



Performance Audit

Care for the Elderly in Gozo

November 2022



# Performance Audit

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## Care for the Elderly in Gozo

Report by the Auditor General  
November 2022

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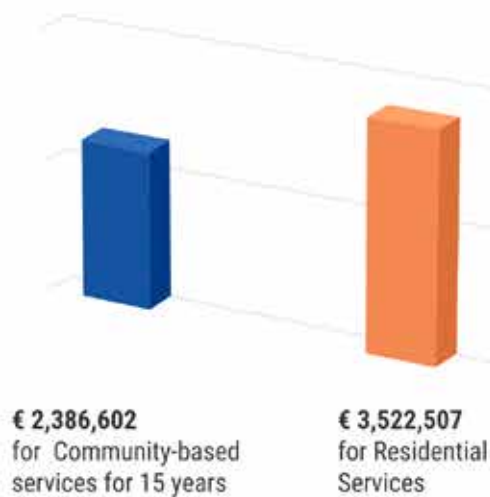
AACC	Active Ageing and Community Care
CRPD	Commission for the Rights of Persons with Disability
CSA	Client Social Assistant
EU	European Union
GGH	Gozo General Hospital
HACCP	Hazard Analysis Critical Control Point
IT	Information Technology
KPI	Key Performance Indicator
LTC	Long-Term Care
MEPA	Malta Environment & Planning Authority
MFH	Ministry for Health
MFIN	Ministry for Finance and Employment
MGOZ	Ministry for Gozo
MoU	Memorandum of Understanding
MOW	Meals on Wheels
NAO	National Audit Office
NGO	Non-Governmental Organisation
NSPAA	National Strategy Policy for Active Ageing Malta (2014-2020)
SCSA	Social Care Standards Authority
SOPs	Standard Operating Procedures
VAT	Value Added Tax

# Key Facts

## Ageing population statistics



## 2021 Costs incurred by MGOZ



## The Ministry for Gozo provides a number of services (2022) for :





## Meals on Wheels (Gozo)



**Government expenditure:**  
Between May 2018 and December 2021, MGOZ incurred an expenditure of €320,026 (incl. VAT)

**Meals delivered:** Between May 2018 and December 2021, a total of 91,849 meals were delivered

**Cost per meal (April 2022):** Fee paid by client amounts to €2.33 (incl. VAT) + a Government subsidy of €3.22 (incl. VAT)

## Home Help (Gozo)



**Government expenditure:**  
During 2021, to ensure the delivery of Home Help service, the Government paid:

- €1,192,078 to the Contractor/ €9.15 (excl. VAT) per hour
- €479,695 in salaries to MGOZ social assistants

**Home Help hours delivered:** During 2021 a total of 181,589 Home Help Hours were provided to 958 clients in 864 households.

**Cost to older persons:** €2.33 for a household with one beneficiary or €3.49 for a household with more than one beneficiary



### Villa San Lawrenz

**Government expenditure:**  
During 2021, the government paid €1,253,247 to the contractor

As end 2021, government paid €72.00 (excl. VAT) for a highly-dependent resident, and €62.00 (excl. VAT) for a semi-dependent resident.

**Government residents at Villa San Lawrenz:** As end of 2019, 2020 and 2021 there were 48, 47 and 46 government paid residents at Villa San Lawrenz respectively.



### Casa Amalia

**Government expenditure:**  
During 2021, MGOZ paid Casa Amalia the amount of €530,803 (incl. VAT) for the day and night shelter. The day rate was of €55 and for the day rate and the night shelter rate was of €45 per person.

Additionally, MGOZ also incurs an expenditure of €150 daily for transportation arrangements



### Downtown Hotel

**Government expenditure:**  
Between April 2020 to December 2021 MGOZ incurred an expenditure of €3,146,667 (incl. VAT) for the accommodation of patients at the Downtown Hotel for a daily expenditure rent of approximately €54.79 (excl. VAT) per person per day. The expenditure does not cover VAT, medical care and meals.



### Dar San Ġuzepp

**Government expenditure:**  
Between 2013 and 2021, MGOZ paid Gozo Diocese a total of €1,009,107 in annual lease for Dar San Ġuzepp without any return for Government. To date, the home is not finished, furnished or equipped.



# Executive Summary

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## Introduction

1. This performance audit sought to determine the extent to which current practices related to residential and community care implemented by the Ministry for Gozo (MGOZ) contributed to optimal services based on value-for-money principles, quality, efficiency, and reasonable prices.
2. For the purpose of this audit, the National Audit Office (NAO) reviewed in greater depth some of the community services provided by MGOZ, namely Home Help and Meals on Wheels. This audit also focused on elderly residences in Gozo, including Villa San Lawrenz, Downtown, Dar San Ġużepp and Casa Amalia.

## Home Help

3. The aim of the Home Help service is to increase the independence and opportunities of older persons and persons with special needs to keep on living within the Community through help with light domestic chores, shopping, errands, and preparation of meals. This service is either provided by social assistants employed within the public service or by a private contractor. During 2021, MGOZ incurred an expenditure of €1.6 million to provide a total of 181,589 hours of Home Help Service.
4. This performance audit noted that MGOZ is generally providing the service in a timely manner as clients are assigned a social assistant around a month from their application. Moreover, the provision of this service at around €9.00 per hour satisfies the NAO's value-for-money criteria. Value-for-money is also attained from the client's point of view as charges are set between €2.33 and €3.49. However, this audit noted the following concerns:
  - i. During 2021, the Home Help service could not deliver around 42,869 hours, which amounted to around 19 per cent of the approved service delivery to clients. This situation materialised even though, on paper, MGOZ had secured an adequate supply of Home Help hours through a contract with the service provider as well as through the social assistants employed within this Ministry.
  - ii. Clients' complaints about this service were infrequent and not of a serious nature. Nonetheless, in view of the financial materiality of this service, the opportunity exists for MGOZ to strengthen its monitoring function related to this service to a more regular and structured regime than the single inspection carried out in 2021.

## Meals on Wheels

5. The Meals on Wheels (MOW) service is intended for older persons and those still living in their own homes and are not in a position to prepare meals for themselves. The MOW contract in Gozo serves two categories of clients, namely those residing in the community (Lot 1) and other clients who attend Dar Santa Marta for the day care services offered at this facility (Lot 2). During 2021, this service delivered 81,461 meals and 10,387 meals in terms of Lots one and two respectively.
6. This performance audit determined that the cost of a meal, at €5.55, is reasonably priced for the clients and the government. However, this review process noted the following issues:
  - i. MGOZ monitoring of the service was not structured and tended to be reactive to arising circumstances. This situation materialises despite that the previous and current contracts establish detailed provisions related to food storage, presentation and dietary qualities. During 2020 and 2021, MGOZ did not compile any monitoring-related reports on the Meals on Wheels service. Nonetheless, the Home Assistance Unit within this Ministry sought clients' feedback through sporadic telephone calls.
  - ii. As required by the provisions of the Agreement, the contractor carried out a satisfaction survey in December 2021 amongst 77 out of the 99 clients receiving the service to gauge whether the service provided was at the same levels as when surveyed in April 2019. The latest survey shows that there was a decline in satisfaction levels in all aspects of the service.

## Villa San Lawrenz

7. As at end of 2021, the government was utilising 55 beds at Villa San Lawrenz to accommodate elderly persons in residential homes through the 'buying of beds' policy. To this end, MGOZ was incurring an expenditure of €72.00 for highly-dependent residents and €62.00 for semi-dependent residents (excl. Value Added Tax {VAT}) per person per night.
8. Between 2019 and 2021, the daily rate charged by Villa San Lawrenz for the provision of beds increased by €14.30 and €15.00 (excl. VAT) for semi and highly-dependent persons respectively. These increases amounted to 33 and 28 per cent respectively. The daily rate charged increased following the signing of yearly contract extensions through a negotiated procedure. This increase materialised over a three-year period and was partly attributable to the Cost-of-Living Allowance adjustments.
9. The 2021 Villa San Lawrenz rates stood at €72.00 (excl. VAT) for highly-dependent residents, and at €62.00 (excl. VAT) for semi-dependent residents. These rates were slightly higher than the charges secured by the Active Ageing and Community Care (AACC) in Malta. The latter rates averaged at €70.22 and €60.96 for high and medium-dependent residents respectively per person per night; no low-dependent rates were available.

## **Downtown Hotel**

10. In April 2020, the elderly patients residing at the Sant Anna Ward within the Gozo General Hospital were transferred to Downtown Hotel in Rabat to repurpose the ward for patients needing care from the effects of the COVID-19 virus. This facility was planned to accommodate 80 older persons. This contract between MGOZ and the Contractor was awarded through a direct negotiated procedure. The applicable charges were €54.79 per person per night. This fee covered accommodation and cleaning for bed-only basis. Steward Health continued to provide the remaining services, including nursing and residential care.
11. This review highlighted two main issues concerning this agreement, namely:
  - i. When the nursing and residential costs were added to the Downtown accommodation charges, then the overall rate, estimated to total €85.00 per person per bed night, ranked the highest for residential care homes in Malta and Gozo.
  - ii. The foregoing raises the issue that in emergencies, such as that represented by the COVID-19 pandemic, governments seem to have no option but to become price-takers to expedite urgent responses to evolving situations.
  - iii. In times of crises, public governance takes on a more important role to mitigate the ensuing risks emanating from dealing rapidly with emergency situations. However, documentation to support decisions relating to the accommodation of elderly residents in the Downtown Hotel was not always made available.

## **Dar San Ġużepp**

12. In 2013, the Ministry for Gozo announced a project to transform a former Church youth hostel, Dar San Ġużepp, into a government-run residence for older persons with 70 rooms and 140 beds. The basis for this project was the agreement between MGOZ and the Gozo Diocese which is to remain effective for 15 years with a possibility for a further 20 years extension.
13. Since the signing of the agreement, MGOZ incurred an expenditure of around €1 million – mainly to cover contractual rent obligations. However, this project has been delayed through a series of project management and contractual issues:
  - i. at the time of writing this report, MGOZ could not set a definite conclusion date for when this project was to be finalised and welcome its first residents.
  - ii. the final cost of this project remains subject to the conclusion of the revaluation of the tender bids for the management and operation of this Home on behalf of MGOZ.

## Casa Amalia

14. The 23-bed Casa Amalia is a private Home which offers day care service, night shelter and respite services for elderly persons with dementia patients through an agreement between the government and ICare Ltd. MGOZ refers the clients and pays fully for the service, which is free for users. Care is administered solely by the private service provider. To various degrees, these services are similar in nature to those provided by Dar Padova. As at end of 2021, the cost for day care was €55 and €45 for the night shelter. MGOZ also incurs around €6.50 in transportation costs per person.
15. This review noted the following issues:
  - i. Despite the proximity and similarity in the provision of dementia care by Casa Amalia and Dar Padova, these two centres provide mutually exclusive services. Moreover, the opportunity exists for better communication and coordination between MGOZ and AACC, who are responsible for the management of these Homes.
  - ii. MGOZ's scope and frequency of monitoring are not sufficiently robust. The main issues raised relate to the monitoring of Key Performance Indicators (KPIs), clients' satisfaction or the staff's capabilities and actual service.
  - iii. At around a total of €106 per bed per day, Casa Amalia costs are at par with the daily costs incurred by Dar Padova in Għajnsielem, which falls under the responsibility of the AACC. Moreover, Casa Amalia's costs also include the provision of three daily meals.

## Overall conclusion

16. Despite the above, there is no doubt that, in general, the public money expended by MGOZ contributed positively to the welfare of elderly persons living within the community or in residential care homes in Gozo. This statement implies that MGOZ has set up the foundations for expanding its services to an increasingly ageing population in terms of broadening the scope of services and improving on the quality of their delivery.
17. In view of the findings and conclusions emanating from this audit, the NAO is proposing a number of strategic and operational recommendations. Chapter 9 of this Report lists the recommendations proposed.

# Chapter 1 | Introduction

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## 1.1. Introduction

- 1.1.1. Following the performance audits ‘Community Care for Older Persons’ published in January 2020 and “Assisting Individuals with Dementia and their Caregivers within the Community” published in May 2022 by the National Audit Office (NAO), this Office undertook an audit ‘*Care for the Elderly in Gozo*’ as part of its Performance Audit Programme for 2021. This performance audit focused on the extent to which current practices related to residential and community care implemented by the Ministry for Gozo (MGOZ) contributed to optimal services based on value-for-money principles.
- 1.1.2. The Regional Statistics Malta 2022 edition published by the National Statistics Office established that there are over 128,778 persons over 60 residing in Malta and Gozo, which roughly translates to 25 per cent of the whole population on the Maltese archipelago. According to the Eurocares<sup>1</sup>, which brings together carers’ organisations as well as relevant universities and research institutes, in 2019, the proportion of people aged sixty-five and over in Malta amounted to 19.3 per cent of the population and is projected to increase to 27.9 per cent in 2070. Considering the large cohort being discussed, this Office looked at the government policies and strategies guiding this sector.
- 1.1.3. NAO consulted the *National Strategy Policy for Active Ageing Malta (2014-2020)* (NSPAA), which encourages longer working lives whilst maintaining work ability, promotes the social inclusion and non-discrimination of older persons, the safeguarding of health and independence in later life, maintaining, and enhancing inter-generational solidarity. To this effect, Malta’s strategic framework focuses on three key aspects: active participation in the labour market, participation in society as well as independent living.<sup>2</sup>
- 1.1.4. Furthermore, the *National Strategy for Dementia in the Maltese Islands (2015-2023) – Empowering Change*, highlighted that information regarding epidemiology of dementia in the Maltese islands, patterns of detection and diagnosis, and delivery of care are needed for proper planning and allocation of health and social care resources as well as to enable outcome evaluation.<sup>3</sup>
- 1.1.5. The strategy entails not only substantial human and financial investment but also joint planning and coordination between different government entities, health and social care staff, individuals with dementia, their families, and caregivers with the overall aim of improving the quality of life of those affected by dementia in the Maltese islands.<sup>4</sup>

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<sup>1</sup> <https://eurocarers.org/about/>, last Updated on January 19, 2021, accessed 3 February 2022.

<sup>2</sup> Performance Audit: Community Care for Older Persons, National Audit Office – Malta, page 25, dated January 2020.

<sup>3</sup> National Strategy for Dementia in the Maltese Islands (2015-2023) – Empowering Change, Parliamentary Secretariat for Rights of Persons with Disability and Active Ageing, page 12, dated April 2015.

<sup>4</sup> National Strategy for Dementia in the Maltese Islands (2015-2023) – Empowering Change, Parliamentary Secretariat for Rights of Persons with Disability and Active Ageing, page 12, date April 2015.

- 1.1.6. Of direct relevance to the Gozitan context, the public consultation document *Regional Development Strategy for Gozo (2021-2030)* launched by the Gozo Regional Development Authority in the third quarter of 2021, states that in addressing the matter of ageing, a two-pronged strategy should be adopted, namely the building/completion of residential care facilities for the elderly and supporting older persons to live in the community. This consultation document highlighted the fact that up to the publication of the said document, no detailed demographic study, showing how Gozo's population was evolving in the medium and long-term, was available. For this purpose, the consultation document proposed that a study should be carried out to understand potential demographic behaviour in Gozo over the medium and long-term and the implications for Gozo's elderly.

## 1.2. Audit Focus

- 1.2.1. For the purpose of this audit, the NAO reviewed in greater depth some of the community services provided by MGOZ, namely the Home Help and Meals on Wheels. This audit went into depth to review elderly residences including Casa Amalia, Villa San Lawrenz, Downtown, Dar San Ġużepp. The government expense in relation to these services stem from the *Community-Based Services Empowering Inclusion - Services rendered to the Elderly and Persons with Disability in Gozo* and the *Residential Services in Gozo for Older People* line items within Vote 33 pertaining to MGOZ. These two accounts also incur other expenditure with regards to various other services provided to the older people in Gozo.
- 1.2.2. The total expenditure incurred between 2019 and 2021 through these two accounts is presented in Table 1.

**Table 1: Total government expenditure incurred through the accounts the "Community-Based Services Empowering Inclusion" and the "Residential Services in Gozo for Older People" (2019 - 2021)**

Year	"Community-Based Services Empowering Inclusion"	"Residential Services in Gozo for Older People"
	€	€
2019	1,796,045	1,120,014
2020	2,135,885	2,857,339
2021	2,386,602	3,522,507

Source: Ministry for Gozo budget 2022.

- 1.2.3. To this effect, during the years 2019, 2020 and 2021, the six chosen audit areas for this performance review absorbed most of the expenditure incurred by MGOZ from these two line items. Table 2 refers.

**Table 2: Total government expenditure carried out by the six chosen services under review (2019 - 2021)**

Services under review	"Community` Based Services Empowering Inclusion"			"Residential Services in Gozo for Older People"		
	2019	2020	2021	2019	2020	2021
	€1,796,045	€2,135,885	€2,386,602	€1,120,014	€2,857,339	€3,522,507
Home Help	€1,480,782	€1,612,880	€1,671,773	n/a	n/a	n/a
Meals on Wheels	€64,964	€83,917	€84,045	n/a	n/a	n/a
Casa Amalia	n/a	n/a	n/a	€366,779	€495,744	€589,036
Villa San Lawrenz	n/a	n/a	n/a	€792,366	€1,114,609	€1,253,247
Downtown	n/a	n/a	n/a	€0	€1,416,000	€1,730,667
Dar San Ġużepp	n/a	n/a	n/a	€130,226	€136,086	€71,105
<b>Total expenditure<sup>5</sup> of the services under review</b>	<b>€1,545,746</b>	<b>€1,696,797</b>	<b>€1,755,818</b>	<b>€1,289,371</b>	<b>€3,162,439</b>	<b>€3,644,055</b>

Source: Ministry for Gozo budget 2022, and MGOZ expenditure records.

1.2.4. The objectives for this performance audit aimed to establish the degree to which residential and community services for the elderly provided by MGOZ were delivered in an efficient and cost-effective manner. To this end, this review focused mainly on the level to which:

- i. the supply of services was in equilibrium with demand;
- ii. the services provided were qualitative and in accordance with pre-determined goals;
- iii. the services provided were cost-effective and reflect value-for-money from a services users' and government's point of view;
- iv. the services adhered to contractual obligations; and
- v. service provision monitoring mechanisms were in place.

### 1.3. Methodology

1.3.1. The attainment of the above objectives entailed a number of methodological approaches. These various methods enabled the triangulation of audit findings, which in turn increased the reliability of these findings. The methodology adopted included the following approaches:

- i. **Documentation review:** This performance audit entailed reviewing related contracts and other documentation with respect to the services reviewed to ascertain whether the provisions therein safeguarded government's and clients' interests appropriately. The documentation review also included administrative and financial records maintained by MGOZ.
- ii. **Semi-structured interviews:** Interviews enabled the collation of qualitative data to substantiate audit evidence gathered through other sources. NAO interviewed MGOZ senior management as well as key officials in charge of specific services.

<sup>5</sup> Expenditure is based on the actual expenses incurred between January to December of each respective year.



- iii. **On-site visits:** On-site visits were undertaken at MGOZ, Casa Amalia and Villa San Lawrenz. These visits were undertaken to enable the NAO to gather first-hand information through observation.
- iv. **Data analysis:** The data analysis exercises undertaken mainly related to the operations involved in the provision of the services under review. This included data regarding clients' application processing times, surveys, customer care data and service delivery statistics.
- v. **Financial analysis and Benchmarking:** These evaluations enabled the determination of unit costs of the various services provided by MGOZ. In turn, these exercises enabled cost effectiveness reviews and facilitated comparative analysis with other entities providing similar services.

## 1.4. Report Structure

1.4.1. Following this introductory Chapter, the Report proceeds to discuss the services under review. The following refers:

- i. **Chapter 2** – This Chapter discusses the extent to which the Home Help Service encouraged further independent living for older persons living in the community. This service offers assistance to older people over 65 years of age and persons with special needs with cleaning, errands, shopping, and the collection of medicines.
- ii. **Chapter 3** – This Chapter discusses the Meals on Wheels Service. This service aims to support senior citizens aged 60 years and over as well as persons with special needs living within the community who are unable to prepare a meal. The discussion herein mainly focuses on service delivery issues and contractual provisions.
- iii. **Chapters 4 to 6** – These Chapters discuss three different care homes for the elderly, namely Villa San Lawrenz, Downtown, and Dar San Ġużepp. They highlight the main different issues of concern related to these three residences for older persons.
- iv. **Chapter 7** – This Chapter reviews the different services provided at Casa Amalia, which is a day centre and night shelter for elderly suffering from dementia. In addition, this Centre also offers respite services. The review mainly focuses on the extent to which contractual provisions safeguard Government and clients' interests as well as whether operations embrace value-for-money principles.

1.4.2. The concluding remarks and recommendations are highlighted in Chapter 8 and 9 of this Review.

## Chapter 2 | Home Help

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### 2.1. Introduction

- 2.1.1. The aim of the Home Help service is to increase the independence and chances of older persons and persons with special needs to keep on living within the Community through help with cleaning, errands, shopping, and the collection of medicines.
- 2.1.2. This service in Malta and Gozo is either provided by social assistants employed within the public service or by a private contractor who was engaged by the Ministry for Gozo (MGOZ) following a call for tenders. In August 2019, MGOZ entered into a three-year contract with Support Services Ltd. Hence this review focused on this contract. Currently, MGOZ is in the process of awarding another contract covering a three-year period commencing in the last quarter of 2022.
- 2.1.3. Government policy stipulates that a weekly contribution of €2.33 for a household with one beneficiary or €3.49 for a household with more than one beneficiary is required to access the service. This contribution is deducted from the beneficiaries' pensions or paid directly to the Welfare Committee within the Ministry for Social Policy and Children's Rights. In instances, when the assistants do not carry out Home Help duties for reasons such as vacation or sick leave, the contribution is reimbursed to the beneficiaries.
- 2.1.4. However, the above contribution does not cover the total costs associated with the provision of this service. MGOZ pays around €9.00 per hour (in 2019, €8.51 per hour through its 2019 contract and €8.72 per hour to cover the salaries of social assistants employed by the same Ministry) to provide the Home Help Service. In this regard, during 2021, MGOZ incurred an expenditure of €1.6 million to provide the service to 958 users.
- 2.1.5. The service is not automatically provided for all the clients requesting it. Access to service provision is contingent on an assessment carried out by professionals. In Gozo, a nurse and a social worker evaluate the actual need for the service and allocate hours according to the prevailing needs of applicants. The criteria employed to allocate Home Help hours rationally consider that additional hours are allocated to clients with the more severe mobility and independence issues.
- 2.1.6. Against this backdrop, this Chapter sought to evaluate the performance of the Home Help service through the following aspects:
- i. deviations from contractual clauses and service provisions;
  - ii. performance of the contractor and MGOZ social assistants providing the service;
  - iii. quality of service; and
  - iv. value-for-money considerations.

2.1.7. This Office carried out several semi-structured interviews with key personnel at the Ministry for Gozo (MGOZ). Furthermore, this Office also reviewed various invoices, contractual clauses, and other information regarding inspections and monitoring held by MGOZ. This methodology enabled this Office to understand better MGOZ's responsibility regarding the service being provided through Home Help through the Ministry's social assistants and the engaged contractor.

## 2.2. Around 30 per cent of actual service provided was not in private residences of community-based clients

2.2.1. The aim of the Home Help Service is to support beneficiaries to keep on living independently in the community for as long as possible. This aim is also reflected in the Contract signed in August 2019 between MGOZ and the service provider. Specifically, para 2.2 of the Terms of Reference specifically refers to the provision of Home Helpers to undertake domiciliary service at the residences of identified and approved clients of the Care for the Elderly Section. Table 3 shows that MGOZ is deviating from the policy principles guiding the Home Help Service.

**Table 3: Home Help Service (Sep 2019<sup>6</sup> – Dec 2021)**

		Sep - Dec 2019		2020		2021	
		Hours	%	Hours	%	Hours	%
Home Help service provided by the contractor	Service provided at clients' homes	31,351	89	102,841	85	104,723	80
	Service provided at other places	4,011	11	18,102	15	25,559	20
	<b>Total</b>	<b>35,362</b>	<b>100</b>	<b>120,943</b>	<b>100</b>	<b>130,282</b>	<b>100</b>
Home Help service provided by MGOZ social assistant	Service provided at clients' homes	8,540	39	24,528	40	20,473	40
	Service provided at other places	13,473	61	36,494	60	30,834	60
	<b>Total</b>	<b>22,013</b>	<b>100</b>	<b>61,022</b>	<b>100</b>	<b>51,307</b>	<b>100</b>
Home Help Service	Service provided at clients' homes	39,891	70	127,369	70	125,196	69
	Service provided at other places	17,484	30	54,596	30	56,393	31
	<b>Total</b>	<b>57,375</b>	<b>100</b>	<b>181,965</b>	<b>100</b>	<b>181,589</b>	<b>100</b>

Source: MGOZ Home Help records.

<sup>6</sup> As the Contract effective date was 27 August 2019, this audit, for practicality considerations, reviewed data from 1 September 2019 onwards.

2.2.2. Table 3 shows that:

- i. Between September 2019 and December 2021, around 30 per cent of the hours provided by the Home Help Service were at other places other than the clients' private residences. Further analysis by this Office shows that these were provided at government offices, and an Non-Governmental Organisation (NGO).
- ii. This situation resulted in the engaged contractor and MGOZ social assistance providing Home Help services in places other than in clients' private residences in 17 and 60 per cent respectively of cases (in terms of service hours).
- iii. This practice prevailed in circumstances where clients were not receiving the full allocation of Home Help hours – the next section refers.

2.2.3. The foregoing implies that during the period in question, MGOZ provided €1.1 million worth of Home Help Service to parties rather than its eligible users. Moreover, as these services were provided to public entities and an NGO, the government was not able to recover any funds as is the practice with clients receiving this service within their private residence. In the case of MGOZ social assistants deployed to the Home Help Unit, the provision of services to other than clients' homes constitute a misclassification of accounts. This transpires since such services were charged to the Home Help accounting line-item.

2.2.4. Upon enquiries from this Office, MGOZ interviewees verbally contended that such arrangement is being approved by higher authorities. No further details were provided to this Office concerning this issue. However, in 2021, during the course of this audit, MGOZ subsequently charged the salaries of 20 social assistants, formerly attached to the Home Help service, to other line items, such as "Care for the Elderly, Santa Marta, and other government entities.

## 2.3. Around 17 per cent of the allocated Home Help hours were not provided to service users

2.3.1. A Board determines the eligibility of applicants for the Home Help Service. This Board also determines the number of hours that each applicant is to be allocated, which differs according to the type of home help required. Table 4 provides a snapshot of the eligible allocated hours against the type of service required.

Table 4: Home Help allocation of hours

Service provided	Weekly Allocated Hours
Domestic use	2 hours
Domestic use and laundry	2+1 hours
Domestic use and errands	2+1 hours
Domestic use, errands, and laundry	2+2 hours
Domestic use, errands, laundry, and meal preparation (highly-dependent group of clients)	4- 5 hours

Source: MGOZ Home Help records.

2.3.2. The National Audit Office (NAO) analysed the average number of hours, allocated to each user during 2021. As at end 2021, 158 and 800 clients received the Home Help service at their residences through MGOZ social assistants and the Contractor respectively. Around 82 and 92 per cent of the Home Help Service clients receiving the service from MGOZ social assistants, and the Contractor respectively were allocated between two to four weekly hours of service by the Board.

2.3.3. One of the exercises to gauge the performance of the Home Help Service was to determine the degree to which the allocated hours by the Board were actually delivered. The analysis extended to both the service provided by MGOZ social assistants and the contractor. Table 5 refers.

**Table 5: Allocated hours vs actual hours provided (September 2019 - 2021)**

	September to December 2019				2020				2021			
	Total allocated hours	Actual hours provided	Difference		Total allocated hours	Actual hours provided	Difference		Total allocated hours	Actual hours provided	Difference	
			Hours	%			Hours	%			Hours	%
<i>Home Help carried out by Contractor social assistants</i>	40,973	35,362	5,611	14	141,718	120,943	20,775	15	161,636	130,282	31,354	19
<i>Home Help carried out by MGOZ social assistants</i>	27,181	22,013	5,168	19	71,330	61,022	10,308	14	62,822	51,307	11,515	18

Source: MGOZ Home Help records.

2.3.4. This Office enquired why clients were not provided with a replacement if the social assistants connected to with their service provision are not available. MGOZ replied that a replacement was not always available since the Ministry does not have a group of relievers. On the other hand, the clients do not always accept, for different reasons, the replacement provided.

2.3.5. Nonetheless, the variance between the allocated Home Help hours and the actual hours delivered remains significant at 42,869 during 2021. This is particularly the case in circumstances where MGOZ social assistance and the contractor's employees provided services in places other than the applicants' homes in 56,393 hours (Table 3 refers).

## **2.4. An average of 31 days elapsed from application to the commencement of the Home Help Service**

2.4.1. Through a sample of thirty out of the 157 applications for Home Help Services submitted between January and October 2021, it transpired that on average it took 31 days for the client to be provided with this service.

- 2.4.2. When benchmarked against similar applications by the Active Ageing and Community Care (AACC) with respect to the service provided in Malta, MGOZ processing was slightly more than the average two weeks taken by the former to provide the Home Help Services to applicants. Nonetheless, the 30 days needed by MGOZ to provide the service is still considered as reasonable.

## **2.5. Inequalities arise as Home Help clients are charged for errand running services while other older persons can access such a service free of charge through the MGOZ Active Ageing section**

- 2.5.1. The COVID-19 pandemic necessitated that the Home Help service be limited to mitigate the spread of the virus during specific periods in 2020 and 2021. Thus, the Home Help service was limited to buying elderly and disabled persons food and medicines only.
- 2.5.2. Simultaneously, MGOZ launched a delivery service whereby older persons could phone MGOZ day centre staff so that they deliver basic groceries and pharmaceutical products to the home of the elderly during the lockdown. This service was provided to whoever requested it for free. Such a free service is, to date, still ongoing.
- 2.5.3. While this Office appreciates the effort made by MGOZ to help vulnerable and possibly isolated older persons, the current situation raises the following issues:
- i. The charges relating to the Home Help service incorporate amongst other services relating to the provision of errands, which clients may request. However, the errand service launched during the COVID-19 is provided free of charge. This is resulting in an anomaly where some clients are paying for an errand service through the Home Help while others are benefitting of the free service which started during COVID-19.
  - ii. The continuation of such a free service when COVID-19 restrictive measures are no longer in place raises value-for-money considerations.

## **2.6. Monitoring of the Home Help Service is not supported by regular on-site visits**

- 2.6.1. Monitoring is a critical management function that ensures a qualitative service delivery and identifies areas for improvement in the provision of a service. Within this context, this Office analysed the degree to which MGOZ was monitoring the Home Help Service. To this end, this performance audit analysed the monitoring function, with specific focus on on-site inspections.
- 2.6.2. MGOZ's monitoring function of the Home Help Service includes site inspections and the tracking of service delivery through telephone calls with clients through the Home Assist Service. The latter calls and/or receives calls relating to the various services provided by the Ministry, including the service being discussed in this Chapter. Unfortunately, the data maintained by the Home Assist Unit does not provide details on the deficiencies or how they were handled. This proved an unsurmountable limitation to any in-depth and reliable analysis. In part, this

performance audit mitigated this limitation through interviews, where it transpired that MGOZ was consistently able to deal with clients' enquiries promptly.

2.6.3. A second exercise was undertaken to determine the extent of monitoring of the Home Help Service relating to the on-site inspections carried out by MGOZ. These inspections were crucial since they provide first-hand information on the quality of service being provided. Moreover, these inspections tend to give more credence to the service delivery forms that clients are obliged to sign following each session of service delivery. Table 6 provides a breakdown of client interface/inspections undertaken by MGOZ over a three-year period.

**Table 6: Home Help on site visits held at households in Gozo by MGOZ (2019-2021 {up to 15 November 2021})**

Client interface / inspections carried out	Home Help Households				Date of inspection not available	Total of Home Help Households where a site visit was carried out
	2019			2021 (up to 15 November 2021)		
	One site visit	Two site visits	Three site visits	One site visit		
Introducing CSA (Client Social Assistant)	125	5	2	11	14	157
Supervision – on-site inspection related to the quality of service	119	17	1	1	1	139
Others	20	1	0	0	0	21
Introducing CSA & Supervision	0	18	0	0	0	18
Introducing CSA & Others	0	9	0	0	0	9
Supervision & others	0	2	0	0	0	2
<b>Home Help Households where a site-visit was performed</b>	<b>264</b>	<b>52</b>	<b>3</b>	<b>12</b>	<b>15</b>	<b>346</b>
<b>Total number of households</b>	<b>864</b>	<b>864</b>	<b>864</b>	<b>864</b>	<b>864</b>	<b>864</b>
<i>Percentages of Home Help Households where an on-site visit was held</i>	<i>31%</i>	<i>6%</i>	<i>0%</i>	<i>1%</i>	<i>2%</i>	<i>40%</i>

Source: Home Help supervisors inspections database.

2.6.4. Table 6 highlights the following main findings:

- i. The number of site visits carried out between 2019 and 2021 on a yearly basis declined from 37 to 1 per cent.



- ii. The majority of inspections/customer interface undertaken relates to MGOZ introducing the social assistant who would be delivering the service to the client. This on-site visit is not intended to evaluate the quality of service being provided, particularly since such a visit occurs prior to the commencement of service provision.
  - a. During 2019, MGOZ carried out inspections/site visits in 37 per cent of the households. 132 out of 319 visits concerned the introduction of the Social Assistant to the Client.
  - b. During 2020, due to the Covid-19 pandemic, no inspections were carried out at households receiving the Home Help service. The main reason for this was related to restrictions in the provision of services such as Home Help. To this end, the Home Help service was limited to the running of errands rather than domiciliary services in clients' homes.
  - c. Between 1 January and 15 November 2021, only 12 (1.4 per cent) site visits were carried out from a total of 864 households. Of these, 11 related to the introduction of the social assistant to the client. Consequently, MGOZ carried out one inspection in an eleven-month period to evaluate the quality-of-service delivery in the households registered for this service.

## **2.7. Home Help service rates satisfy value-for-money criteria**

- 2.7.1. During 2021, the government paid a total of €1,192,078.00 to the Contractor for the service of Home Help in Gozo. The government also forked out a further €479,695.00 in salaries provided to MGOZ social assistants for providing the Home Help service in Gozo. To this end, MGOZ provided a total of 181,589 Home Help Hours to 958 clients in 864 households.
- 2.7.2. This performance audit sought to assess the extent to which the Home Help service reflects value-for-money. To this end, the NAO conducted a comparative analysis between the service provided by the contractor and directly by MGOZ through its social assistants. Moreover, the resultant hourly costs incurred in the provision of this service were also benchmarked against the costs incurred by AACC for providing a similar service in Malta. The extent of value-for-money of the Home Help service was also compared against the recently introduced €7.00 per hour grant provided by the government to elderly persons who opt to engage their own helper following the favourable consideration of their application for the Home Help service.
- 2.7.3. For the purpose of this exercise, this audit derived costings information from various sources based on 2021 data, namely:
  - i. the cost per hour of the service provided directly by MGOZ through its social assistants was estimated by the NAO based on a total cost of €479,695.00 and the provision of 51,307 hours of service;

- ii. the hourly cost of this service provided by the engaged contractor was elicited from the effective contractually established rates through the Department of Contracts;
- iii. AACC costs, based on the current contractual rates which amount to €9.24; and
- iv. the government grant of €7.00 reimbursed to clients who opt to engage a helper directly was sourced through the AACC portal.

**Table 7: A comparison of various Home Help service hourly rates (2021)**

	MGOZ social assistants	MGOZ engaged contractor	AACC provision of Home Help Service in Malta	Recently introduced Government Grant for clients to engage helpers directly
	€	€	€	€
Rate per hour	9.35	9.15	9.24	7.00

Source: MGOZ Home Help records.

- 2.7.4. Table 7 shows that there are only marginal differences between the resultant hourly costs of Home Help provision. This also results with the recently introduced scheme whereby Home Help applicants receive a grant of €7.00 per hour. This circumstance materialises since in practice government is recouping between €2.33 and €3.49 from households with one or two Home Help applicants, respectively.
- 2.7.5. Anecdotal information derived from an unrepresentative sample noted that the cost of domestic cleaning services amounts to around €10.00 (excl. VAT). Value-for-money is also attained from the client's point of view as charges are set between €2.33 and €3.49 weekly.
- 2.7.6. Based on the foregoing and on the assumption that the service provided complies with qualitative expectations and standards, the rates of the Home Help Service provided by MGOZ satisfy the NAO's value-for-money criteria.

### The Home Help service contract could absorb a significant part of the work conducted by MGOZ social assistants

- 2.7.7. The contract with Support Service Limited, which was signed in August 2019, stipulated that over three years €4,654,340.00 (or about €1.55 million annually) were to be paid to the contractor for 521,500 man-hours of domiciliary work within private residences for older persons or people with disability issues. This Contract provided for mechanisms for additional hours to be provided, should the need arise. During 2021, the contractor provided 130,282 hours.
- 2.7.8. In addition to the hours provided by the contractor, through its social assistants, MGOZ provided a further 51,307 hours. The question arises as to whether it would be a worthwhile consideration for the Home Help Service to be fully provided by the contractor.
- 2.7.9. In theory, the Agreement with Support Services Limited can absorb all the Home Help hours provided by MGOZ at clients' residences.

## 2.8. Conclusion

- 2.8.1. Without a doubt, the Home Help service has facilitated living in the community for elderly and disabled persons at a reasonable price. This is illustrated by the use of this service by 958 clients in Gozo. Moreover, the provision of this service at around €9.00 per hour satisfies the NAO's value-for-money criteria.
- 2.8.2. This performance audit noted that MGOZ is generally providing the service in a timely manner as clients are assigned a social assistant around a month from their application. On the other hand, both the Contractor and MGOZ, who also supply this service through its social assistants, were not able to meet the demand for this service by around 20 per cent in terms of Home Help Hours. This situation materialised even though, in theory, MGOZ had secured an adequate supply through a contract with a service provider as well as through the employment of social assistants.
- 2.8.3. A contributory element to the above situation is that the recruitment of social assistants is a problematic endeavour and consequently, in cases, the service was interrupted as the suppliers (contractor and MGOZ) could not find replacements for social assistants availing themselves of vacation or sick leave. Nonetheless, on MGOZ's direction, both supply channels provided services to clients other than to those residing within their homes. This situation not only detracts from providing a seamless and more reliable service but is tantamount to a deviation from financial regulations since such expenditure was misallocated to the wrong expenditure line item.
- 2.8.4. While complaints and enquiries about this service were handled promptly, this performance audit noted that, in view of the financial materiality of this service, the opportunity exists for MGOZ to strengthen its monitoring function related to Home Help. While acknowledging that the COVID-19 pandemic has influenced on-site visits, the situation is now such that MGOZ can increase its on-site visits to ensure that service delivery is consistently qualitative.

# Chapter 3 | The Meals on Wheels service

## 3.1. Introduction

- 3.1.1. The Meals on Wheels (MOW) service is intended for older persons and those still living in their own home and are not able to prepare meals for themselves. The service is provided against a doctor's recommendation stating that the older person requesting the service needs aid in the preparation of meals. The food is cooked in Malta, brought over to Gozo, and packaged at the Gozo General Hospital kitchen.
- 3.1.2. Contrary to the situation in Malta, the Meals on Wheels contract in Gozo serves two categories of clients, namely those residing in the community and other clients who attend Dar Santa Marta for the daycare services offered at this facility. The contract caters for Lot 1, that is, clients residing in the community and Lot 2 which provides daily meals on a five-day basis, from October to June, to clients of Dar Santa Marta.
- 3.1.3. While up to April 2022 the full cost of the meal was €5.55 for both cases, there was a government subsidy of €3.22 per meal for clients residing in the community (Lot 1). This implies that these clients were directly incurring a daily cost of €2.33. On the other hand, clients receiving the service at Dar Santa Marta were fully subsidised as the Ministry for Gozo (MGOZ) covered the full cost of the meal.
- 3.1.4. Each meal includes a starter, main and a dessert out of a selection aimed at catering to different dietary requirements. The practice is that clients choose the items from the menus for two weeks. Meals are delivered within a few days of clients' application communicated to MGOZ. Delivery is carried out upon agreement with the older persons regarding their amenability.
- 3.1.5. This Chapter sought to determine the extent to which the Meals on Wheels service, through the relative contract, was optimal and facilitated life within the community for older persons. Against this backdrop, this Chapter covers the following aspects:
- i. implementation of Contractual Provisions;
  - ii. costs of the service;
  - iii. monitoring of service;
  - iv. satisfaction levels of clients; and
  - v. the new Meals on Wheels contract.

### **3.2. The contract expenditure capping was increased after seven months despite the envisaged demand not fully materialising**

- 3.2.1. The Agreement signed between MGOZ and the Contractor during the first week of May 2018 became effective on the 9 May 2018 for four years. As discussed in the preceding Section, the Agreement stipulated the rates applicable to the two categories of service provided.
- 3.2.2. The provision of meals for clients residing in the community, which is referred to as Lot 1 in the Contract was capped expenditure at €205,860.00 excluding Value Added Tax (VAT), over four years. The Contract also capped expenditure at a maximum of €99,405.00 excluding VAT for the provision of meals for people who attend Santa Marta day care centre (referred to as Lot 2).
- 3.2.3. In February 2019, MGOZ signed an addendum to increase the capping relating to Lots 1 and 2 by €41,172.00 and €19,881.00 excluding VAT respectively. This 20 per cent increase was in line with Article 20 of the Special Conditions of the Agreement. This provision states that ‘repetition of services and circumstances that may lead to such services’ requirements including the number of eligible persons which may vary daily shall not exceed 20 per cent. Nonetheless, the following issues arise:
  - i. The increased capping with respect to Lot 1 proved to be required as demand as of December 2021 amounted to 81,461 meals which is 6,055 meals more than the original contract capping.
  - ii. Conversely, the increased capping with respect to Lot 2 did not prove necessary as demand over a 44-month period up to December 2021, amounted to 10,387 meals which is 10,763 meals less than the capping stipulated in the original Contract. Consequently, through the increased capping in the addendum of February 2019, the number of meals delivered is 14,993 amount short of the new maximum.
  - iii. Given the relatively short time taken to sign an addendum to the original Contract, it can be argued that the new capping could have attracted more bidders to the tender issued, if these maximum levels were considered at the outset.

### **3.3. The cost of a meal is reasonably priced for the clients and Government**

- 3.3.1. Between May 2018 and December 2021, MGOZ incurred an expenditure of €320,026.00 (VAT included) for the provision of 91,849 meals, with respect to Lot 1 and Lot 2 categories. Moreover, clients pertaining to Lot 1 paid €189,805.00. These figures imply that the overall cost of each meal amounted to €5.55.
- 3.3.2. Even when compared to the most modest of meals, €5.55 is a reasonable price for a three-course meal, which, in accordance with contractual provisions, should embrace the highest levels of nutritional principles. Based on the forgoing, the cost of a meal is considered reasonable from both a government and client point of view as well as from a total cost point of view.

### 3.4. MGOZ monitoring of the service was not structured and tended to be reactive to arising circumstances

3.4.1. The previous and current contracts establish detailed provisions related to food storage, presentation, heating, and dietary qualities. Yet, MGOZ do not engage in routine monitoring related to aspects of the service such as the variety and quality of the food or its delivery. During 2020 and 2021, MGOZ did not compile any monitoring-related reports on this service. Nonetheless, the Home Assistance Unit within this Ministry sought clients' feedback through sporadic telephone calls. Moreover, this Unit, in 2019, carried out a five-question survey to gauge clients' satisfaction levels.

### MGOZ personnel were unfamiliar with contractual provisions giving them access to monitoring-related documentation

3.4.2. This Office noted that a number of articles within the current Contract were not only not monitored but appeared to be unfamiliar for MGOZ officers dealing with the Contract, since monitoring the implementation of such provisions did not feature in their duties. The articles in question concerned food quality monitoring obligations of the contractor as well as the Contractor's obligation to communicate clients' feedback and enquiries with MGOZ. Within this context, the following provisions within Article 4 of the Terms of Reference refer to:

- i. whether the contractor has a Complaints Management System as per contract Article 4.2.13,
- ii. whether the contractor carries out bacteriological tests on a monthly basis as per Article 4.2.18, and
- iii. whether the contractor informs the contracting Authority (MGOZ) of the food sampling carried out from his end as per Article 4.2.20.

3.4.3. Within the Special Conditions section, Article 23.5 states that MGOZ can request an independent audit of the Hazard Analysis Critical Control Point (HACCP) system while Article 23.6 states that the Contracting Authority (MGOZ) can check the presentation, quality, portion size and weight of meals at any stage during the validity term of the Contract. MGOZ have never asked for any such checks to be carried out and relied on the contractor to provide any documentation he deemed relevant such as that related to a HACCP plan. MGOZ were also not aware of any visits by the Environmental Health Directorate to the food assembly premises or delivery vans related to the Meals on Wheels service.

3.4.4. MGOZ had no information as to whether the meals had ever been analysed by the Evaluation Committee in terms of Section 4 – Terms of Reference (para 7).

3.4.5. MGOZ had no information regarding the following:

- i. Until June 2021, which was the half way period of this review, invoices raised by the Contractor did not list how the meals were supplied, categorised and itemised as per Article 26.1, and
- ii. MGOZ was not regularly monitoring the MOW Contract in terms of the fulfilment of the obligations by the Contractor in the best way possible.

3.4.6. The foregoing suggests that monitoring by MGOZ tends to be reactive, particularly to customer complaints. In addition, MGOZ did not evaluate reasons related to termination of service, future demand for such service and whether other aspects of it needed to be modified.

### MGOZ did not maintain a full audit trail of complaints about the MOW Service

3.4.7. Within this context, MGOZ contended that only minor complaints were brought to their attention. However, this performance audit noted that the Unit in charge of the Meals on Wheels service within MGOZ did not retain a log of all complaints received from clients through various mediums such as telephone calls.

3.4.8. Apart from the MOW unit, MGOZ also receives complaints through the Home Assistance section. Nonetheless the Home Assistance Unit did not maintain audit trails relating to any complaints which were addressed, or on any aspects of the service that improved over time. The lack of audit trail is further evidenced since the Home Assistance Section did not record any complaints that were immediately dealt with. This review also noted that although basic information is retained for each client, this was not kept properly, and the database still contained outdated data.

3.4.9. This Office believes that having no knowledge or communication with the Contractor on the provisions listed above is of serious concern since the provisions relate to matters of public health amongst a vulnerable cohort who depend on their (in most cases) daily meal from the service.

### Satisfaction surveys show that an initially high positive trend is declining

3.4.10. In 2019, both MGOZ and the contractor carried out their own surveys concerning the clients' satisfaction with the Meals on Wheels Service. Furthermore, the Home Assistance monitors service delivery through periodic calls to older persons to verify their satisfaction with the community services that they are receiving.

### MGOZ Meals on Wheels 2019 questionnaire registered high satisfaction levels among clients

3.4.11. During 2019, 72 questionnaires were distributed by MGOZ to Meals on Wheels clients. 66 out of 72 were used to draw out conclusions. Five questions were asked, however, MGOZ did not



document their analyses of the responses. This Office analysed the most relevant questions to evaluate the service, as follows:

- i. **Question 1 - How many times do you use the Meals on Wheels service?** 37 clients (56.1 per cent) said that they availed themselves of it on a daily basis. The next highest was of nine (13.6 per cent) who used the Meals on Wheels service for three days a week and the lowest was at 1.5 per cent (one case) for use once a week. This shows that the clients evaluating the service were very frequent users and thus in a reliable position to assess the quality of the service.
- ii. **Question 2 - Is food consumed by midday or is it enough to also consume for dinner?** This question was whether the client consumed the food by midday or whether the portion of the food was enough to last until the evening. 20 clients (30.3 per cent) said they consumed all the food by midday and a further nine (13.6 per cent) also consumed the meal in one sitting. 17 clients (25.8 per cent) consumed the meal during lunch and dinner time.
- iii. **Question 5 - Are you satisfied with the food variation and quality of food?** This question covered the satisfaction with the variety and quality of food resulted in 25 clients (37.9 per cent) who said that they were very satisfied and 26 (39.4 per cent) who were satisfied. Nine clients (13.6 per cent) were not satisfied and six (9.1 per cent) were not fully satisfied. MGOZ argued that the Ministry is constrained from rectifying issues relating to portion size, seasonality of food, and the type of fish/meat as these would have been established at tender stage and reflected in the contract.

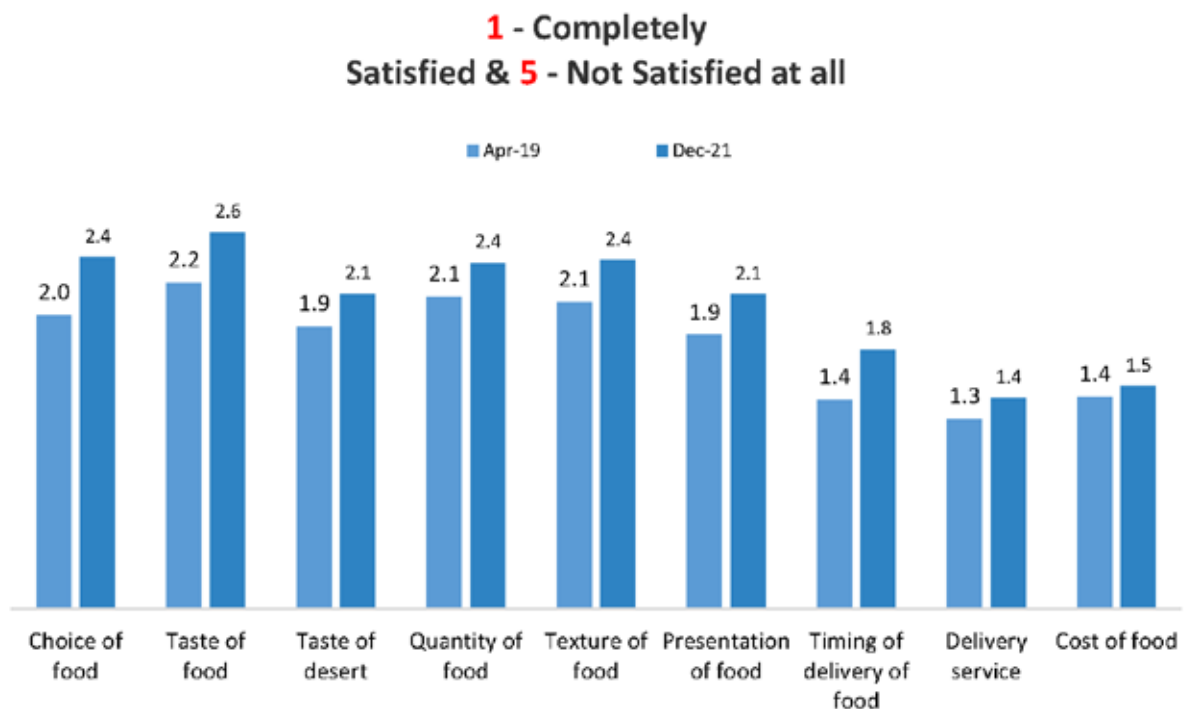
3.4.12. The foregoing illustrates a high rate of satisfaction levels. Nonetheless, as noted in the preceding paragraph, this Office is not aware of the level of analysis undertaken by MGOZ regarding this survey or the extent to which the Ministry could follow up on any findings with the Contractor in terms of meal menu, portion size and quality in view of contractual constraints. A case in point relates to the 23 per cent of clients who voiced their desire for more variety and better quality of food.

### A comparative exercise involving two commissioned surveys by the Contractor showed a decline in satisfaction levels in 2021 over 2019

3.4.13. As required by the provisions of the Agreement, the contractor carried out a satisfaction survey in December 2021 amongst 77 out of the 99 clients receiving the service to gauge whether the service provided was at the same levels as when surveyed in April 2019. The latest survey showed that there was a decline in satisfaction levels in all aspects of the service.

3.4.14. Figure 1 portrays the results of a five-point Likert scale survey which requested participants to rank the Meals on Wheels service, namely as completely satisfied, very satisfied, satisfied, less satisfied, and not satisfied. Figure 1 compares the average scores attained in 2019 and 2021 surveys where the most favourable response was allocated 1 point whereas the least satisfaction level was given a 5-point weighting. Figure 1 refers.

Figure 1: Results of Meals on Wheels survey



Source: Customer Delight Index Survey Meals on Wheels – Gozo, December 2021.

3.4.15. The increase in scores as represented by the bar graph denotes that the average satisfaction levels in all of the elements tested declined in 2021 over 2019. A detailed reproduction of the supplier commissioned surveys are presented in Appendix I.

### 3.5. The new Meals on Wheels contract entailed 11 per cent increase in Government subsidies

3.5.1. Following the expiry of the Meals on Wheels contract in April 2022, which was discussed in the preceding sections within this chapter, MGOZ entered a new agreement in December 2021 with the same supplier following a call for tenders. This Office has not yet received a copy of the new contract as MGOZ contended that they are still to receive a copy from the Department of Contracts but was informed from MGOZ regarding the price of meals for Lots 1 and 2 and was informed that the contract reflects the same conditions outlined in the tender document issued in mid 2021.

3.5.2. Despite the increase in price to €5.91, as compared to the previous €5.55, the price of a meal is still considered to offer value-for-money for both clients and Government. This state of affairs results since clients residing in the community (Lot 1 category) will continue to incur a charge of €2.33 per meal. On the other hand, this implies that MGOZ subsidy will increase by 10 per cent to €3.58 from €3.22. MGOZ will now be paying €5.91 per meal for clients at Dar San Marta (Lot 2). This implies that MGOZ's expenditure will increase by 6.5 per cent per meal.

3.5.3. The Department of Contract's portal shows that the winning bid capped Lot 1 meals at a value of €498,132.00 (excl. VAT). This implies that MGOZ's expenditure regarding this contract could potentially increase twofold as the previous capping was set at €247,032.00 (excl. VAT). The significance of this increase becomes more apparent as the new contract was for three years rather than four as is in the previous Agreement.

3.5.4. The winning bid also specified that the capping for the Santa Marta meals (Lot 2) was to be €80,850.00 (excl. VAT). Contrary to the new Lot 1 arrangement, this capping is actually slightly lower when the contract duration is considered.

3.5.5. With respect to the new Lot 1 contract value capping, this Office notes that while clients can potentially increase, it is highly unlikely that the contractor or MGOZ will double their clients over the next three years; thus, MGOZ have over-estimated the number of meals required.

3.5.6. Furthermore, this Office was not provided with documentation related to the *financial analysis* and *market research* (as mentioned in the tender) which should have been undertaken to justify such an increase in the tender/contract value as well as whether the service provision will be directed at a far larger cohort of clients.

### 3.6. Conclusion

3.6.1. As a straightforward and essential service, the Meals on Wheels service has aided several older persons to stay within their own residences in the community. The service has increased in popularity over the years in Gozo and has not only not been affected by the Covid-19 pandemic, as meal consumption has increased by around 30 per cent from 2019 to 2021. The price and door-to-door delivery, together with the prevailing COVID-19 circumstances, have been key factors in the uptake of such a service.

3.6.2. Nonetheless, following satisfaction surveys carried out by the contractor in April 2019 and December 2021, the clients have judged the eight elements comprising the service including choice, taste, texture, and quantity of the meals provided less positively than previously, especially the taste and choice of food.

3.6.3. The National Audit Office (NAO) notes the lack of monitoring of this integral service and the over-reliance by MGOZ on the clients' evaluation of the service. Moreover, MGOZ monitoring and communication with the contractor is deemed to be reactive since it is triggered by clients' complaints. Considering that monitoring is a key function to effective management, the opportunity exists for MGOZ to broaden its monitoring of this service to reverse the declining trends in satisfaction levels and to ensure contractors' compliance with the provisions of this financially-material contract.

3.6.4. Such concerns are compounded by the increased cappings related to the value of the new contract covering the period 2022 to 2025. Potentially this implies that the value of the new

contract is 58 per cent higher than the previous Agreement. The new contract cappings in practice mean that this Agreement could cover 180,331 meals which is 56 per cent higher than was the case in the previous agreement. Such cappings have not been supported by documents relating to *the financial analysis* and *market research* that such a tender should have been based upon. While MGOZ reiterates that the newly established cappings are precautionary to cater for an increase in demand as happened during COVID-19, in practice, new cappings change the specifications of the original tender document, which could have solicited greater competition.

# Chapter 4 | Villa San Lawrenz

## 4.1. Introduction

4.1.1. One of the approaches adopted by Government to accommodate elderly persons in residential homes is through the procurement of beds at private residential homes. A case in point relates to Villa San Lawrenz in Gozo which belongs to the Diocese of Gozo. Until August 2021, the Diocese had an Agreement for the management and administration of Villa San Lawrenz to be run by Health Services Gozo Limited. As from the 1 September 2021, the Diocese of Gozo took over the running of Villa San Lawrenz through its company, Kura Gozo Co. Ltd.

4.1.2. The following outlines the main contractual timeline regarding the procurement of beds by the Ministry for Gozo (MGOZ) at Villa San Lawrenz:

- ▶ **10 January 2019**, the Ministry for Gozo (MGOZ) and Health Services Gozo Limited signed an Agreement for the procurement of 12 beds at the Villa San Lawrenz Home.
- ▶ **On 1 April 2019**, MGOZ renewed this arrangement through a new agreement.
- ▶ **28 April 2019**, through the previous Agreement, MGOZ took over the responsibility for the beds which were previously procured by the Active Ageing and Community Care (AACC). In total through this agreement, MGOZ procured 52 beds.
- ▶ **20 May 2019**, MGOZ signed a contract with Health Services Gozo Limited for a further two respite beds, bringing the total number of beds procured by MGOZ to 54 beds.
- ▶ **28 April 2020**, MGOZ's bed allocation increased by a further three beds to 55 beds through a contract with Health Services Gozo Ltd.
- ▶ **21 October 2021**, MGOZ signed a contract with Kura Gozo Co. Ltd. (a company within the Gozo Diocese) for the supply of 55 beds. This Contract was signed some seven weeks after its effective date. The National Audit Office (NAO) draws the attention that the back dated signing of contracts albeit by a few weeks, exposes signatories to avoidable risks.

4.1.3. The 2021 rates for each of the 55 beds stood at €72.00 (excl. Value Added Tax {VAT}) for highly-dependent residents, at €62.00 (excl. VAT) for semi-dependent residents and €21.60 (excl. VAT) for residents temporarily away from home. During 2019, 2020 and 2021, Government paid €792,366.00, €1,114,609.00 and €1,253,247.00 respectively.

4.1.4. This Section delves into the issues listed below post-September 2021, namely when the operations of the residence reverted back to the Diocese of Gozo. The following sections will be discussed:

- i. contractual clauses;
- ii. value-for-money considerations at Villa San Lawrenz; and
- iii. MGOZ monitoring of contract implementation.

4.1.5. This Office carried out several semi-structured interviews with key personnel at MGOZ. Furthermore, this Office also reviewed various invoices, contracts, and when available, information relating to inspections carried out by MGOZ. This methodology enabled this Office to gauge the performance of MGOZ as the entity responsible for but not implementing the service.

## **4.2. The Agreements maintained the same conditions but there were increases in the daily bed rates**

4.2.1. This performance audit sought to determine the potential elements which led to the increase in the daily bed rates at the Villa San Lawrenz residential home. This exercise entailed two phases. Firstly, a comparative analysis of the main specification outlined in the Agreements with the two service providers, namely, Health Services Gozo Limited and Kura Gozo Co. Ltd. Secondly, current rates were compared to prevailing charges incurred by the Active Ageing and Community Care (AACC) for the provision of similar services in Malta.

### **Contractual provisions within the two Agreements outlined similar service specifications**

4.2.2. This performance audit sought to determine the extent to which the rise in the daily bed rates was due to an amelioration of the specifications within the new contract with Kura Gozo Co. Ltd. To this end, Table 8 reproduced the salient points contained in the contracts signed with Health Services Gozo Limited and Kura Gozo Co. Ltd. respectively.

Table 8: Comparison between previous and present main contractual clauses

Description	Health Services Gozo Ltd.	Kura Gozo Co. Ltd.
<b>Date signed</b>	10 January 2019	21 October 2021
<b>Period</b>	Valid from date of Agreement until 31 March 2019 and renewable until such time and in instances on a yearly basis in accordance with MGOZ requirements.	Valid from 1 September 2021 until 31 December 2021 and renewable on a yearly basis in accordance with MGOZ requirements.
<b>Number of beds: 1 January 2019 to 27 April 2019</b>	12	n/a
<b>Number of beds: 28 April 2019 to 19 May 2019</b>	52	n/a
<b>Number of beds: 20 May 2019 to 27 April 2020</b>	54 (2 of which are respite beds)	n/a
<b>Number of beds: 28 April 2020 to 30 August 2021</b>	55	n/a
<b>Number of beds: 1 September 2021 to 31 December 2021</b>	n/a	55
<b>Level of nursing / care hours per resident per day</b>	0.45 registered nurse hours per resident per day out of the 2.85 hours of nursing / carer per resident per day.	0.45 registered nurse hours per resident per day out of the 2.85 hours of nursing / carer per resident per day.
<b>Villa San Lawrenz to make available:</b>		
<i>Consumables (urinary catheters and bags, naso gastric tubes, enteral feeds, special dressings and HGT sticks)</i>	✓	✓
<i>Physiotherapy</i>	✓	✓
<i>Podiatrist</i>	✓	✓
<i>Occupational Therapist</i>	✓	✓
<i>Heating and cooling facilities according to the Minimum Required Standards</i>	✓	✓
<b>Home should have the following amenities:</b>		
<i>Functioning lift that is large enough to accommodate a stretcher</i>	✓	✓
<i>Bedrooms with ensuite bathroom facilities</i>	✓	✓
<i>Air-conditioning with both cooling and heating facilities in both common areas and resident rooms. The AC system is to be installed and operational within twelve months from installation of a sub-station in the vicinity and subject to adequate power supply.</i>	✓	✓
<i>Communal area with at least 4.0 metres<sup>2</sup> for each service user (excluding corridors and entrance hall)</i>	✓	✓
<b>Rates for Non-utilised beds</b>	<b>N/A</b>	<b>€21.60 (excl. VAT)</b>

Source: MGOZ Villa San Lawrenz contracts.



4.2.3. The contracts signed by Health Services Gozo Limited and MGOZ as well as the subsequent contract between Kura Gozo Co. Ltd. (Gozo Diocese) and MGOZ had very similar provisions with two main exceptions:

- i. The contract with Kura Gozo Co. Ltd. includes a charge for non-utilised beds. It is estimated that MGOZ incurred an expenditure of around €17,690.00 (excl. VAT) between September and December 2021. A similar situation prevailed in 2022 (Section 4.4 refers).
- ii. In view of the present Contract signed between the MGOZ and Kura Gozo Co. Ltd., and also through the previous Contract signed with Health Services Gozo Ltd., the premises should have had an operational air-conditioning system within twelve months from the installation of a sub-station in the vicinity and subject to adequate power supply. Until November 2022, the cooling and heating facilities in the common and resident areas remained outstanding. MGOZ contended that the air-conditioning was still not in place due to low electricity voltage and that Enemalta was in the process of installing an electricity substation in the vicinity.

4.2.4. Given the similarities in specifications and contract provisions, it became apparent that the rise in the daily rates is not due to an enhancement of the home environment or operations. Moreover, MGOZ has been paying for an airconditioned environment for the home which has not yet materialised due to the non-intervention of third parties, namely Enemalta. Section 4.3 will discuss further the new rates in terms of a comparative analysis with daily charges incurred by AACC with respect to residential home for the elderly in Malta.

### 4.3. In less than three years, charges increased by at least 33 per cent per bed night

4.3.1. To determine the extent to which the daily rates payable per bed at Villa San Lawrenz constitute value-for-money, this performance audit performed two exercises. Firstly, this review analysed the increase in rates at this residence over time, which for the purpose of this audit was considered to be between January 2019 and December 2021. This period covered the two operators involved in the provision of services at this residence.

**Table 9: Change in rates during January 2019 and December 2021**

	2019	2020	January – August 2021	September – December 2021
	Health Services Gozo Ltd.			Kura Gozo Co. Ltd.
Highly Dependent Residents	€54.04/€62.04	€62.04/64.83	€69.04	€72.00
Semi Dependent Residents	€43.95/€52.04	€52.04/€54.04	€58.25	€62.00
Residents not at home	€18.88/€21.47	€21.47/€22.43	€23.89	€21.60
Unutilised bed	n/a	n/a	n/a	€21.60

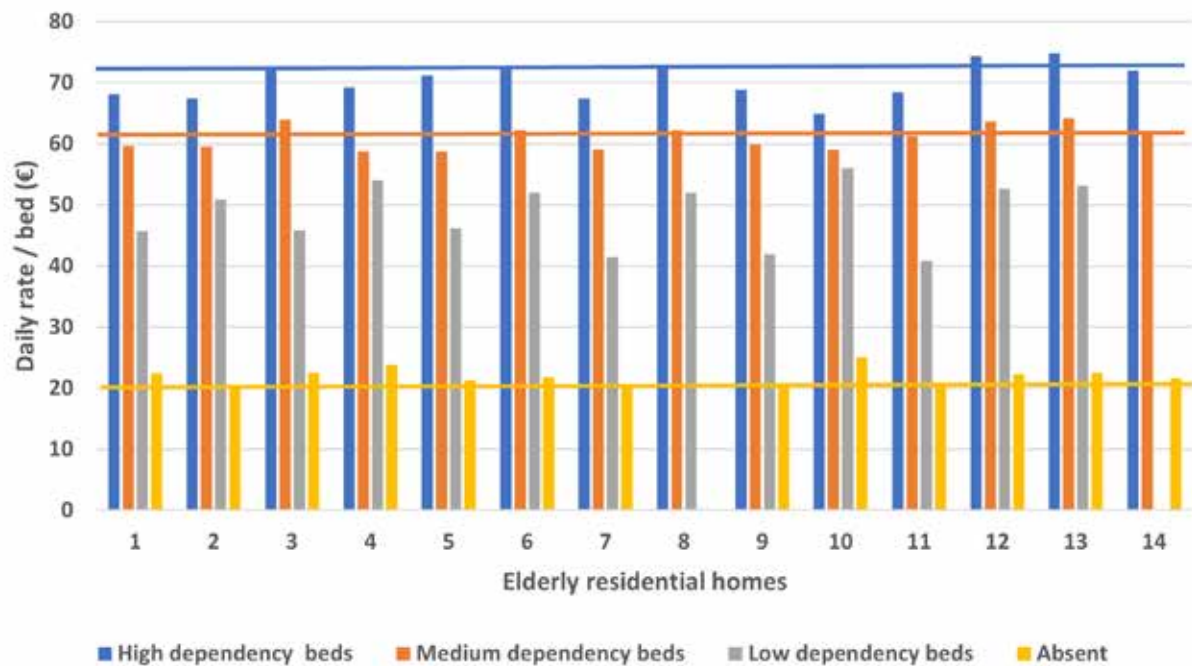
Source: MGOZ Villa San Lawrenz contracts.

#### 4.3.2. Table 9 shows the following:

- i. Between January 2019 and August 2021, that is when Health Services Gozo Ltd, was still the operator of the home, the daily bed rates increased for semi and highly-dependent persons by €14.30 and €15.00 (excl. VAT) respectively. These increases amount to 33 and 28 per cent respectively.
  - a. In part, the increase discussed in the preceding paragraph is attributable to contract provisions which stipulate that charges can rise if the service provider is obliged by Government to meet increases in wages. In this regard, during 2021, MGOZ requested the Department of Contracts an approval for an additional €25,000.00 to increase the rate per bed night to reflect inflationary increases.
  - b. Changes in inflation do not fully account for the increases registered during the period under review and as discussed in bullet i. The Agreement was renewed on a yearly basis following a negotiated procedure between MGOZ and the contractor.
- ii. When Kura Gozo Co. Ltd. took over from the Health Services Gozo Limited in September 2021, the bed rates increased by €2.96 daily for every highly-dependent older person and €3.75 for every semi-dependent older person. This increase constitutes a rise in charges of four and six per cent respectively.
  - a. MGOZ contended that such an increase is attributable to the higher cost incurred by the operator in engaging full-time employees. Moreover, the Ministry contends that the residence employed a more qualified manager.

#### 4.3.3. The NAO also compared the rates applicable to Villa San Lawrenz with current rates charged for similar services in Malta. Figure 2 refers. Elderly residential home 14 refers to the rates charged by Villa San Lawrenz.

Figure 2: Benchmarking the rates charged by Villa San Lawrenz



Source: MGOZ and AACC records.

4.3.4. Malta rates for 2022 as procured by the Active Ageing and Community Care ranged between €65.00 and €74.86 for older persons most dependent on care, between €58.74 and €64.20 for those classified as ‘medium- dependent’ and €40.86 and €56.00 for those least dependent on care. The AACC rates averaged at €70.22 and €60.96 for highly and medium dependent residents respectively; no low-dependent rates are available.

4.3.5. AACC average rates are marginally lower than the rates charged by Villa San Lawrenz. Figure 2 also shows that Villa San Lawrenz rates tend to position themselves among the higher end of daily fees charged in Malta for similar services.

#### 4.4. Although operating at near capacity, the cost for unutilised beds during 2021 and 2022 amounted to €58,890

4.4.1. This Review sought to evaluate the extent to which MGOZ was incurring charges for unutilised beds following its new agreement with Kura Gozo Co. Ltd. Previous agreement concerning Villa San Lawrenz did not entail that MGOZ incur any charges for unutilised beds. To a certain extent this proved to be in MGOZ’s favour, particularly during the COVID-19 period where Ministry for Health restrictions limited the number of admissions including for respite services in all residential homes across Malta and Gozo.

4.4.2. The new agreement with Kura Gozo Co. Ltd. stipulates that charges for unutilised beds, were €21.60 and €25.00 in 2021 and 2022 respectively. Table 10 highlights the number of MGOZ full-time residents and those taking respite at Villa San Lawrenz between 2019 and October 2022.

Table 10: Bed utilisation rate at Villa San Lawrenz between 2019 and October 2022

Year		Total number of nights available (A)	Total number of nights utilised (B)	Difference (A-B)	Unutilised beds per day
	<b>RESPIRE</b>				
2019-2020	Provision of 2 beds from 20 May 2019 to 19 May 2020	732	507	225	0
2020-2021	Provision of 2 beds from 4 August 2020 to 31 July 2021	724	247	477	1
	<b>RESIDENTIAL</b>				
2019	Provision of 12 beds from 1 January to 31 March 2019	1,080	652	428	4
2019	Provision of 12 beds from 1 April to 27 April 2019	324	323	1	0
2019-2020	Provision of 52 beds from 28 April 2019 to 27 April 2020	19,032	17,095	1,937	5
2020-2021	Provision of 55 beds from 28 April 2020 to 27 April 2021	20,075	16,717	3,358	9
2021-2021	Provision of 55 beds from 28 April 2021 to 31 August 2021	6,930	6,016	914	7
	<b>RESIDENTIAL AND RESPIRE</b>				
2021	Provision of 55 beds from 1 September to 31 December 2021	6,710	5,891	819	6
2022	Provision of 55 beds from 1 January to 31 October 2022	16,720	15,072	1,648	5

Source: MGOZ Villa San Lawrenz data. Notes to the table: Up to 31 August 2021, MGOZ did not incur any extra charges for unutilised beds.

4.4.3. Table 10 shows that MGOZ did not avail itself of all the beds at its disposal. Nonetheless, this is only marginal and it allows the Ministry to accommodate residents in cases of emergencies. While the contract with Health Services Gozo Ltd., stipulated that MGOZ would not incur any charges for unutilised beds, the new contract with Kura Gozo Co. Ltd., provided that the Ministry will be liable for to a daily charge of €21.60 (excl. VAT) per unutilised bed in 2021. To this end, MGOZ incurred an expenditure of €17,690.40 (excl. VAT) for 819 beds nights which remained unutilised during the period between September and December 2021. Similarly, up to October 2022, MGOZ incurred an expenditure of €41,200.00 While acknowledging that the previous contract with Health Services Gozo Limited was a better deal for MGOZ, in part the unutilised bed nights are resulting from:

- i. **Hospitalisation of patients** – there were 112 and 178 unutilised for this reason during September to December 2021 and January to October 2022 respectively.

- ii. **Respite** - a minimum of three beds are reserved for respite services. Consequently, the utilisation rates of such beds are directly dependent on the patients' needs which vary according to individual circumstances.
- iii. **Admittance of new residents**- it takes a number of days which MGOZ estimates that it can be up to two weeks, to admit a new resident when vacancies become available.
- iv. **Contingencies**- MGOZ has to ascertain that it is always in a position to address emergencies or contingency situations.

#### **4.5. Despite clear access to service operational documentation, MGOZ monitoring is very limited**

- 4.5.1. All contracts related to Villa San Lawrenz stipulated clauses enabled MGOZ's access to key operational documentation and the premises at their discretion. Such clauses enable the monitoring of service delivery by this Ministry. The contracts also specify an extensive list of deductions to be affected from the amounts due to the service provider should shortcomings related to staff conduct, complaints and non-compliance with policies be observed. However, as discussed in further detail below, the monitoring that was eventually carried out by MGOZ was not detailed.

#### **Kura Gozo Co. Ltd. are providing operational information in terms of KPIs stipulated in the contract to MGOZ for the latter's monitoring purposes**

- 4.5.2. As per paragraph 12.3 of the Contract signed between the MGOZ and the Diocese of Gozo, the service provider is obliged to submit to the MGOZ a monthly operation report, providing information related to the previous month. The monthly information is to include the following:
  - i. details on the daily resident compliment;
  - ii. number of complaints received from residents;
  - iii. number of pressure sores originating in the home;
  - iv. number of falls and fractures;
  - v. number of referrals to Mater Dei Hospital, Gozo General Hospital, or other acute hospital setup;
  - vi. number of hypothermia and hyperthermia referrals to Mater Dei Hospital, Gozo General Hospital, or other acute hospital setup;
  - vii. number of documented MRSA infections arising in the residential home;
  - viii. details of social activities organised during the period; and
  - ix. monthly return of the daily nursing and care complement.

4.5.3. Furthermore, as per paragraph 12.4 of the said Contract, the service provider is also to inform MGOZ of information relating to death, accident, and food poisoning as soon as it occurs. Whilst the information in paragraph 12.3 of the Contract is being classified as Key Performance Indicators (KPIs), this Office notes that such information does not show any targets to be achieved or minimum conditions that should be adhered to or are expected for the safety and well-being of older persons. Table 11 highlights some of the operational results for 2021 with reference to the periods that Villa San Lawrenz was administered by Health Services Gozo Limited and Kura Gozo Co. Ltd. respectively.

**Table 11: Villa San Lawrenz operational results for 2021**

KPI	Health Services Gozo Ltd.	Kura Gozo Co. Ltd.	Total
	January to August	September to December	
Complaints received	6	1	7
Pressure Sores	2	0	2
Falls	12	8	20
Fractures	0	0	0
Hyperthermia/hypothermia	0	0	0
MRSA infections	0	0	0

Source: MGOZ Villa San Lawrenz KPI results.

**Between 2019 and 2021, MGOZ did not engage in surveys to gauge clients' satisfaction with the service being offered at Villa San Lawrenz**

4.5.4. During the period 2019 to 2021, MGOZ did not undertake any kind of surveys or feedback gathering to evaluate feedback from the residents at Villa San Lawrenz or from their relatives with regards the quality of service being provided. This arose since MGOZ staff who have been designated duties related to Villa San Lawrenz are involved in administrative and financial transactions only and do not provide any assessments or feedback on the service.

4.5.5. During the same period, MGOZ did not directly receive any complaints from clients or their relatives with regards to the service offered at Villa San Lawrenz. However, through the monthly reports received by MGOZ from Villa San Lawrenz, it transpired that during 2021, seven complaints were received by the administration of the home.

**MGOZ has not carried out inspections at Villa San Lawrenz following the change in operator**

4.5.6. During the period 1 January 2021 to 1 July 2021, MGOZ carried out 17 inspections at Villa San Lawrenz while the same residence was run by Health Services Gozo Ltd. Table 12 reproduces the outcomes of these inspections as documented in inspection reports by MGOZ.

Table 12: MGOZ Inspections carried out at Villa San Lawrenz between 1 January and 1 July 2021

Number	Date	Time	Remarks by MGOZ representative	Number of clients considered for assessment report	Number of staff noted by MGOZ official in reception area
1	Friday, 1 January 2021	10.30am	Clients were happy. No complaints.	8	0
2	Saturday, 27 February 2021	11.45am	Advised by staff to carry out visit before 11.00am since staff were busy serving food. Staff mentioned that they did not have enough aprons and gloves.	0	1
3	Tuesday, 2 March 2021	10.00am	No complaints.	11	9
4	Wednesday, 10 March 2021	10.30am	Concerned that two clients and a number of staff were not immunised against Covid-19.	12	3
5	Saturday, 20 March 2021	10.00am	No complaints.	13	8
6	Saturday, 27 March 2021	9.45am	No complaints.	10	3
7	Saturday, 3 April 2021	9.30am	Staff raised concerns regarding a legal issue.	10	5
8	Monday, 12 April 2021	10.00am	Staff complained that they did not have ACD and injections.	10	7
9	Monday, 19 April 2021	10.00am	No complaints.	11	4
10	Saturday, 1 May 2021	10.00am	Clients were happy. No complaints.	9	6
11	Monday, 10 May 2021	10.15am	Clients were happy. No complaints.	12	11
12	Tuesday, 25 May 2021	9.00am	Clients were happy. No complaints.	13	13
13	Thursday, 3 June 2021	9.00am	No complaints.	13	11
14	Friday, 11 June 2021	9.30am	No complaints.	9	0
15	Thursday, 17 June 2021	10.30am	Clients were happy. No complaints.	9	6
16	Monday, 21 June 2021	9.30am	Clients were happy. No complaints.	10	9
17	Thursday, 1 July 2021	10.30am	Clients were happy. No complaints.	8	not indicated

Source: MGOZ Villa San Lawrenz inspection forms.

## 4.5.7. Table 12 shows that:

- i. During the first six months of 2021, 16 inspections were carried out by MGOZ at Villa San Lawrenz and another at the beginning of July.
- ii. All of the inspections were carried out between 9.00am and 11.45am rather than during different times and weekdays. Such predictability in the inspection's regime reduced the opportunities for MGOZ representatives to observe the various activities provided at the Home. Although this Office acknowledges the difficulties Villa San Lawrenz encounter during mealtimes, it remains of concern that an inspection carried out at 11.45am was considered inconvenient by the Residences' staff, and consequently cut short. This comment considers

MGOZ's responsibility as a main stakeholder in the provision of this service. The Ministry replied that it was currently actively seeking a nurse to carry out such inspections, including unscheduled visits at various times.

- iii. Although no complaints were raised by residents, Villa San Lawrenz staff raised concerns on:
  - a. the provision of aprons and gloves and injections;
  - b. legal issue; and
  - c. the fact that two clients and some members of staff were not immunised against COVID-19.

This performance audit was not provided with information related to remedies or further action taken on these points.

#### 4.6. Ratios of nursing and caring hours provided per resident per day have been achieved

- 4.6.1. As per contract signed between the MGOZ and the Kura Gozo Co. Ltd., the minimum levels of nursing/carer hours specified in Annex B should not be of less than a total of 2.38 hours of nursing/carer per resident per day with at least 0.38 registered nurse supervision hours per resident per day.
- 4.6.2. Based on records and various other documentation provided to NAO, this Office analysed whether such ratios were achieved during the last quarter of 2021. For the purpose of this exercise, the total number of residents at Villa San Lawrenz included both MGOZ's clients as well as older persons who had other private financial arrangements with the Residence. In this regard, Table 13 highlights the nursing hours provided to the residents at Villa San Lawrenz during the last quarter of 2021.

**Table 13: Ratio of nursers/carers at Villa San Lawrenz for October to December 2021**

Description		Oct-21	Nov-21	Dec-21
Number of residents as at end of the month	MGOZ residents	52	48	47
	Other residents (private residents)	5	11	9
	<b>Total residents</b>	<b>57</b>	<b>59</b>	<b>56</b>
Total resident days	MGOZ residents	1,552	1,495	1,450
	Other residents (private residents)	155	330	279
	<b>Total days of residents</b>	<b>1,707</b>	<b>1,825</b>	<b>1,729</b>
Total hours of nursers/carers work	Nurses	840	819	873
	Carers	3,244	3,256	3,259
	<b>Total hours of nursers/carers</b>	<b>4,084</b>	<b>4,075</b>	<b>4,132</b>
Ratio of hours worked by nursers/carers per resident per day	Nurses	0.49	0.45	0.50
	Carers	1.90	1.78	1.88
	<b>Total ratio hours of nursers/carers</b>	<b>2.39</b>	<b>2.23</b>	<b>2.39</b>

Source: MGOZ Villa San Lawrenz records.



- 4.6.3. Table 13 shows that the ratios of nursing and caring were adhered to as per contract provisions. Considering that the ratio reached was the barest minimum required as per contract, this Office advocates for an adequate pool of staff hours to be available when the numbers of residents are higher. It bears pointing out that MGOZ had the right to increase the capacity at Villa San Lawrenz to 55 residents as outlined in the contract, that is, it could have increased the number of clients by three, seven and eight during the afore-mentioned months.

## 4.7. Conclusion

- 4.7.1. The service provided at Villa San Lawrenz by Kura Gozo Co. Limited has been in place since September 2021. The new contract resulted in MGOZ paying an increase in rates.
- 4.7.2. The current contract does not deviate in essence from the previous ones and MGOZ have not reported any disturbances to the service. This Office believes that the MGOZ's monitoring function is not sufficiently robust to enable comprehensive evaluation of the strengths and weaknesses of the service and the implementation of contractual provisions. In part this is due to the resignation of a key member of staff.
- 4.7.3. Monitoring by MGOZ, remains to date, superficial without detailed inspections or reports. Furthermore, provisions relating to deductions in case of shortcomings such as inappropriate staff behaviour or non-adherence to policies remain just provisions on paper. KPIs centred on physical conditions of the patients are not set against achievable targets but reflect minimum conditions that are de rigueur for the safety and well-being of older persons.
- 4.7.4. On a final note, this Office cannot underscore enough the need for MGOZ to follow up action on any data provided by Villa San Lawrenz and on comments or potential complaints by clients and staff members especially those related to lack of provisions for the day-to-day tasks. This would also entail the documentation of action taken by MGOZ and Villa San Lawrenz staff in this regard; such an approach would enhance audit trails and would embrace the principle of transparency. MGOZ's reactive approach to monitoring may not be sufficient to identify operational problems at the outset. Relying on feedback from clients or their family members and scant reporting do not fully ensure that Government and clients' interests are fully safeguarded.

# Chapter 5 | Downtown Hotel

## 5.1. Introduction

5.1.1. In April 2020, the elderly patients residing at the Sant Anna Ward within the Gozo General Hospital were moved to Downtown Hotel in Rabat to repurpose the ward for patients needing care from the effects of the COVID-19 Virus. This facility was planned to accommodate 80 older persons. Following the transfer of elderly residents, the Downtown Hotel facility was managed by the service providers at Gozo General Hospital (GGH), Steward Malta Management Limited,<sup>7</sup> through a service level agreement signed on 5 May 2020 between the latter and the Ministry for Gozo (MGOZ). The move was carried out through a direct order which was meant to be initially for six months with a renewal period of a further three months and the possibility to extend by another three months. However, such an agreement continued to be renewed periodically and only came to an end after two years, on the 8 June 2022. Steward Healthcare Malta informed the National Audit Office (NAO) that the continued use of the Downtown Hotel facility was due to COVID-19 exigencies and had been duly approved by all the competent authorities including Cabinet.

5.1.2. MGOZ was authorised by the Ministry for Finance and Employment (MFIN) to enter into a negotiated procedure with Downtown Ltd for the procurement of 80 bed spaces. The one-year Agreement was initially valued at €950,000.00 excl. Value Added Tax (VAT) for a period of six months, with an extension of a further two periods of three months each. However, through further requests by MGOZ on behalf of Downtown Hotel, the latter was eventually awarded a contract for €1,600,000.00 excl. VAT.

5.1.3. MGOZ was responsible for the payments that were due to the owners of the Downtown Hotel, mainly the renting of the hotel. It is emphasised that the expenditure concerning Downtown Hotel does not include expenses related to utilities, food, laundry as well as medical and care services.

5.1.4. In view of the foregoing, this Chapter sought to mainly determine the extent to which:

- i. Downtown Hotel was amenable as a place of residence; and
- ii. the procurement reflected value-for-money principles.

## 5.2. No documentation was provided justifying why Downtown Hotel was deemed suitable and the most cost-effective choice as residence for the elderly

5.2.1. To analyse the degree to which MGOZ carried out preliminary evaluations to determine the amenability of the Downtown Hotel, this Office requested documentation to support such

<sup>7</sup> For the purpose of this report Steward Malta Management Limited and Steward Health Care Malta are going to be used interchangeably.

an expenditure. In this regard, the main documents provided were correspondence between MGOZ and the Department of Contracts as well as the relevant contracts.

5.2.2. In an email, dated 13 March 2020, MGOZ quoted the following points to the Contracts Department to justify why they deemed that the Downtown Hotel was ideal to move the elderly patients into expediently due to the COVID-19 pandemic, namely:

- i. its proximity to Gozo General Hospital;
- ii. the number of beds (80) were immediately available;
- iii. the hotel was already licensed to accommodate people;
- iv. the hotel was isolated and thus safer in case of transmissions and hazards;
- v. the market research indicated that the Downtown Hotel was the only facility that was fully accessible for wheelchair and bed-bound residents; and
- vi. the hotel was well-equipped with kitchen, foyers, and waste management areas.

5.2.3. Following a recommendation by the COVID-19 Task Force, the Ministry for Gozo in consultation with the Ministry for Health and Steward Health Care Malta had prepared a contingency plan to accept Gozo patients diagnosed with COVID-19 at the Gozo General Hospital rather than transferring them to Mater Dei Hospital. MGOZ contend that, following market research, it was decided that Downtown complex was best suited for the following reasons:

- i. the immediate availability of 80 beds at one go and in a single building;
- ii. the possibility of adding an extra 20 beds if required;
- iii. its proximity to GGH;
- iv. its being centrally located;
- v. its being complaint with 'Commission for the Rights of Persons with Disability' (CRPD) and fully accessible;
- vi. its whaving no adjacent buildings, thus enjoying a measure of isolation;
- vii. its being a fully licensed accommodation;
- viii. its having an isolated waste area and other services and facilities which are required or otherwise desirable in a home for the elderly;
- ix. its being able to offer a similar or better service to Sant Anna Ward; and
- x. its being licensed as a 3-star Hotel, thereby offering a good service and a good level of comfort.

5.2.4. MGOZ confirmed that the Ministry presented a Cabinet Memo which was approved by Cabinet on the 17 March 2020, that is four days following the endorsement by the MFIN.

5.2.5. Despite this Office's enquiries, the NAO has not received documentation highlighting the market research undertaken by MGOZ or deliberations by this Ministry to justify the use of Downtown Hotel as a residence for elderly persons and the expenditure hike from €950,000 to €1,600,000 excl. VAT. Consequently, the following concerns arise:

- i. While acknowledging the urgency with which elderly patients needed to be moved from GGH, the absence of comprehensive documentation justifying the procurement of accommodation services from Downtown Hotel, prohibited this Office from fully evaluating this procurement in terms of:
  - a. the extent to which other residences were considered and the reason for their automatic disqualification as a suitable accommodation of elderly patients; and
  - b. the extent to which the procurement of accommodation from Downtown Hotel reflected value-for-money considerations.

### 5.3. Original estimates concerning the Downtown Hotel were revised upwards by 68 per cent

5.3.1. Costs for the one-year contract between the Downtown Hotel and MGOZ were estimated at €950,000.00 a year based on 80 beds. To this end, MFIN approved this estimate on 12 March 2020. However, following negotiations between MGOZ and the Contractor on 13 March 2020, the former submitted a request for an additional €650,000.00. Consequently, the annual cost of this contract totalled €1,600,000.00 excl. VAT. MFIN approved this additional request on the same day. This performance audit, sought to establish the reasons for the increase in costs.

5.3.2. In the request to the Department of Contracts, MGOZ contended that the additional funds were considered as ‘fair and reasonable’ due to:

- i. the additional space allocated to MGOZ such as restaurants and lifts;
- ii. staff dedicated to reception services as well as cleaning;
- iii. the contractor’s need to alter the premises (including the removal of doors and furniture to accommodate the elderly patients) and refurbish it after use;
- iv. increased sanitary services;
- v. the contractor’s compensation from potential losses from touristic accommodation and the closing of the hotel’s main restaurant; and
- vi. the ‘element of goodwill and reputation’.

5.3.3. The foregoing raises the following concerns:

- i. The elements outlined in bullets (i) to (iii) above, are basic requirements tied to any rental agreement thus these should have been included in the original €950,000.00
- ii. The increased sanitary facilities are the bathroom/shower and toilet attached to each 2-bed accommodation. This is deemed a basic amenity expected of any rental space being a hotel or a residence for the elderly.

- 5.3.4. It bears pointing out that despite the arguments presented by MGOZ, this Office was not presented with any supporting documentation such as inspection or site reports showing that the hotel was the best option.

#### **5.4. Despite the easing of restrictions, the emergency licenses were continually issued by the SCSA in view of COVID-19 contingency planning**

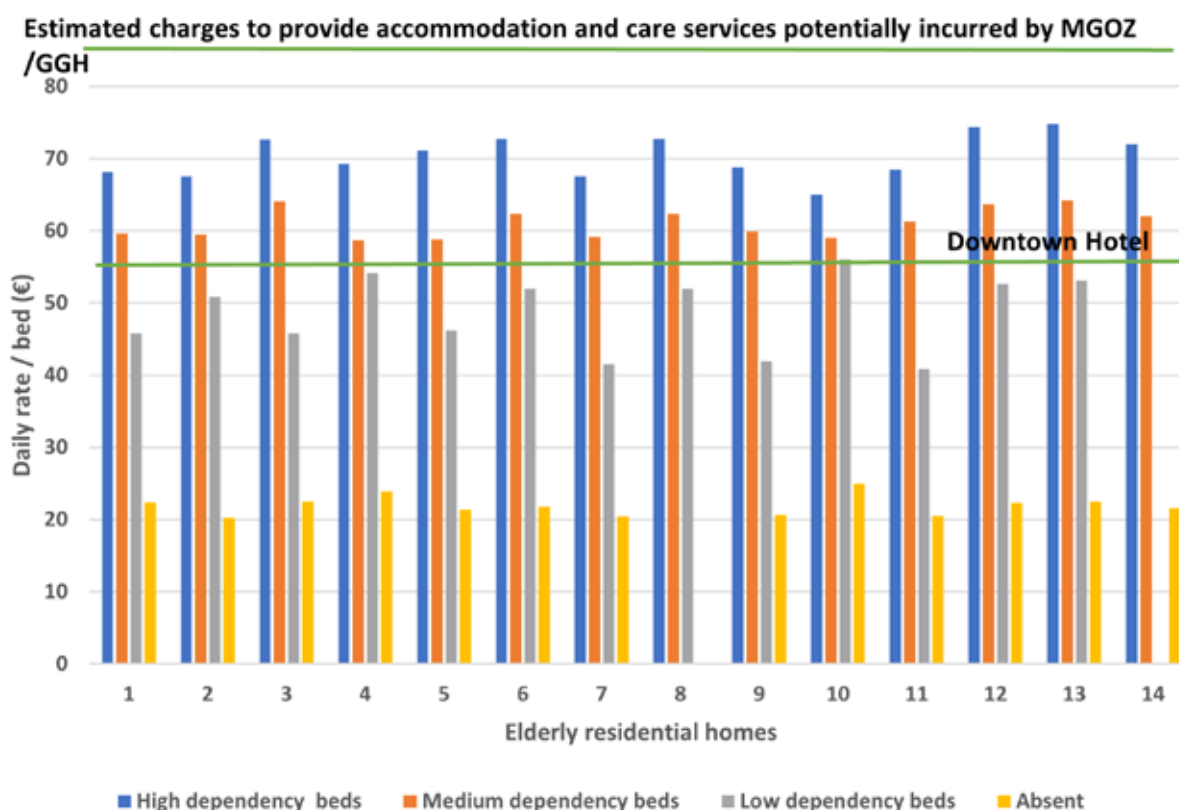
- 5.4.1. When the Downtown Hotel was chosen as an alternative to Sant Anna Ward at GGH to accommodate older persons during the pandemic, it required a license with which to operate and accommodate such a vulnerable cohort. On the 21 March 2020, the first emergency license was issued 'in the light of exceptional circumstances in relation to the COVID – 19 situation' and was awarded for a maximum period of six months. On the 25 April 2020, verifications carried out remotely by the Social Care Standards Authority (SCSA) found that the Downtown Hotel as a residence required to increase communication through video calls between the older persons at the emergency service and their relatives to assure them that care was being received. Other deficiencies in the service included the need for a structured programme of varied activities and adequate storage space for the older persons' personal belongings. On the 12 May 2020, an on-site inspection was carried out by the SCSA, during which, a copy of the Health and Safety Risk Assessment report and adequate screening and partitioning for residents sharing a room were requested.
- 5.4.2. On the 8 June 2020, two months after the contract between MGOZ and the Downtown Hotel management was signed, the SCSA requested Steward Health Care Malta to provide an action plan to relocate the older persons back to Gozo General Hospital in view of the easing of restrictive measures against COVID-19. Steward Health Care contended that such measures, which the Ministry for Health (MFH) approved, were an essential element of COVID-19 contingency planning, particularly in view of the surges anticipated during this period.

#### **5.5. Daily accommodation rate without care cost €54.79 per resident**

- 5.5.1. Between April 2020 and December 2021 MGOZ incurred an expenditure of €3,146,667.00 including VAT for the accommodation of patients at the Downtown Hotel. Clause 7.1 (a) of the Agreement *Letting of facility and provision of specific services in relation thereto*, indicates that the property has been converted to provide accommodation to 80 residents in 40 rooms. Based on the rent expenditure of €133,333.33 per month and assuming that the number of residents was constantly of 80 clients, the daily expenditure rent reached €54.79 excluding VAT per person per day.
- 5.5.2. Such expenses do not include the actual care of the clients since this was paid for by funds allocated to Stewards Healthcare Malta as well as other costs including utilities and food. Previous National Audit Office (NAO) reports estimate that the care and other hotel services, apart from accommodation and cleaning amounted to €29.94 during 2013. This figure, however, excludes the catering element. Nevertheless, should this estimate be assumed to prevail in 2020 and 2021, then the cost of relocating patients to Downtown Hotel, would amount to around €84.73.

5.5.3. The NAO sought to evaluate the extent to which the deal struck between MGOZ and Downtown Hotel reflects value-for-money. This exercise entailed comparing Downtown Hotel charges to the rates charged by Villa San Lawrenz in Gozo and residential care for the elderly homes in Malta during 2022. The latter rates imply that this exercise invoked the prudence concept since 2022 rates would generally be higher than previous years. In addition, this exercise assumes that all residents relocated to Downtown Hotel can be categorised as highly-dependent. Figure 3 refers.

Figure 3: Benchmarking the relocation of elderly residents to Downtown Hotel



Source: MGOZ and AACC records.

5.5.4. Figure 3 shows the following:

- When adding the estimated cost of care and other expenses incurred by MGOZ/GGH in conjunction with relocation of elderly residents to Downtown Hotel, the resultant costs exceed the highest fee charged for the care of highly-dependent in the elderly residences considered for this exercise.
- The higher costs associated with the rental of Downtown facility is in part due to the rent element of €54.79, excluding VAT, per bed night.

5.5.5. Literature shows that in emergency circumstances such as the COVID-19 pandemic, Governments tend to have no option but to be price-takers as the expediency to provide essential health and care services trumps all other considerations. To various degrees, this is the situation that

MGOZ experienced when relocating the elderly patients to Downtown Hotel. This state of affairs becomes more emphasised when consideration is given that Sant Anna Ward formed part of GGH's COVID-19 contingency planning.

## 5.6. Conclusion

- 5.6.1. MGOZ and Downtown Hotel signed an Agreement on the 6 April 2020. This contract, awarded through a direct negotiated procedure enabled the relocation of 80 elderly residents at the Gozo General Hospital to Downtown Hotel. The latter was temporarily converted to accommodation for the afore-mentioned 80 older persons residing at GGH, as part of the contingency plan to increase space at the Gozo General Hospital during the COVID-19 pandemic.
- 5.6.2. This Chapter highlighted three main issues in relation to this Agreement. Firstly, MGOZ regarded Downtown Hotel as the most practical option to enable the relocation of the patients residing at Sant Anna Ward. Secondly, this Chapter highlighted how the rent element charged to MGOZ by Downtown Hotel contributed to higher total costs when benchmarked against other residential homes in Malta and Gozo. Thirdly, this performance audit noted that important documentation was not always comprehensively maintained.
- 5.6.3. In emergencies, such as that represented by the COVID-19 pandemic, governments tend to become price-takers to expedite responses to the evolving situations. On the other hand, in times of crises, public governance takes on a more important role to mitigate the ensuing risks emanating from dealing rapidly with urgent emergency situations.
- 5.6.4. The relocation of elderly patients to Downtown Hotel is a classic case reflecting the situations outlined in the preceding paragraph. To this end, this chapter notes that supporting documentation and robust audit trails, were not always present to support decisions relating to the accommodation of elderly residents in Downtown Hotel and the charges incurred.

# Chapter 6 | Dar San Ġużepp

## 6.1. Introduction

- 6.1.1. In 2013, the Minister for Gozo (MGOZ) announced a project to transform a former Church youth hostel, Dar San Ġużepp, into a government-run residence for the older persons with 70 rooms and 140 beds. This project was announced after an Agreement with the Gozo Diocese had been reached for 25 years. However, through a separate agreement, in 2016, the effective term of the contract was reduced to 15 years from 2013. Moreover, an Memorandum of Understanding (MoU) signed in 2016, included the possibility that the contract duration be extended by a further 20 years. MGOZ was to take over the administration and operations of the home.
- 6.1.2. Since 2013, the Agreement with Gozo Diocese is still in place and rent is still being paid. However, the building remains unfinished, without basic structures such as apertures, and hence has never accommodated older persons. This Chapter will look at the salient milestones related to this project (Table 14 refers) and what the current situation is concerning the operations of this residence, which lease with the Gozo Diocese should expire in 2048.



Table 14: Timeline for Dar San Ġużepp main milestones

Date / Period	Milestones
10 May 2013	Contract between MGOZ and Gozo Diocese on 10 May 2013 for the lease of Dar San Ġużepp for a period of 25 years with a possibility of a further renewal of 25 years.
22 May 2013	The Ministry for Gozo announced a new tourism niche, aiming to attract elderly residents to Gozo, through the provision of services from Dar San Ġużepp.
21 July 2013	Application for a full development permission <sup>8</sup> with the Malta Environment & Planning Authority (MEPA).
2014	Works on the demolition of parts of the property and the building of a three-storey facility started.
18 February 2015	Full development permission granted by MEPA.
17 November 2015	Publishing of the 'Tender for the Construction of a New Old People's Home in Ġhajnsielem Gozo'.
21 January 2016	Extended deadline for the tender after submission deadline for the tender was 7 January 2016.
7 April 2016	Agreement between MGOZ and Vella Bros. Ready-Mix Ltd. was signed for the 'Construction of a New Old People's Home at Ġhajnsielem Gozo'.
31 October 2016	A contract was signed between the Administrative Secretary of the Curia in Gozo and the Ministry for Gozo, for a period of 15 years. On the same day, an MoU was signed by the same parties, to have the possibility that after 15 years, the same contract be extended for a further 20 years, with the same conditions.
27 March 2018	The Report 'Option Analysis- Dar San Ġużepp' by Alecta Advisors concluded that it was more feasible to outsource operations rather than manage directly by MGOZ.
21 January 2020	Parliamentary Question 12,485 specifies that by the last quarter of 2020 and the first quarter of 2021, the first elderly residents were to enter 'Dar San Ġużepp'.
10 February 2020	The Minister for Gozo announced that the home for the elderly under construction was to receive the first residents by the end of year, with a capacity of 119 people.
3 July 2020	Publishing of the tender for the finishing, furnishing, equipping, operating, managing, maintaining, and transferring back of Dar San Ġużepp, Ġhajnsielem, Gozo as a facility for the long-term care for the elderly including the provision of environment-friendly cleaning products, IT equipment, furnishings, and landscaping for a minimum of 119 beds. The tender document outlined six months duration for the first phase of the project (finishing, furnishing and equipment) and a seven-year period for the second phase of the project whereby the contractor would be responsible for the operation of the home. The tender document stipulated a maximum expenditure of around €38 million covering the 7.5-year period. The tender's submission deadline was 4 August 2020.
23 January 2022	MGOZ informed NAO that the mentioned tender for finishing and the management of Dar San Ġużepp was still under evaluation. It is to be noted that as of 5 September 2022 this tender was still at the evaluation phase.
<b>2028</b>	<b><i>By end of lease of property, the property should return to the Gozo Diocese with a state-of-the-art residence equipped with 140 beds. The contract could be extended for a further 20 years, until 2048, with the same conditions.</i></b>

Source: MGOZ Dar San Ġużepp records and other documentation.

<sup>8</sup> The application number to this full development permission is PA/01476/14.

## 6.2. To date, MGOZ have not reaped any benefits from the lease agreement of Dar San Ġużepp

6.2.1. Between 2013 and 2021, MGOZ paid Gozo Diocese a total of €1,009,107.00 with respect to the annual lease for Dar San Ġużepp. As outlined by Table 14, this project was characterised by a number of lengthy delays. The following refers:

- i. The project encountered a two-year delay between 21 July 2013 and 18 February 2015 in conjunction with the issuing of planning permits.
- ii. MGOZ published the tender for the finishing, furnishing, equipping, operating, managing, and maintaining of the residence more than two years after the conclusion of a study outlining the preferred financial and economic options for this project.
- iii. While it is Government's prerogative to ensure that the finishing of the project, together with the management and operations of the residence adheres to value-for-money principles, it bears pointing out that such a residence started with the premise of it being a government-run residence. It would have been more beneficial if such a study and ensuing strategic decisions had been undertaken in anticipation of the lease of Dar San Ġużepp from Gozo Diocese.
- iv. The evaluating of tender bids and the appeals process necessitated more than two years. Nonetheless, further delays in the award of the tender are expected as the Public Contracts Review Board has requested that the tender bids are revaluated again.
- v. To date, MGOZ has incurred an expenditure of around €1 million relating to the lease of Dar San Ġużepp without a definitive project conclusion date established.

## 6.3. The 2018 option analysis indicates further the lack of clear plans for Dar San Ġużepp

6.3.1. On the 24 January 2018, Alecta Advisors were approved by the Ministry for Gozo to undertake a study to assess the preferred financial and economic option that would generate the best value for the finishing, furnishing, equipping, operating, management and maintenance of Dar San Ġużepp, a facility home for long-term care of the elderly. This study considered two main options, namely:

- i. for the Ministry for Gozo to finish off the project and run and maintain it itself; or
- ii. the outsourcing of the project through a concession to a private operator to finish and operate the project.

6.3.2. Furthermore, this study also considered two types of scenarios, namely:

- i. the baseline scenario, which is based on the assumption that the contract for the running of the Home would be of 10 years; and
- ii. scenario 1 based on a projected fifteen-year period.

6.3.3. This study, which was published on the 27 March 2018, concluded that the results of the option analysis, based on the underlying assumptions documented in the published report, showed that it was beneficial to the Government to subcontract the running of the Home to third parties rather than to run the Home directly as a government entity.

6.3.4. The conclusion to this study also indicated that if the government managed to outsource the full running of the home at the rates observed for a number of elderly homes, opting for outsourcing would lead to cost savings by the Government estimated in the region of €40.00 per patient per day. On the other hand, the rate of savings fell to around €30.00 per day per patient if the baseline rates calculated in the study were compared to the then current rates within a number of other private homes across Malta.

## 6.4. Conclusion

6.4.1. At the time of writing this report, MGOZ could not set a definite conclusion date when this project was to be finalised and the first residents accommodated. The project was characterised by delays in all its major phases. This is symptomatic of planning and contract management weaknesses, which were not solely within MGOZ's responsibility. A case in point relates to the tendering evaluation process, which also prolonged this project significantly. Due to these management issues, MGOZ has so far incurred an expenditure of around €1 million as rent without any apparent benefits. It is evident that expenditure relating to the rental of this residence will continue to escalate without any benefits in the near future. In addition to this expenditure, the final cost of this project remains subject to the conclusion of the revaluation of the tender bids.

# Chapter 7 | Casa Amalia

## 7.1. Introduction

- 7.1.1. The 23-bed Casa Amalia is a private home which offers day shelter, night shelter and respite services for elderly persons with dementia through an agreement between the government and ICare Ltd. The Ministry for Gozo (MGOZ) refers the clients and pays fully for the service, which is free for users. Care is administered solely by the private service provider.
- 7.1.2. The Home's aim is to improve further the quality of life of these clients while they continue living in the community. Casa Amalia opens seven days a week and provides the day centre and respite service from 7.00am to 4.00pm and the night shelter service from 7.00pm till 7.00am.
- 7.1.3. Casa Amalia is the second dementia-friendly accommodation in Gozo. This residence complements the 18-bedded Dar Padova managed by Active Ageing and Community Care (AACC) in providing specialised dementia care. However, the latter residence does not offer night shelter services for dementia patients.<sup>9</sup> These two residences provide the opportunity for the further expansion of dementia services in the medium and long term. Although not within the remit of this audit, the opportunity clearly exists for MGOZ and AACC to coordinate further the services provided by both these homes.
- 7.1.4. This Chapter sought to determine the extent to which the service provided at Casa Amalia was of quality and adhered to value-for-money principles when evaluated against MGOZ's expenditure and the staff providing the service. Against this backdrop, this Chapter covers the following aspects:
- i. planning and supply and demand issues;
  - ii. compliance with the contract and implementation of Contractual Clauses;
  - iii. quality of service delivered including:
    - a. Casa Amalia staff employed and ratio of nursing/caring vs residents;
    - b. MGOZ operations; and
    - c. occupancy rates.
  - iv. costs.
- 7.1.5. This Office carried out several semi-structured interviews with key personnel at MGOZ. Furthermore, this Office also reviewed the relevant contracts, invoices, and other documentation to Casa Amalia's management and MGOZ's operations. This methodology enabled this Office to understand better the MGOZ responsibility on the service being provided at Casa Amalia and the provision of service entrusted to the respective management.

<sup>9</sup> Bed availability decreases to nine during night-time.

## 7.2. Changes to the August 2019 contract were carried out after just four months

- 7.2.1. Table 15 shows that despite the first contract being signed following a negotiated procedure on 1 August 2018, the services were not operational until the beginning of January 2019. MGOZ contended that officially Casa Amalia opened in December 2018 and started receiving clients on 2 January 2019. According to MGOZ, when the Agreement was signed, it was not then predicted that it would take till December for the Agreement to become operational. Nonetheless, MGOZ did not incur any expenditure in relation to this contract.
- 7.2.2. Table 15 also shows that, when the contract was renewed for the first time in August 2019, it did not include any major changes except that the new Agreement was to be applicable for two years and that the operating hours were specified.
- 7.2.3. However, this contract was scrapped after a mere four months and a new contract, applicable on the first day of 2020, replaced the August 2019 one. The main changes in the 2020 contract included:
- i. the addition of three beds for respite purposes;
  - ii. the cheaper daily rates for the day residence and night shelter beds;
  - iii. the introduction of absenteeism rates should the expected guests not show up without their being hospitalised; and
  - iv. the inclusion of the maximum possible annual expenditure of €839,500.00 (excl. Value Added Tax {VAT}), based on full capacity (23 beds X €55.00 Day Residence X 365 days = €461,725.00 and 23 beds X €45.00 Night Shelter X 365 days = €377,775.00).
- 7.2.4. The NAO analysis showed that adding three extra beds for respite does not follow value-for-money principles. Since the uptake within Casa Amalia was always less than 20 beds for any of the three services on a daily basis so far, the three respite beds were deemed unnecessary. This Office also questions why these were and still are being automatically paid for at the day residence and night shelter rates amounting to an extra cost of €100.00 (€55.00 as a day residence and €45 as a night shelter) on a daily basis per bed, which translated into a cost of €219,300 (excl. VAT) for the three respite beds from January 2020 to end December 2021.
- 7.2.5. This Office understands that absenteeism rates are charged by the contractor to the Ministry but is of the opinion that MGOZ should not be held automatically liable to pay for the clients' absenteeism. Whilst it is up to the government to see whether such a service is free or not for the client, the government should not shoulder charges related to unjustified absenteeism. Furthermore, this Office also questions why absenteeism rates for respite services were not included in the contract.
- 7.2.6. Another issue of concern relating to the provision of services at Casa Amalia related to the supply of the daily transport service to and from the residence. MGOZ signed with the same care service provider at Casa Amalia contract on 11 September 2020 for a period of one year.

This implied a cost of up to €150.00 a day for a maximum of four trips, amounting to a total of €54,750.00 (excl. VAT) a year. This Office questions why they came into effect so soon after the contract was signed and needed to be changed.

**Table 15: Casa Amalia expenditure as per contract clauses**

Description	Agreement 2018	Agreement 2019	Agreement 2020
<b>Date signed</b>	1 August 2018	2 August 2019	1 January 2020
<b>Period</b>	One year	Two years	Two years
<b>Possible extension</b>	One year	One year	One year
<b>Service to be provided</b>	Dementia-friendly day centre, a respite centre, and a night shelter	Dementia-friendly day centre, a respite centre, and a night shelter	Dementia-friendly day centre, a respite centre, and a night shelter
<b>Opening hours of Day Residence</b>	Not specified	7.00am to 4.00pm	7.00am to 4.00pm
<b>Opening hours of Night Shelter</b>	Not specified	7.00pm to 7.00am	7.00pm to 7.00am
<b>Number of beds</b>	20	20	23
<b>Cost per person per day – Day Residence</b>	€65.00 (excl. VAT)	€65.00 (excl. VAT)	€55.00 (excl. VAT)
<b>Cost per person per day – Night Shelter</b>	€65.00 (excl. VAT)	€65.00 (excl. VAT)	€45.00 (excl. VAT)
<b>Absenteeism cost per person per day – Day Residence</b>	Not applicable	Not applicable	€24.75 (excl. VAT) <sup>10</sup>
<b>Absenteeism cost per person per day – Night Shelter</b>	Not applicable	Not applicable	€20.25 (excl. VAT)
<b>Maximum cost per year</b>	Not specified	Not specified	€839,500 (excl. VAT)
<b>Date when agreement was terminated</b>	Not applicable	1 January 2020	Not applicable
<b>Total government expenditure for the period</b>	1 August to 31 December 2018 During this period Casa Amalia was not operational. <b>Total = €0</b>	1 August to 31 December 2019 <b>Total = €228,873 (incl. VAT)</b>	1 January to 31 December 2020 <b>Total = €478,221 (incl. VAT)</b>
	1 January to 31 July 2019 <b>Total = €137,907 (incl. VAT)</b>		1 January to 31 December 2021 <b>Total = €530,803 (incl. VAT)</b>

Source: MGOZ Casa Amalia contracts.

<sup>10</sup> As per contract this rate is not applicable when a client is hospitalised.

## The Casa Amalia Contract does not fully safeguard MGOZ's interests

7.2.7. MGOZ signed the *Agreement for the provision of a dementia-friendly day centre, respite centre and a night shelter* on 1 January 2020. An earlier version of the contract was signed in August 2019 but it was terminated through an Addendum and replaced with an Agreement starting on 1 January 2020. Table 16 compares the main contractual provisions included in the Casa Amalia Agreement with generally-accepted clauses included in this type of Agreement.

**Table 16: A comparison of the Casa Amalia contractual provisions with best practices clauses**

Best practice contractual clauses	Omitted	In Place
Access and disclosure		✓
Assistance provided to the contractor	×	
Confidential information		✓
Conflict of interest	×	
Contract variations		✓
Disclosure of information (confidentiality)		✓
Dispute resolution		✓
Insurance		✓
Intellectual property rights	×	
Key personnel		✓
Liabilities and indemnities		✓
Payments		✓
Penalties	×	
Incentives	×	
Sub-contracting		✓
Termination and contract end dates		✓
Transition arrangements		✓
Warranties and fitness for purpose		✓

Source: MGOZ Casa Amalia contract.

7.2.8. The contract warrants a proper evaluation of the provisions which are key to assessing the quality and effectiveness of the service. To this end, Table 16 shows that, by and large, all the main components concerning operational aspects expected in this type of contract are included in the Agreement. The lack of provisions relating to penalties and incentives is not ideal when one considers the vulnerability of the patients.

## 7.3. MGOZ's monitoring of the contract provisions and the service, in general, is limited

7.3.1. The sections below discuss in more detail, specific contractual provisions which are not being monitored closely by MGOZ. These provisions relate to Key Performance Indicators (KPIs), the daily report related to the status of the clients which Casa Amalia management should transmit to MGOZ, and paragraphs 17.5 and 17.6 regarding remedial action that MGOZ can ask of the contractor.

- 7.3.2. What is termed ‘KPIs’ in the contract are the daily user complement, the number of complaints received, details about daily activities, clients’ medical conditions, history and referrals to hospital, details of the social activities the monthly return of the daily nursing and carer complement. None of the KPIs listed in the contract are indicative of the contractor’s performance as they do not detail any specific goals and outcomes tied to them – for example limiting the number of complaints to two per month. Furthermore, these KPIs are not appropriately monitored as MGOZ relegates all decisions in relation to the stay of the older persons to the management of Casa Amalia.
- 7.3.3. Paragraph 17.2 of the Agreement, signed on 1 January 2020, highlights that a Casa Amalia representative will be required, on a daily basis, to transmit a report to the MGOZ representative. This report is to include information that MGOZ may reasonably require, such as detailing the transfer of users to and from the facility, the transfer of users to any hospital, as well as details of any deceased user. MGOZ contends that, since they receive the requested Monthly Report as per paragraph 17.3 of the Agreement signed on 1 January 2020, the daily report is neither requested by the Ministry nor sent by the Casa Amalia Representative. MGOZ confirmed that action was being taken to regularise this matter.
- 7.3.4. This reactive nature of MGOZ’s monitoring renders Articles 17.5 and 17.6 of the contract (regarding possible remedial action and possible penalties that MGOZ can ask of the Contractor if services requested are not delivered on time and in a satisfactory manner) ineffectual.

### MGOZ rely on Casa Amalia’s staff or clients’ family members to bring any shortcomings to their attention

- 7.3.5. MGOZ completely relies on Casa Amalia or the relatives of the clients to bring to their attention any shortcomings or deficiencies in Casa Amalia’s operations. It contends that no complaints were received regarding the service being provided at Casa Amalia. On the other hand, MGOZ explained that on their Facebook page, comments of satisfaction concerning this service are posted. However, no further information was provided to this Office to analyse the contents of referred satisfaction comments.
- 7.3.6. Over-reliance on the receipt of complaints does not ensure the proper level of monitoring for optimal delivery of service, particularly in such a small community like Gozo. Furthermore, the fact that reports are issued on a monthly rather than daily frequency not only breaches contractual provisions but undermines MGOZ’s role in monitoring the implementation of the contract as close as possible to real time.
- 7.3.7. The opportunity exists for MGOZ to increase and broaden its monitoring function with respect to this residence. While acknowledging that the level of complaints is at a very acceptable level, a more proactive monitoring approach by MGOZ would ensure that deliverables are in accordance with the contractual specifications and that reaction time to address arising issues is kept to the barest minimum.



### Eleven planned inspections were carried out by MGOZ during the first half of 2021

- 7.3.8. A nursing officer posted at the Services Gozo Directorate at MGOZ carried out inspections at Casa Amalia during 2019 and 2020. However, this officer was deployed elsewhere in 2020 without leaving any recorded reports at the Services Gozo Directorate. Following the deployment of this officer, in January 2021, a part-time MGOZ nurse started to carry out the inspections.
- 7.3.9. Although Article 12.3 of the contract states that MGOZ can carry out inspections without prior notice, MGOZ informed that the visits were never held without the knowledge of Casa Amalia management. The Ministry confirmed that Casa Amalia management was being notified of the visits due to COVID-19 since this was protocol and the residence was not open to the general public during the pandemic so as to lessen the risk of contamination to the vulnerable clients.
- 7.3.10. During the first six months of 2021, MGOZ carried out eleven inspections at Casa Amalia. MGOZ informed this Office that following internal misunderstandings inspections were not carried out during the second half of 2021 with the exception being the inspection carried out in August 2021. However, MGOZ resumed inspections at Casa Amalia in February 2022.
- 7.3.11. The eleven inspections carried out at Casa Amalia during the first half of 2021 took place between 8.15am and 10.30am. During the time of the inspections roughly half the capacity of the maximum number of clients possible at one time were present.
- 7.3.12. No inspections were carried out during January. Furthermore, during the only inspection carried out in February 2021, the MGOZ inspector was informed by a carer at Casa Amalia that, as it was a Saturday and the manager in charge was not present, the inspector could not enter the premises of Casa Amalia. This situation deviated from the contractual provisions stipulating that MGOZ is entitled to perform an inspection at a time of their discretion. Nonetheless, MGOZ did not follow up on this matter. MGOZ commented that it would bring to the attention to the management of Casa Amalia so that this incident is not repeated.
- 7.3.13. Table 17 outlines the outcome of the eleven inspections undertaken by MGOZ during the first half of 2021, which was compiled from the actual reports provided to NAO. It is reiterated that MGOZ did not present reports of inspection undertaken prior to this period due to the circumstances indicated in paragraph 7.3.8.

Table 17: Outcomes of inspections carried out at Casa Amalia by MGOZ during 2021

Number	Date	Time	Outcome	Number of clients during inspection	Number of staff during inspection
1	Saturday, 27 February 2021	10.00am	Inspector informed by Casa Amalia carer that she could not enter the premises as it was a Saturday and the person in charge was not present.	n/a	n/a
2	Tuesday, 2 March 2021	8.15am	No complaints and the place was very clean.	4	2
3	Wednesday, 10 March 2021	9.30am	No complaints and elderly were happy and smiling.	11	3
4	Wednesday, 28 April 2021	(Not documented in assessment report)	No complaints and elderly were happy.	11	4
5	Thursday, 6 May 2021	10.00am	No complaints and elderly were happy.	11	4
6	Wednesday, 26 May 2021	10.00am	No complaints.	10	4
7	Thursday, 3 June 2021	10.30am	No complaints re clients. An issue was raised by a staff member of Casa Amalia regarding data protection and confidentiality concerning staff.	11	2
8	Friday, 11 June 2021	8.45am	No complaints.	8	(Not documented in assessment report)
9	Thursday, 17 June 2021	9.30am	No complaints.	11	
10	Monday, 21 June 2021	10.30am	No complaints from clients or staff.	10	
11	Monday, 28 June 2021	10.00am	No complaints.	10	

Source: MGOZ Casa Amalia inspection reports.

7.3.14. Table 17 shows and implies the following:

- i. Nearly half of the inspections were carried out in June 2021. Despite the intense frequency of inspections in this month, inspection reports did not reveal any concerns.
- ii. Inspections did not target different times of the day to enable observation and assessment of the various activities and services provided by the Home. This is particularly relevant as the number of clients utilising the night shelter service increased significantly.
- iii. The scope of inspections did not extend to the following:
  - a. Determining the extent to which contractually established minimum level of nursing/care hours per resident per day was maintained.
  - b. Documentation related to the staff and client attendance.
  - c. Reports did not outline the scope or duration of the inspection. MGOZ contended that officials carrying out inspections are guided by a template. However, these were not made available to NAO.
  - d. Inspection reports tended to be very brief. This could be due to a limited scope of inspections, scant reporting, or a combination of both elements.
  - e. The inspection reports reviewed by the National audit Office (NAO) generally included a paragraph by the MGOZ nurse stating that the older persons were happily engaged in activities such as craft-making and that there were no complaints.

7.3.15. The terseness of such reports indicates an unquestionable reliance on the information given by Casa Amalia management and their working methods. This reliance was justified by MGOZ on the basis that they believed their remit to be mainly limited to identifying the clients for such a service and discussing their attendance with the Home's management. MGOZ deemed that actual care of the older persons was the contractor's responsibility. While this statement is correct, MGOZ is not following up with a more robust regulatory regime.

#### **7.4. During October 2021 ratios of nursing/caring services provided to the elderly residents were adhered to**

7.4.1. Clause 1.4.20 of the 2020 Agreement, states that the minimum level of nursing/care hours to be provided per resident per day should be not less than a total of 2.38 hours of nursing/care per resident per day with at least 0.38 registered nurse supervision hours per resident per day.

7.4.2. Given this minimum level of nursing/care hours to be provided to all the residents at Casa Amalia, this Office undertook an exercise for the month of October 2021, to establish if such levels had been reached. The following results were noticed:

- i. The minimum level of nursing/caring hours as specified in paragraph 7.4.1. with regards to the Day Centre was reached during October 2021. It resulted that 2.90 hour of nursing/care per resident per day was provided, that included 0.36 registered nurse supervision hours per resident per day, as illustrated in Table 18.

**Table 18: Ratio re Day Centre during October 2021**

	Average number of daily hours of service	Average number of clients per day	Minimum Contractually stipulated ratio (hours per day)	Actual nursing/caring ratios (hours per day)
<b>Carers</b>	28.48	11.20	2.00	2.54
<b>Nurses</b>	4.03		0.38	0.36

Source: MGOZ Casa Amalia records.

- 7.4.3. In the absence of other provisions regarding the minimum level of nursing/care hours to be provided per resident per night, this Office considered the minimum conditions applicable per day to also apply during night-time.

- 7.4.4. In this regard, the minimum level of nursing/caring hours for the night shelter, as specified in paragraph 7.4.1., is also considered as achieved during October 2021. It resulted that 3.41 hours of nursing/caring per resident per day were provided, which included 0.31 registered nurse supervision hours per resident per day. Table 19 refers.

**Table 19: Ratio re Night Shelter during October 2021**

	Average number of night hours of service	Average number of clients per night	Minimum Contractually stipulated ratio (hours per day)	Actual nursing/caring ratios (hours per night)
<b>Carers</b>	40.35	13.00	2.00	3.10
<b>Nurses</b>	4.00		0.38	0.31

Source: MGOZ Casa Amalia records.

## **7.5. In December 2021, 32 per cent of staff members at Casa Amalia were employed on a part-time basis**

- 7.5.1. The Social Care Standards Authority (SCSA) granted a license for Casa Amalia to operate as a Shelter for Senior Citizens with Dementia and also as a Day Centre for Senior Citizens living with Dementia. This license was issued subject to, the relevant laws, regulations, and standards as well as the conditions listed by the Authority in the Grant letter dated 29 October 2021 and was valid until the end of October 2022.
- 7.5.2. As of 6 December 2021, Casa Amalia employed 19 staff members, including 12 full-timers (63.2 per cent), six part-timers (31.6 per cent) and one (5.2 per cent) self-employed. Table 20 refers.

**Table 20: Casa Amalia staff members as of 6 December 2021**

Designation	Full-Time	Part-Time	Self-Employed	Total
Carers	10	5	0	15
Nurse	0	1	1	2
Administrator / Carer	1	0	0	1
Maid	1	0	0	1
Total	12	6	1	19

Source: MGOZ Casa Amalia records.

### None of the staff within Casa Amalia is specialised in dementia

7.5.3. The Casa Amalia staff members employed as of 6 December 2021 are qualified in their respective professions. However, dementia-related knowledge is not included as a specific area of qualifications obtained by the same staff. While training is available through the Active Ageing and Community Care, documentation received by this Office shows that staff members within Casa Amalia were not afforded the opportunity of specialised training in dementia care.

## 7.6. The occupancy rate for the 23 beds at Casa Amalia was estimated at 51 per cent

7.6.1. During 2021, the 23-bed Casa Amalia offered day, night, and respite services for dementia clients. The NAO estimated that, during this year, the occupancy rate at this residence was 51 per cent. For the purpose of this estimation, respite services were included within the day and night services offered. This estimate assumes that day and night services are provided for nine and twelve hours respectively. Table 21 refers.

**Table 21: Casa Amalia Occupancy rates (2021)**

	Total hours	Total utilised hours	Difference (Hours)	Difference (%)
Day service	75,555	39,483	36,072	48
Night service	100,740	46,032	54,708	54
Total	176,295	85,515	90,780	51

Source: MGOZ Casa Amalia records.

7.6.2. Casa Amalia's occupancy rate during 2021 averaged 51 per cent. In real terms, these occupancy rates translate to an average of eleven unutilised beds daily. In view of Gozo's demographic characteristics, namely an ageing population and the increasing incidence of dementia, the unutilised beds at this Home can be considered as contingency measures, albeit, from a longer-term perspective. As MGOZ only incurred costs for three respite beds with no other expenditure for the unutilised beds, the unutilised beds further support the notion that these beds may serve as contingency measure in case of emergencies or abnormal demand.

## 7.7. Casa Amalia's daily rate is comparable to the costs incurred by Dar Padova to provide dementia care

7.7.1. The applicable rates for Casa Amalia were agreed at €55.00 for the day rate and €45.00 for the night shelter rate. This implies that MGOZ is incurring an expenditure of €100.00 per bed. Moreover, the €100.00 does not cover a full day as, on a daily basis, Casa Amalia is open for clients for 21 hours and closed three hours during the afternoon. In addition to these costs, MGOZ also incurs an expenditure of €150.00 daily for transportation arrangements. This works out to €6.52 per bed per day. Consequently, MGOZ is incurring an expenditure of €106.52 per bed per day.

7.7.2. A benchmark to evaluate the extent to which Casa Amalia's costs reflect value-for-money would be to compare such expenditure with that incurred by Dar Padova. As noted in the introductory section of this Chapter, this latter residence provides dementia care during the morning on a daily basis in Gozo. Dar Padova, managed by AACC, has an eighteen bed-capacity for dementia patients during the day and nine beds available for the elderly during the night. At this point, it is to be noted that Dar Padova, unlike Casa Amalia, does not provide meals to its residents. Dar Padova provides only a snack to the residents. Table 22 compares the total daily costs incurred in 2021, to run Dar Padova with those charged to MGOZ by Casa Amalia.

**Table 22: Comparison of Dar Padova costs to Casa Amalia costs (2021)**

	Dar Padova			Casa Amalia		
	Day	Night	Total	Day	Night	Total
<b>Capacity</b>	<b>18</b>	<b>9</b>		<b>23</b>	<b>23</b>	
<b>Actual residents</b>	<b>6</b>	<b>3</b>		<b>13</b>	<b>11</b>	
Rent	€ 10,000.00	€ 10,000.00	€ 20,000.00			
Care	€ 205,585.68	€ 129,166.38	€ 334,752.06			
Meals	€ 1,509.16	€ 873.84	€ 2,383.00			
Administration	€ 21,863.04		€ 21,863.04			
Support Services	€ 93,816.81	€ 52,644.81	€ 146,461.62			
Cost per person based on capacity	€ 50.65	€ 58.66	€ 109.31	€ 61.52	€ 45.00	€ 106.52
Cost per person based on actual residents	€ 151.95 <sup>11</sup>	€ 175.97	€ 327.92	€ 61.52	€ 45.00	€ 106.52

Source: MGOZ and AACC expenditure records.

7.7.3. Table 22 shows that:

- The total daily costs per bed at Casa Amalia and Dar Padova are very similar when the calculations consider the capacity available. However, as already outlined, Dar Padova does not provide meals to its residents. Hence, when this element is considered, MGOZ has a better

<sup>11</sup> This calculation does not consider the fluctuation in variable costs according to the number of clients accommodated at the Home since resources deployed at this residence reflect full capacity.

deal through the contract with Casa Amalia, while providing a more inclusive service to clients. On the other hand, consideration is to be given to Dar Padova's employment of staff who are specialised in dementia care. Obviously, the engagement of specialised staff incurs a higher expenditure, which in part explains the difference in rates between the two homes.

- ii. The rates of Dar Padova increase significantly when the calculation considers the actual number of clients who make use of the services provided by the Home. At the end of 2021, six and three clients made use of the day centre and night shelter respectively. This situation increased the costs drastically to € 151.95 and € 175.97 for the day centre and night shelter respectively. This implies that the government is incurring a cost of around €101.00 and €117.00 per day to ensure that supply addresses potential demand.

The above rates relating to Dar Padova consider the operational costs associated with the same Home.

- iii. On the other hand, in the case of Casa Amalia, MGOZ is not responsible for any capital investment/renovations relating to the Home.

## 7.8. Conclusion

- 7.8.1. The main focus of this Chapter was the 23-bedded Casa Amalia, which provides dementia-related services. To various degrees, these services are similar in nature to those provided by Dar Padova. The services provided by these two Homes are critical to cater for the increasing demand for dementia care brought about by demographic changes. Despite the proximity and similarity in the provision of dementia care, this performance audit clearly showed that these two centres provide mutually-exclusive services. The study also showed that the opportunity exists for better communication and coordination between MGOZ and AACC, who are responsible for the management of these Homes.
- 7.8.2. MGOZ monitoring initiatives of Casa Amalia's operations did not reveal any major concerns. Nonetheless, this performance audit raised concerns about the scope and frequency of monitoring undertaken by MGOZ. The main issues raised relate to the monitoring of KPIs, clients' satisfaction or the staff's capabilities and actual service.
- 7.8.3. It is acknowledged that dementia care is a specialised and complex function which tends to push up operational costs. A comparison of the daily costs of €106.50 per bed per day with Dar Padova, which also provides specialised dementia care, shows that Casa Amalia's daily costs are at par with the latter while providing a more inclusive set-up as clients are also given meals. Moreover, when the benchmarking exercise carried out considered actual capacity, it showed that MGOZ has a better deal through the agreement with Casa Amalia.

# Chapter 8 | Concluding Remarks

- 8.1. Ensuring that older persons maintain their independence, mobility and have access to the required health and social services is key to achieving the quality of life that older people yearn for. To this end, community and residential care have critical roles in making a direct contribution to older persons' quality of life. It is within this spirit that this performance audit sought to determine the extent to which current practices related to residential and community care implemented by the Ministry for Gozo (MGOZ), whose expenditure in 2021 on elderly and community care exceeded €5.9 million<sup>12</sup>, contributed to optimal services based on value-for-money principles, quality, efficiency, and reasonable prices.
- 8.2. This audit focused on two community and four residential services. MGOZ provided these services mainly through contractual agreements with third parties. During 2021, the six services under review elicited an expenditure of €5.4 million or 95 per cent of MGOZ's total expenditure on community and residential care for the elderly – which in cases included disabled persons.
- 8.3. **Demand and Supply:** There was, overall, an equilibrium in the supply and demand for these services. This was evidenced by minimal or negligible waiting times from application to the commencement of service delivery. In one case, concerning the Meals on Wheels service, the contract envisaged a greater demand for this service, which however did not fully materialise. Nonetheless, this can be seen as a contingency matter, particularly as MGOZ did not incur any charges for increasing the supply capping of meals through its contractual arrangements with the supplier.
- 8.4. **Quality of Services:** From clients' point of view, the quality of these services was not subject to any material criticism. Moreover, this audit confirmed that specifications related to the provision of care were largely adhered to. A case in point being the adherence to nursing and caring in residential care homes. On the other hand, this performance audit elicited qualitative-related concerns regarding some of these services. The following refers:
- i. Homes and centres providing care to dementia patients did not employ staff specialised in this condition. The staff's exposure emanated from modules within general nursing and caring courses.
  - ii. Supplier-commissioned surveys concluded that elements making up the quality criteria of Meals on Wheels (MOWs) service were on a declining trend.
  - iii. Around a fifth of the allocated Home Help hours could neither be delivered by the supplier nor through MGOZ's social assistants employed directly within this Ministry. This circumstance materialised despite MGOZ securing an adequate supply of Home Help Hours.

<sup>12</sup> Budget 2022 documents.



- 8.5. **Value-for-money:** Evaluations in this regard elicited mixed results. These considered price comparisons with similar services and reasonableness testing. The Meals on Wheels service, Home Help and Casa Amalia satisfied the National Audit Office's (NAO's) value-for-money criteria.

Conversely, the charges related to the provision of elderly residential services at Villa San Lawrenz rank among the highest when benchmarked against costs incurred for the provision of similar service in Malta and Gozo.

The costs associated with the provision of elderly care at the Downtown Hotel ranked the highest in benchmarking exercises. It can be argued that the Downtown Hotel costs reflect the prevailing COVID-19 pandemic and the urgent need to accommodate COVID-19 patients at the Gozo General Hospital. These circumstances underline that, in times of emergencies, prevailing situations tend to force governments to become price-takers.

MGOZ incurred an expenditure of over €1 million in a nine-year period to rent Dar San Ġużepp in Għajnsielem. However, this project has been delayed by various contracting issues. Currently, this contract is at the tender revaluation stage following an appeals process.

- 8.6. **Contractual obligations:** With the exception of minor issues, the contracts reviewed for the purpose of this audit satisfied the NAO's criteria whereby the provisions therein safeguarded MGOZ's and stakeholders' interest.

Moreover, this performance audit revealed that, except for the Home Help Service, the provision of the relative services largely reflected the specifications within the contract. As discussed in paragraph 4.iii, the Home Help Service did not supply around a fifth of the approved hours. This situation materialised as both the supplier and MGOZ (through its social assistance) did not manage to replace service providers who were either on vacation leave or sick leave. This raises three issues:

- i. Better coordination between the two suppliers (the contractor and MGOZ) could have enabled the provision of the outstanding hours, particularly in a situation where, contractually, MGOZ had secured enough Home Help hours to meet demand.
- ii. More hours would have been available to cater for the outstanding service if both the supplier and MGOZ provided services only to clients' homes within the community. This performance audit revealed that in 2021, in 20 and 60 per cent of the hours, the contractor and MGOZ were deploying their respective employees to provide services in other places than clients' residences within the community. A case in point relates to Home Help staff providing services within Governmental entities.
- iii. The outstanding Home Help Hours also raise issues regarding the extent to which MGOZ has transferred the employee supply risk onto the contractor. While the contractor is obliged

to supply the maximum hours stipulated in the Agreement, it is a well-known fact that the caring industry is facing staff shortages at various levels.

- 8.7. **Monitoring:** These services are financially-material and serve a critical social purpose. Consequently, MGOZ's monitoring of these services – which involve elderly and vulnerable persons – assumes paramount importance. Monitoring is also given high importance from a performance audit perspective since it constitutes a key management function.

MGOZ's monitoring function of these services is, however, fragmented and not subject to a structured plan. This situation materialises for two reasons:

- i. MGOZ's Home Assist Service calls clients receiving services relating to community care and residential homes by the same Ministry. Documentation categorizing the complaints received and action undertaken is also limited, hence influencing the level of analysis that can be undertaken.
- ii. Onsite inspections both in the community and residential homes were also limited. While acknowledging the COVID-19 pandemic has influenced the uptake of on-site inspections due to the restrictions introduced, both in 2019 and 2021 the number of on-site inspections were limited. This situation materialised as MGOZ's monitoring function is not well-resourced to deal with the number of services provided.

- 8.8. This Report shows that this performance audit elicited mixed results in the provision of community and residential care services for the elderly. To this end, it outlined cases where the opportunity existed to improve the quality and to varying degrees the cost efficiency of services. In part this was due to contract management issues. MGOZ monitoring of contracts is generally reactive to customer complaints. Within this context, MGOZ does not operate a structured approach to monitor contract implementation comprehensively and regularly to ensure that services are delivered consistently in accordance with contractual specifications. Furthermore, limitations regarding monitoring relating documentation detracts from the principles of transparency and accountability.

- 8.9. Generally, the cost of elderly services provided by MGOZ reflected value-for-money. Nonetheless, some concerns in this regard exist. For example, MGOZ has forked out over a million euros for the rental of a property which nine years later is not yet accommodating any elderly residents. Cost effectiveness concerns and misclassification of accounts also arose in instances where MGOZ provided services beyond the parameters of the schemes' objectives.

- 8.10. Despite the above, there is no doubt that, in general, the public money expended by MGOZ contributed positively to the welfare of elderly persons living within the community or in residential care homes in Gozo. This statement implies that MGOZ has set up the foundations for expanding its services to an increasingly ageing population in terms of broadening the scope of services and improving on the quality of their delivery.

## Chapter 9 | Recommendations

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- 9.1. In view of the findings and conclusions emanating from this performance audit, the National Audit Office (NAO) is proposing the following recommendations:

### Strategic

1. The Ministry for Gozo (MGOZ) should undertake an exercise to determine:
  - i. the real needs of older persons in Gozo and evaluate whether their particular situation warrants service provision that may differ from that in Malta;
  - ii. the current figures of clients who could currently be entitled to services but are not using them for distinct reasons; and
  - iii. the number of older persons that might require them in the future.

Such an exercise would help to determine the operational and implementational aspects of current and new services, as well as the real expenditure that these services are dependent on to be provided in an efficient and timely manner. Such an exercise would also determine what human and other resources need to be available and avoid extra or last-minute recruitment within the public service or on a contractual basis.

### General Processes

2. MGOZ need to establish processes leading to the appropriate maintenance of duly updated and reliable databases that include all elements related to personal files and records as well as the registering of complaints and changes concerning service provision. Moreover, these databases need to include comprehensive and up-to-date information, allowing for a reliable audit trail.
3. Whilst efficiency in dealing with a request for service or changes to service provision is welcome, MGOZ needs to ensure that both internal as well as external communication with clients are recorded.
4. MGOZ is to devise Standard Operating Procedures (SOPs) concerning the way a service should be provided and monitored. Resorting to SOPs would ensure a service that can be more uniformly provided, improved, and monitored.
5. MGOZ is advised to maintain and monitor databases related to contract provisions and obligations by the various stakeholders involved. This would avoid any over-running contracts and direct orders to incumbents and ensure that all contract provisions are adequately addressed and monitored.

## Home Help

6. A centrally kept database/ records/ telephone logs with robust audit trail of service provided, containing all the relevant information, will also provide greater transparency and effective control.
7. A formal plan is to be drawn up to ascertain that the scope of inspections is broadened, preferably to include every household on a more regular basis.
8. The establishment of SOPs are recommended, clearly indicating the checks to be performed during such an inspection, thus ensuring consistency of review. The outcome of these inspections is to be recorded in a standard report endorsed by the supervisor performing such checks.
9. MGOZ is to consider the feasibility of the Home Help contract to absorb the service being provided by MGOZ social assistance and to provide the latter with other work duties. Such a consideration is also to consider transferring the risk of the Home Help service to the private sector while MGOZ assumes a more regulatory and monitoring function.

## Meals on Wheels

10. MGOZ is to extend its monitoring function of key provisions of the Meals on Wheels contract. This will ensure that MGOZ is continually informed that the service provided is optimal in all aspects, specifically the quality, food safety and value-for-money aspects.
11. MGOZ is to enhance its communication with the contractor to ensure improvements or changes to the service. This is of particular importance following the presentation of findings elicited from satisfaction surveys and complaints. This is in view of the essential nature of the service and the anticipated increase in the number of clients receiving such a service in the future.
12. MGOZ should also ensure that the contractor provides all required documentation and records in a timely fashion in accordance with contractual provisions. Moreover, MGOZ is to ensure that the contractor records complaints received and follows them up and communicate them with the Ministry.
13. MGOZ should communicate and rope in other entities such as the Health Ministry to follow up on any obligations from the government's side to ensure that meals provided through this contract are consistently in accordance with contractual specifications related to the nutritional values of meals.

## Villa San Lawrenz

14. This Office feels that MGOZ would benefit from the formalised collection of clients' and their relatives' feedback through satisfaction surveys.

## **Downtown Hotel**

15. While contingency plans are required and should be updated to cater to different scenarios, in the interest of good governance, particularly accountability and transparency, MGOZ should invariably and without any exception document the basis of all decisions taken as well as the pros and cons of alternatives considered. This is especially critical when dealing with a vulnerable cohort as was the case when temporarily transferring elderly patients from the Gozo General Hospital to Downtown through a direct order.

## **Dar San Ġużepp**

16. Given that the Dar San Ġużepp project is long overdue due to the unexpected contract award issues and that MGOZ intends to pursue this project, consideration is to be given by this Ministry to ascertain whether the project as originally planned needs to be reassessed to take cognisance of emerging approaches in the provision of residential care for the elderly. Moreover, MGOZ is encouraged to ensure that a robust project management team is established to ensure that the project is delivered in a timely and cost-effective manner once the decision to proceed with the project is confirmed by the competent authorities.

## **Casa Amalia**

17. MGOZ and the Active Ageing and Community Care (AACC) are to coordinate further amongst themselves to ensure the consolidation and convergence of services provided by Casa Amalia and Dar Padova. As these residences are run by different ministries, increased coordination will minimise overlap between the two Homes.
18. The Casa Amalia caring and transport service contracts need to be evaluated in terms of deliverables and costs to ensure that it is providing a service that is required. This is particularly important in view that both Casa Amalia and Dar Padova are, to varying degrees, providing a similar service. MGOZ should ensure that the Casa Amalia services, while free for the end consumer, should not burden the Ministry with avoidable costs arising through frivolous client absenteeism. In such cases MGOZ incurs a contractually stipulated charge.
19. Casa Amalia's administration is to provide dementia-related courses to all staff members, especially those who are in direct contact with elderly clients suffering from dementia.
20. MGOZ's monitoring of Casa Amalia needs to encompass all aspects of the service. Moreover, the Ministry's role should not be limited to enrolling clients. Monitoring of services should follow a certain frequency, ensure compliance to contract provisions, and, where available, to SOPs. Additionally, MGOZ is to ensure that its inspection regime, including surprise inspections, covers all aspects of service delivery, even extending to the night shelter.

# Appendix I | Results of Meals on Wheels survey (2019 and 2021)

Choice of food			
Satisfaction levels	April 2019 (%)	December 2021 (%)	Changes in Satisfaction levels (%)
Completely satisfied	42.3	28.0	-14.3
Very Satisfied	25.0	18.7	-6.3
Satisfied	25.0	40.0	+15.0
Less satisfied	5.8	12.0	+6.2
Not satisfied	1.9	1.3	-0.6

Taste of food			
Satisfaction levels	April 2019 (%)	December 2021 (%)	Changes in Satisfaction levels (%)
Completely satisfied	31.5	24.3	-7.2
Very Satisfied	31.5	21.6	-9.9
Satisfied	24.1	31.1	+7.0
Less satisfied	9.3	18.9	+9.6
Not satisfied	3.7	4.1	+0.4

Taste of desert			
Satisfaction levels	April 2019 (%)	December 2021 (%)	Changes in Satisfaction levels (%)
Completely satisfied	44.4	36.5	-7.9
Very Satisfied	31.5	25.7	-5.8
Satisfied	11.1	29.7	+18.6
Less satisfied	13.0	2.7	-10.3
Not satisfied	0.0	5.4	+5.4

Quantity of food served			
Satisfaction levels	April 2019 (%)	December 2021 (%)	Changes in Satisfaction levels (%)
Completely satisfied	40.7	29.3	-11.4
Very Satisfied	22.2	29.3	+7.1
Satisfied	22.2	21.3	- 0.9
Less satisfied	13.0	16.0	+3.0
Not satisfied	1.9	4.0	+2.1

Texture of food			
Satisfaction levels	April 2019 (%)	December 2021 (%)	Changes in Satisfaction levels (%)
Completely satisfied	34.0	29.7	-4.3
Very Satisfied	35.8	21.6	-14.2
Satisfied	17.0	33.8	+16.8
Less satisfied	13.2	10.8	-2.4
Not satisfied	0.0	4.1	+4.1
Presentation of food			
Satisfaction levels	April 2019 (%)	December 2021 (%)	Changes in Satisfaction levels (%)
Completely satisfied	41.5	38.7	-2.8
Very Satisfied	34.0	26.7	-7.3
Satisfied	20.8	20.0	-0.8
Less satisfied	3.8	10.7	+6.9
Not satisfied	0.0	4.0	+4.0
Timing of delivery of food			
Satisfaction levels	April 2019 (%)	December 2021 (%)	Changes in Satisfaction levels (%)
Completely satisfied	72.2	58.1	-14.1
Very Satisfied	18.5	16.2	-2.3
Satisfied	5.6	17.6	+12.0
Less satisfied	1.9	6.8	+4.9
Not satisfied	1.9	1.4	-0.5
Delivery service			
Satisfaction levels	April 2019 (%)	December 2021 (%)	Changes in Satisfaction levels (%)
Completely satisfied	77.8	68.0	-9.8
Very Satisfied	14.8	22.7	+7.9
Satisfied	7.4	8.0	+0.6
Less satisfied	0.0	0.0	0.0
Not satisfied	0.0	1.3	+1.3
Cost of food			
Satisfaction levels	April 2019 (%)	December 2021 (%)	Changes in Satisfaction levels (%)
Completely satisfied	66.7	66.7	0.0
Very Satisfied	24.1	20.0	-4.1
Satisfied	7.4	9.3	+1.9
Less satisfied	1.9	2.7	+0.8
Not satisfied	0.0	1.3	+1.3

Source: Customer Delight Index Survey Meals on Wheels – Gozo, December 2021.

## 2021-2022 (to date) Reports issued by NAO

### NAO Annual Report and Financial Statements

July 2022	National Audit Office Annual Report and Financial Statements 2021
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### NAO Audit Reports

December 2021	Performance Audit: A Strategic Overview on the Correctional Services Agency's Operations at the Corradino Correctional Facility
December 2021	Report by the Auditor General on the Public Accounts 2020
December 2021	Report by the Auditor General on the workings of Local Government for the year 2020
December 2021	An audit of matters relating to the concession awarded to Vitals Global Healthcare by Government Part 2   A review of the contractual framework
May 2022	Performance Audit: Assisting Individuals with Dementia and their Caregivers within the Community
May 2022	Joint Report on Management of Plastic Waste in Europe
May 2022	Ministry for Finance and Employment: An Analysis on Revenue Collection Financial Year 2020
June 2022	An evaluation of performance audits in the public sector: Common audit findings (2017 – 2020)
June 2022	Follow-up Audits Report by the National Audit Office Volume I 2022
July 2022	Performance Audit: Procuring the Public Transportation Service
October 2022	The COVID-19 pandemic- Business continuity within the public administration
October 2022	Performance Audit: A Follow-up on the 2018 Strategic Overview of Mount Carmel Hospital
November 2022	Follow-up Audits Report by the National Audit Office Volume II 2022
November 2022	Report by the Auditor General on the workings of Local Government or the year 2021