



## Licensing and Regulation of Psychiatric Hostels





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# **Licensing and Regulation of Psychiatric Hostels**



**THE PRESIDENT  
LEGISLATIVE COUNCIL**

**THE SPEAKER  
LEGISLATIVE ASSEMBLY**

## **LICENSING AND REGULATION OF PSYCHIATRIC HOSTELS**

This report has been prepared for submission to Parliament under the provisions of section 25 of the *Auditor General Act 2006*.

Performance audits are an integral part of the overall audit program. They seek to provide Parliament with assessments of the effectiveness and efficiency of public sector programs and activities, and identify opportunities for improved performance.

The information provided through this approach will, I am sure, assist Parliament in better evaluating agency performance and enhance parliamentary decision-making to the benefit of all Western Australians.

A handwritten signature in black ink, appearing to read 'C. Murphy'.

COLIN MURPHY  
AUDITOR GENERAL  
25 June 2014

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## Auditor General's Overview

Not all people with a mental illness are able to live at home. Psychiatric hostels are an option for those vulnerable individuals who are socially dependent or require support.

Psychiatric hostels are private premises offering a range of accommodation to people with a mental illness, from permanent through to respite, crisis and transition care. They also provide a variety of services including support with daily living such as meals, domestic services and personal care as well as helping people learn to be more independent.



This audit reviewed practices in three agencies responsible for protecting residents through the licensing of premises, monitoring of conditions and advocacy services. People living with a mental illness are often vulnerable. It is important that the responsible agencies ensure that those living in psychiatric hostels are not mistreated or wronged.

The audit found that for the most part the agencies were performing well in protecting the rights of hostel residents and in ensuring that hostel operators provided acceptable standards of accommodation and support to their residents. It was also evident that residents were able to access independent advocacy services and to receive help with resolving a wide range of issues.

However, the audit did identify some areas where improvements can be made. Better processes were needed to identify and follow up unlicensed facilities and in monitoring whether hostel operators were providing the required level and quality of services.

As a society we will be judged by how we care for the most vulnerable among us. I will continue to focus audits not only on where we spend money, but also on how we look after those who most need care.

# Executive Summary

## Overview

Private psychiatric hostels were home to around 860 Western Australians in 2013. They housed people with mental illnesses who could not live alone and unsupported. Hostel operators provided these vulnerable people with accommodation, domestic services, personal care and opportunities for learning and recovery. They also helped residents connect with their clinical care providers.

At the end of 2013 there were 42 private psychiatric hostels managed by six commercial operators (nine hostels) and nine not-for-profit organisations (33 hostels). Thirty seven of the hostels were in Perth and five in regional Western Australia.

Government agencies protect residents through licensing and monitoring hostels and through advocacy services. Three agencies responsible for the protection of residents were the Department of Health (Health), the Mental Health Commission (Commission) and the Council of Official Visitors (Council).

The Department of Health controls who can operate a psychiatric hostel through licensing. To become licensed, potential operators must show they are of good character, have the competence and resources to run a psychiatric hostel and that the facilities meet particular design criteria. Licence holders must renew annually, by demonstrating that they comply with standards for management, staffing, equipment and services.

The Mental Health Commission contracts hostel operators to provide residents with non-clinical support services such as meals, help with their medication and opportunities for learning. In 2012-13, \$24 million from the Supported Accommodation Program went to licensed hostels. Contract terms cover the level and types of services hostels are funded to provide. They specify standards and legislative requirements that must be met, including that hostels must be licensed.

The Council of Official Visitors monitors the well-being and comfort of all hostel residents with particular attention to the protection of their rights. It provides an advocacy service for residents who ask for it.

We examined how well these agencies protected residents' rights and monitored the quality of the facilities and services provided by hostel operators.

## Conclusion

Agencies performed well in their protection of the rights of private psychiatric hostel residents and generally were able to provide assurance that the hostels provided acceptable standards of accommodation and support to their residents.

## Key Findings

### Protecting residents' rights

- Advocacy services provided by the Council were independent and readily accessible to hostel residents. The 177 hostel residents who asked for help during 2013 had their concerns addressed by Official Visitors.
- All agencies included the protection of rights in their inspection and monitoring activities. Residents' rights were included in licensing standards monitored by Health, in standards for

mental health services monitored by the Commission and in the guide for Official Visitors. Monitoring against standards reduces the risk that infringements by hostel operators or staff will persist. It also reminds hostel operators of their duty of care.

- The information hostels gave to residents about their rights and responsibilities and how they could make complaints was not always clearly written and this was not routinely monitored. Hostel residents have the right to be provided with appropriate, understandable information.

## Licensing

- Health followed appropriate procedures in issuing four new licences and closing a hostel that did not meet fire safety standards. It assessed hostels' compliance with licensing standards before hostel licences were renewed. This ensured only hostel operators who continued to meet the requirements in the *Hospital and Health Services Act 1927* were licensed.
- Health did not routinely seek information to identify unlicensed hostel operators and it did not verify information provided by those it identified. We found a facility that did not have a current licence but was funded by the Commission to provide services. If hostels are not identified or licensed, their residents are not afforded the same protection as people living in facilities monitored for compliance with licensing standards. They do not have access to monitoring and advocacy services.

## Support services for residents

- Health monitored the practical support provided to residents by hostels. However, its monitoring could be strengthened with more detailed instructions for recording samples and interviews, and more thorough checks of how hostels manage residents' finances. This would provide greater assurance that hostel procedures were followed.
- The Commission took appropriate action to help hostel operators improve their provision of support services to residents. It did not carry out all the contract monitoring activities required in its procedures even though it was relying on them to ensure that hostel operators were providing services to the level and quality for which they were funded.
- The Council visited hostels every two months as scheduled and followed up recommendations for remedial action.

## Coordination

- There were some instances where the agencies responsible for monitoring hostels worked together and some where coordination and cooperation could have been improved. For example, the agencies developed a guide for deciding who should take the lead role in investigating different types of complaints but the guide had not been endorsed by all of them eight months later. It was not developed for use by other agencies and groups receiving complaints about hostels.
- Hostel residents benefit from having different agencies looking out for their well-being. However, in order to identify risks to residents that are not covered by the standards and to make sure that monitoring activities are not duplicated and are spread throughout the year, agencies need to work together. This would improve efficiency and reduce the compliance burden on hostels. Current and planned initiatives mean that the time is right for agencies to improve coordination and communication.



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## Recommendations

All agencies should:

- take advantage of current initiatives in the monitoring of mental health service provision to improve coordination, efficiency and outcomes.

The Department of Health should:

- make its identification and assessment of unlicensed hostel operators more systematic
- improve procedures for monitoring the practical support provided to residents
- monitor the quality of information hostels provide to residents.

The Mental Health Commission should:

- carry out all the contract monitoring activities required in its procedures to ensure that hostel operators provide services to the level and quality for which they are funded.

## Agency Responses

### Department of Health

WA Health welcomes the report and the recommendations of the performance audit and is committed to addressing the issues identified by the Auditor General.

WA Health is pleased that it is performing well in providing services to residents of private psychiatric hostels in terms of protection of residents' rights and are able to provide assurance that the hostels provide acceptable standards of accommodation and support to residents.

WA Health acknowledges that current initiatives in the monitoring of mental health services provision provides an opportunity to improve coordination, efficiency and services to residents of psychiatric hostels. WA Health is committed to working with the Mental Health Commission and the Council of Official Visitors to progress these goals.

In relation to making identification and assessment of unlicensed hostel operators more systematic WA Health will instigate appropriate initiatives ensuring that the cost of committing resources to this endeavour does not outweigh the benefits.

WA Health has strengthened its procedures for monitoring the practical support provided to residents. These will be given further consideration during the planned review of the licensing standards for psychiatric hostels. WA Health will review the quality of information hostels provide to residents during this review.

### Mental Health Commission

The Mental Health Commission (MHC) recognises the importance of effectively contract managing the private psychiatric hostels and supported accommodation services providers and will continue to work towards ensuring that individuals accessing these services are receiving appropriate care and support.

The MHC accepts the recommendations of this audit and acknowledges the work undertaken by the Office of the Auditor General (OAG) in preparation of the report. The MHC is aware of the issues raised by the OAG and has made progress since November 2013 in strengthening its contract management and record keeping processes. It is envisaged that the proposed merger with the Drug and Alcohol Office will provide further opportunity for reviewing and enhancing contract management procedures and processes in line with the audit recommendations.

The MHC will continue to progress a coordinated approach, including the sharing of information regarding psychiatric hostels and supported accommodation organisations with the other agencies concerned.

### Council of Official Visitors

The Council of Official Visitors welcomes the Auditor General's report into the licensing and regulation of psychiatric hostels. There is potential for abuse in such hostels and Council has been calling for a review of the oversight, regulations and standards applied in the hostel sector for some years.

Council is very keen to work closely with both the Department of Health's licensing division and the Mental Health Commission to implement the Auditor General's recommendations. Improved information sharing and communication between the three agencies will be for the betterment of the lives of hostel residents. We intend to quickly follow up on this recommendation.

Council is pleased with the recommendations for improvement, including better identification of unlicensed hostels, monitoring of hostels' management of residents' finances, and improved contract management. It has raised a number of these issues previously with both agencies and hostels.

Council remains concerned, however, that as at September 2013 and continuing today there are regulations setting up rights for hostel residents in relation to the provision of clothing which were not being fully met by some hostels. Council also has concerns about the legality of exemptions and "dispensations" from the regulations.

## Background

Psychiatric hostels are private premises where three or more people who are socially dependent because of mental illness, and who are not members of the family of the proprietor, live and are treated or cared for. The element of care distinguishes psychiatric hostels from other accommodation and their residential nature distinguishes them from private hospitals.

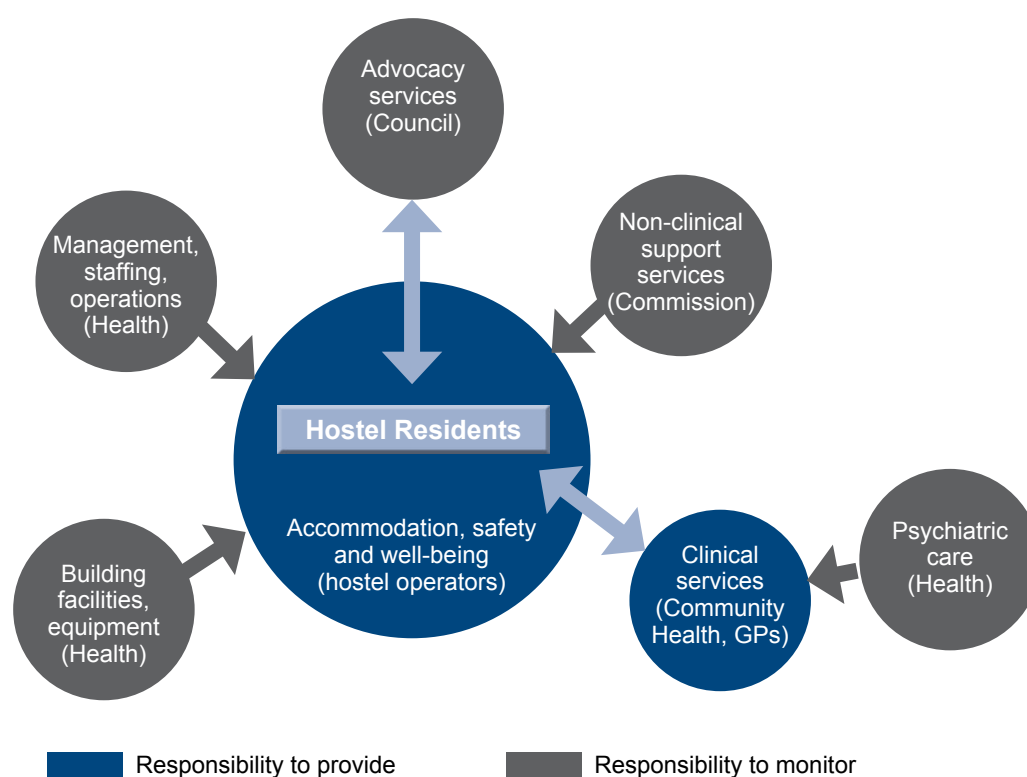
Psychiatric hostels offer a variety of accommodation and different services to residents. Some hostels give residents a permanent home and provide meals, domestic services and personal care. Others offer short-term accommodation for respite, crisis and transition care. In between are hostels offering medium-term accommodation while people learn to look after themselves, manage their own medication and become more independent.

In 2013, only one of the 42 hostels in Western Australia provided in-house clinical care. Residents in this hostel could stay for only a month. Residents in the other hostels received clinical care from community mental health teams, general practitioners and psychiatrists.

Residents can choose where to live according to the level of support they need and subject to a place being available. Before being offered a place, they must be assessed and referred by a clinical service provider.

## Agency Responsibilities

Three agencies monitor and take action on behalf of residents to make sure the quality of accommodation and services are maintained. They are the Department of Health (Health), the Mental Health Commission (Commission) and the Council of Official Visitors (Council).



**Figure 1: Responsibilities for residents' care and monitoring**

Health licenses private psychiatric hostels and monitors their compliance with licensing standards. The Commission contracts hostel operators to provide non-clinical services to residents. The Council provides advocacy services to residents and their relatives and monitors residents' living conditions.

Agency	Responsibilities
<p><b>Department of Health – Licensing and Accreditation Regulatory Unit</b></p> <p>Mandated by the <i>Hospitals and Health Services Act 1927</i>, Part IIIB. Responsible to the Minister for Health</p>	<p>By delegation from the CEO:</p> <ul style="list-style-type: none"> <li>grant a licence after assessing whether: <ul style="list-style-type: none"> <li>applicants meet personal and financial standards</li> <li>premises are suitable</li> <li>arrangements for management, equipment and staffing are satisfactory</li> </ul> </li> <li>renew licences annually</li> <li>order the closure of premises where the licence holder has not complied with an order to make buildings and equipment safe and satisfactory.</li> </ul>
<p><b>Mental Health Commission</b></p> <p>Established by the Governor under the <i>Public Sector Management Act 1994</i>, Section 35. Responsible to the Minister for Mental Health</p>	<p>Functions include:</p> <ul style="list-style-type: none"> <li>purchasing services and supports</li> <li>specifying activity levels and standards of care</li> <li>identifying appropriate service providers and establishing contracting arrangements with the non-government sector</li> <li>ongoing performance monitoring and evaluation of key mental health programs</li> <li>standards monitoring of psychiatric hostels (since 2012).</li> </ul>
<p><b>Council of Official Visitors</b></p> <p>Mandated by the <i>Mental Health Act 1996</i>, Part 9, Divisions 1 and 2. Responsible to the Minister for Mental Health</p>	<p>Responsibilities are to:</p> <ul style="list-style-type: none"> <li>visit psychiatric hostels at least once every two months</li> <li>ensure people have been informed of their rights and that their rights are observed</li> <li>inspect hostels to ensure they are kept in a condition that is safe and suitable</li> <li>be accessible to hear complaints made by residents, guardians or relatives</li> <li>enquire into and seek to resolve complaints, referring to other bodies to enquire into or deal with matters where appropriate.</li> </ul>
<p><b>Department of Health – Office of the Chief Psychiatrist</b></p> <p>Mandated by <i>Mental Health Act 1996</i>, Part 2, Division 2. Responsible to the Minister for Health</p>	<p>Responsibilities for voluntary patients include:</p> <ul style="list-style-type: none"> <li>monitoring standards of psychiatric care</li> <li>inspecting any premises where it is believed that proper standards or psychiatric care or treatment are not being, or have not been, observed</li> <li>receiving reports of serious incidents and unexpected deaths.</li> </ul>

**Figure 2: Agencies, legislation and responsibilities**

## Funding

Hostels fund their operations through rent from residents and funding from the Commission's Supported Accommodation Program. By law, hostels can charge residents up to 87.5 per cent of their pension in rent. A small number of hostels also received aged care funding from the Australian Government.

Funding from the Commission varied with the services provided. In 2012-13 it ranged from \$6 800 to \$170 100 per person per year. The largest group, 507 residents, were supported with \$8 750 per year, or \$168 a week.

Supported Accommodation payments to psychiatric hostels in 2012-13 totalled \$24 344 173.

Appendix 1 shows expenditure for 2012-13, and the number of hostels and places funded.

## What Did We Do?

Our objective was to assess whether agencies could provide assurance that private psychiatric hostels provided adequate accommodation and services to their residents.

Specifically we asked:

- Did agencies help residents when they had problems and check how well hostel operators observed residents' rights?
- Could agencies provide assurance that hostel management, facilities and services met prescribed standards?

We interviewed staff and examined documents at:

- Council of Official Visitors
- Department of Health
- Mental Health Commission.

We examined agency records for 39 private psychiatric hostels licensed throughout 2013, for four new hostels licensed in late 2012 and 2013, and one hostel closure in 2012.

To improve our understanding of the context in which private psychiatric hostels operate and to identify the current concerns of residents and hostel operators we spoke to representatives or staff at:

- mental health consumer organisations
- the Office of the Public Trustee
- the Office of the Public Advocate
- private psychiatric hostels
- the Office of the Chief Psychiatrist.

We did not audit:

- the provision and monitoring of clinical services
- the operations of the private psychiatric hostels themselves although we visited a number of hostels. The focus of the audit was on the regulatory environment and monitoring systems
- the role of the Health and Disability Services Complaints Office (HaDSCO). HaDSCO advised that it had received only two complaints about private psychiatric hostels since 2008
- facilities to accommodate people declared by the courts to be unfit to plead because of their mental condition. Private psychiatric hostel accommodation is not available for these people.

The audit was conducted in accordance with Australian Auditing and Assurance Standards.

## What Did We Find?

### Government agencies helped residents when they had problems and checked that hostels observed residents' rights

All three agencies have a role in monitoring how well hostel operators acknowledge and protect residents' rights and respond to their complaints. Residents also need ready access to people outside the hostel to support them and deal on their behalf with hostel staff and other service providers and agencies.

### Advocacy services were independent and accessible

The Council provided an independent advocacy service that was accessible to hostel residents. The *Mental Health Act 1996* provides for the independence of the Council by:

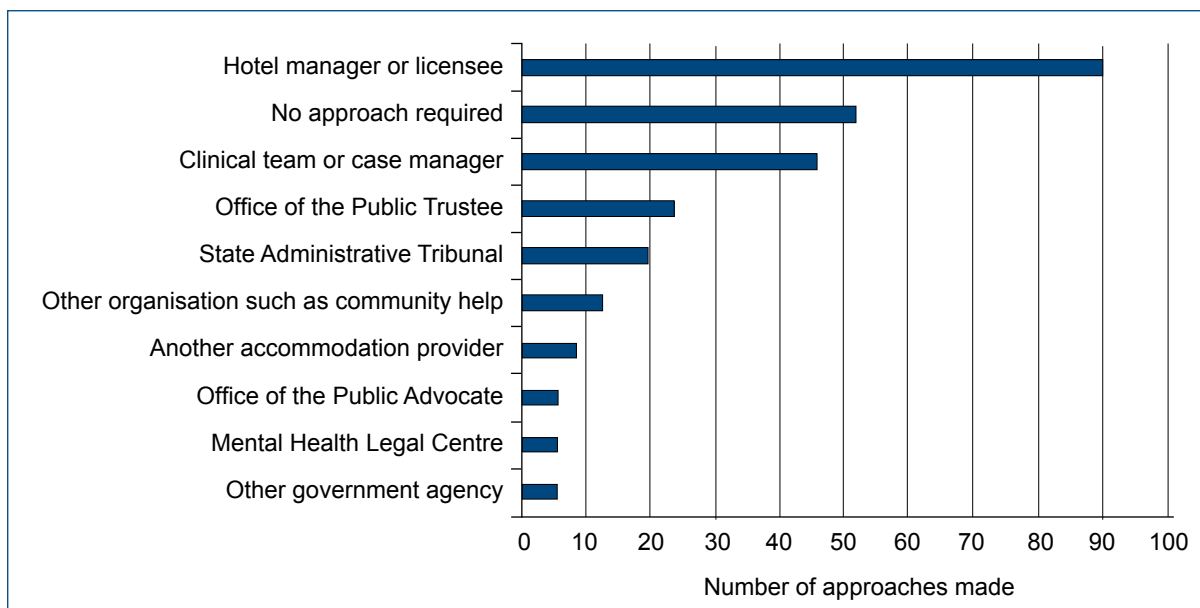
- giving Official Visitors the power to make enquiries and seek the resolution of complaints on behalf of residents, their guardians or their relatives, referring issues to other organisations if necessary
- allowing Official Visitors to report direct to the Minister or the Chief Psychiatrist if they consider an issue serious enough
- the direct appointment of both Head of Council and Official Visitors by the Minister for Mental Health
- disqualifying people from being appointed who have a financial interest, or are close to someone who has a financial interest, in a private psychiatric hostel.

The Council's advocacy services were accessible to residents. In 2013, residents made contact with Official Visitors during a visit to the hostel (57 per cent), through a phone call to the Council office (36 per cent), or through another Council visitor (seven per cent). Official Visitors made sure that the Council's information brochure was displayed in hostels.

### Residents' concerns were addressed

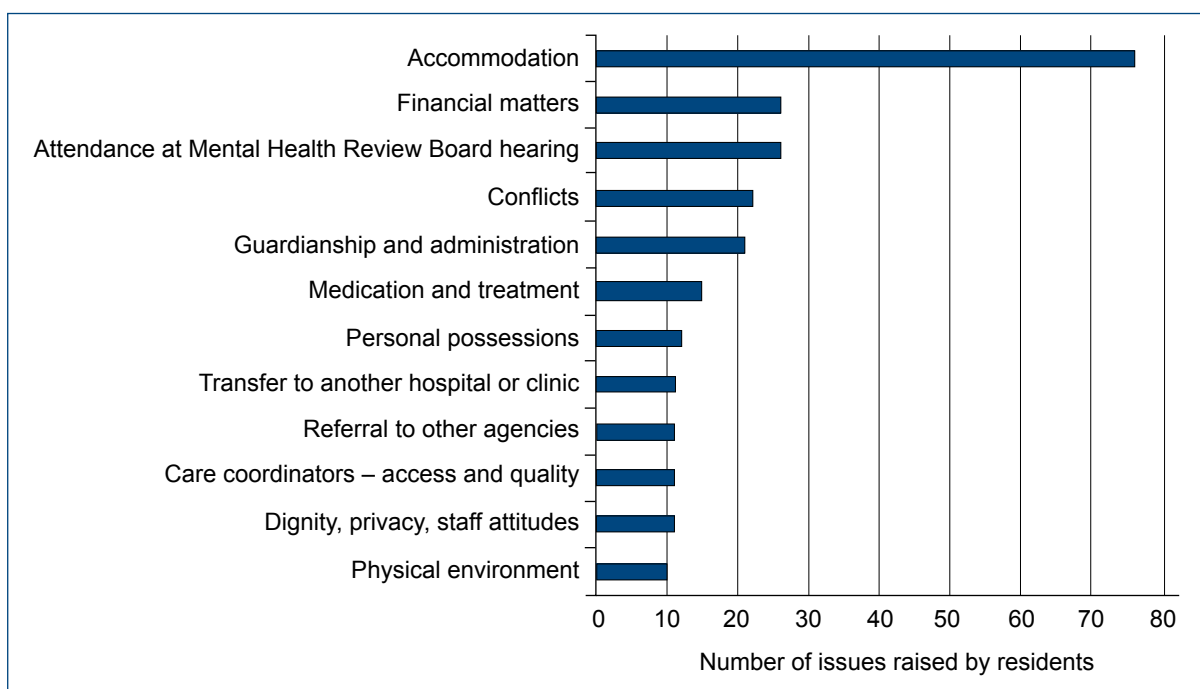
Official Visitors helped residents resolve issues they had with hostel operators, solved problems they had with non-clinical and clinical care providers and sought redress for infringements of their rights. Council records showed that 177 residents asked for support during 2013. In 76 per cent (166/218) of cases, this support involved Official Visitors approaching hostel staff and others on behalf of residents.

In most cases residents' concerns were addressed by an approach to the hostel manager (41 per cent) or the resident's clinical team (21 per cent). In some cases, visitors approached more than one person or organisation to resolve issues.



**Figure 3: Contacts made by official visitors on behalf of or in support of residents**

In 78 per cent (171/218) of cases, residents asked for support but did not suggest there had been a breach of their rights or of any standards. The most common issue raised by residents was accommodation (24 per cent). Residents wanted to move or be more independent, complained about difficult neighbours or were simply unhappy with their current situation. The next most common issue (eight per cent) concerned financial matters. Residents often asked for help in dealing with those entrusted to administer their finances or for more spending money.



**Figure 4: Issues raised by hostel residents during 2013**

Eight formal complaints were lodged in 2013. We found that all complaints were addressed, with one investigation ongoing at the time of audit. The investigation and resolution of complaints is important for the individuals concerned. It can also lead to changes that protect against further infringements and breaches.



Complaints ranged from dissatisfaction with food service and hostel policy through alleged financial impropriety and breach of confidentiality, to allegations of abuse and assault. Six complaints resulted in hostels or an agency taking action to prevent the problem occurring again, one complaint was not substantiated, and one investigation was ongoing at the time of the audit.

## **All agencies included the protection of rights in their inspection and monitoring activities but more could be done**

All agencies referred to residents' rights in their standards and checked how hostel operators respected them. When agencies monitor standards they reduce the risk of infringements continuing unnoticed. They also remind hostel operators of their duty of care.

We found:

- Health's licensing standards required hostels to have clearly documented arrangements for maintaining residents' rights and managing complaints. In 2013, Health inspected all hostels for compliance with the standards. However, Health did not check that hostels' information for residents was worded appropriately. Two important documents that should be checked are hostels' complaints management procedures and the residency agreements residents are asked to sign. A residency agreement we saw during the audit was very long and was not written in simple English.
- The Council included a charter of residents' rights in its operations manual which guides visitors' observations during regular visits. We found each hostel was visited every two months in 2013 as required by the Minister for Mental Health. During these visits, Official Visitors talked to residents and staff about key issues.
- The Commission asked hostel operators to assess their own performance against the National Standards for Mental Health Services in 2013. The standards include 17 specific criteria relating to rights and responsibilities. The Commission's new evaluation program will externally monitor how well hostels help residents realise mental health outcomes including that their rights and choices are acknowledged and respected.

## **The Department of Health checked that hostels met licensing requirements however the identification and processing of unlicensed hostels was ad hoc**

Before hostel operators are licensed, they must demonstrate they meet the criteria set out in the *Hospitals and Health Services Act 1927* and detailed in licensing standards developed by Health. Residents benefit from the licensing system through continued monitoring by Health and Official Visitors and through eligibility for Council advocacy services. Licensed hostels benefit by becoming eligible for government funding to provide support services. The legislation requires that licences be renewed annually.

The licensing system aims to ensure that:

- only people of good character manage and supervise hostel operations
- material and financial resources are sufficient for proper functioning
- buildings and facilities are suitable
- arrangements for management, supervision and staffing are satisfactory.

## Between 2009 and 2013, Health licenced four new hostels and closed one that did not meet fire safety standards

Health followed appropriate procedures in issuing licences to four new hostels and closing a facility that did not meet licensing standards.

We found:

- Health's assessment criteria were clear and readily available to applicants, hostel operators and staff responsible for application checks and monitoring.
- Health assessed applications appropriately and issued four new licences between 2009 and 2013. It approved dispensations and placed conditions on the licences where appropriate. In 2013, 61 per cent of most hostel licences had exemptions or dispensations from specific Regulations. All were related to non-clinical services and allowed hostels to offer different types of care. A dispensation is only valid for the duration of the licence but an exemption cannot be changed at licence renewal.
- Health closed a facility that did not comply with an order to make buildings and equipment safe and satisfactory. Between December 2009 and April 2012, Health monitored the structural integrity and fire safety of a hostel building and the operator's plans for remedial action. Health placed restrictions on the rooms that could be used and the number of residents that could be housed until remedial work was done. When the hostel failed to meet safety standards and obtain the required fire safety certification, Health further restricted the number of residents until they had all moved to other premises. The licence lapsed in November 2012.

## Health does not regularly check for unlicensed hostels

Health did not routinely seek information to identify unlicensed facilities. It relied on information uncovered during other activities and advice from other parties. If hostels are not identified and licensed, Health cannot monitor their compliance with regulations and standards and the Council cannot visit and provide advocacy services for residents.

There are groups of people who have good knowledge of community facilities and hostels. Contacted regularly, these groups should be a good source of information about hostel accommodation. Examples are local government officers who inspect hostels for compliance with lodging house regulations, and clinical mental health care providers.

We note that it is a condition of the Commission's Supported Accommodation funding that the operators of psychiatric hostels should be licensed. The Commission should notify Health if an unlicensed facility applies for funding.

## Health made decisions in relation to unlicensed hostels that were not based on sound evidence

Health did not verify information provided by hostel operators or in its own records when it made decisions relating to unlicensed facilities. Decisions should be based on sound evidence and be consistent.

We found:

- Health did not verify information provided by a hostel operator that some of its facilities did not need a licence. In 2013 Health identified facilities fitting the definition of a private psychiatric hostel and invited the operator to apply for licences for each of them. The operator stated that three of the facilities were no longer being used. Health did not attempt to confirm the operator's statement

- a facility that did not have a current licence but was funded by the Commission to provide services. Health invited the operator to apply for a licence. The Commission subsequently suggested that the operator had been granted an exemption from the requirement to be licensed. Neither Health nor the Commission could provide the correspondence, advice or decisions supporting the operator's exempt status.

Health advised that it cannot compel hostel operators to apply for a licence. However the *Hospital and Health Services Act 1927* prescribes a penalty of \$5 000 for conducting or managing a hostel without a licence or in a building that has not been approved. We were advised that this provision has never been used.

## Health was appropriately assessing compliance with licensing standards before renewing hostel licences

Health checked whether hostel operators continued to meet licensing standards before it renewed each licence in December 2013. Health uses the renewal process to remind hostel operators of their obligations and encourage their compliance. Before their licences are renewed, licence holders must submit a formal application and have remedied any non-compliance identified by Health.

We examined seven renewal applications and in all cases applicants provided the required information. Health checked the information for consistency with other records gathered during the year and for continued compliance with the standards.

We examined reports and subsequent correspondence with all hostels following the 2013 compliance inspections. We found all recommendations were acquitted before licences were renewed. Detailed examination of nine inspections showed that Health identified non-compliance in six of the nine hostels. It made recommendations and imposed deadlines appropriate to the type of breach. All recommendations were acquitted in time.

The licensing standards include detailed criteria that require hostel operators to:

- provide a facility that is functional and safe, meeting both community standards and residents' needs
- maintain buildings, equipment and infrastructure to ensure comfort and safety
- reduce the risk of fire and maximise the safety of residents and staff if a fire breaks out
- have governance arrangements in place to meet all relevant legislative requirements such as employment, occupational health and safety, complaints management, infection control and fire safety
- train and roster enough supervisory and support staff to maintain residents' well-being and contribute positively to their quality of life
- maintain accurate information about residents that is kept confidential and provides a daily record of their well-being, care and medication, contacts with clinical providers and unusual incidents.

## Agencies monitored the provision of support services to residents but there were opportunities to improve processes and record keeping

Non-clinical support services provided to residents were monitored by all agencies. It is because residents need these services that they are living in psychiatric hostels rather than other accommodation and it is the agencies' responsibility to monitor the level and quality of services provided.

Services include:

- practical support with meals and drinks, personal hygiene, medication, financial management and budgeting
- learning opportunities related to increased independence and autonomy, communication and managing challenging behaviours
- opportunities to participate in recreational, social, vocational, educational and employment activities and support such as transport and supervision for residents taking part.

Not all hostels provided all services.

## Health monitored the practical support hostels provided to residents but its procedures could be improved

Health checked arrangements for practical support services in its annual compliance inspections. We found the process was well documented and tools were comprehensive in their coverage of the standards. However procedures could be improved in high risk areas such as financial management and for tests where sampling is required. With current processes, Health may not be able to demonstrate that it had fulfilled its obligations in the event of a serious complaint.

In 2014 Health strengthened its monitoring tool by detailing the steps to be taken to assess compliance. The 2013 monitoring tool did not contain these instructions. The process would be further improved if the tool also specified how samples should be selected and when more particular procedures are required to provide assurance.

We found the 2014 tool:

- specified that a sample of 10 per cent should be viewed for items such as records of residents signing for money and cigarettes. There were no instructions for recording how samples were selected or which items checked. This would allow more of the residents' records to be examined on a rotating basis
- listed records that should be viewed to check procedures for managing residents' finances. There were no instructions for checking if hostel staff followed the procedures. This would provide assurance that records were accurate and complete
- specified that 10 per cent of residents should be interviewed to check items such as the provision of clothing and the existence of residency agreements. There were no instructions for recording who was interviewed, the questions or the answers. Records do not provide assurance that the audit procedures were followed and findings supported.

## **The Commission did not carry out all its required monitoring but it did help hostel operators improve services when it became aware of problems**

There were deficiencies in the Commission's contract management and recordkeeping in 2013. Until the Commission implements its new system for evaluating mental health outcomes, good contract management will be crucial for ensuring hostel operators provide appropriate quality services. The Commission advised the new evaluation process will be fully developed and applied in 2014-15.

Commission records show that:

- the Commission did not meet with eight of the 15 hostel operators in 2013. The Commission's procedures required at least two meetings a year with service providers and one visit to each hostel. Without these, the Commission must rely on information provided by hostel operators to evaluate performance
- the regular activity reports hostels provided to the Commission were not reviewed for compliance with contract conditions. All seven operators who should have provided reports to the Commission did so. Without thorough and documented reviews, the Commission cannot be sure that potential problems are identified and followed up
- hostel operators completed self-assessment questionnaires. The project team responsible for the assessment process provided instructions for review but these were not followed
- the Commission did not have a good system for tracking contract management activities or outcomes. This makes supervision difficult and means that it is difficult to obtain a summary of outcomes and an overview of the sector.

The Commission acted in response to serious issues that came to its attention. There were two instances in late 2012 where serious issues were followed up.

- In the most serious case, the Commission refused an operator's request for a contract extension of five years. Instead it granted shorter extensions and used the recommendations of an independent evaluator to guide the hostel operator in addressing inadequacies in its service provision. The hostel operator was required to provide regular reports and demonstrate progress on each recommendation.
- Following a request by a hostel operator for a meeting to discuss funding and the regulatory system, the Commission used an independent evaluation to identify the hostel's strengths, weaknesses and opportunities to improve service provision. The Commission advised that the evaluation report was sent to the hostel operator in March and a meeting is planned for June to discuss it.

## **The Council visited hostels every two months and followed up recommendations for remedial action**

The Council visited hostels every two months in 2013 as scheduled. Regular visits remind hostel operators of their obligations. During discussions with residents and staff, the Council focused on different questions, some related to facilities and buildings and others to the care and services provided. Examples were asking what support residents were given if they wanted to move, how they were helped with their finances and how well local clinics and hostels worked together to achieve good outcomes for residents.

We examined Council records for a sample of 13 hostels. We found Official Visitors identified one or more new issues during 46 per cent (36/78) of visits. The visitors reported their findings to hostel operators, made recommendations for remedial action and followed up to make sure recommendations were followed.

## The timing is right to improve coordination between the agencies

We observed instances where the three agencies worked together and instances where coordination and cooperation between them could have been improved. Hostel residents benefit from having agencies with different philosophies, systems and schedules looking out for their well-being. Several current and planned initiatives provide opportunities for the agencies to minimise gaps and duplication, improve efficiency and reduce the compliance burden on hostels.

Examples of where the agencies worked together in 2013 to reduce the compliance burden on hostel operators and improve inter-agency communication were:

- the development of a common form for notifiable incidents. Previously the Commission and two separate units in Health required hostel operators to use different forms to notify them of serious incidents. Operators now have to fill in only one form. They must still send it to all three parties
- the Council, Commission and Health worked together to develop guidelines for deciding which agency should take the lead role in investigating different types of complaints. In 2013, formal complaints about hostels came through the Council, the Commission and Health. In Health they came through the website, Chief Psychiatrist, Director General, Minister and Licensing Unit.

Examples where communication and coordination could be improved were:

- duplication in monitoring. Health and the Council check hostel facilities and arrangements for residents' comfort and safety. All three agencies monitor service provision. Agreement on the focus and methodology of monitoring activities would reduce the risk of gaps and unnecessary duplication. Properly coordinated, monitoring could be spread over the whole year, reducing the risk of problems continuing undetected
- endorsement and promotion of the guidelines for directing complaints to the appropriate agency. Drafted in June 2013, these were not endorsed by all agencies eight months later. Similar guidelines would be useful for other agencies and organisations receiving complaints which would further reduce delays
- regular meetings with all agencies present. While the Council met separately with Health and the Commission throughout the year, we were provided with evidence of only one meeting between Health and the Commission where the monitoring of hostels was discussed.

A number of current and planned initiatives provide an opportunity for agencies to work together towards better outcomes for residents:

- Health's review of the licensing standards. Health advised planning for the review will start in 2015
- further development and implementation of the Commission's evaluation program for monitoring mental health outcomes in 2014-15
- the passage and implementation of the Mental Health Bill 2013
- the development of improved management information systems in all agencies.

## Appendix 1: 2012-13 Supported Accommodation Program expenditure, hostels and places funded

Funding program	Type of service	Number of hostels	Number of places	2012-13 spending (\$)	Per person per year (\$)
Psychiatric hostels	Staffed residential services	17	507	4 440 467	8 758
Long term supported <sup>^^</sup>		1	12	554 019	46 168
Community options		4	30	5 103 299	170 110
Crisis respite services		4	23	1 351 291	58 752
Adult homeless		2	50	3 831 060	76 621
Community supported residential units	Personalised support linked to housing	8	147	6 322 856	43 013
Independent supported accommodation		1	44	300 000	6 818
Intermediate care accommodation		4	27	768 000	28 444
Subacute	Subacute	1	22	1 673 181	76 054
<b>Total</b>		<b>42</b>	<b>862</b>	<b>24 344 173</b>	<b>28 241*</b>

\* Average spending per person per year, all places.

<sup>^^</sup> This item was inadvertently omitted in the previous version of this report.









## Auditor General's Reports

REPORT NUMBER	2014 REPORTS	DATE TABLED
10	Universal Child Health Checks Follow-Up	18 June 2014
9	Governance of Public Sector Boards	18 June 2014
8	Moving On: The Transition of Year 7 to Secondary School	14 May 2014
7	The Implementation and Initial Outcomes of the Suicide Prevention Strategy	7 May 2014
6	Audit Results Report – Annual 2013 Assurance Audits (Universities and state training providers – Other audits completed since 1 November 2013)	7 May 2014
5	Across Government Benchmarking Audits – Controls Over Purchasing Cards – Debtor Management – Timely Payment of Invoices	1 April 2014
4	Behaviour Management in Schools	19 March 2014
3	Opinion on ministerial decision not to provide information to Parliament about funding for some tourism events	18 March 2014
2	Charging Card Administration Fees	12 March 2014
1	Water Corporation: Management of Water Pipes	19 February 2014



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