

**Report on
Riverview Home Corporation**

**Prepared for
Department of Community Services
Services for Persons with Disabilities**

December 2009

Prepared by: Review Team

Disclaimer

A review was carried out by an Independent Review Team appointed by the Department of Community Services (DCS).

The review was requested by the Department of Community Services, Northern Region Services for Persons with Disabilities and the Board of Directors of Riverview Home Corporation (RHC).

The purpose of this report subsequent to the review, is to assist the Board of Directors in the improvement of the operations of RHC.

The report is thorough and comprehensive and identifies areas for improvement specific to governance, programs and services, financial management/control.

The report resulting from the review is submitted and received by the Board of Directors in confidence and is embargoed until the Board of Directors and DCS has discussed findings and recommendations.

The Board of Directors may make a decision on disclosure at their discretion, once the embargo has been lifted.

Disclosure of any or all parts of this document by the Department of Community Services is subject to provisions of the Nova Scotia *Freedom of Information and Protection of Privacy Act*.

Executive Summary

Riverview Home Corporation (RHC) located in Riverton, Pictou County is a home for individuals with intellectual, physical and cognitive disabilities and individuals with chronic mental illness. This organization has many challenges over the years that impacted their operational efficiencies and the continuity of services. Some of these challenges include an aging infrastructure, lack of both human and capital resources, incidents of client abuse, inadequate financial management and deficient governance and control practices.

In 2009, the Board of Directors of Riverview Home Corporation (RHC) and the Department of Community Services Support for Persons with Disability, Provincial Office and Northern Region requested a review of the operational and financial activities at RHC.

On September 14, 2009, a Review Team appointed by the Department of Community Services commenced an independent operational and financial review of Riverview Home Corporation.

The review team consisted of Team Leader, Betty Mattson, CEO, Kings Regional Rehabilitation Centre, Waterville, NS, members of the Internal Audit Centre, Government of Nova Scotia, Anne Reade, Director of Client Care, Kings Regional Rehabilitation Centre, Waterville, NS and Donna Pettipas, Coordinator of Audits, Department of Community Services, Services for Persons with Disabilities.

The Review Team had the following objectives and scope:

Objectives

1. To conduct an independent and objective Operational Review as requested by Riverview Home Corporation (RHC) and the Department of Community Services (DCS).
2. To provide an assessment of effectiveness, efficiency, economy, safety, and continuity with respect to the financial, operational and governance areas of RHC.
3. To provide the Board of Directors of RHC and DCS a summary of observations, as well as any recommendations on opportunities for improvement where appropriate.

Scope

The team met with the RHC Board, the Chief Executive Officer (CEO), the Northern Region Administration of (SPD), RHC's leadership team, front line staff, families and other individuals who provided information on governance, leadership and operations (programs and services) as it relates to the objectives.

Methodology

Information from a number of sources informed this review and provided the basis for the recommendations outlined in this report, including:

- Focus group with Board of Directors and CEO ;
- Interviews were held with each Board member, two in-person interviews and three telephone interviews;
- Two in-person interviews and two telephone Interviews with the Northern Region SPD staff;
- An in-person interview with the Chief Executive Officer of RHC;
- Focus group with RHC's Senior Leadership Team as well as five in-person interviews with Senior Leaders;
- Focus group with persons responsible for RHC's Human Resource Management/Education as well as one in-person interview with the RN responsible for HR/Education.
- Focus group with persons responsible for Quality Management of RHC;
- Staff focus group of RHC staff representing many areas of the organization;
- Focus group with client's families;
- In-person interviews with RHC's Financial staff;
- In-person interviews with the Clinicians serving RHC's clients, namely, General Practitioners, Psychologists, and Dietitian;
- In-person interview with Financial Officer of SPD, DCS Divisional Office, Halifax;
- Telephone interview with Acting President of Canadian Union of Public Employees (CUPE); National CUPE Service Representative, RHC CUPE Site Representative and Staff Representative CUPE.

- Conducted site visits of RHC main building as well as visited one Community Home and Summer Street Industries.

The following information was made available to the Review Team by staff of RHC: RHC's policies and procedures, Board Committee minutes, Quality Committee minutes, financial statements, payroll records, By-laws, safety reports, licensing reports, incident reports, correspondence to DCS and outside agencies, staff files. Staff were also interviewed on each unit during the review of client's programs.

The Team members spent a total of 7 days on site at RHC to conduct this review and 10 days to analyze the findings and prepare this report. Recommendations derived from this information and observations are included in the following pages. The report covers five areas: Physical Environment, Governance, Programs/Services, Protection in Persons in Care and Financial Review. Although this organization has been approved for infrastructure renewal, the reviewers wanted to comment on the physical space to provide an understanding of the working and living environment of RHC.

The recommendations, if implemented, will guide the Department of Community Services, Services for Persons with Disabilities and the RHC management with improving the governance, operational performance and financial management of the organization. In addition, the recommended changes will address many long-standing issues and enhance quality of life for the clients.

Despite the issues and challenges identified in the report, the staff at RHC continues to provide care and support that is recognized and appreciated by both the clients and their families.

Introduction

Riverview Home Corporation (RHC) has an interesting history. The building, established in 1920, was part of a working farm with live-in care providers for wards of the province.

The organization was originally funded by the Municipality and Towns through a cost sharing arrangement with the province. Through the Municipal Exchange Agreement in the early 1990's the Department of Community Services became the funder. RHC is a licensed facility in accordance with the Homes for Special Care Act. The role of RHC as stated in the organization's Mission Statement *is to provide support and advocacy so that individuals with diverse abilities can live with the same rights and responsibilities and quality of life shared by all Nova Scotians.*

The facility is licensed by DCS for 106 individuals but during our visit the home had a census of 96 clients. RHC is below their approved license by 10 clients. In 2001 and 2003 three homes were acquired in the community to serve 15 individuals plus two respite beds. The organization also established one supervised apartment.

The RHC serves a diverse population of individuals who have physical and cognitive disabilities, and individuals with chronic mental illness. The individuals are classified as Adult Residential Centre (ARC) level of support, except individuals on the Alpha Unit have a Residential Rehabilitation Centre (RRC) classification. The two homes in the community, Thomas Lane and Sutherland Valley are classified as Developmental three residences. Parkview Home in Trenton is classified as a group home.

Physical Environment:

As mentioned previously, the RHC is a structure that dates back to 1920. The building has undergone countless renovation projects over many years. The facility sustained significant water damage last year as a result of flooding. The resulting damage and on-going construction to address the damage was incredibly disruptive to the lives of the clients who live there, the staff that work there and the programs and services offered by the facility. At the time of this review the repairs have been completed and the facility has recently passed inspections that identify the site as both structurally sound and safe. However, information gathered over the course of this review points to multiple, on-going and obvious issues related to a lack of adequate functional space for the people that live in or work at the facility.

The building has four residential Units, (Harmony, Eastland, Unity and Alpha). Two units are located on the main floor and two on the second floor. Dietary; including the cafeteria, offices and common rooms are located on the main floor and laundry, maintenance and housekeeping are located on the lower floor. The third floor is reserved for staff offices, various program rooms and a fully equipped kitchen which is used for a variety of programs and projects that include clients. The building in general is very clean, tidy and well maintained by housekeeping staff and the maintenance staff that attend to the ongoing requirements for painting and repairs.

There are a small number of single bedrooms available on each Unit. Client bedrooms are largely shared by two people. It was obvious that time and effort has gone into painting, decorating and personalizing each person's bedroom space and the common areas of the Units. Some of the shared rooms, while small, offer some distance between beds and furniture and a sense of individualized space. Other rooms are so crowded that dressers are back to back and facing the owner's bed. Access to the dresser drawers requires that they be pulled out and into the only available space in the room each time access is required. These rooms in particular offer clients no privacy or sense of a place to spend quiet or alone time.

Each Unit has a central common area, which includes a small kitchen/dining space. These areas are generally tastefully furnished and decorated, well maintained and provide access to a variety of activities. The size of the common areas on each Unit is largely inadequate in relation to the numbers of persons who could use them. This presents a barrier to the availability of a variety of meaningful leisure and social activities on the Unit. This is particularly true on Harmony, with twenty-four clients, and Unity with thirty-seven clients.

The issue of space, overcrowding and the lack of privacy for clients was central to many of the discussions held with staff. The staff particularly noted the lack of an adequate number of bathroom facilities for the number of clients on most Units; Harmony, for example, has four toilet/bath areas for twenty-four people. There was concern expressed as well that the bathrooms often double as supply or laundry areas which creates inconvenience for staff who require access to necessary supplies and/or impacts on client privacy. It was observed that bathroom areas on the Units do not have doors but a curtain hanging in the doorway.

Units that have a large number of clients requiring wheelchairs are particularly challenged for space. It can take an inordinate amount of time and multiple rearranging of other wheelchairs, people or furniture to move one person in a wheelchair from one area to another on, or off, the Unit.

Moving people in wheelchairs off the Unit is made more difficult because there is no automated door opening system. Staff have to push the wheelchair through the half opened door, maneuver themselves between the client and the door, and pull them through from the opposite side. Many clients who are able to mobilize independently with their wheelchairs are impeded by the crowded conditions. The staff stated that they manage as best they can but pointed out that this level of crowding is a workload issue that is invisible and one that is a source of frustration for staff and clients who are impacted by these conditions. Staff commented that this issue is particularly trying given the number of times a day one would have cause to be engaged in negotiating a path through the Unit.

Staff noted that the frustration clients often feel as a result of the crowded conditions and lack of quiet, private space is quite apparent. The staff stated that they consider these conditions as a significant factor in conflict between clients and the on-going behavioral difficulties that many individual clients experience. This outcome is supported in the observations and data gathered during the relocation of clients, subsequent to extensive flooding in the facility, to various sites that had fewer people, more space and more activities.

Staff reported that the issue of physical space and accessibility has also been problematic for clients being moved to an ambulance. Persons residing on the second floor are generally able to manage stairs. However, if they are too ill to negotiate the stairs they are required to be carried down the steps. In one instance staff had to assist EHS staff as the client required six people to assist in the transfer down the stairs. Staff also advised that the size of the bedrooms and narrow doorways have also impeded EHS staff preparing to transport a client because the rooms and doorways could not accommodate a stretcher. There is no elevator in this building.

Staff commented that they must use the stairs for countless trips to the laundry area or to access nursing and program staff who are located on the top floor of the building. In the absence of a phone system on every unit, Unit staff are required to seek out other facility staff, in person. Staff stated that the number of times they may be required to use the stairs for these purposes, in a given day, is not only exhausting but contributes to inefficiencies as it places staff off the Unit with greater frequency and for a more extended period of time. Many clients who could be managing their own laundry, fully or at least to a greater extent, are unable to do so because most Units have no on-Unit laundry facilities. Many clients may be at a higher risk of incurring falls/injuries if they are negotiating stairs when they are carrying laundry.

The Central Laundry was recently renovated to improve the work area. However, fluctuations in temperature occur which require staff to wear coats in the winter time to keep warm while doing their job. It is to be noted that the maintenance department in the basement area have made vast improvements in organizing their work areas, including the electrical room. This department has numerous responsibilities and is constantly planning and prioritizing initiatives. There is consistent and effective

leadership overall in the support areas of Maintenance, Food Services and Environmental Services.

The Kitchen of RHC has very old equipment. Fluctuations in temperature influenced by our seasonal variations have created the need for Heat/Stress policies to protect the staff's health.

Despite a shortage of space, it is evident that the clients and families are generally appreciative of the staff's commitment in supporting clients. The RHC Board of Directors and the DCS have worked diligently to find funding for a new physical plant which will be discussed later in the report.

Governance Review

Objective:

To review the effectiveness, efficiency and consistency of current governance practices in relation to achieving organizational performance.

Findings & Recommendations:

The Board of Directors is very committed to RHC. Several Directors had served as a Board member for more than six years. One member has served fifteen years. The Board meets once per month or as necessary. There are six members on the Board, appointed by the Municipal Council and towns of the local area. There are no external or provincial appointees on this Board. In reviewing the documentation and interviewing Board members, it is clear the Board, in their role of risk oversight, have faced and continue to face several challenges. These challenges have been at times overwhelming and stressful, particularly when trying to resolve issues in a timely fashion.

The first challenge is operating a deficit for the past six years. Funding Rate Review for RHC has not occurred for more than 19 years. At the time of this review, the Department of Community Services was in the process of completing a funding rate review. After the team's site visit, the team was informed by Department of Community Services that a funding rate review was completed at the end of November 2009 – more information on this issue is noted under the Financial Review Section.

The second challenge is the aging infrastructure. Over the past several years, the Board has communicated to DCS, the need for an Infrastructure Improvement Plan. In 2007, DCS approved renovations to RHC main building as well as the construction of three new community homes; a \$22 million dollar project. Construction for the community homes is now well underway. Plans for the renovations for the main building are also prepared and will be initiated in the very near future.

The third challenge is establishing and formalizing effective governance practices. A review of these practices will now be discussed.

The By-laws for RHC have not been revised since 1977. The By-laws list the committees that need to be in place, such as Building & Grounds, Finance Committee, but RHC Board are not consistently applying these By-laws. The Board has committed to revise the By-laws and have initiated this process.

Recommendation # 1:

- a) **The RHC is encouraged to continue with their plan to revise their By-laws. The By-laws should be current and reflect current effective industry practices.**

- b) The By-laws should state a limit for the time any member should serve.**

A strategic planning process was held in February 2009 which has established the future direction for the organization which are the following:

1. To provide modernized up-to-date facilities in line with our core values.
2. Secure sustainable funding.
3. Create quality client care through implementation of standards and best practice guidelines.
4. To foster improved working relationships with the Department of Community Services and government agencies.
5. To enhance community awareness and strengthen partnerships.
6. To create and support a healthy workplace.

Recommendation # 2:

The organization is encouraged to develop Board's goals that will move forward the key thrusts of the RHC strategic directions.

The Board is encouraged to develop a process to monitor and evaluate their goals, quarterly.

The Mission and Vision for the organization has been revised; however, it has not been rolled out to the organization.

Recommendation # 3:

The Leadership Team is encouraged to communicate the new mission and vision throughout the organization.

Board policies are essential in providing structure and outlining responsibilities and accountability of members in performing the work of the Board. There were few Board policies developed.

Recommendation # 4:

It is recommended that Board policies be developed and implemented to guide the function of the Board.

Although Board members receive orientation from the CEO, when joining the Board of RHC, the program is not formalized.

Recommendation # 5:

The RHC is encouraged to formalize the Board Orientation process for Board members, ensuring roles and fiduciary responsibilities are fully understood.

The job description for the CEO is developed. The performance of the CEO was last evaluated in 2006. Annual performance reviews of the CEO permit the Board to review achievement of the CEO's goals and objectives and to plan for the following year.

Recommendation # 6:

The performance review of the CEO should be conducted on an annual basis by the Board.

To ensure members of the Board fulfil their roles and responsibilities, evaluation of Board meetings provides a process for the Board to monitor the effectiveness of their performance. The review provides proof that the Board is receiving the right kind of information to support their decision-making and continuous improvement opportunities are acting on the information received.

Recommendation # 7:

The Board is encouraged to develop a Meeting Evaluation process.

Board members have key stewardship and strategic leadership responsibilities. To achieve the mission and vision of the organization. The Board should govern with emphasis on an outward vision, rather than internal vision to the organization. The Board should encourage diversity of viewpoints and provide strategic leadership. The Board must acknowledge the clear distinction between the Board and the CEO's roles. The Board is required to have insight in order to have foresight and oversight that will allow them to identify issues and opportunities for RHC.

The RHC Board, at times, have dealt directly with RHC staff concerns, the Union, Northern Region Administration, and have attended external meetings without the CEO. This action undermines the CEO's ability to operate the organization and produces role conflict/confusion between the Board and CEO, as well as weakening the relationship between the CEO and other parties.

Recommendation # 8:

- (a) The Board needs to develop a Board Charter that outlines their key responsibilities which will include clarifying the role between the Board and the CEO.**
- (b) Riverview Home Corporation is encouraged to develop a communication policy that outlines the Board members' roles and**

responsibilities in communicating with internal and external stakeholders.

The RHC Board has the responsibility to oversee risk and to ensure that the CEO, through the leadership team, has anticipated the identification and management of these risks. There are many risk categories that could potentially damage the reputation of an organization, produce financial loss or impact the safety and security of clients and staff.

Recommendation # 9:

The Board of RHC should ensure the organization has a Risk Management Framework and that Risk Management practices are implemented throughout the organization.

As mentioned previously, there are six Board members who have other responsibilities within the Municipality. There are no members on the Board from the general public nor does the Board reflect the diversity of the area. A larger Board would provide additional skill sets required to effectively govern this organization.

Recommendation # 10:

The Board is encouraged to review its composition and recruit and appoint three to four additional members who could augment the skill sets of the Board.

Review of Services / Programs

Objective:

To assist the effectiveness, efficiency and consistency of operational practices.

The Leadership Team at RHC is comprised of a CEO and five Senior Leadership positions to oversee the daily operations. The CEO was hired in 2005, the Chief Financial Officer in the spring of 2009, the Director of Maintenance in the spring of 2009 and the Directors of Client Care, Dietary and Environmental Services are long service employees. The organization has 170 full time, part time and casual employees. The Client Services Program is the largest program with 100 staff.

The Human Resources and Education portfolio has one RN and one LPN responsible for these duties in addition to other responsibilities.

Support Services:

Support Services include Maintenance, Environment and Food Services. Pharmacy Services is outsourced. The Maintenance Department has four staff who are responsible for all infrastructure maintenance, vehicle maintenance and coordination of the new construction with the Project Manager (an employee of DCS).

Environmental Services has eight staff who are responsible for housekeeping and laundry and the Director of Environmental Services is the Fire Warden for the organization. They are also responsible for decorating/ painting client units/rooms.

Food Services Department has twelve staff who provide the meals for clients and staff. Two days per week, for the community, they support a Meals on Wheels Program.

Clinical Services:

- Physicians – A general practitioner visits the Home one day/week;
- Psychiatrist – Psychiatry visits once per month or as consulted;
- Psychologist – visits two days per week;
- Dietitian – is present on site one day per week;
- Podiatrist – as required;
- Dentists – as required;

Operational Challenges:

The aging infrastructure (88 year old building) has created many internal environmental and safety issues that represent a high priority for the Board and staff of RHC such as mould in the basement. To address this and other issues, planning and extensive resources from DCS were required. In the winter of 2008, due to a sprinkler malfunction in the building, the evacuation of clients to community centres in local areas occurred. Subsequently, renovations of the areas affected by water

damage were completed, under Fire Marshal Orders and supervision. Some clients and staff were relocated to Truro during the renovation period.

The Fire Marshal issued 50 safety / fire orders that required financial support from DCS as well as many dedicated staff hours to plan for changes to their infrastructure.

A formal process to build a culture of safety has been a priority for RHC. The Director of Environmental Services, among her many roles is now the Fire Warden for RHC. In addition to the life and safety issues of the organization, they also have implemented initiatives required by legislation. Over the past two years, RHC, like other organizations have implemented the *Protection of Persons in Care Act* – an Act that enhances their own internal policies but also requires resources to provide educational sessions for all staff.

A Pandemic Plan and Violence in the Workplace Plan required by the Department of Labour and Workforce Development are in place. All of these changes and requirements are important and necessary. Time and resources are required to develop and implement these initiatives.

Another challenge facing RHC is their poor financial performance. RHC has not had funding rate review by DCS since the early 1990's. They have had a deficit for the past six years as well as cash flow problems. In fact, RHC at times has difficulty in meeting payroll. Since our site visit, DCS has indicated that rate review was completed at the end of November 2009. This is further discussed under the financial review section.

Over the past 18 months, all of these culminating challenges have increased the stress and workload of the staff. As a result, the priority goes to managing the crisis, amidst balancing the operational workload on a day-to-day basis with stretched resources. These factors provide a fundamental context that have been considered throughout the review process.

Since the arrival of the CEO in 2005, there were many initiatives implemented directed at improving the infrastructure and safety for clients and staff. For example, upgrades to electrical and plumbing systems, renovation of Laundry Services, development of a Safety Prevention Program with Worker's Compensation Board, reconciliation of fifty fire orders, installation of air conditioning units to decrease heat stress / discomfort as well as the establishment of an Asbestos Management Program.

Improvements have been implemented to the communication/information management systems.

Email was non-existent prior to 2004. Email and internet access capabilities were implemented including an upgrade from minimal computer usage to thirty or more computers used constantly throughout the organization. The staff have found these changes to be very beneficial in carrying out their duties and responsibilities.

The organization has worked diligently to obtain computers. In the past, Information Technology Services were previously outsourced. The organization is commended for

recruiting staff with IT specialty which has allowed the expertise to be accessible in house on a daily basis.

Many of the systems at RHC were manual with limited software/hardware applications, including the payroll system. The Director of Environmental Services was assigned the task of manually completing payroll for 75% of the employees. The time sheet schedules were used to record the hours of work. If staff hours changed but were not recorded on the time schedule, there may be a risk of it not being recorded on the payroll. This could create a risk for this organization since payroll is 84% of the organization's operating costs. The CEO installed and implemented an electronic payroll system to enhance payroll function. A hand ID scanner was introduced to reduce manual input for the payroll system.

Retrieving information for decision support takes many hours of manual calculations, which makes it very difficult for the organization to meet reporting timelines and to have good data for decision support.

Recommendation # 11:

The organization is encouraged to develop a 3-5 year Information Technology (IT) Plan that will identify their information needs and provide direction for the allocation of IT and other capital expenditures.

Recommendation # 12:

The IT Plan should be prioritized to ensure it addresses the potential high risk areas for the organization, e.g., financial systems

Recommendation # 13:

Riverview Home Corporation is encouraged to continue their plans for an intranet site to enhance communication within their facility.

The organization has three direct telephone lines for the entire facility. Staff must go to other units to make phone calls which can lead to an unsafe situation at their own unit and is an inefficient use of time.

Family members expressed frustration over failing attempts to contact their loved ones given the limitations of the current telephone system. Further, they expressed reluctance to add to staff workload by taking them away from their work to answer phones. Clients also encountered difficulty accessing phones to contact their family.

Recommendation # 14:

It is recommended that the current telephone system be reviewed to ensure that a minimum of least one telephone is available on each unit and that there are lines available for clients.

Recommendation # 15:

All Units and support service areas (housekeeping, nursing, program, dietary etc.) should have on-site phone services.

The organization held their strategic planning day in February 2009. The Leadership Team developed specific goals and now needs to develop targets and timelines to move forward on key strategic initiatives. The Mission, Vision and Values of RHC were also reviewed and revised.

Recommendation # 16:

It is recommended that RHC develop an operational plan which will establish the organization's annual priorities and state timelines and targets.

Recommendation # 17:

The organization is to establish, quarterly monitoring of performance, related to their operational plan, identifying progress or barriers to achieve their stated targets.

Recommendation # 18:

The organization is encouraged to roll out revised mission, vision and values in the organization.

The organization has a committed and dedicated staff. The organization has had great success in recruiting a Director of Maintenance, a Financial Director and RN's to complete their management team. However, the organization is under resourced in several areas, for example, the CEO does not have an Executive Assistant to support the CEO role.

Recommendation # 19:

It is recommended that RHC gain approval for and fill a 1.0 FTE Executive Assistant position.

The Finance Department (business office) is responsible for cash flow, accounts payable, accounts receivable, payroll, budgeting and monitoring. The current structure has 2.5 FTE's plus the Chief Financial Officer (CFO) to accomplish these functions. To develop effective financial practices and carry on the daily financial operations, the finance department needs additional resources who are knowledgeable in operations regarding industry practices.

Recommendation # 20:

It is recommended that an additional 1.0 FTE be requested and the current positions realigned to carry out the functions of the financial management at RHC.

Recommendation # 21:

It is recommended that an external Team to the facility who are knowledgeable in financial operations from a like organization provide assistance to the Chief Financial Officer to upgrading their financial management processes.

Human Resource Management:

The Human Resource function is dispersed within the organization with several people responsible for various components of HR Management. This produces segregation of the information, fragmentation of the HR process and inconsistencies with HR practices and personnel file management.

Recommendation # 22:

The organization needs a dedicated, qualified HR Manager to review its HR functions and HR policies which will promote standardization and consistency in HR processes.

Riverview Home Corporation has gone through many crisis during the past 18 months in areas of fire and life safety. Much has been done to resolve these events, which creates constant change throughout the organization. New construction on the three community homes has been initiated and the organization has initiated a communication Board to outline the progress and to seek staff comments.

During interviews, the staff has expressed the need for more timely communication from their managers. They would like to have general staff meetings with the CEO in order to understand future changes and how the staff will be affected. Labour Management meetings also need to be held more frequently than twice per year.

Recommendation # 23:

It is recommended that a communication strategy be developed and implemented to increase the flow of information in a more timely manner.

The organization has worked on various Quality Initiatives and is monitoring a few indicators such as sick time. Reports on risk or other quality initiatives are not being reported at various organizational levels including management or to the Board of Directors.

Recommendation # 24:

Riverview Home Corporation is encouraged to develop a Quality Framework for the organization in conjunction with the Board.

Recommendation # 25:

The organization is encouraged to further develop and monitor indicators that will provide useful information in continuously improving organizational performance and provide information for decision support.

Recommendation # 26:

It is recommended that a Quality Management / Organizational Health position be created to coordinate the quality management program.

Recommendation # 27:

It is recommended that Quality Improvement / Risk Management reports are provided to management and to the Board monthly and quarterly.

Recommendation # 28:

It is recommended that quality management conduct staff/client/family surveys to provide formal feedback on organizational performance.

Family Focus Group:

Seven family members were interviewed. This group included parents and siblings of clients currently residing in units or homes of RHC.

Family members were unanimous in their appreciation of the efforts of staff to provide the highest standard of care, given the obstacles facing them at RHC. Most felt that the expectations placed upon staff to compensate for deficiencies in the areas of available equipment, resources and the general physical plant were often unreasonable.

Concerns were raised regarding level of activities and programs for clients in the face of current staffing levels. Families were concerned about the feasibility of one activity staff's ability to address the needs of the many clients residing at the facility. It was also noted by family members that the activity staff fulfilled a number of other functions within the organization, which further decreased the opportunity for consistent programs for clients.

Recommendation # 29:

It is recommended that the Recreation and Leisure Program be formalized and driven by the Individual Support Plan Process both in terms of programs provided as well as resource needs of the organization.

Concern was raised that there was little opportunity for privacy either when visiting the clients or when making phone calls. It is noted that this was attributed to the physical plant of the organization and "overcrowding" as discussed previously in the report.

Recommendation # 30:

It is recommended that a visiting area be established to enhance the privacy when families visit with the client.

Families were generally satisfied with the quality and timeliness of information they received regarding the client although most agreed that they would welcome more regular and frequent updates.

Recommendation # 31:

Riverview Home Corporation is encouraged to review frequency and modes of communication with families to determine methods to improve communication.

Family members were concerned about the impact of “overcrowding” upon the physical and mental health of the client.

Recommendation # 32:

It is recommended that utilization review be undertaken to address the client mix of various units as well as overcrowding on units.

Concern was expressed regarding the mental and physical stress that has been experienced by staff and clients during the past renovations at RHC. It is hoped that for the future renovations that clients would be relocated from the noise and general upheaval.

Recommendation # 33:

It is recommended that consideration to the impact upon client’s physical and psychological wellbeing is considered when making preparations for future renovations and that measures be implemented to reduce this to the greatest degree possible and these measures be communicated to clients and their families.

Client Focus Group:

Interviews were held with three clients from Thomas Lane House and six clients from units within the main facility as well as meeting clients during the review of each area.

Clients, generally, were happy in their current living environment and expressed that staff were “very good to them.” It was very obvious to the interviewer that clients felt supported by staff of RHC.

Clients from Thomas Lane Home reported having been assisted with the development of a variety of daily living skills including anger management strategies and skills to assist them in managing stress and anxiety. These clients further reported that they were being supported to access community resources including transportation,

banking, personal physicians, community events and church. They were very aware of safety protocols for the home, including fire procedures and other emergency procedures. Clients enjoyed their regular house meetings and the opportunity to voice their opinions and concerns at these meetings. Clients took great pride in relating how they contributed to the home by completing regular chores such as meal preparation, emptying the dishwasher, raking the lawn etc. Clients appeared satisfied with their level of activity and were looking forward to an upcoming trip to Cape Breton.

Clients from within the main RHC building reported that they felt “crowded” and wished for “nice beds”, “bigger tubs” and “bigger rooms”.

Recommendation # 34:

It is recommended that RHC develop a capital equipment plan to address the insufficient supply of equipment such as hydraulic lifts, beds, tubs, etc. Items that are not capital but are required for general program needs such as individual slings need to be considered.

Eastland

Eastland provides support to eighteen people. Persons residing on this Unit are older as a group than persons on the other three Units. Much of the service provided on Eastland relates to managing chronic health conditions including dementia, diabetes and hypertension.

- Six clients require wheelchairs for ambulation and three others require wheelchairs for distance travel.
- Six clients are able to travel independently about the building and/or the grounds.
- Thirteen clients require assistance with activities of daily living including personal care provided by two staff or one staff and the use of a mechanical lift. All clients of Eastland present with a degree of behavioral challenge that requires the implementation of individualized behavioral change programs and strategies.
- Two persons are wait-listed for nursing home placement.
- Six clients require incontinence systems, two clients are on toileting programs and ten clients are independent with toileting
- Two clients are transferred using a hydraulic lift, four require two staff for transfer and seven are able to transfer independently.
- There are five diabetics, two of whom are Insulin dependent.
- Four clients require additional supervision during meals due to the risk of choking.

- A number of clients have a dual diagnosis and may exhibit behavioral challenges

Unit Staffing:

| | | |
|------------------|-----|--------------------------------|
| Days: | 1 | Unit Coordinator |
| | 2 | Residential Councillors (8-4) |
| | 1 | Residential Councillor (1-4) |
| | .25 | Activity Staff |
| Evenings: | 2 | Residential Councillors (4-12) |
| | 1 | Residential Councillor (4-9) |
| Nights: | 1 | Residential Councillor (12-8) |

- Total available staffing hours for entire 24 hour day = 49.5 hours
- Available HPPD / Client / 24 hours = 2.75 hours

In addition to care, this covers related duties such as phone calls, laundry, ambulation, activities, that support the operation of the unit.

The unit is currently equipped with one tub and two toilets for male clients and one tub and one toilet for female clients. There is one whirlpool tub that is not used as clients find it uncomfortable and staff feel it poses a risk for clients slipping or falling. This is a source of great frustration for both clients and staff.

With the current staffing level, opportunities for activities, outings, and exercise programs are limited. While there is one activity staff, this individual is shared throughout the building and is also often required to accompany clients to community appointments, further limiting activities for clients. Unit staff make an effort to engage clients in activities on the unit, but again, these are limited by the numbers of staff available and the fact that one staff is required to take clients outside for their scheduled cigarettes every two hours during the day and evening. It is also noted that staff on this unit are also required to transport laundry to and from the unit. This is an additional distraction from client care and programs.

There is no opportunity for individualized time with clients. While some clients of RHC attend Summer Street Industries, there are limited pre-vocational or vocational work programs offered within the facility to address the needs of the remaining clients. It is the observation of the interviewer, that the life of clients on the unit is very sedentary, with little opportunity for off-unit or community time.

While it has been previously noted that over one half of this unit's clients are in wheel chairs, the facility does not employ regular services of a physiotherapist or Occupational Therapist. . Services from professionals would greatly benefit all clients of the organization, if made available.

There is currently only one Residential Councillor on duty during the night shift on the Eastland Unit. In addition to providing care and supervision for 18 clients, this staff is also responsible for a number of duties during the night shift, including, but not limited to, housekeeping duties including cleaning of unit toilets, sorting laundry, ordering supplies and safety checks. Sorting of laundry is completed in a room located close to the unit entrance and away from the clients' bedroom area, which makes it difficult to observe or hear clients. This is a significant safety issue for clients given the fact that a number of clients have medical conditions which would require that they be monitored closely, including those with epilepsy and diabetes. If assistance is needed on the Eastland Unit during the night shift, staff must summon a staff from another unit or contact the RN Supervisor.

Staff is extremely concerned about their ability to evacuate clients in the event of a fire or other emergency given that they are alone on the unit and also considering the facility staffing for the night shift.

It is noted that the Unit Coordinator, in addition to her management duties, is required to participate in all areas of care for clients and is essentially counted in the staffing mix for daily client care.

Medication administration currently consumes a minimum of two hours for two staff (four hours) on both evenings and days. The process of involving two staff in medication administration is unusual and while it is viewed as a "double check", it distracts from the integrity of the process.

Client files for the Eastland Unit are maintained in the RN Supervisor Office, requiring staff to go to that office to make entries on the client file. Reportedly, these entries are typically made at the end of the shift to avoid having to leave the unit at various points throughout the shift. Timeliness of entries on the client file is critical and should be made at the time of the event or as close to the event as possible.

Alpha Unit

Alpha is a secure unit that currently provides support to twelve people. Persons residing on Alpha have significant intellectual, mental health and behavioral challenges. Staff work with individuals on basic skills and there is a specific emphasis on behaviour change programs and development. Each person has their own bedroom and access to the common areas of the Unit. One person attends a day program in the community and does not require one-on-one supervision during this travel. All other clients are accompanied by staff for all off-Unit activities.

- Clients have varying degrees of behavioral challenges including aggression.
- A number of clients have medical conditions including Hypothyroidism, PKU, Epilepsy, Tourettes Syndrome, and G.E.R.D.
- A number of clients have a dual diagnosis including Mood Disorders and Schizophrenia

- Six clients pose choking risks
- Clients require varying degrees of assistance with activities of daily living ranging from total assistance to supervision.

Staffing:

Days: 1.0 RN Supervisor
 1.0 Unit Coordinator
 4.0 RCWs
 .25 Activity staff

Evenings: 4.0 RCWs

Nights: 2.0 RCWs

- Available direct care hours provided by staff = 77.0 hours
- Available HPPD / Client = 6.4 / client/24 hours

This 6.4 hours/client/24 hours covers related duties required to operate the unit, i.e., shift report, laundry, activities, etc.

There is one client currently with one-one staffing, 24 hours per day, which is funded through the Department of Community Services. This client’s hours is not counted in the available HPPD.

The Psychologist plays a key role in the overall programs and services for clients and endeavours to provide support for staff in dealing with issues relating to client’s behaviours and program implementation. In addition to on unit time, ongoing communication with the Psychologist is supported by a communication book and the ability of staff to contact him when he is not at the facility.

A Sensory Room has been developed for clients of the Alpha Unit and that reportedly it is being utilized on a consistent basis to address client’s sensory needs. While the unit is staffed at a higher ratio than other units, it is reported that staff from this unit is often sent to “fill in” on other units for full or partial shifts or to provide assistance. This impacts upon the ability of Alpha Unit staff to provide consistent programs for clients.

Harmony Hall

Harmony Hall provides support to persons who have significant requirements related to intellectual and physical challenges. Twenty-four people reside on this Unit.

- Twenty require full assistance with bathing, feeding, toileting, and dressing.
- Nine require two staff persons to assist with care.
- Seven require one person assist.

- eight are ambulatory.
- Fourteen clients require on-going incontinence management.
- Twelve persons residing on this Unit are in wheelchairs.
- A number of the people living here are non-verbal or have limited language skills.
- Five persons are able to leave the Unit and go about the building or the grounds independently.
- A number of clients have medical conditions including Blindness, Epilepsy, Esophageal Ulcer and Celiac Disease.

Unit Staffing:

Days: 1.0 Unit Coordinator
 2.6 RCWs four days per week and 2.4 RCW's three days/week
 .25 Activity staff

Evenings: 2.4 RCWs four days per week and 2.6 RCW's three days/week

Nights: 1.0 RCW

- Available staffing hours /24 hours = 50.4 hours
- Available HPPD / Client = 2.8 / 24 hours

Harmony Hall faces many of the challenges similar to the Eastland Unit including lack of appropriate bathroom/bathing facilities.

With over half of the unit's population in wheel chairs, physical space is a very real issue for both clients and staff.

The current level of staffing for the Harmony Unit allows for little more than meeting the physical needs of clients, with very limited opportunity for activities, physical exercise and programs. This is not only extremely unfortunate for clients, but frustrating for staff as they struggle to find time to provide a higher standard of services to their clients.

Wheelchairs for clients also need to be maintained and properly fitted for each client. There was little evidence of a wheelchair maintenance program.

Unity Hall

Unity Hall provides support to thirty-seven people who require services aimed at developing and enhancing their existing skills toward achieving a greater degree of independence in activities of daily living and instrumental activities of daily living.

Twelve persons attend a vocational program in the community on a full-time or part-time basis. The majority of people travel independently within the building and about the grounds. A small number of people are independently able to complete errands and/or make personal purchases in the community.

- Four clients require one staff assist for transfer
- A number of clients have medical conditions including Hypothyroidism, Epilepsy, Chronic Gastritis, Cardiac conditions, Anemia, and Obesity
- Four clients experience day and night time incontinence
- All clients require skill development and enhancement to achieve community placement

Staffing:

Days: 1.0 Unit Coordinator
3.0 RCW's
.25 Activity staff

Evenings: 2.0 RCW's

Nights: 2.0 RCW's

Activity: .25 Activity

- Available hours per day = 59.0 hours
- Available HPPD / Client = 1.59 hours / client/24 hours

In addition these hours cover of all related duties such as laundry, cleaning, activities, etc.

Twelve clients from this Unit attend a community based vocational program. This affords these individuals the opportunity for meaningful programs on a full or part-time basis throughout week days. The remaining 25 clients have no such opportunity for program involvement with none being available at the facility.

Overcrowding and lack of privacy are very significant issues for this Unit.

There are no Occupational Therapy services available for these clients. Since many of the individuals residing on Unity could benefit from future community placement, this service would be invaluable in providing them with opportunities for developing skills for community living.

The available staffing hours per client in 24 hours ranges from 1.59 (Unity Hall) to 6.4 hours/client/day (Alpha Unit). This does include the related duties such as shift report, laundry, cleaning, activities, etc.

Thomas Lane House:

Thomas Lane House, a Developmental Level 3 Home, is located in the town of Westville. It is home to seven clients with intellectual and behavioral challenges. There is one respite bed. The reviewers had no recommendations for this home.

Recommendation # 35:

It is recommended that staffing levels match the workload hours and numbers of qualified staff required to support the care and safety needs of clients.

Recommendation # 36:

It is recommended that an additional day per week be allocated to the psychology and dietitian positions and it is recommended that an Occupational Therapist and Physiotherapist be hired one day per week.

Recommendation # 37:

It is recommended due to the increasing health needs of the population, consideration should be given to one Licensed Practical Nurse position on each unit and on all shifts.

Recommendation # 38:

It is recommended that the Medication Administration process and policy be reviewed to determine if the double counting of medication by 2 RRW's is the best use of staff.

Recommendation # 39:

That Individual Service plans be revised to reflect client progress

Recommendation # 40:

It is recommended that client files be moved to individual units to allow easy staff access and that documentation guidelines/policies be reviewed and standardized across the organization.

Recommendation # 41:

It is recommended that a Choking Risk program be developed under the direction of the Dietitian and other team members.

Recommendation # 42:

It is recommended that the nutritional needs of clients require more consistent review and monitoring by a dietitian. This cannot be achieved with the current hours allotted to this position and an increase of Dietitian time to one additional day per week is recommended.

Recommendation # 43:

It is recommended that RHC conduct an inventory of programs and determine any gaps which may exist in providing support and services to clients.

Recommendation # 44:

It is recommended that the organization develop a plan to address the palliation needs of clients, given the aging population

Recommendation # 45:

It is recommended that off unit leisure and recreational areas be developed for clients

Recommendation # 46:

It is recommended that consideration be given to the development of a Pre-Vocational/Vocational program for clients who are unable to attend community Programs

Recommendation # 47:

It is recommended that all clients should have either private rooms or share a room that is of a size that provides adequate personal space for their use, their belongings and the support services they require on a daily basis. The standard private room is 120 sq ft while a double room in accordance with licensing is 180 sq ft.

Recommendation # 48:

It is recommended that common areas located on each Unit must be of a size that provides adequate seating and space for the activities for which the room is designed and the physical requirements and interests of the clients who live there.

Recommendation # 49:

It is recommended that numbers of available toilet and bathing facilities on each Unit must be of a number adequate to provide reasonable access for clients use, be appropriately equipped for client use and must be designed to ensure privacy.

Recommendation # 50:

It is recommended that adequate areas for storage and supplies should be designated for that purpose. Where dual purpose space is utilized, the uses should be compatible (ie) not used for bathing and for supplies that are in constant demand.

Recommendation # 51:

It is recommended that facility doors should be wide enough to accommodate specialized wheelchairs and emergency equipment.

Recommendation # 52:

It is recommended that the primary access doors on each Unit and at least one door on the front and back of the building should be equipped with automatic door opening systems that will allow clients in wheelchairs and emergency personnel and equipment to proceed through central doorways with ease.

Recommendation # 53:

It is recommended that elevator service should extend to all floors in the building and be of a size that can adequately accommodate specialized wheelchairs and emergency equipment and personnel.

Recommendation # 54:

It is recommended that laundry facilities for clients' individual use should be available on any of the Units that are supporting this level of skill development.

Recommendation # 55:

It is recommended that a wheelchair maintenance program be developed to ensure that wheelchairs are maintained in good working order and to ensure that requests for wheelchairs are appropriately tracked on behalf of those persons who are waiting.

Recommendation # 56:

It is recommended that the heating and ventilation system for the building needs to be reviewed to ensure laundry, kitchen and other areas have appropriate working environments regardless of seasonal temperature variations.

Protection for Persons in Care Act

A province-wide process review of the *Protection for Persons in Care Act* began in March 2009. That review indicated that RHC had a total of 22 founded cases of abuse/neglect of which nine were staff to client and 13 were client to client. The findings identified that RHC had the highest number of founded cases in the province.

As a result, a review of the Protection for Persons in Care practices was undertaken by the Review Team. The Team reviewed all the Protection for Persons in Care reports for RHC. Our findings through the review of personnel files, various documents, correspondence and interviews demonstrated follow-up was completed and reported to the Department of Community Services in a timely manner. RHC have filed reports on their action plans, completed the recommendations and forwarded this information to the Department of Community Services.

The staff at RHC are very dedicated and committed to the clients and families of RHC. The staff interviewed during our on-site visits stated they are very aware of their obligation to report abuse to DCS under the *Protection for Persons in Care Act*, and in fact reported suspected incidences of abuse in a timely manner.

The Senior Leaders of the organization are aware of the *Protection for Persons in Care Act*. Staff education on the *Protection for Persons in Care Act* was also implemented by RHC.

In reviewing Board minutes, it was noted that the CEO reported the allegations of client abuse by staff to the Board of Directors as well as the actions taken to deal with occurrences.

Staff interviewed at RHC including the meeting with Union, expressed that RHC clients were well supported in a caring environment. The Team found no indication that client abuse is a systemic issue with RHC.

Recommendation # 57

It is recommended that RHC provide regular education on the *Protection for Persons in Care Act* and included as part of staff's orientation to the organization.

Recommendation # 58

It is recommended that evidence regarding attendance at the education session on the *Protection for Persons in Care Act* is placed on the staff's personnel file.

Financial Review

Objectives:

- To evaluate efficiency, effectiveness and consistency of cash management practices and the existence of appropriate budgeting and financial processing controls including the assessment of financial management performance.
- To evaluate the current financial governance approach for accurate, transparent and timely financial reporting.

Scope:

The review examined the audited financial statements for the 2007-2009 fiscal years comparing the results to the budgets for that period. The scope of our review included trust funds, general ledger accounts in relation to budget, cash flow planning and analysis, financial policies, benchmarking and evaluating current financial governance structure.

The scope of this engagement was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

The audit team did not look at controls in operational areas, such as vehicle use, that inherently have a high risk.

Summary of Findings and Impacts

The review has identified weaknesses in the internal control system that may increase the risk of misappropriated funds and/or misstatement. The risk is compounded by RHC's lack of financial experience, lack of segregation of duties and cash management inefficiencies.

The major areas where issues have been identified fall into three (3) broad categories:

1. Governance Oversight – the Board and Management
2. Accounting and Reporting
3. Payroll

1. Governance Oversight

There is insufficient oversight at RHC from both the management level and the Board that affects financial management, including:

- no conflict of interest policy for management and the Board
- payroll reports are not reviewed before funds are released
- signing authority levels are not consistent with efficient management practices
- no internal budget prepared for the 2008-2009 and 2009-2010 fiscal years
- Board members have limited financial expertise (i.e. financial statements)

- the Board does not receive regular financial reports or variance reports comparing expenses to budget
- no indication that new staff is made aware of the corporation's policies and procedures
- no evidence that performance reviews are consistently completed with staff
- personnel files are not standardized and lack appropriate forms
- there is no charter which outlines the Board's responsibilities
- Board members indicate that they do not review the performance of the organization
- by-laws have not been updated for over thirty years although the organization has changed considerably and is now funded by the Provincial Government.

Opportunities for Improvement and Efficiencies

Management Oversight

Management needs to be responsible and accountable for the operations of the organization. Management must establish an effective system of internal controls to:

- create a control-conscious environment
- identify ,understand, assess, analyse and manage risk
- establish control activities to address risk
- ensure information and communication flows
- perform monitoring activities.

Board Oversight

The Board needs to develop a charter that outlines their responsibilities which include:

- governing the organization by establishing broad policies and objectives
- establishing accountabilities and signing authorities that support efficient management
- selecting, appointing, supporting and reviewing the performance of the chief executive officer
- approving operational, financial and budget plans
- reviewing the organization's performance against strategic, operational, financial and budget plans
- instruct management to regularly advise the board on the business risks.

The board requires a member(s) who can interpret financial information and support decision making at RHC.

2. Accounting and Reporting

Riverview Home Corporation has had a deficit for six years and there have been no increases during this period in the per diem rate that the DCS pays the organization for each client. A rate review has begun during the preparation of this report.

Issues around accounting and reporting can be viewed in three (3) broad categories:

1. Cash Management
2. Lack of budget policies and procedures
3. Not using accrual accounting to prepare financial statements

Riverview Home Corporation's cash management practices are not efficient. The cheques for expenditures are held for approval by the board before they are mailed to vendors. This results in delays in the accounting system. Also, accounts receivable are recorded in the general ledger when the funds are received not when the invoice is generated and issued, thereby creating inaccurate financial records.

There are budget policies and procedures established at RHC but management and the board indicated that an internal budget has not been prepared in a number of years. Budgets for 2008-2009 and 2009-2010 were prepared by DCS. However, most of the line items in the budgets have been carried forwarded and do not reflect the growth in costs in some areas. The variance analysis completed by the business office does not adequately support management decisions as the actual expenditures are compared to the 2007-2008 budget.

The annual financial statements are audited by a professional accountant. The auditor's report is unqualified indicating that the statements present fairly the financial position of the organization. In the previous year, the auditor had to complete forty adjusting journal entries to reverse prior year accruals, record current year accruals and adjust account balances to their correct amounts. The basis of accounting is typical of cash rather than accrual accounting as would be expected in an organization such as RHC. This creates an additional cost to RHC in increased audit fees

Opportunities for Improvement and Efficiencies

- the current rate review will help RHC in preparing accurate budgets and understanding expected revenues and expenses.
- an accurate internal budget will allow the comparing of accurate information to inform the decisions of management and the Board.
- the accounting system needs to record information accurately and timely. The organization should use accrual accounting to accurately present the organizations liabilities and assets.

Recommendation # 59:

The financial review examined the cash management practices and the internal controls at RHC. Because of the weaknesses observed, it is recommended that a further examination of the financial transactions be completed. A comprehensive examination should be designed to detect misstatements and/or misappropriations in the accounting records.

3. Payroll

Payroll is the largest expense for the organization. RHC introduced a new automatic payroll system that is expected to create significant efficiencies. There appear to be slight efficiency gains in the recording of time in the system but the expected cost savings have not yet occurred. A biometric hand scanner is used to record the hours of employees starting and ending a shift. Identified issues are:

- Lack of documented management oversight:
 - the work schedules are prepared by department heads but are not signed to indicate approval
 - the payroll system generates reports for hours worked and the total cost for each payroll period. Management does not review these reports for accuracy prior to the funds being released.
- Lack of segregation of duties:
 - administrative assistant inputs the schedules into the system and is also responsible for setting up new employees and recording changes to employee information, including rates of pay, in the system
 - administrative assistant can change the actual hours worked that are recorded in the system and is responsible for reviewing management reports relating to the bi-weekly payroll for errors and correcting those errors

Opportunities for Improvement and Efficiencies

- Management needs to institute effective controls in the payroll system to ensure the reporting is accurate
- Management needs to incorporate segregation of duties for individuals who input and change information in the system
- Management review, indicating independent verification of the accuracy of the payroll, should be introduced

The review team observed some strong controls and practices at RHC.

1. Medications are pre-measured by an external pharmacy into blister packs for each patient based on prescriptions provided directly by a physician. The blister packs are exchanged monthly by a pharmacist from the pharmacy and a registered nurse from RHC. There are strong detective and dissuasive controls for loss or misuse by staff.
2. The inventory for the kitchen was well kept and recorded monthly, at cost.
3. The business office is incorporating additional modules of Simply Accounting 2009. This will help the organization to record accounting transactions more efficiently and produce financial statements effectively.

The employees at RHC were welcoming and provided the review team with all the information needed to perform the review.

Detailed observations with recommendations are documented below. In addition to completing the review, the team compiled a list of acceptable practices, at another adult residential facility, which may help RHC improve its processes and internal controls (Appendix A).

Management Oversight Observations

The Board of Directors are often directly involved with the operations of the Corporation rather than providing governance. According to policy, the board approves all expenditures over \$1,700. The by-laws of the Corporation allow direct involvement of the board, but these by-laws are over thirty years old. The only signing authority level for expenditures is the \$1,700 for the board. Expenditures below this level can be approved by the department heads.

Recommendation # 60:

Riverview Home Corporation should establish signing authority levels that allow management to operate the organization effectively and efficiently while still giving the board effective governance for large expenditures.

The last performance management review of the CEO as documented in the Board of Directors minutes was February 15 2006. The board also indicated that they do not review the performance of the operations.

Recommendation # 61:

The Board of Directors should conduct a performance review of the CEO annually.

There is no charter for the Board of Directors. Also, there is no Provincial representation on the board, even though the Province funds the operation.

Recommendation # 62:

The board should draft and adopt a charter that outlines their responsibilities to the organization. Provincial government representation needs to be considered.

There is no indication that new staff is made aware of the corporation's policies and procedures. The new accountant indicated he was not aware of business office procedures and policies.

Recommendation # 63:

All employees should be made aware of RHC's policies and procedures. These can be incorporated into an orientation process for new employees and communicated by management during staff meetings at least once a year.

There is no conflict of interest policy for Board members and staff.

Recommendation # 64:

Develop a conflict of interest policy. The board and management should review the policy annually and indicate any conflicts.

Accounting System Observations

There are budget policies and procedures but management and the board indicated that an internal budget has not been prepared by RHC in a number of years. Budgets for the 2008-2009 and 2009-2010 were prepared by the Department of Community Services. However, most of the line items in the budget have been carried forward and do not reflect the growth in costs in some areas. Salaries get updated based on union contracts. Budgets are not provided to or approved by the Board of Directors.

Recommendation # 65:

Riverview Home Corporation should create an internal budget annually that is approved by the board.

The variance analysis completed by the business office does not support management decisions adequately as the actual expenditures for 2009-2010 are compared to the budget from 2007-2008. The board of directors receives a financial update at

meetings but this does not include a comparison of the budget to actual expenditures.

Recommendation # 66:

Variance analysis should be completed monthly in a timely fashion to support management decisions.

The cash management system is not efficient. The cheques for expenditure are held for approval by the board before they are sent. This results in delays in the accounting system. Accounts receivable are recorded in the general ledger when the funds are received not when the invoice is generated and issued. The CEO requests an analysis of the cash flow daily. The information that is received is not timely as the cash flows can be a week in arrears. This hinders decision making.

Recommendation # 67:

Riverview Home Corporation should use accrual accounting to ensure the timely recording of financial transactions. Riverview should evaluate the expenditure approval process to improve the cash management system.

There is a strong reliance on the external auditors to prepare the records for the year end audit. For the year ended March 31, 2009 forty adjusting journal entries were required to reverse prior year accruals, record current year accruals and adjust account balances to their correct amounts. The basis of accounting is typical of cash rather, than accrual accounting as would be expected in an organization such as RHC. This creates an additional cost to RHC in increased audit fees.

Recommendation # 68:

Riverview Home Corporation should use accrual accounting to ensure that the financial records are accurate and information is recorded in the correct period.

The Corporation has had a deficit for six years, and no increases in the per diem rate paid by DCS. DCS indicated after our site visit that a rate review was performed in November 2009.

Recommendation # 69:

Although DCS performed a rate review for RHC after the team's site visit, RHC now needs to implement their new rates and provide credible reliable data to validate the new rates.

The financial update provided to the Board of Directors at monthly meetings is not accurate. The meetings are held three weeks after the month end. The listing of financial transactions does not include revenue or month end adjustments even though they are available at that time. The board does not receive monthly financial statements. None of the members of the board indicated that they have experience working with financial statements. The board consists of six municipal appointed members with no financial representation.

Recommendation # 70:

The board should receive monthly financial statements and variance reports to support strategic decisions. The board requires a member(s) who can interpret financial information.

Riverview Home Corporation uses cheque stock that they receive from the bank, and print the cheque details (date, payee, and amount) from the accounting system when required. Cheques are required to be signed by two people but they are pre-signed by one person then stored in the safe. Another signing officer signs all of the blank cheques before the details of the cheques are printed from the computer system.

Recommendation # 71:

Cheques should not be signed before the details are printed.

Riverview Home Corporation recovers some expenses from DCS. The external auditor noted that recoveries are recorded as expenses resulting in the "overstatement of the deficit and makes it difficult to determine which expenses are recoverable, have been recovered, or are an actual expense."

Recommendation # 72:

Ensure all recoveries are recorded in the accounting system in a separate general ledger account from the expenses.

There was \$5,000 advanced to managers before Christmas 2008 based on the expected results of the management compensation review. The compensation review was completed in February 2009 by DCS and the funds were received at RHC on May 1, 2009. This would have a direct impact on cash flow.

Recommendation # 73:

Advances to management or employees should not be made before a compensation review is completed. Cash flow and financial challenges should be considered before advances are granted.

Salary benefits are approved by DCS to be 16.5% of salary expense. The actual percentages for the 2008 and 2009 fiscal years were approximately 18.5%, and for the 2010 fiscal year the percentage will be 20.3%. This would have a direct impact on cash flow to meet statutory and contractual obligations as they come due.

Recommendation # 74:

DCS must approve salary benefits that align with the expected costs. The cash management of RHC needs to be accurate and carefully managed to allow the organization to meet its obligations.

The RHC's chart of accounts does not reflect a chart of accounts introduced by the DCS in September 2008 to be used by all facilities it funds.

Recommendation # 75:

Riverview Home Corporation should use the chart of accounts supplied by DCS to allow easier communication between the two organizations

Some shipping documents are retained by department heads when they should be forwarded to accounting to be matched with the related invoices.

Recommendation # 76:

All shipping documents should be matched to invoices before they are paid.

A management letter is prepared by the external auditor to highlight areas that could be improved. The management letter from the auditor was not on hand. The auditor forwarded a management letter to the CEO after it was requested by the review team. The CEO indicated that there is no process in place for management or the board to evaluate the recommendations or track implementation. The 2008-2009 management letter included nine areas for improvement.

Recommendation # 77:

A process should be established to evaluate, implement and follow-up on annual recommendations from the external auditor.

Riverview Home Corporation does not use purchase orders for procurement of goods and services.

Recommendation # 78:

Purchase orders need to be used to track items ordered, the approval of purchases and compare received goods to the orders.

During testing it was observed that not all of the Visa credit card statements were reviewed by management for approval.

Recommendation # 79:

Credit card statements and supporting receipts should be reviewed by management and the statements signed to indicate that the purchases are approved.

There were multiple instances each month where the personal use allowance for clients exceeded the three month maximum limit; i.e. there were eight instances in April 2008. The personal use allowance is money provided by DCS to clients, they receive \$115 a month to a maximum of \$345.

Recommendation # 80:

Personal use allowances for clients should not exceed the three month limit set by DCS. Riverview Home Corporation needs to ensure that the maximum is not exceeded to ensure DCS resources are used efficiently.

The kitchen inventory is counted every month but is not recorded in the accounting system. There is a lack of segregation of duties for managing the kitchen inventory. One person orders, receives and initials the invoices for the food but that person is the department head responsible for the area.

Recommendation # 81:

Kitchen inventory should be counted by two employees and the inventory records sent to the business office to

incorporate into the financial statements.

Riverview Home Corporation does not have significant sources of funding beyond what is provided by the DCS and clients. Its supporting foundation is in the process of conducting its first major fundraising event.

Recommendation # 82:

Riverview Home Corporation should explore opportunities to increase funding to support client programs and relieve financial pressures.

Payroll Observations

Work schedules prepared by Department Heads are neither signed nor initialed to indicate approval.

Recommendation # 83:

Department managers should sign or initial that they have approved work schedules.

An administrative assistant who inputs the work schedules into the payroll system is also responsible for setting up new employees and recording changes to employee information, including rates of pay and actual hours.

Recommendation # 84:

Riverview Home Corporation should segregate duties to improve controls within the payroll system.

The administrative assistant reviews reports relating to the bi-weekly payroll for errors and correcting those errors prior to the funds being released. With no managerial review there is no independent check that the hours paid were actually worked, including overtime.

Recommendation # 85:

Management should review the bi-weekly payroll reports to provide independent review of the payroll.

The biometric hand scanner for recording the hours of employees starting and ending a shift cost \$17,383 (including a one time initial set up cost of \$3,722) in the first year and \$13,662 every year thereafter. This decision was made without informing or consulting the Board. The commitment exceeded the \$1,700 spending limit established by the Board.

Recommendation # 86:

The signing authority levels of the CEO should be high enough to allow management to operate the daily operations of the organization efficiently and effectively.

The commitment to purchase the biometric hand scanner was made through the payroll processing system rather than by invoice. This resulted in no invoice that would have come to the Board's attention through the normal cheque signing process. This represents circumvention of the signing authority limits.

Recommendation # 87:

All expenditures should have an invoice or an indication that the appropriate approval was established. There should be no purchasing through the payroll system.

There is no standardized documentation that is approved by the relevant Department Head to support the addition or deletion of an employee or any other change to an employee's status.

Recommendation # 88:

All changes to the payroll system should be approved in writing by management. A standard form should be used for control purposes.

A review of a sample of personnel files chosen from the bi-weekly payroll for the period ended September 18, 2009 found the following deficiencies in the file documentation:

- a) instances where there were no police criminal record check forms
- b) one instance of a basic police criminal record check indicating that the employee may have a criminal record with no documentation of enquiry or follow up about the possibility and nature of criminal record
- c) performance evaluation forms not on file
- d) signed Confidentiality Forms not on file as required by policy

- e) signed Duty of Care Forms not on file as required by policy
- f) documentation of changes in the employee's status were not on file
- g) an employee who ceased working for the Centre in February 2007 was still reported in the payroll system, but not paid for the period tested
- h) inconsistent documentation to support vacation requests, absences, and training
- i) instances where the Department Head's review of forms supporting absences were not documented
- j) files were not bound nor organized in any systematic manner

Recommendation # 89:

Personnel files should be complete and standardized.

A form for correcting input errors of actual hours worked was recently introduced, however it was found that the forms were not being consistently approved by the relevant supervisor as required on the form.

Recommendation # 90:

The 'Verification of Hours Worked' form should be appropriately approved.

Other Observations

There is an informal system to document the discontinuance of a medication for credit purposes. The current process uses oral and/or hand written notes to notify the Director of Nursing of credits.

Recommendation # 91:

Discontinued medications should be recorded in writing at all times, the business office informed of the credit and the pharmacy contacted.

The medical inventory count sheets are not signed by the two counters. Only one of the counters administers medication to clients.

Recommendation # 92:

Inventory count sheets should be initialed by the employees to indicate that the count is accurate and they are accountable.

There is no travel policy and approvals for requests are oral. Travel claims are approved inconsistently by various people rather than by the CEO as indicated on the travel form. We noted an instance where the CEO approved her own expense form along with the business manager.

Recommendation # 93:

A travel policy needs to be established with procedures to ensure all travel expenditures are appropriate and approved in writing.

Conclusion

The issues at RHC are not new issues but issues that have been documented for some time. The request by the Board for a new physical plant was initiated during the time new construction was approved by the Department of Health for the Continuing Care Sector. In the opinion of the board, these buildings were not as old as the Riverview Home Corporation building, yet these were prioritized to receive provincial funding approval. Department of Community Services is commended for approving in 2007, a 22 million renovation project for RHC.

Financial / staffing issues presented by RHC to the Regional Office or by the region to RHC were not always responded to in a timely manner. RHC were informed to wait for funding rate review. Documentation of growing financial problems was noted for the past six years with no structured proactive response from 2005-2009. It is the opinion of the reviewers that proactive strategies were not developed to address the magnitude of problems but only reactive solutions to payroll deficits and some staffing requests prior to rate review.

A number of requests were made of RHC for financial documentation by the Northern Region and provincial office. This was required to validate RHC's requests. Through the process of this review, it was evident RHC does not have the current technology, infrastructure, the financial resources or expertise to meet these requests.

The financial problems predates the existing CEO despite hearing that there was a surplus before 2005, our findings determined this was not accurate.

Due to the many recommendations, the review team advises that an external team with an operational background be assigned to RHC to assist the new Chief Financial Officer to build the financial management system with the goal of having it operational by April 1, 2010.

It is also the belief of the Review Team that an external transition team who have experience in operations, be assigned also to assist the Board and the CEO with the governance and other operational recommendations that impact on Governance, Administrative functions and Support / Services of RHC.

Appendix A – Industry Practices

The following list of control practices were present at another adult residential centre in Nova Scotia that was used as a benchmark. These are components of an effective system of internal controls and are not an exhaustive list.

Governance

- The Board is governed by a charter setting out its purpose, authority and responsibilities.
- Membership of the Board includes representation of its major financial stakeholder, the Province of Nova Scotia.
- A Finance Committee exists as a sub-committee of the Board to examine and advise the Board on financial matters such as budgets, banking and financial statements.
- The Finance Committee's membership includes at least one member who is knowledgeable in financial matters.
- A conflict of interest policy governing how directors, staff and others associated with the organization exists. On an annual basis each individual reads the policy and signs an acknowledgement that they have read it.

Budgets

- Management generates the budgets for the next fiscal year during the current fiscal year considering any planned changes or new activities for that year.
- A forecast for the subsequent fiscal year is included in the budget.
- The CEO approves the budget and submits it to the Board's Finance Committee for review and approval.
- The Finance Committee submits the budget to the full Board for approval before the end of the current fiscal year.
- The approved budget is entered into the organization's accounting system.
- Approved departmental budgets are generated and distributed to individual department heads.

Monthly financial reporting

- Financial statements for the corporation and each department are prepared monthly by the business office. The statements show the variance of the actual to the budgeted activity.
- Department heads review the departmental financial statements and provide written explanations for the significant variances (>10% for example). They evidence their review by signing and dating the statements, which are returned to the business office.
- The Chief Financial Officer prepares a financial forecast of operations for the rest of the year based on the operating results to date and the budget.
- The CEO reviews the financial statements for the corporation and provides additional explanations for the significant variances (>10% for example) when required.
- The CEO reviews and approves the departmental financial statements.
- The corporate and departmental financial statements are reviewed by the CEO with the Finance Committee.
- The Finance Committee submits the financial statements to the Board for approval.

Payroll processing

- Changes in employee status, the addition, deletion or change in status of employees is approved by the department head and the head of human resources.
- Pre-printed forms, standard throughout the organization are used to document the human resource management process, for example, changes in employee status, work schedules, changes in scheduled hours, and overtime authorization.
- Department heads approve work schedules, signing the schedules to indicate their approval.
- Changes in hours or authorization of overtime are approved by department management.
- Department management reviews and approves reports of actual hours worked by staff in its department and confirming to the business office that they are correct.
- The Business Manager checks the bi-weekly payroll for accuracy and reasonableness.

- The CFO compares the dollar value of the payroll summary and the bank transfer and reviews a sample of the payments in detail.
- The CEO reviews the payroll and authorizes the release of funds for distribution to the employees.

Accounts payable

- Expenditure authorization levels exist; these levels are assigned to management levels on an incrementally increasing dollar amount.
- The Board authorizes large expenditures, such as major capital expenditures.
- Purchase orders are approved in writing by a duly authorized member of management.
- Authorization and recording of payables are segregated by separate employees.
- Goods received are checked against the shipping documents for discrepancies by the receiver, who notes if there are discrepancies on the documents and signs the document before sending it to the business office.
- Invoices are stamped as received and dated when received, the total is recalculated.
- Purchases orders, shipping orders and invoices are physically matched and compared to ensure that goods ordered were received and properly invoiced.

Cash management

- All funds are held in accounts in the name of the organization; if funds are in trust, that is reflected in the name of the account.
- All cheques bear the name and address of organization.
- All cheques are signed by two authorized individuals.
- There are a limited number of signing officers, but there are sufficient signing officers to prevent delays in disbursing funds.
- Signing officers review the supporting documentation for each cheque before signing the cheque. They evidence their review by initialing the supporting documentation.
- Cheques are never pre-signed.

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