

ARGYLL & BUTE COUNCIL

Internal Audit Section

INTERNAL AUDIT REPORT

CUSTOMER DEPARTMENT	COMMUNITY SERVICES
AUDIT DESCRIPTION	RISK BASED AUDIT
AUDIT TITLE	OUT OF AUTHORITY PLACEMENTS
AUDIT DATE	MAY 2015

2015/2016



1. BACKGROUND

A review of Out of Authority Placements within Community Services, Children & Families has been planned as part of the 2015/16 Internal Audit programme. The Children (Scotland) Act 1995 concentrates on the needs of children and their families and defines both parental responsibilities and rights in relation to children. Under the provisions of the Children (Scotland) Act 1995, 'Looked after Children' are defined as those in the care of their local authority. In addition to the above act the Children and Young people's Act 2014 has introduced the provision that children can opt to remain in placement until they are 21. Councils have a duty to provide social care for those who need it, whether they provide these services themselves, contract with the voluntary or private sector to provide them or give clients a budget to arrange their own care. Argyll & Bute Council Children & Families provide a range of services to protect and support vulnerable children. The current budget for 2015/16 Re out with Authority placements for Children and Families is £994k

2. AUDIT SCOPE AND OBJECTIVES

- A review of policies and procedures in relation to Out of Authority Placements;
- Application of policies and procedures
- A review of information sharing and partnership working protocols.

Control objectives will include Authority, Occurrence, Completeness, Measurement, Timeliness and Regularity. Where appropriate testing will be undertaken using a modified CIPFA SBA control matrix together with relevant sampling methodology.

3. RISKS CONSIDERED

ORR - Failure to safeguard young people and families at risk.

ORR - Failure to improve the life chances of looked after children.

Audit risk: insufficient controls.

4. AUDIT OPINION

The level of assurance given for this report is Substantial

Level of Assurance	Reason for the level of Assurance given
High	Internal Control, Governance and the Management of Risk are at a high standard with only marginal elements of residual risk, which are either being accepted or dealt with.
Substantial	Internal Control, Governance and the Management of Risk have displayed a mixture of little residual risk, but other elements of residual risk that are slightly above an acceptable level and need to be addressed within a reasonable timescale.
Limited	Internal Control, Governance and the Management of Risk are displaying a general trend of unacceptable residual risk and weaknesses must be addressed within a reasonable timescale, with management allocating appropriate resource to the issues.
Very Limited	Internal Control, Governance and the Management of Risk are displaying key weaknesses and extensive residual risk above an acceptable level which must be addressed urgently, with management allocating appropriate resource to the issues.

This framework for internal audit ratings has been developed and agreed with Council management for prioritising internal audit findings according to their relative significance depending on their impact to the process. The individual internal audit findings contained in this report have been discussed and rated with management.

A system of grading audit findings, which have resulted in an action, has been adopted in order that the significance of the findings can be ascertained. Each finding is classified as High, Medium or Low. The definitions of each classification are set out below:-

<p>High - major observations on high level controls and other important internal controls. Significant matters relating to factors critical to the success of the objectives of the system. The weakness may therefore give rise to loss or error;</p> <p>Medium - observations on less important internal controls, improvements to the efficiency and effectiveness of controls which will assist in meeting the objectives of the system and items which could be significant in the future. The weakness is not necessarily great, but the risk of error would be significantly reduced if it were rectified;</p> <p>Low - minor recommendations to improve the efficiency and effectiveness of controls, one-off items subsequently corrected. The weakness does not appear to affect the ability of the system to meet its objectives in any significant way.</p>
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5. FINDINGS

The following findings were generated by the audit:

A review of policies and procedures in relation to Out of Authority Placements

- It was noted that Community Services have in place a procedural Guidance document entitled “How to Purchase Care Services for your Client “ and that this document outlines the procedure for commissioning care from external , private or third sector providers for all Adult Services and Children and Family Services
- A review of the procedural Guidance document found that the document requires to be updated. The guidance does not reflect all the various stages in the placement process that are currently being carried out, e.g. the role of the placements manager in the overall process, an options appraisal to assess the appropriateness of a service provider is carried out or clarity of roles and responsibilities.
- It was evidenced that although individual procedural documents exist there is no single comprehensive document that sets out the actions from first identifying the requirement for a child to be placed in care through to the relevant forum that authorises the placement and the resulting financial procedures required to execute the payments. It is noted that there are recognised procedures in place and that these are embedded in working practice through the Children’s Resource Panel (CRP) and Joint Resource Panel (JRG).
- A review of Flowcharts forwarded to Internal Audit showing the authorisation routes to be undertaken in terms of commissioning services were found to be out of date.

Application of policies and procedures

- 5 out of 14 financial files held by the Income maximisation team were selected for review covering children who are currently at placements in establishments out with the authority.
- An exercise was carried out to reconcile the information within the finance placements database and the Social Work database and one error was found which related to an agreed placement.

- A review of the 5 files included scrutinising the “Individual Placement Agreement “ (IPA) for each of the files chosen to ensure that as per the procedures that each placement shows a clear audit trail that details :
 - What is being purchased
 - Why this is the appropriate provider
 - How the commissioned service will be funded, delivered, managed and reviewed.
- The files clearly showed the needs of the individual being assessed and what is therefore being purchased from the provider.
- It was evidenced that for 3 of the 5 files chosen an options appraisal had been carried out to assess the most appropriate service provider, however, for 2 of the files no evidence of an options appraisal could be found.
- The commissioned service will be funded , delivered , managed and reviewed as follows :
 - Funded: Files reviewed stated the cost of each placement and that the placement had been agreed by the appropriate body e.g. The Children’s Resource panel. Appropriate authorisations were in place.
 - Delivered: Files reviewed showed a clear summary of how the service should be delivered to meet the needs of the child.
 - Managed and reviewed: It was evidenced from the files reviewed that the placements are monitored and the case periodically reviewed.
- It was evidenced that all of the files reviewed had a copy of the contract with the service provider in the file, however, it was noted in 2 instances that contracts had not been signed by the service provider.
- It was evidenced in one instance a 3% increase had been applied to the payment, however, no evidence could be found on file that this increase had been authorised

A review of information sharing and partnership working protocols

- It was evidenced that a sharing and partnership working protocol document exists called “Information sharing procedures”. This document outlines the procedures necessary to provide a framework for the following :
 - When to share data, including the role of consent,
 - What to share and who is responsible for shared data,
 - Who to share with and the role of disclosure,
 - How to share securely,
 - How to resolve disputes

6. CONCLUSION

This audit has provided a Substantial level of assurance. There were a number of recommendations for improvement identified as part of the audit and these are set out in Appendix 1. There are 5 medium recommendations set out in Appendix 1 which will be reported to the Audit Committee. Appendix 1 sets out the action management have agreed to take as a result of the recommendations, the persons responsible for the action and the target date for completion of the action. Progress with implementation of actions will be monitored by Internal Audit and reported to management and the Audit Committee.

Thanks are due to the Social Work staff and management for their co-operation and assistance during the Audit and the preparation of the report and action plan.

APPENDIX 1 ACTION PLAN

Findings	Risk Impact	Rating	Agreed Action	Responsible person agreed implementation date
1. Procedures		High/ Medium or Low		
A review of the procedural guidance document found that the document requires to be updated to reflect current practice, including the new roles established in September 2014 when the childcare service was completely reorganised	Outdated procedural information leads to non-compliance with current agreed practice.	Medium	Placements Manager along with Locality based Managers to update “How to Purchase Care Services for your Client” and document to incorporate department changes (including CRP & JRG process).	Children’s Placement Manager along with Locality based Managers 31 July 2015
2. Flowcharts		High/ Medium or Low		
A review of Flowcharts forwarded to Internal Audit showing the authorisation routes to be undertaken are out of date, including the new roles established in September 2014 when the childcare service was completely reorganised	Outdated authorisation information leads to non-compliance with current agreed practice.	Medium	Placements Manager along with Locality based Managers to update flowcharts showing changes made as a result of departmental reorganisation	Children’s Placement Manager along with Locality based Manager 31 July 2015

3. Options Appraisal		High/ Medium or Low		
No evidence of an options appraisal on the service provider could be found for 2 of the 5 files reviewed	Increased risk of ineffective decision making.	Medium	Placements Manager to resolve issue Document control file manage protocols to be reviewed	Children's Placements Manager 30 June 2015
4. Contract signed		High/ Medium or Low		
It was evidenced in 2 instances that contracts had not been signed by the service provider.	Council exposed to failure of service provider without recourse to law.	Medium	Placements Manager to resolve issue Document control file manage protocols to be reviewed	Children's Placements Manager 30 June 2015
5. Variations		High/ Medium or Low		
It was evidenced in one instance a 3% increase had been applied but no evidence of authorisation could be found.	Failure to make payments in line with agreed contract.	Medium	Payment control processes to be reviewed and meeting set up to resolve specific case identified.	Children's Placements Manager 30 June 2015

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