

# **Draft** Internal Audit Report



RISE AGAINST CANCER

## **Indian Cancer Society**

**Review of Key Controls at BKL Walawalkar Hospital,  
Chiplun.**

**6<sup>th</sup> December 2024**



*Private & Confidential*

*6<sup>th</sup> December 2024*

**Mrs. Ann Rawat**  
Director – Cancer Cure  
**Indian Cancer Society**  
74, Jerbai Wadia Road,  
Parel, Mumbai - 400012  
Maharashtra

**Dear Madam,**

## **Internal Audit Report on Review of Key Controls at BKL Walawalkar hospital**

We have completed our review of process / control test points and compliance with Memorandum signed with BKL Walawalkar hospital for Indian Cancer Society. Our observations and recommendations, which have been already discussed with the process owners, are provided in this report.

We would be happy to provide any further information or assistance that may be required in connection with the observations and recommendations contained in this report.

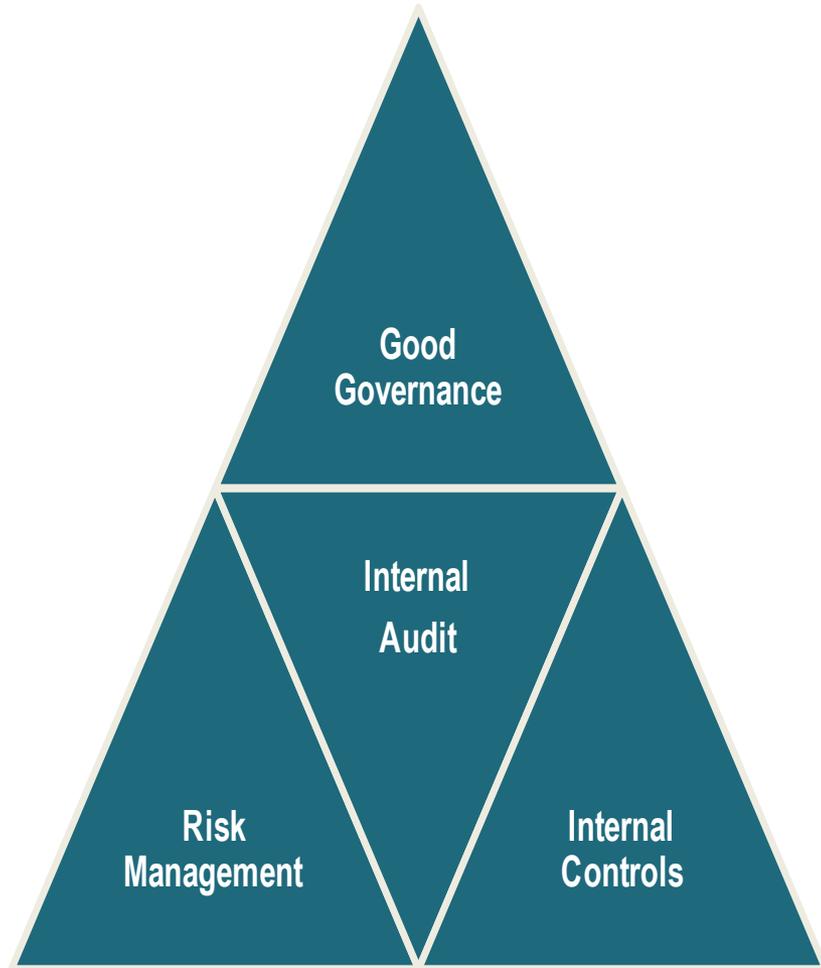
Yours faithfully,

*Mahajan & Aibara*

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Copy to:     Mrs. Usha Thorat

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# Scope & coverage

## Audit Scope

- Adherence to signed MOU / ICS guidelines by the hospital
- Verification of eligibility conditions for empanelment met by the hospital
- Validate operational and financial systems and review processes of utilisation of funds
- Accuracy of reporting to ICS

## Coverage & Period

- April 2023 to September 2024

## Audit Approach

- Walkthroughs to gain current process understanding and feel of the internal control environment.
- Sampled transactions review and data analysis to validate process understanding.
- Identify risks inherent to the processes.
- Test effectiveness of existing controls and identify control / efficiency gaps for risk mitigation.
- Discuss and agree on recommendations to address control / efficiency gaps in addressing key risks.

## Audit Team

- Ketan Kenia
- Chitresh Soni

## Background

- ❑ ICS requested **Mahajan & Aibara** to conduct internal audit review of process adopted by Hospital based on pre-defined check points as well as compliance with signed MoU.
- ❑ Basis our review, each audit check point has been rated based on below mentioned scale of 1 to 5:

1. Unsatisfactory

2. Improvement needed  
(High Priority)

3. Improvement needed  
(Medium Priority)

4. Meets Expectation

5. Excellent

## Executive Summary – Cancer Cure Fund (CCF)

No. of controls reviewed	1. Unsatisfactory	2. Improvement needed (High Priority)	3. Improvement needed (Medium Priority)	4. Meets Expectation	5. Excellent
23	2	3	4	5	9

## Detailed Audit Report - CCF

**Rating Parameters: Each audit check point has been rated based on scale of 1 to 5, as defined below:**

**1. Unsatisfactory**

**2. Improvement needed  
(High Priority)**

**3. Improvement needed  
(Medium Priority)**

**4. Meets Expectation**

**5. Excellent**

## **Observations relating to Financial impact**

## Process / controls tested during internal audit review

Sr. No.	Process / Control Description	Audit Remarks	Ratings
1	Does hospital maintain separate records for each patient, donor-wise. If no, then how do they submit utilisation report for each donor?	<i>System maintains patient wise and donor wise records, utilization report for ICS CCF is sent by collecting and scanning original physical bills. Additionally, excel sheet is also being maintained by MSW to track utilization and balance funds.</i>	4
2	Upon receipt of disbursements, does the hospital open a separate Trust account (Donor wise)? Process of allocating funds to patient's account?	<p><i>There is no separate trust account opened.</i></p> <p><i>No allocation is being done in the hospital management software. System does not have the facility to show patients pending balance on real time or overall. Amount of funds sanctioned is maintained and tracked in an Excel.</i></p> <p><b>Recommendation: Maintain patients' donor wise account balance in hospital management system.</b></p>	2
3	Patients who have received donations from different donors, how do they prioritise the utilisations? Is it LIFO or FIFO or some other method?	<p><i>There is no defined process for prioritizing utilizations, utilization of funds is being done depending on allowable expenses by a donor for a patient. For example: ICS - CCF allows most of the expenses, MJPJAY allows for treatment only, and so on.</i></p> <p><i>If a patient is eligible for multiple schemes, benefit of such schemes is given to ensure optimum utilization.</i></p>	4

## Process / controls tested during internal audit review

Sr. No.	Process / Control Description	Audit Remarks	Ratings
4	How does the hospital reconcile bank account and patient account especially where there are multiple donors? How does hospital reconcile refunds for different donors? Is there any maker-checker process for bank to patient reconciliation?	<p><i>Bank reconciliation does not happen at accounts team level. Team maintains a master Excel sheet where all the details of a patient viz. date and amount of sanction, amount utilized, and patient bill date and amount is being maintained. System reconciliation is not possible.</i></p> <p><i>Maker-checker process is not present, there is a single person dependency.</i></p>	3
5	How are the bills generated when funds are received from different donors for the same patient?	<p><i>Every patient being diagnosed or treated is admitted at the hospital. Payment / credit to ICS or other donor account happens only during discharge. The billing team assigns the appropriate credit party and generates bill during discharge.</i></p> <p><i>If multiple donor funds are used in one admission, it is bifurcated as per purpose of funds.</i></p>	4
6	Process for exclusion of professional fees and service charges such as OT charges, miscellaneous expenses and any procedure charges not involving consumables.	<p><i>Currently, ICS patients do not have a system-based auto-waiver in place. Most of the waiver charges are consolidated under a single heading. During discharge, the billing team manually applies concessions by entering the total waiver amount in the bill. However, there is no standardized list of waivable charges, which poses a risk of overlooking certain eligible charges for waiver.</i></p>	3

## Process / controls tested during internal audit review

Sr. No.	Process / Control Description	Audit Remarks	Ratings
7	Please specify the refund and cancellation process of ICS patients.	<p><i>Clause no. 5(III) in MOU signed with ICS defines timeline for processing refund of unutilised funds as per patient status (deceased, LFU &amp; treatment completion).</i></p> <p><i>Refund is being provided to patients only in cases where the initial advance disbursed is not utilized completely for treatment. The hospital refunds only when ICS HO intimates them for a refund.</i></p>	4
8	<p>Can the bills be generated after the patient is tracked as Lost to Follow UP (LFU) or Expired?</p> <p>Process for tracking of Expired / LFU / Completed treatment patient?</p> <p>Any follow-up / out calling done to get the LFU patients back on treatment?</p>	<p><i>Bill generation only occurs after admission, which is tied to OPD appointment booking. OPD booking for expired patients is blocked by system.</i></p> <p><i>However, out-patient deaths cannot be recorded; updating expiration status is only possible during discharge. There is no defined process for reporting out-patient deaths to the person authorised to mark expiry of patients in system. Also, there is no standardized process / frequency for contacting Lost to Follow-up (LFU) patients.</i></p> <p><b>Recommendation: Establish clear information flow for reporting expired patients. Implement patient status tracking in software (on treatment, follow-up, alive/expired, LFU). Define and execute a process for out-calling LFU patients. Enhance system to allow out-patient death recording and update patient status accordingly.</b></p>	2

## Process / controls tested during internal audit review

Sr. No.	Process / Control Description	Audit Remarks	Ratings
9	Periodicity / frequency of generating bills? Frequency of sending bills to ICS.	<p><i>Bills are generated on discharge of patients.</i></p> <p><i>Ideal period of sharing bills with ICS is monthly, but due to excess load, bills since August 2024 have not been submitted to ICS CCF team.</i></p>	3
10	Cost of treatment in the hospital's software vis-à-vis bill sent to ICS?	<p><i>Bills are generated from system as per the rate chart configured in the system. However, on system controls review, it was observed that the amounts of bill can be altered easily by the billing staff. After MoU amendment of ICS for Bed charges, Bed charges for ICS patients are higher than for other donors.</i></p> <p><i>For e.g., bed charges charged for CCF patients is INR 350 in some bills, whereas generally it is 250 for other donor patients. <b>(Annexure 1)</b></i></p>	1
11	Does the patient pay out of his / her own funds at any stage and is reimbursed once funds are received or allocated by ICS?	<p><i>Hospital does not follow reimbursement model if patient has paid through their own funds.</i></p>	5

## Process / controls tested during internal audit review

Sr. No.	Process / Control Description	Audit Remarks	Ratings
12	Whether the name of the patient and bill amount can be edited at the time of generation of final bills?	<p><i>Bill amount can be edited at the time of final generation of bills since that is the process billing team follows for providing waivers. Patient name cannot be changed.</i></p> <p><b>Recommendation: Introduce a maker checker mechanism to avoid unauthorised changes / errors during bill generation.</b></p>	2
13	If any ICS supported patient turns palliative, does the hospital mark such patients differently through its system, if yes, what is the marking system / or the process? And do they continue to bill ICS for it?	<p><i>At present, there is no tagging of Palliative patients in the system.</i></p> <p><i>If a patient turns palliative, the hospital does utilize the balance sanctioned funds for the patient's treatment.</i></p>	4

## Additional compliance status verified w.r.t agreed clauses in MoU

Sr. No.	Process / Control Description	Audit Remarks	Ratings
14	<p>Re-application of sanction amount can be done only for patients whose earlier sanction amount has not exceeded INR 5 Lakhs.</p> <p>Re-application can be requested only for the balance amount.</p>	<p><i>Re-application was being done only up-to the balance lying in the sanction limit of INR 5 lakh. ICS HO team does re assess the applications to verify reapplied cases are identified and sanctioned up-to maximum sanction limit.</i></p>	5
15	<p>The hospital shall mention that it is a re-application case on the 1st page of the application and provide patient's complete case number under which the previous application was registered.</p>	<p><i>Satisfactory. As a practice, hospital is following a process of tagging an application as re-application on the first page of application form and while communicating via email to ICS.</i></p>	5
16	<p>Revised rate card applicable for general category once every 2 years in January.</p>	<p><i>Not shared as of now.</i></p>	1

## Additional compliance status verified w.r.t agreed clauses in MoU

Sr. No.	Process / Control Description	Audit Remarks	Ratings
17	Minimum and maximum sanction amount.	<i>All applications made to ICS CCF were within the Minimum and Maximum sanction amounts.</i>	5
18	Treatment commencement date should be communicated by hospital to ICS within 3 months from the date of sanction.	<i>Treatment commencement date is usually communicated during the application itself. In case the date is not communicated, ICS team does not disburse the initial advance installment to the hospital.</i>	5
19	Hospital shall inform ICS about any other donation received by the patient i.e. Central / State Government funding or other grants. In such case refund should be initiated within 10 days from receipt of such grants.	<i>While applying to ICS, the hospital team ensures to mention funds lying in patient account from other sources.</i>	5

## Process / controls tested during internal audit review

Sr. No.	Process / Control Description	Audit Remarks	Ratings
20	Manual Control with respect to excel spreadsheet maintained at the hospitals (Other – Miscellaneous)	<i>Excel spread sheet is being maintained at hospital containing all ICS patient related information viz. Sanction, Utilization and refund details.</i>	5

## **Patient follow-up related and general observations**

## Additional compliance status verified w.r.t agreed clauses in MoU

Sr. No.	Process / Control Description	Audit Remarks	Ratings
21	Any system to track patient life cycle?	<p>System is able to track patient life cycle, but the interface is not user friendly and patient flow cannot be easily tracked through system due to requirement of multiple selections while searching.</p> <p><b>Suggestion: Implement system-based tracking of patient life cycle by enabling dashboard consisting of patient flow.</b></p>	3
22	Cancer treatment support schemes operational in the hospital?	<p>Apart from ICS CCF and AKITF, schemes like MJPJAY, Rotary Club fund, and hospital funds like Cancer treatment Fund, Hilan Madan trust fund, etc. are operational in the hospital.</p>	5
23	Eligibility criteria for patient selection?	<p>The team strictly adheres to the guidelines provided by CCF for application for funds to ICS. Doctor's recommendation is mandatory and primary in deciding patients' eligibility.</p>	5

## Executive Summary – Dr. Arun Kurkure Initiation and Treatment Fund (AKITF)

No. of controls reviewed	1. Unsatisfactory	2. Improvement needed (High Priority)	3. Improvement needed (Medium Priority)	4. Meets Expectation	5. Excellent
12	2	1	2	4	3

## Detailed Audit Report - AKITF

**Rating Parameters: Each audit check point has been rated based on scale of 1 to 5, as defined below:**

**1. Unsatisfactory**

**2. Improvement needed  
(High Priority)**

**3. Improvement needed  
(Medium Priority)**

**4. Meets Expectation**

**5. Excellent**

## Process / controls tested during internal audit review

Sr. No.	Process / Control Description	Audit Remarks	Ratings
1	Does hospital maintain separate records for each patient, donor-wise. If no, then how do they submit utilisation report for each donor?	<i>System maintains patient wise and donor wise records, utilization report for ICS CCF is sent by collecting and scanning original physical bills. Additionally, excel sheet is also being maintained by MSW to track utilization and balance funds.</i>	4
2	Upon receipt of disbursements, does the hospital open a separate Trust account (Donor wise) ? Process of allocating funds to patient's account?	<p><i>There is no separate trust account opened.</i></p> <p><i>No allocation is being done in the hospital management software. System does not have the facility to show patients pending balance on real time or overall. Amount of funds sanctioned is maintained and tracked in an Excel.</i></p> <p><b>Recommendation: Maintain patients' donor wise account balance in hospital management system.</b></p>	2
3	Patients who have received donations from different donors, how do they prioritise the utilisations? Is it LIFO or FIFO or some other method?	<p><i>There is no defined process for prioritizing utilizations, utilization of funds is being done depending on allowable expenses by a donor for a patient. For example: ICS - CCF allows most of the expenses, MJPJAY allows for treatment only, and so on.</i></p> <p><i>If a patient is eligible for multiple schemes, benefit of such schemes is given to ensure optimum utilization.</i></p>	4

## Process / controls tested during internal audit review

Sr. No.	Process / Control Description	Audit Remarks	Ratings
4	How does the hospital reconcile bank account and patient account especially where there are multiple donors? How does hospital reconcile refunds for different donors? Is there any maker-checker process for bank to patient reconciliation?	<p><i>Bank reconciliation does not happen at accounts team level. Team maintains a master Excel sheet where all the details of a patient viz. date and amount of sanction, amount utilized, and patient bill date and amount is being maintained. System reconciliation is not possible.</i></p> <p><i>Maker-checker process is not present, there is a single person dependency.</i></p>	3
5	How are the bills generated when funds are received from different donors for the same patient?	<p><i>Every patient being diagnosed or treated is admitted at the hospital. Payment / credit to ICS or other donor account happens only during discharge. The billing team assigns the appropriate credit party and generates bill during discharge. If multiple donor funds are used in one admission, it is bifurcated as per purpose of funds.</i></p>	4
6	Cost of treatment in the hospital's software vis-à-vis bill sent to ICS?	<p><i>Various prices have been found for the same items in bills for different donors. For e.g. Bed charges for General ward have been priced at INR 500, 250 and 1 as well. <b>(Annexure 1)</b> After MoU amendment of ICS for Bed charges, Bed charges for ICS patients are higher than for other donors.</i></p>	1

## Process / controls tested during internal audit review

Sr. No.	Process / Control Description	Audit Remarks	Ratings
7	Periodicity / frequency of generating bills? Frequency of sending bills to ICS.	<i>Hospital has not sent bills to ICS since August 2023. Reason cited was lack of manpower for applying.</i>	3
8	Does the patient pay out of his / her own funds at any stage and is reimbursed once funds are received or allocated by ICS?	<i>Hospital does not follow reimbursement model if patient has paid through their own funds. To enable treatment with funds from AKITF, hospital allots AKITF code and bills for the patient up-to the limit of INR 25,000.</i>	5
9	Minimum and maximum sanction amount.	<i>All applications made to AKITF were within the sanction amount of INR 25,000. It is important to note that hospital cost certificate is pre-printed with mention of INR 25,000 as cost for treatment and investigations. Patient detail is handwritten by the team on the certificate.</i>	4
10	Treatment commencement date should be communicated by hospital to ICS within 3 months from the date of sanction.	<i>Not applicable for AKITF</i>	5
11	Control over Imprest amount of Rs 2,50,000 for AKITF	<i>The hospital has not utilized the imprest amount for treatment, the same has been kept in the bank account and currently AKITF is on credit basis only. There is no mapping being done for utilization of imprest funds.</i>	5

## Process / controls tested during internal audit review

Sr. No.	Process / Control Description	Audit Remarks	Ratings
12	Eligibility criteria for patient selection?	<p><i>There are violations noted in patient selection for AKITF:</i></p> <ol style="list-style-type: none"> <li><i>1. 57 patients already diagnosed with cancer were selected for AKITF funding. This was found since bills of these patients before using AKITF were funded by other cancer treatment funds, totaling INR 9,00,485. (Annexure 2) –</i></li> <li><i>2. Application to AKITF was done for patients who already had applied for funding through CCF in total of 6 cases. (Annexure 3)</i></li> <li><i>3. Patient registration date in hospital was incorrectly mentioned in 39 out of the above 57 cases and in total 53 cases (INR during audit period. (Annexure 4) Additionally, registration date of same patient is different in CCF and AKITF forms submitted in 49 cases. (Annexure 5) –</i></li> <li><i>4. Bills being submitted for reimbursement do not contain investigation expenses as a majority. For e.g., in 1 case where AKITF is used after using funds from patient, Cancer treatment fund and MJPJAY. Investigation cost submitted is 1,050 and treatment cost is INR 20,458.</i></li> </ol>	1

## Disclaimer

- *The Company is responsible for establishing, maintaining & ensuring operating effectiveness of internal controls. Through our reports, we do not express any opinion or provide any other form of assurance on the financial statements of the Company or any part thereof or on compliance with laws, regulations or other matters.*
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- *We don't plan & prepare our work with the objective of preventing and discovering fraud and give no assurance that the period covered by our audit is free of fraud or other irregularities.*
- *The approach employed during this engagement does not constitute a comprehensive review of operations and is subject to the level of bias in the method of sample selection. Since controls are tested by sample review, not all observations, frauds and errors may get highlighted / detected.*
- *The issues identified & proposed action plans in this report are based on our discussions with the people engaged in the process, review of relevant documents / records & our physical observation of the activities in the process.*
- *This document is solely for your information and is not to be used for any other purpose or distribution to any other party without prior written consent of Mahajan & Aibara.*

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**Thank You**

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