian constitution. According to this law, the responsibilities of the Audit Bureau include comprehensive audit over all revenues and expenses, administrative decisions and what affects public fund in the government sector. The task of performance audit over medicines, medical supplies and devices is one of the tasks included in the strategic plan of the Audit Bureau, which results in annual audit plans covering all other sectors.

The audit task and the audit report were carried out according to ISSAI 3000,300,3100

Justifications for choosing the topic:

### **Significance: -**

Its stems from the fact that it is exposed to an important service sector that has great impact on human life, as the services it provides have important implication on development in general and on social development in particular. In accordance with the royal high directives of His Majesty King Abdullah II:

“Improving the standard of living of citizens requires attention to health care, which is the right of every male and female citizen. A healthy person who is reassured about his health and the health of his children and family is a person who is able to work and produce. “

### **Consequence**

This report demonstrates the impact related to reorganizing and identifying the needs of the Ministry of health, improving the reality of the health services provided and developing solutions that reflect the most important required procedures and best practices in this field.

### **Auditability**

This subject can be applied to the Ministry of Health in accordance with the provisions of the public health law and the law of the Audit Bureau, and it contains recommendations available for application by the Ministry of Health.

## **Audit design**

Problem/condition

The purchase of medicines, devices and medical supplies requires accuracy in assessing needs, selecting suppliers and being careful to comply with the procedures stipulated in the government procurement system.

In addition, maintaining medical devices and making the most of them requires monitoring their operational and default life to ensure that there is no delay in providing medical service or lack of quality of this service due to lack of maintenance or poor maintenance of these devices, which leads to additional financial burdens on the country.

### **audit objective:**

to verify the effectiveness of the mechanisms and procedures of the Ministry of Health in providing medicines, devices, and medical supplies necessary to obtain pioneering health services in accordance with the Sustainable Development Goals.

### **Scope of audit:**

audit the procedures and measures taken by the Ministry of health, specifically procurement and supply directorate, biomedical engineering directorate, Government hospitals and Health Centers for the period (2018-2020).

Expected advantages (added value of the subject of audit):

After completing the audit process, the auditing team expects the ministry to take precautions to reduce gaps and reduce the financial impact resulting from imbalances in the procedures for purchasing and maintaining medicines and medical devices, and to raise the level of performance in developing the Ministry of Health's procedures to adopt plans and policies that are consistent with best practices and best international standards in order to achieve the goal (13) of good health and well-being of the Sustainable Development Goals.

It is also expected that coordination efforts will be activated between the Ministry of Health and the government procurement department to follow up on the procedures for launching and referring tenders in order to achieve comprehensive health coverage and to ensure that the medicines of good quality and medical devices are accessible and affordable to the entire population.

### **Audit methodology:**

the audit process is Planned in accordance with the international standard for financial and accounting (ISSAI/45 / 3000), the system-based approach will be used in conjunction with the results-based approach to assess the proper functioning of the mechanisms and procedures used when providing health care in compliance with the relevant regulations and instructions. Previous audit reports have been examined, and the audit findings have been considered.

As a result, it is authorized to gather evidence when conducting the audit process and in compliance with the standards, which cover the relevant laws and regulations as well as the degree to which the cases reached comply with the standards. Additionally, some of the results that are still being adjusted by the audited entities have been addressed in previous audit bureau reports. Examples of these include the following:

Methods of data collection and evidence:

1. Government legislation, regulations and laws.
2. Review the previous reports of the Audit Bureau and the reports of the Internal audit and Control Directorate at the Ministry of Health.
3. Personal interviews, field visits to directorates, hospitals, warehouses, examination of documents, files and documents on the ground.
4. Review strategic plans, studies, websites and reliable news sites.

**Risk assessment:**

based on the matrix of the audit risk assessment in terms of the probability and effect contained in the plan, the risks addressed while conducting audit are:

<p><b>Financial and technical risks</b></p>	<ol style="list-style-type: none"> <li>1. The inadequacy of allocations in the general budget affects the fair procurement process and distribution of medicines and medical supplies and affects the provision of health care services to citizens.</li> <li>2. The lack of competent financial management may lead to a lack of optimal utilization of financial resources and thus affect the provision of the health service.</li> <li>3. Failure to activate the role of internal audit in the ministry to ensure the proper conduct of the procurement of medicines, devices and supplies in accordance with the applicable regulations and instructions.</li> <li>4. Lack of computerization of the works of the procurement and supply directorate.</li> <li>5. Inaccuracies in the study of drug and medical consumption needs may lead to waste of public money and a low level of treatment services provided to patients.</li> </ol>
<p><b>Infrastructure risks</b></p>	<ol style="list-style-type: none"> <li>1. The shortage of medical devices, equipment, medicines and medical consumables may lead to a low level of health care services provided to citizens</li> <li>2. Non-rehabilitation of hospital buildings and health centers to match modern medical equipment.</li> <li>3. Mismatch of balances of medicines and medical supplies in pharmacies of hospitals and health centers.</li> </ol>
<p><b>Administrative risk</b></p>	<p>Failure to update the organizational structure and activate the job description may result in a staff member not being placed in the right place.</p>

**Top results:**

**First:** planning the procurement process, identifying needs and preparing technical specifications for medicines, consumables and medical devices

Through the audit of the procurement planning process, the following was noted:

1. The absence of long-term or medium-term plans and strategies related to the procurement of medicines and medical supplies that include indicators to measure performance in the procurement and supply directorate.
2. The absence of effective risk management procedures updated and approved by the procurement and supply directorate based on the risk management strategy (2019-2022) issued by the Ministry of Health.
3. Non-compliance with the government procurement instructions for the year 2019, where the quantities required under the tender conditions are increased up to 50% instead of 25% when preparing the special conditions for medical consumables tenders.
4. The biomedical engineering directorate does not have a long-term plan to replace medical devices according to their operational age and link them with the available financial resources in order to provide a reserve stock.
5. The lack of feedback programs on the performance of medical devices at operating sites to monitor and evaluate the performance of devices and detect manufacturing or technical malfunctions that affect the use of devices before the expiration of the warranty contract.
6. Second: the implementation of tenders for the purchase of medicines, consumables and medical devices

**Second** - Tenders of medicines and medical consumables:

1. The Procurement and Supply Directorate's lack of a clear mechanism to follow up on the submission of drug bids
2. Medical supplies and devices first-to-first to ensure that they are not enforced from warehouses.
3. The Government Procurement Service delayed issuing referral notification to pharmaceutical companies in addition to some companies' refusal to accept the notification.
4. Not all medicines include replacement commitments by companies in accordance with their own conditions, which damages them if they stagnate or expire.

### **-Tenders for Medical Devices**

1. The lack of follow-up programs to obtain feedback on the performance of medical devices at operating sites to monitor and evaluate the performance of devices and detect industrial or technical failures affecting the use of devices before the expiration of the warranty contract.
2. Failure to comply with hardware technical specifications as they are modified by the biomedical Engineering directorate. The Government Procurement department requested these devices despite the recommendations of the evaluation committee by excluding some devices such as (suction pump aspirator).
3. Fourth: managing financial resources, controlling and directing spending.
4. The financial resources of the Ministry of Health are budgeted allocations. The Ministry transfers the allocation of medicines and medical consumables to the Government Procurement Service as a custody for the disbursement of purchases in accordance with the Government Procurement System in a timely manner.
5. Inadequate allocations for medicines and medical supplies accounted for 12.6% of the Ministry's total budgetary allocations affecting the achievement of universal health coverage.
6. The percentage of expenditure on medicines and medical consumables decreased for the years (2018-2020) respectively, reaching 13.7% compared to the Ministry's total budget expenditure, negatively affecting the achievement of the indicators of Goal 3 of the Sustainable Development Goals, channeling expenditure towards the drug and raising the average coverage of universal health services.

### **Future aspirations**

1. Pay attention in the planning of the procurement of medicines, medical consumables and procurement economics perspectives to ensure continuity of supply and comprehensive coverage of medicines and medical consumables.
2. Develop long or medium-term strategic plans with performance indicators and a risk management plan in the Procurement and Supply Directorate.
3. Undertake great care and attention in the preparation of the specifications for the bidding of medical devices and focus on the procurement of high-quality devices to reduce the cost of high maintenance contracts, and consider the reports of the Medical Devices Evaluation Committee when referring the bidding.
4. Completing the electronic connection of the computerized system with the other medical authorities concerned with the dispensing of the drug and computing all stages of the admission and discharge processes for the repositories of medicines and medical consumables.
5. Activate the role of the Ministry's Internal audit and Control directorate to follow up the inventory and detect the warehouses of medicines, consumables and medical devices to ensure their viability and reduce their accumulation.

6. Establish clear organizational foundations between the Ministry and the Government Procurement Service and assign a liaison officer to follow up on the procedures for the timely submission and transmittal of Consolidated Purchase Bid or medicines and medical consumables.
7. Create a mechanism for communication between biomedical Engineering directorate, hospitals and health centers to obtain feedback on medical devices performance.
8. Establish clear organizational bases between the ministry and the government procurement department and assign a liaison officer to follow up the procedures for launching and referring consolidated procurement tenders for medicines and medical consumables on time.
9. Preparing long-term plans at biomedical engineering directorate for the replacement of devices according to the operational age of the device in order to provide a reserve stock.
10. Finding a mechanism for communication between the biomedical engineering directorate, hospitals and health centers to obtain feedback on the performance of medical devices.