



Internal Audit Report
Monitoring of External Care Homes
Issued: November 2017
Final

Level of Assurance	Average - The overall control framework is of an average standard. Some weaknesses have been identified in the controls and improvements are possible.
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Executive Summary

1.0 Introduction

The integration of health and social care services is required under statute to provide care and support services to those who are assessed as being in need. When a referral for support is received a Social Worker from the Council undertakes an assessment to determine the level of care and support required and submits an application to the Resource Panel to agree the funding. The Midlothian Strategic Plan (2016-19) outlines Directions for the development of health and social care services in Midlothian and one of these is to reduce reliance on care homes through strengthening Primary Care and community based services such as care at home. A long term stay in a care home is approved if living at home is no longer practical. Care homes for older people are provided by the Council and external providers in Midlothian. The Council will ensure that resident's preferences and needs are met and will take account of family circumstances and future care needs.

This audit focused on care homes covered by the National Care Home Contract which provides high quality care for older people (normally over 65 years of age). Midlothian Council has a National Care Home Contract with 9 local providers who provide nursing and residential care. The Council currently runs 1 care home and one intermediate care service. These were excluded from the scope of the audit as the audit focused on the externally commissioned care home providers. In 2016/17, the Council paid approximately £5.5m (net of resident contributions) to the 9 external care home providers. The Council pays net of resident contributions as care homes are responsible for collecting the resident's contribution. Resident contributions amounted to approximately £1.4m, making the gross amount paid to care home providers £6.9m.

The Council has a duty of care to residents and employs a Quality Assurance Officer who carries out quality monitoring audits at each partner care home to determine whether the provider continues to meet the Council's standards and is complying with the National Care Home contract. The external care home providers must be registered with the Care Inspectorate and the Care Inspectorate will also carry out, normally, annual inspections. As part of the Health and Social Care Partnership, a Care Home Nurse Manager has been appointed and provides clinical support to care homes. Both the Quality Assurance Officer and Care Home Nurse Manager have a role and work is allocated between the Care Home Nurse Manager and the Quality Assurance Officer depending on the issues.

The National Care Home contract sets out the cost to councils of care home placements into private or third sector care home contracts and includes an additional payment for care homes doing well in Care Inspectorate assessments, with penalties for poorly performing homes which will trigger a large scale investigation. COSLA negotiates the fee structure annually with the representative bodies for private and third-sector providers in Scotland. These bodies are Scottish Care and the Coalition of Care and Support Providers in Scotland. COSLA, Scottish Care and

other partners last reviewed the National Care Home contract in 2013 but annual changes have been identified in a minute of variations which has been reviewed by the Council's procurement and legal sections. A further review is currently underway.

A social work case management and finance system (Mosaic) is used within the service to record details of all care home residents.

2.0 Objectives of the Audit

The objective of the audit was to provide an opinion on the adequacy of Midlothian Council's monitoring arrangements over the third party suppliers it has appointed to provide care home services. A copy of the terms of reference for the review is attached at Appendix 2.

3.0 Conclusion

During the audit we focused on the Council's monitoring arrangements over externally commissioned care home providers and reviewed the processes in place to ensure compliance with the National Care Home Contract. A number of care homes have been under large scale investigation which has impacted on the routine quality assurance monitoring as resource has been diverted to assist with the investigations. However, there is a wider network of visits to care homes undertaken by other officers such as Social Workers, Occupational Therapists and the Care Home Nurse Manager and any concerns over the quality of care provided would be reported and acted upon. In October 2017, a care home closed in Edinburgh and Midlothian Council is identifying residents in the care home that will be affected.

A number of key controls were seen to be operating and these include:

- a national contract is in place with all 9 external care home providers which detail the required quality assurance routines. Variation letters, which highlight annual changes, are sent out by the Procurement section to the care homes when required;
- there is a dedicated Quality Assurance Officer who undertakes: performance reviews of the external providers; discusses with residents the quality of service provision; and reviews and follows up any concerns raised relating to care homes. A number of recruitment and medical issues were raised from the Quality Assurance Officer audits which has resulted in further investigation;
- the quality of care provided in care homes continues to be supported by a Care Home Nurse Manager;
- the Council has a close working relationship with the external care home providers;
- there is a close working relationship with the Care Inspectorate who have a statutory duty to register and inspect the service providers;
- the Council's Procurement Section undertake annual fitness checks on the external care home providers;
- there is an updated incident /accident reporting protocol in place within Midlothian Council;

- the Public Protection Committee meets on a quarterly basis which allows the Care Inspectorate, East Lothian and Midlothian to share information. East Lothian and Midlothian Public Protection Committee have an Adult Support Protection (ASP) procedure in place for protecting adults at risk of harm. Where it is known or believed that an adult living in a care home is at risk of harm then this may lead on to a large scale investigation. There is also a large scale investigation protocol in place;
- the Council's new Social Work Complaints Procedure has been updated to highlight the requirement to comply with the new Social Work Model Complaints Handling Procedure implemented by the Scottish Public Services Ombudsman which took effect from April 2017;
- care home manager meetings are held quarterly;
- the Services Manager meets with the Quality Assurance Officer and the Care Home Nurse Manager every 6-8 weeks to prioritise workloads;
- monthly performance reports, including Care Inspectorate Grades, are provided to the Joint Management Team. The Joint Management Team includes the Director and Heads of Service and third tier managers in Health and Social Care Service; and
- video conferencing facilities have been implemented in care homes and this has enabled a training programme to be provided by the Council (commenced in February 2017).

We have made recommendations where control issues were identified and these are also noted within the Management Action Plan but briefly relate to:

- there is no strategy in place detailing what monitoring will be undertaken by the Service and the subsequent reporting detailing the outcomes of the work undertaken;
- only 4 formal audits were reported in 2015 and 2016 by the Quality Assurance Officer. Management reported that audits are conducted on a sampling basis and that resource had been diverted to the large scale investigations thus reducing the time available for routine quality control checks over the external care home providers. This has now improved and a total of 11 audits have been undertaken in 2017 (however it was noted that one of the Council's 9 contracted care homes has not been formally audited since 2015, although this care home has received high grades from the Care Inspectorate);
- care homes are required, under the contract, to provide a monthly performance report to the Council. However, audit testing noted that the monthly performance reports were rarely completed and were sent on an ad hoc basis (only 4 reports were received over a 2 year period in 2015 and 2016). It has been reported that care home providers are now submitting their performance reports on a monthly basis;
- issues are noted in the audit reports undertaken by the Quality Assurance Officer but there are no specific recommendations or action plans with targets, responsibility assigned, management comments etc and there is a lack of information on whether the issues were resolved;

- complaints are not being adequately recorded and reported as required by the new Social Work Model Complaints Handling Procedure. The complaints process in Health and Social care is currently under review;
- building and contents insurance, along with ensuring adequate policies and procedures are in place as required by the National Contract are not checked by the Council;
- the monthly performance reports and incident reports submitted by the external care home providers were not always sent through the Council's secure email system (Egress); and
- a lack of functionality within the Mosaic system has resulted in staff being unable to add case notes relating to care home providers or have workflow notifications attached to the care homes.

As noted above, some weaknesses have been identified in the controls and improvements are possible. Therefore we have on this occasion rated the review as average as per the definitions on page **12**. We have raised a number of recommendations which are detailed in the Management Action Plan to reduce risk further and these recommendations have been agreed by management.

4.0 Audit Issues and Management Action Plan

4.1 Service Objectives and Quality Assurance checks

The Quality Assurance Officer for care homes has a key role in monitoring the service provided by the external care homes and the Council owned care homes. Duties include: carrying out a programme of visits to care homes which involves assessments on the quality of service delivered and checking that care plans and other documentation are in place (such as the resident's medication records); reviewing the external care home providers' performance targets in the monthly return reports; liaising with the care home manager where there are issues; managing complaints and incidents reported directly to the Council; and undertaking an audit of each external care home provider on a regular basis. The Care Home Nurse Manager provides clinical support to care homes. These checks are designed to avoid duplicating the checks already undertaken by the Care Inspectorate. The following issues were noted:

- there is no strategy in place detailing what monitoring will be undertaken by the Service and subsequent reporting detailing the outcomes of the work undertaken. Testing revealed that only 4 formal audits were undertaken in 2015 and 2016 by the Quality Assurance Officer. Management reported that audits are conducted on a sampling basis and that resource had been diverted to the large scale investigations thus reducing the time available for routine quality control checks over the external care home providers. This has now improved and a total of 11 audits have been undertaken in 2017, however one care home which has received high grades from the Care Inspectorate has not been audited since 2015;
- issues are noted in the audit reports but there are no specific recommendations or action plans with targets, responsibility assigned, management comments etc, and there is a lack of information on whether the issues were resolved. Management reported that they are planning to revamp the audit template to include feedback from the external care home providers;
- the external care providers are required, under the contract, to provide a monthly performance report to the Council. However, audit testing noted that monthly performance reports were rarely completed and were sent on an ad hoc basis (only 4 reports were received over a 2 year period in 2015 and 2016). It has been reported that care home providers are now submitting their performance reports on a monthly basis; and
- business continuity arrangements and various procedures listed in the National Care Home contract (eg Data Protection Act, Whistle Blowing etc) have not been formally checked to ensure they have been implemented in the care homes.

No	Recommendation	Priority	Manager	Target Date
1	<p>A strategy should be created detailing the monitoring and reporting that will be undertaken by the Service. The strategy should include the expected level of monitoring of care homes, the frequency and timing of audits, which care homes are covered under the National Care Home contract and this should be reported on a regular basis to senior management.</p> <p>Management Comment: This will be reported to the Quality Improvement Team (QIT) which monitors care and support, quality issues and will also monitors complaints, compliments etc. Formal reporting to QIT is due to commence in the near future.</p>	High	Service Manager	31/03/2018
2	<p>The Quality Assurance audit report should include a plan with specific recommendations, agreed expected completion dates, management comments and feedback from the care home providers. The recommendations agreed with care home providers should be followed up by the Quality Assurance Officer to ensure they have been implemented.</p> <p>Management Comment: The Council has a partnership relationship with care homes. The Quality Assurance Officer role is focused on sharing best practice / working alongside providers and the Council cannot enforce recommendations to be accepted if the care home is complying with applicable legislation.</p>	Medium	Service Manager	31/03/2018
3	<p>Management should ensure that the management reports are submitted by the care home providers on a monthly basis. The reports should be regularly reviewed by the Quality Assurance Officer and any significant issues and / or non receipt of reports should be escalated to management.</p>	Medium	Service Manager	Complete
4	<p>Management should ensure that all external care home providers have adequate business continuity arrangements and relevant policies and procedures are in place.</p>	Medium	Service Manager	31/03/2018

4.2 Data Protection

The Data Protection Act 1998 states that personal information should be protected against unauthorised access and should be held securely. Occasionally, the external care home provider details residents' names in the monthly performance reports and in the accident / incident forms

but these were not always sent through the Council's secure email system (Egress). There is therefore a risk that sensitive information may be disclosed to third parties thus breaching the Data Protection Act. Management reported that care homes have been advised to use Egress but this is not enforced stringently.

A similar recommendation was raised in the Care at Home audit (re-issued recommendation in the follow up audit report) and there is a risk that this issue may be occurring in other areas within the Health and Social Care Service.

No	Recommendation	Priority	Manager	Target Date
5	Care home providers should be reminded that the monthly performance reports and accident / incident reports should be sent through the Council's secure email system (Egress).	High	Head of Adult Services	31/12/2017
6	<p>As there is a risk of personal information not being communicated securely in other areas within the Health and Social Care service, management should consider providing additional training to staff to highlight the importance of complying with the Data Protection Act.</p> <p><u>Management Comment:</u> There is a local team within the Health and Social Care service that is looking at Data Protection Act.</p>	Medium	Head of Adult Services	31/03/2018

4.3 Complaints

Concerns over the Social Work Complaints process were reported in the Care at Home 2016 internal audit report which highlighted that the complaints system was not compliant with the Scottish Public Services Ombudsman (SPSO) Act 2002 and it was not clear whether these complaints were included within the Council's complaint reporting system which monitors performance in dealing with complaints within certain pre-defined timelines. The Social Work complaints procedure has been updated to highlight the requirement to comply with the new Social Work Model Complaints Handling Procedure implemented by the SPSO which took effect from April 2017. The compliance self assessment forms were completed separately for Midlothian Council and for the Integration Joint Board. Feedback obtained required amendments to be made to the presentation of the Council's Social Work form and required the procedure to explain the roles of and responsibilities of all staff involved in complaints handling. The new Social Work Compliant Handling Procedure requires the Council to report their complaints handling

performance against the SPSO performance indicators. This will help to facilitate continuous improvement through the benchmarking of performance within and across sectors. It will help local authorities and health and social care partnerships in providing coordinated responses to complaints that cover more than one service.

Complaints relating to care homes may be reported directly to the external care home provider, to the Council or to the Care Inspectorate. Management advised that a low number of care home complaints are reported to the Council however they mainly deal with incident reporting and Adult Support Protection concerns. The following issues were identified with the current complaints process:

- first level complaints are not being adequately recorded and reported as required by the new Social Work Model Complaints Handling Procedure. Management have advised that the complaints process in Health and Social care is currently under review; and
- Midlothian Council is responsible for ensuring that care homes meet the required standard of the Social Work Model Complaints Handling Procedure and the National Care Home contract states that care homes' complaints procedures needs to meet the requirements of the SPSO. The number of formal complaints received and resolved are reported in the monthly performance reports but there is no information detailing whether the complaints were resolved within the stipulated timescales. There are no mechanisms in place to review the care home providers' internal processes for recording, managing and reaching decisions on the different types of complaints or for approving extensions to timescales. It was advised that most complaints relate to issues that have an immediate solution at the point of delivery, and are therefore not to a level that requires formal reporting or investigation.

No	Recommendation	Priority	Manager	Target Date
7	Complaints should be recorded and reported as required by the new Social Work Model Complaints Handling Procedure. <u>Management Comment:</u> The complaints process in Health and Social care is currently under review.	Medium	Head of Adult Services	31/03/2018
8	Monitoring of care homes should be undertaken to ensure they are complying with the new Social Work Model Complaints Handling Procedure. <u>Management Comment:</u> More information regarding the type and outcome of the complaints will be included in the monthly performance reports.	Medium	Service Manager	31/03/2018

4.4 Annual Fitness checks

The Procurement team carry out annual fitness checks which include monitoring the financial stability of care home providers in addition to checking whether the provider still has valid insurance policies in place. The following issues were identified with the current procedures:

- the external care home renewal insurance certificates are obtained on an annual basis however one of the external care home providers has not submitted their documents; and
- building and contents insurance is not checked as part of the annual fitness checks which is a required by the National Care Home Contract.

No	Recommendation	Priority	Manager	Target Date
9	Obtain up to date insurance documents from the external care provider. Management Comment: 3 reminders have been sent to the provider. An alert will also be sent to COSLA if no response is received.	Medium	Procurement Manager	31/03/2018
10	Building and contents insurance for care home providers should be checked annually by the Council, as stipulated in the National Care Home contract.	Medium	Procurement Manager	31/03/2018

4.5 System Issues

The delivery and support of the Mosaic system in Midlothian is managed by a dedicated Mosaic team within Financial and Integrated Service Support and reports generated from the system are managed by the Performance and Improvement team within the Health and Social Care service. The following issues were found:

- due to the inability to create case notes or have workflows notifications attached to an organisation (care homes) in Mosaic, staff cannot record specific issues relating to the care home. Information currently has to be recorded on a client which is not always appropriate. This also has an impact on the Quality Assurance Officer reporting their audit findings to alert issues of the care home to other members of staff who may be working with a resident in the care home. The Mosaic team suggested that it will be better to send workflow notifications relating to a care home rather than adding case notes against the organisation and it was advised that the ability to create workflows on organisations is due for release towards the end of 2018; and

- when the Quality Assurance Officer searches for residents in a care home the results include deceased residents and the system does not allow the Quality Assurance Officer to return back to their original search results. The Mosaic team advised that deceased clients will always appear under their last address which in some cases may be the care home.

No	Recommendation	Priority	Manager	Target Date
11	The system should be updated to allow staff to send work flow notifications relating to the care home.	Medium	Business Applications Manager	31/12/2018
12	The Performance and Improvement team should set up a report template on the system which will allow the Quality Assurance Officer to undertake more efficient searches when identifying residents in a care home.	Medium	Performance and Information Lead Officer for Health and Social Care	Complete

4.6 Care Plan Reviews

Although out-with the scope of this audit review, the following issues were noted in relation to care plan reviews:

- Midlothian Council charges £250 for undertaking a care plan review on behalf of another local authority resident placed in a care home within Midlothian. However, this is an informal agreement made by the former Service Manager. There is a lack of documentation detailing how the charge was agreed and there is no formal information on the charge the Council pays to other local authorities for undertaking reviews (it was advised that we may have not been charged);
- there is a lack of monitoring over the invoices raised to local authorities for undertaking care reviews. There is a risk that Midlothian Council is undertaking a number of reviews but is not raising an invoice or checking if the invoice was paid; and
- care home periodic reviews have not been undertaken due to the number of care homes under investigation. As at November 2017, 70 cases were sitting as outstanding. It was advised that all Care Plans are reviewed when a care home is under a large scale investigation and a number of these outstanding cases were reviewed at the time of the investigation.

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No	Recommendation	Priority	Manager	Target Date
13	<p>Management should:</p> <ul style="list-style-type: none"> • review and formalise the charges for undertaking a care plan review on behalf of another local authority and the charges for another local authority undertaking a care plan review on behalf of Midlothian Council; • improve the monitoring checks in place to ensure that for every care plan review the Council raises an invoice for this and receives the appropriate payment; and • ensure adequate resource is in place to undertake periodic care home reviews. 	Medium	Head of Adult Services	31/03/2018

Definitions of Ratings

Audit Opinion

Level of Control	Reason for the level of Assurance given
Excellent	The control framework is of a high standard with no unacceptable risks identified.
Good	The control framework is of a good standard with only minor elements of risk identified which are either accepted or being dealt with by management.
Average	The overall control framework is of an average standard. Some weaknesses have been identified in the controls and improvements are possible.
Weak	The control framework is weak and requires improvement as significant issues exist with the adequacy and effectiveness of the Internal Control arrangements. These control deficiencies could result in delivery of poor service or disruption to service to the residents of Midlothian, financial loss or reputational damage to the Council.
Poor	The control framework is inadequate or ineffective and the issues identified require immediate attention to prevent the delivery of poor service or disruption to service to the residents of Midlothian, financial loss or reputational damage to the Council.

Recommendation Rating

Priority	Risk Definition
High	Legal / regulatory issues would normally be regarded as high risks. Strategic risks would normally be regarded as high risks. Financial impact - £50K plus and / or national press interest
Medium	£5K - £49K and / or local press interest
Low	Under £5K and / or no press interest.

Distribution

- Kenneth Lawrie, Chief Executive
- John Blair, Director, Resources
- Allister Short, Director of Health and Social Care
- Gary Fairley, Head of Finance and Integrated Service Support
- Alison White, Head of Adult Services
- Dawn Barrett, Service Manager
- Jacqui Dougall, Business Services Manager
- Iain Johnston, Procurement Manager
- Mike O'Rourke, Business Applications Manager
- Jamie Megaw, Midlothian Health and Social Care Partnership Strategic Programme Manager
- Zoe Graham, Performance and Information Lead Officer for Health and Social Care
- Ernst and Young, External Auditors

Audit Team

Author: Amber Ahmed, Auditor

Reviewer: Elaine Greaves, Internal Audit Manager

TERMS OF REFERENCE:

Audit Objective

The objective of the audit is to provide an opinion on the adequacy of Midlothian Council's monitoring arrangements over the third party suppliers it has appointed to provide care home services.

Scope of the Audit

The review will focus on the governance arrangements over the management of the external care home providers including: contracts, monitoring performance against the contract, risk management, complaint handling and follow up mechanisms where the care home provider fails to deliver to the appropriate national care home standards.

Exclusions and Limitations

- care homes run by the Council as this will be subject to a separate review;
- the assessment of the suitability of the care home placement; and
- the residents' financial assessment and funding of placements.

Potential Risks

Potential risks include:

- failure to adequately monitor the performance of the care home provider resulting in vulnerable residents being placed at risk, reputational damage and financial loss;
- failure by the provider to comply with legal / regulatory requirements resulting in reputational damage;
- failure to monitor the ability of the care home provider to continue to provide the service resulting in vulnerable clients being placed at risk and reputational damage to the Council;
- lack of monitoring of Midlothian Council residents who are placed in other local authorities' care homes; and
- care home providers failing to adequately report issues, complaints and accidents to the Council.

Audit Approach
<p>The audit approach consists of:</p> <ul style="list-style-type: none"> • fact finding interviews with key employees; • review of appropriate documentation which includes any risk or best value reviews that have been conducted and risk registers that are in place; • interrogation of any relevant systems and sample testing as required; • closure meeting with local management to discuss the findings and recommendations of the review; and • reporting.
Timescales & Reporting
<p>The audit will commence in March 2017 and is anticipated to be reported to the June 2017 Audit Committee.</p> <p>Any issues arising will be communicated directly to local management as they are identified during the course of the audit. A formal audit report will be produced summarising the findings and recommendations of the review.</p>
Information Requirements
<p>Access to all relevant systems, documentation and employees.</p>
Audit Staff
<p>Amber Ahmed, Internal Auditor Elaine Greaves, Internal Audit Manager</p>