



ORKNEY
ISLANDS COUNCIL

INTERNAL AUDIT

Fostering and Kinship Financial Policies and Procedures

Audit Report

2015/16

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Distribution :

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EXECUTIVE SUMMARY

- The internal audit work carried out has focused on financial issues. Internal Audit has found the management and administration of fostering and kinship allowances to be satisfactory. However we have identified a requirement for policies and procedures to be brought up to date.
- The fees and allowances policy for foster carer allowances was set in 2009. These rates were not re-published in November 2015 as required by the Scottish Government. There is currently no policy for payments to kinship carers. A revised kinship and fostering allowances policy is required.
- The guidance given for carer expenses varies between policy and procedure documents. This requires to be corrected, and the policy on expenses clarified in the update to the policies and procedures.
- The current Foster Care Procedures document is dated 2008 and needs updating to recent legislation and best practice requirements. The procedural documents make no reference to kinship.
- Incorrect rates of fostering and kinship allowances were applied to payments made between April 2016 and June 2016 causing a total overpayment of £7,504 to carers, which is irrecoverable to the OIC. Rates had been corrected by staff in July 2015, prior to the audit taking place.
- The budget for Children Fostered is overspent for the first 8 months of the financial year by £46,630 or 125.62%. A service pressure bid to recognise the increasing numbers of children and young people being cared for was included in the reports to the Policy and Resources committee of 11 February 2016 relating to budget setting.
- It is recommended that regular projections of the cost of fostering, intensive fostering and kinship should be carried out and scrutinised in to order estimate financial outturn positions against budget and to highlight service pressures as early as possible.
- The report includes 6 recommendations which 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 action via Aspireview.

Total	High	Medium
6	3	3

The assistance provided by officers contacted during the course of the audit is gratefully acknowledged.

INTRODUCTION

This report focuses on three processes within the Fostering and Kinship service, namely:

- The calculation and authorisation of payments to carers (Processes)
- The updating of Policies and Procedures (Policies and Procedures)
- Budgetary Monitoring Reporting (BMR)

The purpose of the report with regards to the making of payments to carers is to make comment on the assurances that can be given as to payments being calculated, processed and authorised correctly within the Children's Services and whether these are in accordance to the agreed policies and procedures of Orkney Islands Council.

The purpose of the report with regard to policies and procedures is to ascertain whether those applicable to foster and kinship carers are updated regularly in accordance with Scottish regulatory requirements and recommended practice, in particular those of The Fostering Network and that all Officers within Children's Services operate in accordance with policies and procedures.

The purpose of the report with regards to budgetary monitoring is to consider whether budgetary control, monitoring, scrutiny, reporting and corrective action plans for the fostering and intensive cost centres are sufficient.

AUDIT SCOPE

The purpose of the audit is to:

1. Confirm that there are policies and procedures in place for the fostering and kinship services which are in accordance with statutory requirements and recommended procedures, in particular those issued by The Fostering Network.
2. Identify as to whether the systems in place to support delivery of the service are in accordance with legislation and agreed policies and procedures.
3. Test that the fostering and kinship services is operating in accordance with policies, procedures and relevant codes of practice.
4. Confirm that the financial aspects of relevant policies and procedures are being applied equitably to all carers, and that financial controls are robust and operating well.
5. Confirm that the Intensive Support service fee payments being made are in line with OIC's policy.
6. To check the service is operating within budgetary control and that future financial Fostering and Kinship demands are planned for.
7. To check that the service is reacting to future legislative requirements which have been announced.

The audit scope period within which the audit tests were performed was the financial year 2015/16.

BACKGROUND INFORMATION

Care Inspectorate Report – November 2015

A full inspection of the Fostering Service was completed by the Care Inspectorate during 2015. The Care Inspectorate issued a report of the inspection results in November 2015, this report provided an assessment of quality aspects of areas of service performance. The service received the following grades: -

Quality of care and support	Very Good
Quality of staffing	Very Good
Quality of management and leadership	Very Good

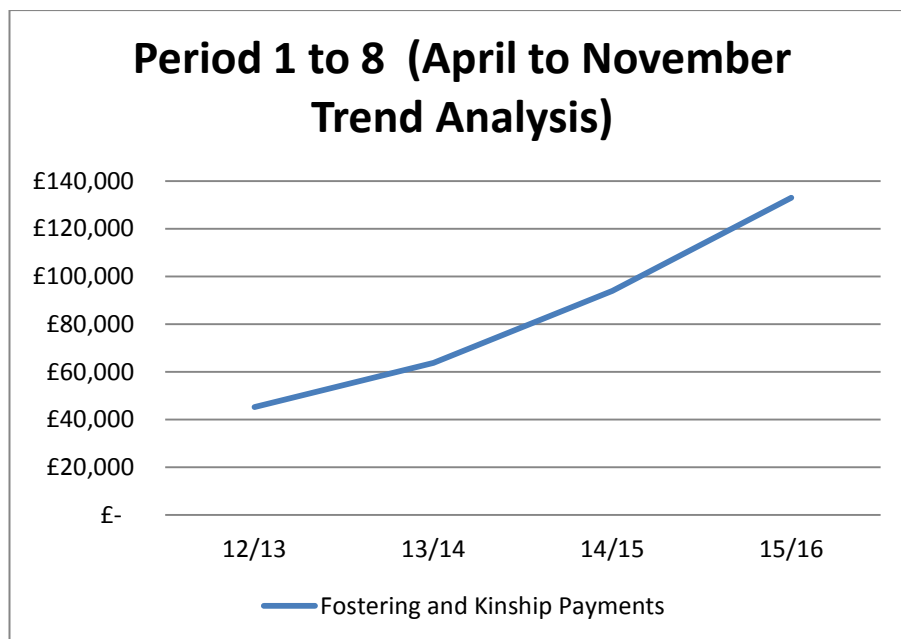
These results clearly demonstrate that a high quality of service has been maintained. Given the recent date of the report and the level of grades received, it was not considered necessary for the internal audit to cover quality aspects of the service.

Trend Analysis

The cost of fostering and kinship provision to Orkney Islands Council has grown rapidly in recent years, as can be seen in Graph 1. The number, and therefore the cost of kinship carers in particular seem at risk to rise in the coming years due to new legislation, guidance and the introduction of Kinship carer orders (currently referred to as Section 11) from April 2016. Further growth pressures may come from new legislation that protects young people who are in care before the age of 16 by giving them the right to remain with their carers until their 26th birthday.

The following graph represents the trend on fostering and kinship, allowances and fees, over the last 4 years. The graph does not include Intensive foster fees and allowances or mileage expenses. The values are for 8 months of the year, no adjustment has been made to show annualised amounts.

Graph 1



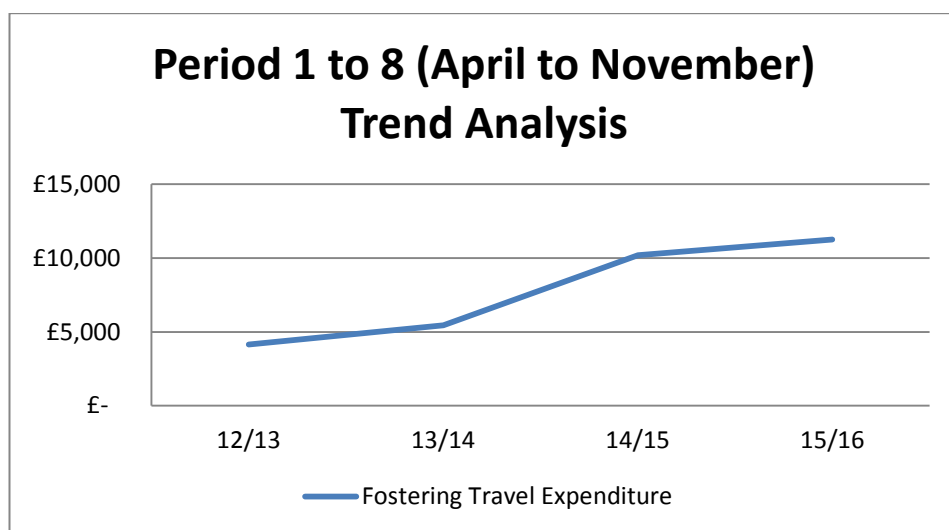
At the time of the report it is believed that there are approximately 15 foster carers (10 full time and 5 respite) and 5 kinship carers with a further 3 children / young people being assessed for kinship care.

Any increase in fostering and kinship payments are expected to be met elsewhere by underspends within the budget allocation to the IJB. Exceptionally additional fostering and kinship payments may have to be borne within the Orkney Islands Council's general fund.

With the benefit of current information and based on current rates of growth, there is a risk that the actual service pressure in the coming years will be greater than anticipated.

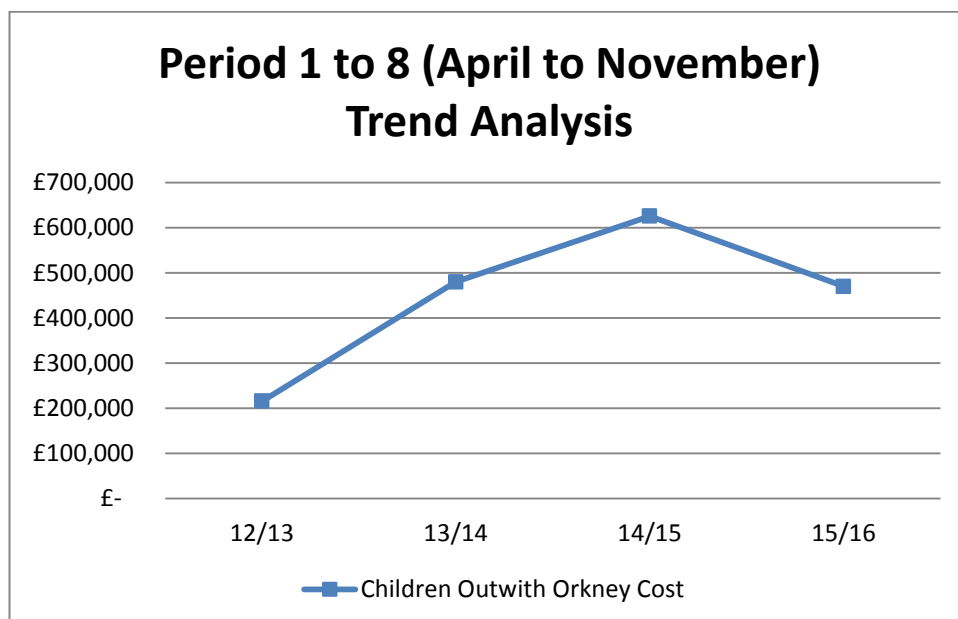
A comparable trend on travel costs, driven mainly by carer mileage payments is as follows:

Graph 2



A comparable trend on out of Authority placements is as follows:

Graph 3



Audit Findings: High Priority

1.0 Fostering and Kinship Policies and Procedures

- 1.1 The current fees and allowances policy links foster carer allowances to the Fostering Network's recommended minimum allowances. This was first set by the Social Services and Housing Committee in August 2007 and then extended in 2009.
- 1.2 The OIC also makes payments to kinship carers. These being made at the same rates as foster carers' allowances. In addition, payments for kinship are being made as part of informal agreements. The Scottish Government requires that the Council publishes a revised kinship and fostering allowances policy which should include key details of entitlement to kinship allowances, eligibility criteria, how it will be assessed, where more information can be found, where complaints can be made and any other relevant information. As an interim measure local authorities were required to publish their current foster carer rates by 1 November 2015.
- 1.3 It is recommended that the policy on fees and allowances is reviewed and should be published as soon as possible. The policy should then be reviewed on a regular basis.

Recommendation 1a
- 1.4 Similarly the current policy and procedure documents refer only to Foster Carers for the reimbursement of expenses and loss of earnings.
- 1.5 The guidance given for carer expenses varies between policy and procedure documents whereby the "Foster in Orkney" handbook seems to loosen the requirements for expenses from the 2008 Foster Care Procedures document. For example, the handbook allows for expenses to be reimbursed for the transporting of children which is not specified as an allowable expense in the 2008 procedures document. Another example is that the Foster in Orkney document implies any training costs and loss of earnings will be reimbursed whereas the 2008 procedures document only allows reimbursement for "nominated" training.
- 1.6 The policy on expenses for both fostering and kinship should be clarified and updated within the policy and procedure documents. The Council needs to ensure that it is meeting its legal obligations, providing fair treatment and making commitments to meet expenses which are within budgetary constraints.

Recommendation 1b
- 1.7 The current Foster Care Procedures document is dated 2008 and requires to be updated to account for recent legislation, best practice, minimum standards guidance and for any updates in OIC Policy. These documents also need to include procedures relating to kinship.
- 1.8 The Intensive Fostering Service's Policy, Standards and Procedures document dated October 2014 states that it should be read alongside another document namely the "Orkney Health and Care's (OHAC) Fostering Services Practice Guidance (2014)". The Operational Manager for Fostering and Adoption was not aware of this guide nor could they access it readily from a quick network enquiry. The Children's Services Manager has confirmed that the document is on the G: Drive and had been shared with the Registered Manager who will review this and share with the Fostering and Adoption Team
- 1.9 It is recommended that all procedural documentation should be brought up to date with staff being aware of all documents and having easy access to them.

Recommendation 2

2.0 Fostering and Kinship Allowances

- 2.1 During the period April to June 2015 it was found that fostering allowances were paid at the Inside rather than Outside London rate. Inside London rates are between 17% to 18% greater than outside London. This led to overpayments totalling £7,504, which were treated as irrecoverable to the OIC. The primary cause of this was human error in using an incorrect table. Internally raised invoices using the incorrect allowance rates were certified for payment amongst three different signatories. Staff rectified the error in July and since then all allowances have been made at the correct amount.
- 2.2 It is recommended that any updates to the table of rates of allowances for foster carers should be certified as correct by two officials.

Recommendation 3

Audit Findings: Medium Priority

3.0 Budget Management

- 3.1 The budget for Children Fostered is overspent for the first 8 months of the financial year by £46,630 or 125.62%. This is due primarily to an increased numbers of children and young people the Council has an obligation to care for. Major overspend items to budget are payments to foster, kinship and respite carers, by £39,000, Supplies and Services are overspent by £7,700 1,038% and Transportation overspent by £5,600 199%. This had been identified suitably within the Councils budget monitoring processes. A service pressure bid to recognise the increasing numbers of children and young people being cared for was included within the reports to the Policy and Resources committee of 11 February 2016 which considered budget setting. The number of new children or young people the Council will need to care for is dependent on future events which cannot be forecasted with any significant degree of certainty. An example of this is the recent introduction of the option for young people to elect to receive care up until their 26th birthday which can only increase pressure demands. At the time of this report one child within OIC care has already made this election.
- 3.2 It is recommended that forecasting and scenario models are developed further in order to give an early indication of anticipated pressures on service budgets and estimated overspends in order to prioritise available budgets

Recommendation 4

- 3.3 The Intensive Fostering Service initiative, financed through a Spend to Save initiative, is a three year project and will enter into its third year on 1st April 2016. To date expenditure on the project has totalled £86,971 with three children / young people being placed, one from July 2015 and two from December 2015 . It is important that "Savings" are defined between those which will lead to a reduction in budgetary requirements or those which are deemed to avoid future service pressures.
- 3.4 A comprehensive review of this initiative should be undertaken, including an assessment of costs and savings. It is recommended that it be determined whether it is affordable to continue the project after its three year term and to identify its source of funding.

Recommendation 5

4.0 Information Security

- 4.1 It was noted that the initials of the children concerned are often detailed on the expense claims passed for payment for fostering payments. In one instance a child's full name was detailed on an expense claim and there was a further instance noted where a child's name was included on an e-mail to the Finance Service. In order to maintain anonymity payment documents should detail only PARIS reference numbers for each child / young person.

Recommendation 6

	Recommendation	Responsible Officer	Management Comments	Agreed Completion Date
1a) 1b)	<p>The policy on fees and allowances should be reviewed and published as soon as possible. This should include payments for Kinship.</p> <p>The policy on expenses for both Fostering and Kinship should be clarified and updated within the policy and procedure documents.</p> <p>High Priority</p>	Principle Social Worker / Operational Manager	Time has been identified for the officers responsible to undertake this piece of work.	31 March 2016
2	<p>Procedural documentation should be brought up to date to account for recent legislation, best practice, minimum standards guidance and for any updates in OIC Policy.</p> <p>High Priority</p>	Principle Social Worker / Operational Manager	The Children and Young People (Scotland) Act 2014 will contain legislation that will impact on this recommendation. Therefore this will be completed once the final Act is published.	31 August 2016
3	<p>All updates to the table of rates of allowances for foster carers should be certified as correct by two officials.</p> <p>High Priority</p>	Principle Social Worker / Operational Manager	The table of allowances for 16/17 has been drawn up but needs certified.	25 March 2016
4	<p>It is recommended that forecasting and scenario models be further developed to give early indication of service pressure and estimated outwith position in order to prioritise available budgets.</p> <p>Medium Priority</p>	Children's Services Manager	Bi-monthly figures will be monitored for forecasting purposes in preparation for the next budget setting round.	August 2016
5	<p>It should be determined whether it is affordable to continue with the Intensive Fostering initiative after its three year term and to identify its source of funding if necessary.</p> <p>Medium Priority</p>	Principle Social Worker	This recommendation is an item on the Intensive Fostering Steering group agenda. This information will require to be collated in time for the next budget setting round.	August 2016
6	<p>In order to maintain anonymity, payment documents and e-mails should detail only PARIS reference numbers for each child / Young Person.</p> <p>Medium Priority</p>	Children's Services Manager	This will be discussed with the Looked After Child administrator for immediate action.	18 March 2016

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.

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.