

Item: 6.5

Monitoring and Audit Committee: 17 February 2022.

Internal Audit Report:

Elderly Residential Care Homes – Hamnavoe House.

Report by Chief Internal Auditor.

1. Purpose of Report

To consider internal audit on operational procedures in place at Hamnavoe House, including administration, financial management, human resource management and security.

2. Recommendations

The Committee is invited to note:

2.1.

That Internal Audit has undertaken an audit of operational procedures and controls in place at Hamnavoe House, including administration, financial management, human resource management and security.

2.2.

The findings contained in the internal audit report, attached as Appendix 1 to this report, relating to operational procedures and controls in place at Hamnavoe House, including administration, financial management, human resource management and security.

It is recommended:

2.3.

That the Committee review the audit findings to obtain assurance that action has been taken or agreed where necessary.

3. Background

3.1.

Hamnavoe House in Stromness is one of three care homes provided by Orkney Health and Care (OHAC) for the long-term care for people aged over 65 years. The Home provides care for people with high dependency needs and is registered to provide a care service to a maximum of 40 residents.

3.2.

Hamnavoe House opened on 29 January 2020. Therefore, since opening it has operated under Scottish Government COVID-19 guidelines. This has required changes to working arrangements. The Home was subject to an unannounced visit by the Care Inspectorate on 15 June 2021 and received ratings of Good or Very Good for those areas inspected.

3.3.

The objective of this audit is to review procedures followed within Hamnavoe House, including areas such as administration, financial management, human resource management and security.

4. Audit Findings

4.1.

The audit provides adequate assurance that the processes and procedures, for areas such as administration, financial management, human resource management and security, in operation at Hamnavoe House are well controlled and managed.

4.2.

The internal audit report, attached as Appendix 1 to this report, includes five medium priority recommendations within the action plan. There are no high-level recommendations made as a result of this audit.

4.3.

The Committee is invited to review the audit findings to obtain assurance that action has been taken or agreed where necessary.

5. Corporate Governance

This report relates to the Council complying with governance and scrutiny and therefore does not directly support and contribute to improved outcomes for communities as outlined in the Council Plan and the Local Outcomes Improvement Plan.

6. Financial Implications

There are no financial implications associated directly with the recommendations in this report.

7. Legal Aspects

Complying with recommendations made by the internal auditors helps the Council meet its statutory obligations to secure best value.

8. Contact Officers

Andrew Paterson, Chief Internal Auditor, extension 2107, email andrew.paterson@orkney.gov.uk.

Barrie Hamill, Internal Auditor, extension 2181, email barrie.hamill@orkney.gov.uk.

9. Appendix

Appendix 1: Internal Audit Report: Elderly Residential Care Homes – Hamnavoe House.



Internal Audit

Audit report

Elderly Residential Care Homes – Hamnavoe House

Draft issue date: 21 January 2022

Final issue date: 3 February 2022

Distribution list:	Chief Officer / Executive Director of Orkney Health and Care Head of Health and Community Care Service Manager Health and Community Care Registered Manager of Hamnavoe House
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Audit Opinion

Based on our findings in this review we have given the following audit opinion.

Adequate

Some improvements are required to enhance the effectiveness of the framework of governance, risk management and control.

A key to our audit opinions and level of recommendations is shown at the end of this report.

Executive Summary

Hamnavoe House is a new facility which opened on 29 January 2020. Therefore, since opening, the facility has predominantly operated under Scottish Government COVID-19 guidelines. This has required changes to working arrangements. The Home was subject to an unannounced visit by the Care Inspectorate on 15 June 2021 and received ratings of Good or Very Good for those areas inspected.

This audit reviewed various operational procedures in place at the Home including administration, security, financial management and human resource management.

Our audit has identified a number of areas of good practice, including:

- There are strong building and area security controls and procedures in operation throughout the Home.
- There are robust fire procedures in place.
- Daily operational documentation such as Handover and Daily allocation sheets are completed.
- The Home has a Business Continuity plan which is regularly reviewed.
- The Home is allocated a budget and is part of the Council's budget monitoring process.
- Changes to staff were fully completed, properly authorised and timeously notified to the relevant Service.

The report includes four recommendations which have arisen from the audit. The number and priority of the recommendations are set out in the table below. The priority headings assist management in assessing the significance of the issues raised.

Responsible officers will be required to update progress on the agreed actions via Pentana Risk.

Total	High	Medium	Low
5	0	5	0

The assistance provided by officers contacted during this audit is gratefully acknowledged.

Introduction

Hamnavoe House in Stromness is one of three care homes provided by Orkney Health and Care (OHAC) for the long-term care for people over 65 years. The Home provides care for people with high dependency needs and is registered to provide a care service to a maximum of 40 residents, though at present only 30 places are open. The Home was completed in 2019 and the move from its predecessor, St Peter's House, took place on 29 January 2020.

This review was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing.

Audit Scope

The objective of this audit is to review procedures followed within Hamnavoe House, including areas such as administration, financial management, human resource management and security. Although the audit will focus on one location, OHAC can apply the audit findings and any recommendations made to other care homes as required.

Audit work will include, but not be limited to, reviewing the operational policies and procedures in place within Hamnavoe House including:

1. **Administration** including:

- Inventory – identification and security of assets.
- General Health and Safety policies and procedures and risk assessments (not individual care plans or social work risk assessments).
- ICT policies.
- Records management / Data Protection compliance.

2. **Security** including:

- Security of building, individual areas and rooms.
- Safe – contents, security.
- Key holder arrangements.
- Fire safety.
- Business continuity.

3. **Financial procedures** including:

- Petty cash – administration.
- Residents' money.
- Income and banking.
- Ordering and payment of goods and services.
- Budget monitoring.
- Staff reimbursements for expenses.
- Insurances.

4. **Human resources** including:

- Staffing arrangements.
- Overtime – administration.
- Staff Expenses.
- Timesheets – administration.
- Leave – paid and unpaid.

Audit Findings

1.0 Assets

1.1 In accordance with the Council's Financial Regulations, the Home is required to maintain an inventory of property such as office equipment, furnishings and plant and machinery. An inventory is currently under construction but progress has been delayed by the COVID-19 pandemic which has limited the areas of the Home that could be accessed.

1.2 Officers should continue to update the inventory as conditions allow. Once complete a copy should be sent to the Council's Insurance Officer.

Recommendation 1

1.3 Financial Regulations state that, wherever practical, valuable and desirable moveable property should be clearly marked as the property of the Council. During a visit to the Home none of the contents checked were marked as belonging to the Home or the Council.

1.4 Officers should ensure that valuable and desirable moveable goods should be clearly marked as belonging to the Home or the Council.

Recommendation 2

2.0 Policies and Procedures

2.1 The Home has a number of procedures which, once communicated to Internal Audit, we were able to confirm were being followed. Examples of these included procedures relating to the use and access to the safe, the reporting of maintenance faults, petty cash, and residents' monies. However, these are unwritten and not formalised into proper policy or procedure documents. Management should ensure that policies and procedures are documented.

Recommendation 3

3.0 Staff Training

3.1 The Council recognises the importance of training in the development and maintenance of staff knowledge and skills. A series of mandatory courses is delivered through the interactive learning management system OIC ILearn. Progress and completion of mandatory courses and training is kept within the HR System. It has been widely reported that completion of these courses is an issue for all Services though rates are improving. Although the percentage of on-time course completion from staff at Hamnavoe House is higher than in many other areas in the Council, it is important that staff are encouraged to ensure that their mandatory training is complete and up to date.

Recommendation 4

4.0 Financial Procedures

4.1 The Home has a number of residents with specific dietary needs and staff are conscious of the need to fulfil their requirements taking into account variety and value for money. Due to the most suitable suppliers not taking Council purchase orders, some small value purchases have not been made in accordance with Financial Regulations.

4.2 Alternative payment methods such as Petty Cash are available which fit with the Financial Regulations and should be used for all relevant small value purchases.

Recommendation 5

Action Plan

Recommendation	Priority	Management Comments	Responsible Officer	Agreed Completion Date
1. Officers should continue to update the inventory as conditions allow. Once complete a copy should be sent to the Council's Insurance Officer.	Medium	We agree with this recommendation and will action.	Registered Manager, Hamnavoe House	31 July 2022
2. Valuable and desirable moveable goods should be clearly marked as belonging to the Home or the Council.	Medium	We agree with this recommendation and will action.	Registered Manager, Hamnavoe House	31 July 2022
3. Management should ensure that policies and procedures are documented.	Medium	We agree with recommendation and will action by adding information to policy.	Registered Manager, Hamnavoe House	31 May 2022
4. Staff should be encouraged to ensure that their mandatory training is complete and up to date.	Medium	We agree with recommendation and will continue to ensure mandatory training is completed by all staff	Registered Manager, Hamnavoe House	31 May 2022
5. Small value purchases, such as specialist foodstuffs should be made in accordance with the Financial Regulations.	Medium	We agree with recommendation. Application to increase petty cash allowance will be completed	Registered Manager, Hamnavoe House	28 February 2022

Key to Opinion and Priorities

Audit Opinion

Opinion	Definition
Substantial	The framework of governance, risk management and control were found to be comprehensive and effective.
Adequate	Some improvements are required to enhance the effectiveness of the framework of governance, risk management and control.
Limited	There are significant weaknesses in the framework of governance, risk management and control such that it could be or become inadequate and ineffective.
Unsatisfactory	There are fundamental weaknesses in the framework of governance, risk management and control such that it is inadequate and ineffective or is likely to fail.

Recommendations

Priority	Definition	Action Required
High	Significant weakness in governance, risk management and control that if unresolved exposes the organisation to an unacceptable level of residual risk.	Remedial action must be taken urgently and within an agreed timescale.
Medium	Weakness in governance, risk management and control that if unresolved exposes the organisation to a high level of residual risk.	Remedial action should be taken at the earliest opportunity and within an agreed timescale.
Low	Scope for improvement in governance, risk management and control.	Remedial action should be prioritised and undertaken within an agreed timescale.