

Sally Shaw (Chief Officer)

Orkney Health and Care

01856873535 extension: 2601

OHACfeedback@orkney.gov.uk



Agenda Item: 8

Integration Joint Board – Audit Committee

Date of Meeting: 13 March 2019.

Subject: Orkney Islands Council's Internal Audit Report – Out of Orkney Placements.

1. Summary

1.1. An internal audit has been completed on the governance processes surrounding out of Orkney placements.

2. Purpose

2.1. To present the internal audit report relating to out of Orkney placements.

3. Recommendations

The Audit Committee is invited to note:

3.1. That an internal audit was undertaken relating to the governance processes surrounding out of Orkney placements.

3.2. That the internal audit report, attached as Appendix 1 to this report, was scrutinised by Orkney Islands Council's Monitoring and Audit Committee on 27 September 2018.

3.3. The findings of the internal audit report – Out of Orkney Placements, attached as Appendix 1, to this report.

4. Background

4.1. Out of Orkney placements occur where a package of care is established for a vulnerable child or young person whose needs are unmet within Orkney. This could be established following either:

- Detailed options appraisal.
- An emergency placement.
- Compulsory supervision order made by a Children's Panel.

4.2. The purpose of the audit was to review the governance processes for scrutinising out of Orkney placements for children and young people. The audit

reviewed high cost packages of care that were in place for children and young people during the 2017 to 2018 financial year.

4.3. The internal audit report, attached as Appendix 1 to this report, was scrutinised by the Monitoring and Audit Committee of the Council at its meeting on 27 September 2018.

5. Audit Findings

5.1. The audit findings provide reasonable assurance that the processes and procedures in place are adequately controlled and managed. Areas of good practice are highlighted within the Executive Summary of the internal audit report.

5.2. The audit report includes two high priority issues:

- The requirement to review the terms of reference of the Extraordinary Packages of Care Group and thereafter present to Council for approval.
- Completion of an Individual Placement Agreement for each contract, to be in place at the commencement of all placements.

5.3 An action plan has been agreed to address the findings of the audit, with the recommendations due to be implemented by March 2019.

6. Contribution to quality

The table below indicates which of the Council Plan 2018 to 2023 and 2020 vision/quality ambitions are supported in this report:

Promoting survival: To support our communities.	No.
Promoting sustainability: To make sure economic, environmental and social factors are balanced.	No.
Promoting equality: To encourage services to provide equal opportunities for everyone.	No.
Working together: To overcome issues more effectively through partnership working.	Yes.
Working with communities: To involve community councils, community groups, voluntary groups and individuals in the process.	No.
Working to provide better services: To improve the planning and delivery of services.	Yes.
Safe: Avoiding injuries to patients from healthcare that is intended to help them.	No.
Effective: Providing services based on scientific knowledge.	No.
Efficient: Avoiding waste, including waste of equipment, supplies, ideas, and energy.	No.

6. Resource implications and identified source of funding

6.1. There are no resource implications associated directly with the recommendations to this report.

7. Risk and Equality assessment

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

8. 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.

9. 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.

10. Authors

10.1. Andrew Paterson (Chief Internal Auditor), Integration Joint Board.

10.2. Peter Thomas, Internal Auditor, Orkney Islands Council.

11. Contact details

11.1. Email: andrew.paterson@orkney.gov.uk, telephone: 01856873535 extension 2107.

11.2. Email: peter.thomas@orkney.gov.uk, telephone: 01856873535 extension 2135.

12. Supporting documents

12.1. Appendix 1: Out of Orkney Placements Audit Report 2017 to 2018.



ORKNEY
ISLANDS COUNCIL

INTERNAL AUDIT

Out of Orkney Placements

Audit Report

2017/18

Draft Report Issue Date: 15/06/2018
Final Report Issue Date: 21/08/2018

Distribution:
Chief Social Work Officer
Service Manager Children's Services
Principal Social Worker Children's Services
Executive Director of Education, Leisure & Housing
Head of Lifelong Learning and Inclusion
Executive Director of Corporate Services
Head of IT and Facilities

Contents

Executive Summary	1
Introduction	2
Audit Objectives	2
Audit Findings	3
Action Plan	5

EXECUTIVE SUMMARY

- Out of Orkney placements occur where a package of care is established for a vulnerable child or young person who’s needs are unmet from within the islands. The purpose of the audit is to review the governance processes surrounding out of Orkney placements.
- Based on our findings, our review of the processes and procedures as to out of Orkney packages of care provides reasonable assurance that they are adequately controlled and managed.
- Areas of good practice were identified during our audit including:
 - Full consideration being given to alternative options for placements by professional leads. This is supported by review by the Extraordinary Packages of Care Group.
 - The circumstances of looked after children/young persons are reviewed regularly.
 - Packages of care are obtained via framework agreements.
- Our audit has also identified areas where governance arrangements could be further strengthened. Three high priority issues were identified as follows:
 - The Extraordinary Packages of Care Group scrutinises out of Orkney placements and contributes to the decision-making process. The terms of reference and membership of this Group have not been presented to Council for consideration and approval.
 - Individual Placement Agreements form part of the contract documentation for each placement. Such an agreement had not been completed for one of the current placements reviewed.
 - During the audit it was identified that access was not sufficiently restricted to contract information held electronically on file. This was immediately raised with the Head of Service as an urgent matter. Action was taken without delay to remove access rights. We have therefore not included this issue within our list of recommendations.
- The report includes recommendations which have arisen from the audit. These are set out in the table below under each of the priority headings which assist management in assessing the significance of the issues raised.

Total	High	Medium
6	2	4

- Responsible officers will be required to update progress on these agreed actions via Aspireview.
- The assistance provided by officers contacted during the audit is gratefully acknowledged.

INTRODUCTION

Out of Orkney placements occur where a package of care is established for a vulnerable child or young person who's needs are unmet from within the islands. This could be established following either, a detailed options appraisal, an emergency placement, or a compulsory supervision order made by a children's panel.

The legal framework for looked after children in Scotland is based on a number of legislative acts and statutory instruments, these include:

- The Children (Scotland) Act 1995, which provides the legislative framework for Scotland's child protection system and sets out duties local authorities have to support children.
- The Looked after Children Regulations (Scotland) 2009, which sets out, inter alia, general requirements upon local authorities to secure the welfare of looked after children and young people, as amended by the Public Services Reform (Scotland) Act 2010.
- The Children and Young People (Scotland) Act 2014 which contains significant elements of the Scottish Government policy Getting it Right for Every Child, commonly known as GIRFEC, which places further duties upon local authorities in changing the way children and young people are cared for in Scotland.

AUDIT OBJECTIVES

The purpose of the audit was to review the governance processes for scrutinising out of Orkney placements for children and young persons. The audit reviewed high cost packages of care that were in place for children and young people during the 2017/18 financial year.

Audit Findings**1.0 Extraordinary Packages of Care Group**

- 1.1 There is in place an Extraordinary Packages of Care Group; the group's main functions relate to the governance of extraordinary packages of care being considered or provided.
- 1.2 The functions of the Group are similar to the roles of an Out-of-Orkney Placements Working Group which was disestablished following a decision taken by the Policy and Resources Committee on 16 May 2012.
- 1.3 The minutes of several Group meetings were reviewed which indicate that the group are contributing to the decision-making process for extraordinary packages of care. It is important that the Council comply with the provisions of the Local Government (Scotland) Act 1973 in relation to delegation of decision-making.
- 1.4 The Council's scheme of delegation detail, at 2.11.12, that "*the Chief Social Work Officer should take the final decisions on behalf of the local authority in relation to a range of social work matters, including adoption, secure accommodation, guardianship and other statutory decisions required from time to time.*"
- 1.5 To ensure that there is proper governance around this Group and its actions, the Group should be reviewed and its terms of reference be presented to the Council for its approval.

Recommendation 1**2.0 Contract Management**

- 2.1 The Extraordinary Packages of Care Group carries out a review role for the packages of care that are in place. The purpose of these reviews, as documented within the Extraordinary Packages of Care Procedure document, is to inform the strategic budget planning cycle. It is not a comprehensive review of the Service User's circumstances or the delivery of the contract provisions.
- 2.2 The lead professionals within the Services complete regular and detailed Looked after child or young person reviews focused on the service user's needs.
- 2.3 To strengthen the review process, specific scrutiny should be carried out to assess whether all elements of the contract are being delivered as commissioned. A focus group, including lead professionals from both OHAC and Education Services, may be best placed to carry out this scrutiny of contract compliance having detailed knowledge of both the provisions of the agreement and the looked after child reviews.
- 2.4 Detailed contract scrutiny should be carried out periodically. A suggested minimum basis of a six-monthly review would allow a mid-year review and end/start of year review to be completed.

Recommendation 2

- 2.5 An Individual Placement Agreement ("IPA") is an important document that details the service delivery requirements for a particular service user and forms part of each Contract within the Framework agreement for Secure Care.

2.6 Completion of some sections of the IPA are mandatory in all instances; only in emergency situations where it is not possible to complete other sections of the form, may it be partially completed.

2.7 It was found that for one placement an IPA agreement had not been completed or agreed with the supplier at the point of placement.

2.8 An IPA must be completed for each contract. Checks should be carried out to ensure that an IPA has been prepared and is in place at the commencement of all placements.

Recommendation 3

2.9 We were advised at the commencement of the Internal Audit that a supplier had allowed for a discount rate of only 30% on a pre-placement rate when a rate of 50% was applicable under the framework agreement. These invoices were also found during our review. This overcharge related to the placement mentioned in section 2.7 of this report for which there was not an IPA in place.

2.10 The amount overpaid by the Council was £896.14, and we have been advised that the supplier has been contacted regarding this overcharge; however there will be no refund provided under the terms of the excel agreement.

2.11 There is not a standard system in place for the receipt of invoices and their subsequent checking and approval for payment. Costs are generally incurred by both OHAC and Education and therefore invoices are required to be checked and then authorised by Managers within both Services. In addition to this the Procurement team have also been providing further review.

2.12 It is recommended that a set process is developed jointly by the Services for the checking and approval of invoices. This should incorporate accurate verification of the charges made by the supplier in accordance with the contract before the invoice is passed for payment.

Recommendation 4

3.0 Data Management

3.1 It was identified during the audit that access to electronic contract files for placements had inadequate controls in place for restricting access rights. Internal Audit reported this to the Head of Service and immediate action was taken to remove access rights.

3.2 In addition to 3.1, the full names of children and young people in care were found on the Council's main accounting system, being detailed on scanned copies of invoices.

3.3 To enhance internal controls over data security, personal information should only be shared throughout the council where necessary for processing. Services should self-assess their data management processes as to redaction or pseudonymisation of personal data relating to out of Orkney placements in order to gain assurance that appropriate controls are in place.

Recommendation 5

3.4 Suppliers could potentially use a contract reference number on their invoices rather than individual service user's personal details.

3.5 A protocol for using contract references numbers, or a similar anonymised identifier on invoices, should be agreed with suppliers.

Recommendation 6

	Recommendation	Responsible Officer	Management Comments	Agreed Completion Date
	Extraordinary Packages of Care Group			
1	<p>The Terms of Reference for the Extraordinary Packages of Care Group should be reviewed and presented to the Council for approval.</p> <p>High Priority</p>	Chief Social Work Officer	OHAC to review governance of high cost packages.	Dec 2018
	Contract Management			
2	<p>Detailed contract scrutiny should be carried out periodically to assess whether all elements of the contract are being delivered as expected and as required.</p> <p>Medium Priority</p>	Chief Social Work Officer	Statutory reviews ensure needs of the child are being met. Work to be completed on continuing to evidence outcomes from providers as part of review process.	Dec 2018
3	<p>Checks should be carried out to ensure that an Individual Placement Agreement has been prepared and is in place at the commencement of all placements.</p> <p>High Priority</p>	Chief Social Work Officer	All purchased placements are now signed off by the Chief Social Work Officer to ensure Individual Placements Agreements are in place before procuring the placement.	May 2018 (Complete)
4	<p>A set process should be developed jointly by the Services for the checking and approval of invoices, including verification of charges to the contract.</p> <p>Medium Priority</p>	Chief Social Work Officer	Officers will be reminded (made aware) of the requirements of the Council's Financial Regulations (section 12.3 and 12.4) as to the authorisation and certification of invoices therefore ensuring that all charges agree to the contract.	Dec 2018
	Data Management			
5	<p>Services should self-assess their data management processes as to out of Orkney placements to gain assurance that appropriate controls are in place.</p> <p>Medium Priority</p>	Chief Social Work Officer	A review of data management process specific to out of Orkney placements shall be completed.	March 2019

	Recommendation	Responsible Officer	Management Comments	Agreed Completion Date
	Data Management (cont.)			
6	A protocol for using contract references or similar anonymised identifier numbers on invoices should be agreed with Suppliers. Medium Priority	Chief Social Work Officer	The Chief Social Work Officer will agree with the Head of Education (Leisure Culture Inclusion) on a code to be used. The suppliers shall then be instructed to use the agreed code accordingly.	March 2019

Priority	Assessment
High	<ul style="list-style-type: none"> • Key control absent or inadequate; • Serious breach of regulations; • Significantly impairs overall system of internal control; • No progress made on implementing control; • Requires urgent management attention.
Medium	<ul style="list-style-type: none"> • Element of control is missing or only partial in nature; • Weakness does not impair overall reliability of the system; • Recommendation considered important in contributing towards improvement in internal controls; • Management action required within a reasonable timescale.
Low	<ul style="list-style-type: none"> • Control exists or on target to be implemented within timescales; • Minor weakness, does not compromise overall system control; • To be considered by management within a reasonable timescale

Note:

It should be recognised that where recommendations in the action plan are not implemented there may be an increased risk of a control failure. It should be noted however that it is the responsibility of management to determine the extent of the internal control system appropriate to their area of operation.