

EAST KENT HOSPITALS UNIVERSITY NHS FOUNDATION TRUST**REPORT TO: BOARD OF DIRECTORS****DATE: 24 APRIL 2015****SUBJECT: APPROVAL OF STOCK WRITE OFF IN ASEPTIC SUITE****REPORT FROM: DIRECTOR OF FINANCE AND PERFORMANCE****PURPOSE: Approval****CONTEXT / REVIEW HISTORY / STAKEHOLDER ENGAGEMENT**

Due to the changes regarding in-house manufacturing of Drugs in the Aseptic Suite there has been a significant loss in Drugs for a number of reasons including short shelf lives, changes in Stock taking procedure and a less reactive service provision. The paper attached identifies the key issues and the IAGC have received a full presentation on the issues from the Head of Pharmacy and Divisional Director.

SUMMARY:

- i. Ability to Manufacture in-house ceased in 2013/14
- ii. Delays in ability to re-open the facility in 2014/14
- iii. Expired stock is due to a number of reasons including changes to patient regimes in a short time scale
- iv. Losses to date regarding expired stock total £943,073
- v. Stock Shortages total £542,523

RECOMMENDATIONS:

The Board are requested to formally approve the write off and the identification of this loss in the Annual Accounts 2014/15 in accordance with the scheme of delegation

NEXT STEPS:

Inclusion in Annual Accounts

IMPACT ON TRUST'S STRATEGIC OBJECTIVES:

S06 - Finance.

LINKS TO BOARD ASSURANCE FRAMEWORK:

This has been reported quarterly in year to the IAGC

IDENTIFIED RISKS AND RISK MANAGEMENT ACTIONS:

Full Management Engagement within the Division. Drugs with short shelf live to be reviewed by Pharmacy Team to reduce wastage.

FINANCIAL AND RESOURCE IMPLICATIONS:

Loss to Trust of £1,486k in year and potentially losses of circa £30k on-going to nature of drugs

LEGAL IMPLICATIONS / IMPACT ON THE PUBLIC SECTOR EQUALITY DUTY:

Not applicable

PROFESSIONAL ADVICE TAKEN ON ANY NOVEL OR CONTENTIOUS ISSUES

Internal Audit requested to review processes in year

ACTION REQUIRED:

(a) To approve.

CONSEQUENCES OF NOT TAKING ACTION:

Loss cannot be recognised as formally approved in Annual Accounts

East Kent Hospitals University NHS Foundation Trust**APPROVAL OF STOCK WRITE OFF IN ASEPTIC SUITE****Details of Losses in Aseptic Suite**

During 2013/14 the EKHUFT Pharmacy Department ceased manufacturing of drugs in the Aseptic Suite due to Governance and Staffing constraints. Drugs were purchased ready-made, based on patient requirements and dosage. Due to the short shelf life of these drugs there was an increased element of wastage. This was due to a number of reasons including the changes in dosage required by patients whose diagnosis had deteriorated significantly during the period before the new regimes were to commence.

Whilst there was an element of expired stock in 2013/14 this was minimal and the impact of the expired stock was initially recognised in the first quarter of 2014/15. This was reported to the IAGC and Internal Audit were requested to validate that data.

Initially it was envisaged that manufacturing would commence in the Aseptic Suite during 2014/15 but due to constraints in the service this has not been possible.

A full stock count was also carried out at the end of February 2015 to ensure that electronic records held agreed with the drugs in the store. This identified a further shortage of stock. Whilst there had been a process in place to count stock twice per year within the Pharmacy Department this process had not been adopted in the Aseptic Suite for some time.

Pricing of drugs was also reviewed by the Pharmacy Department and a credit note for items charged at the wrong price was identified in March, thus reducing the cost of stocks to be written off.

The final figures with regard to the requested write off are £1,485,596 – detailed as below:

Details of 2014/15 Pharmacy Stock Losses

Details	Amount £
Expired Stock - Aseptic Suite	943,073
Stock Shortages - Aseptic Suite	542,523
TOTAL	1,485,596

The Board is requested to Approve the request for write off. This write off will be identified in the Annual Accounts 2014/15 in accordance with the Scheme of Delegation