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Agenda Item: 7

Integration Joint Board – Audit Committee

Date of Meeting: 17 November 2021.

Subject: Internal Audit – Adoption Allowances and Kinship Payments.

1. Summary

1.1. To advise on the outcome of an internal audit which was completed for the Council in August 2021 on procedures and controls relating to adoption allowances and kinship payments.

2. Purpose

2.1. To present, for information, the internal audit report, completed for Orkney Islands Council, relating to procedures and controls relating to adoption allowances and kinship payments.

3. Recommendations

The Audit Committee is invited to note:

3.1. That the Council's Internal Audit has undertaken an audit on procedures and controls relating to adoption allowances and kinship payments.

3.2. That the Internal Audit report, attached as Appendix 1 to this report, was scrutinised by the Council's Monitoring and Audit Committee on 23 September 2021.

3.3. The findings of the Internal Audit report on Adoption Allowances and Kinship Payments, attached as Appendix 1, to this report.

4. Background

4.1. Adoption is a service for children who are unable to be cared for within their birth families. The legal process removes them from local authority care and enables children to become a permanent member of a family life.

4.2. Kinship care is when a child is looked after by their extended family or by someone who has a pre-existing relationship with the child, if they cannot remain with their birth parents.

5. Audit Findings

5.1. The audit provides adequate assurance that the processes and procedures relating to adoption allowances and kinship payments are well controlled and managed.

5.2. Areas of good practice are highlighted within the Executive Summary of the internal audit report, attached as Appendix 1 to this report.

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

6. Contribution to quality

Please indicate which of the Orkney Community Plan 2021 to 2023 visions are supported in this report adding Yes or No to the relevant area(s):

Resilience: To support and promote our strong communities.	No.
Enterprise: To tackle crosscutting issues such as digital connectivity, transport, housing and fuel poverty.	No.
Equality: To encourage services to provide equal opportunities for everyone.	No.
Fairness: To make sure socio-economic and social factors are balanced.	No.
Innovation: To overcome issues more effectively through partnership working.	No.
Leadership: To involve partners such as community councils, community groups, voluntary groups and individuals in the process.	No.
Sustainability: To make sure economic and environmental factors are balanced.	No.

7. Resource implications and identified source of funding

7.1. There are no resource implications associated directly with this report.

8. Risk and Equality assessment

8.1. There are no risk or equality implications associated with this report.

9. Direction Required

Please indicate if this report requires a direction to be passed to:

NHS Orkney.	No.
Orkney Islands Council.	No.
Both NHS Orkney and Orkney Islands Council.	No.

10. Escalation Required

Please indicate if this report requires escalated to:

NHS Orkney.	No.
Orkney Islands Council.	No.
Both NHS Orkney and Orkney Islands Council.	No.

11. Authors

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13. Supporting document

12.1. Appendix 1: Internal Audit Report: Adoption Allowances and Kinship Payments.



Internal Audit

Audit report

Adoption Allowances and Kinship Payments

Draft issue date: 21 July 2021

Final issue date: 13 August 2021

Distribution list:	Operational Manager – Children’s Services Acting Service Manager – Children and Families Interim Chief Social Work Officer IJB Chief Finance Officer Chief Officer IJB / Executive Director OHAC
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Audit Opinion

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

Adequate

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

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

Executive Summary

The purpose of this audit was to review governance arrangements, processes and controls in place within the Council in relation to adoption allowances and kinship payments.

Adoption allowances help secure an adoptive home for a child, who would, otherwise, not readily be adopted. Kinship care allowances to kinship carers of looked after children help with the costs of raising the child.

Areas of good practice were identified during this audit including the regular processing of both Adoption and Kinship care allowances, and compliance to budgetary control processes.

The report includes 4 recommendations which have arisen from the audit. The number and priority of the recommendations are set out in the table below. The priority headings assist management in assessing the significance of the issues raised.

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

Total	High	Medium	Low
4	0	4	0

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

Introduction

Adoption

Adoption is a service for children who are unable to be cared for within their birth families. The legal process removes them from local authority care and enables children to become a permanent member of a family life.

From 28 September 2009, the Adoption Support Services and Allowances (Scotland) Regulations 2009 replaced the scheme for the payment of adoption allowances under the Adoption Allowance (Scotland) Regulations 1996.

The 2009 Regulations maintained the principle that an adoption allowance can be paid where this would help secure an adoptive home for a child, who would, otherwise, not readily be adopted.

The circumstances under which an adoption allowance may be paid is criteria based. Criteria includes, amongst others, where it is necessary to ensure that the adoptive parent(s) can look after the adoptive child, or a specific need of the child. Where one or more of the criteria is met a financial assessment of the prospective adopter(s) must be carried out, to determine eligibility for an allowance.

The Council may also provide lump sum payments to the adoptive parents. Such lump sum payments are separate and distinct from an adoption allowance. A lump sum payment can be paid when such a payment is required, in accordance with an individual child's circumstances, for an adoption to proceed.

The awarding of adoption allowances and the making of a lump-sum payment arise in exceptional circumstances. Most adoptions will proceed without such payments being awarded or paid. The necessity for such payments to be awarded or paid to adoptive parents has no bearing on the paramount consideration of an adoption namely whether an adoption by the prospective adopters is in the best interests of the child concerned.

Kinship

Kinship care is when a child is looked after by their extended family or by someone who has a pre-existing relationship with the child, if they cannot remain with their birth parents.

Kinship care includes children who are looked after and are placed in a formal kinship care arrangement by the local authority. The Looked After Children (Scotland) Regulations 2009 similarly gave local authorities the power to pay an allowance to kinship carers of looked after children living in kinship care.

Kinship care also includes non-looked after children, who live in an informal kinship care arrangement. These children may be subject to Section 11 of the Children (Scotland) Act 1995 (known as a Kinship Care Order) or may be living in a completely private arrangement with extended family, with no local authority involvement at all.

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

Audit Scope

The scope of this audit included a review of the following:

1. Confirm that there are policies and procedures in place for adoption allowances and kinship payments.
2. Confirm that the adoption allowances and kinship payments are administered in accordance with these policies, procedures, the 2009 Regulations and relevant codes of practice.
3. To check that adoption allowances and kinship payments are operating within budgetary control.

Audit Findings

1.0 Adoption Allowance Scheme

- 1.1 The Council's Adoption Allowance Scheme (the document) was most recently reviewed, May 2017.
- 1.2 There are a number of areas within the document which would benefit from further detail, we have listed some of these at 1.3 to 1.11.
- 1.3 At section 1.4 of the document it states, "the Council may also provide lump sum payments to the adoptive parents. A lump sum payment can be paid when such a payment is required, in accordance with an individual child's circumstances, for an adoption to proceed".
- 1.4 We are advised that these types of payments occur only occasionally and usually relate to financially assisting the adopter in setting up for the adoption. For example, a bed and bedding and bedroom contents. We are further advised that across local authorities, a typical sum would be in the range of £500 to £3,000.
- 1.5 The document does not detail either the process to take place when considering lump sum payments or which Officers are empowered to authorise lump sum payments or any financial limits to this authority.
- 1.6 The de facto process at the Council has been that the decision to make lump sum payments has usually been made by the principal manager and their respective manager. It could be considered whether a "one-off payment" would be a clearer description to these types of payments than "lump sum".
- 1.7 At section 2.5 of the document it states, "where an allowance is being considered to support the placement of siblings together, the first or oldest child placed will not be eligible for an allowance unless an additional criterion is met. Allowances can usually only be considered for second and subsequent children".
- 1.8 The eligibility criterion detailed at 1.7 was not known of within the Service neither why this should be a criterion. Details of the additional criterion are not provided within the document.
- 1.9 At section 3.4 of the document it states, "prospective adopters can appeal the decision using the Appeals process". The document does not detail what the process is or how and when prospective adopters are notified of this right.
- 1.10 At section 4.6 of the document it states, "in exceptional circumstances, additions to this allowance and one-off payments may be considered based on the child's needs". The document is not explicit in stating who undertakes this consideration and or is authorised to approve additional payments.
- 1.11 It is recommended that a review of the Adoption Allowance Scheme is carried out in order to update this document.

Recommendation 1

1.12 The document states at section 7.2 that reviews (of the adopters' financial circumstances) will take place:

- Annually after receiving the statement from adopters detailing their financial circumstances together with the financial circumstances of the child, or
- At any other time further to a material change in the financial circumstances of the adopters and/or child.

1.13 Annual reviews of adopters' financial circumstances have not taken place within the Council in recent years. In order to ensure that adoption allowances are only paid to those who continue to meet the criteria it is recommended that annual reviews of financial circumstances should take place.

Recommendation 2

2.0 Financial Policy & Procedure for Foster Carers and Kinship Carers

2.1 The Financial Policy and Procedure for Foster Carers and Kinship Carers was approved by the IJB on 30 September 2016.

2.2 We are advised that, at the time for this audit this policy and procedure is currently being reviewed.

2.3 There is a need for the policy and procedures to be reviewed in order to ensure that the Council's processes are clear and demonstrate that the rights and obligations of the (prospective) adopters are set out in policy and practices and applied fairly and with equality.

Recommendation 3

3.0 Rates of Allowance.

3.1 Fostering and kinship allowance rates within the Council are based on the Fostering Network's estimate of the weekly cost of child maintenance.

3.2 The Council's adoption allowance rates are based on 50% of Fostering and Kinship rates with a 1% voluntary organisation uplift.

3.3 Unlike the rest of the UK, Scotland does not currently have national minimum allowances for foster carers, although the Scottish Government has committed to making recommendations in the near future.

3.4 Foster and kinship carer rates vary greatly for each age band within Scotland. The allowance given for looking after children are as follows:

- Age 0 to 4 ranged from £77.96 to £200.00 per week.
- Age 5 to 10 ranged from £96.40 to £200.00 per week.
- Age 11 to 15 ranged from £120.00 to £240.40 per week.
- Age 16+ ranged from £155.36 to £261.52 per week.

- 3.5 The Fostering Network stopped publishing annual estimates of child maintenance costs in 2015/16 when most of the UK introduced national minimum allowances.
- 3.6 Rates for foster, kinship and adoption allowances have remained static at the Council since 2015/16.
- 3.7 As a Benchmark, 16 of the 31 other local authorities in Scotland have not updated their rates of foster care or kinship care allowance for at least the last two financial years.
- 3.8 It is recommended that processes are developed setting out when and how allowances for foster care, kinship and also adoption allowances should be revised.

Recommendation 4

Action Plan

Recommendation	Priority	Management Comments	Responsible Officer	Agreed Completion Date
1. The current version of the Adoption Allowance Scheme should be reviewed and updated.	Medium	Accept recommendations Service to set up financial review To be completed and ready for 31 October 2021	Operational Manager – Children’s Services Supported by Service Manager – Children and Families	31 December 2021
2. Annual reviews of adopters’ financial circumstances should take place.	Medium	Accept recommendation Guidance to be reviewed and updated.	Operational Manager – Children’s Services	31 December 2021 for Guidance refresh Annual reviews took place from 4 August 2021
3. Financial Policy & Procedure for Foster Carers and Kinship Carers should be reviewed and updated. Processes should be developed setting out when and how allowances for foster care, kinship and also adoption allowances should be revised.	Medium	Accept To be developed including benchmarking with 3 Local Authorities	Service Manager Children’s Services with support of Head of Children Families and Justice Services Supported by Procurement Services Operational Manager – Children’s Services	31 December 2021 31 December 2021 31 December 2021
4. Processes should be developed setting out when and how allowances for	Medium	Review of foster care and kinship allowances, and adoption allowances will form part of the annual report referred to	Service Manager Children’s Services	31 December 2021 and annually thereafter.

foster care, kinship and also adoption allowances should be revised.		within the response to Recommendation 3.		
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Key to Opinion and Priorities

Audit Opinion

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

Recommendations

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