



ORKNEY
ISLANDS COUNCIL

INTERNAL AUDIT

Orkney Childcare and Young People's Partnership

Audit Report

2016/17

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Distribution :

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Justice/Chief Social Work Officer
Head of Schools
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EXECUTIVE SUMMARY

- This report has been prepared for the use of Orkney Islands Council. To support onward and successful integration, some recommendations have been made for the consideration of the Orkney Integration Joint Board (IJB). Therefore this report shall be made available to both the Council's Monitoring and Audit Committee and to the Orkney Integration Joint Board.
- The structure of joint working changed in 2015 with the merger of the Orkney Childcare Partnership and the Services for Children and Young People Development Group to form the Orkney Children's and Young Person Partnership (OCYPP). There was also the formation of the IJB which, inter alia, consolidated child health and social care services between the OIC and NHSO. Since 1 April 2016 the OCYPP budget has been devolved to the IJB.
- Good management practices were observed towards budgetary control and management of the partnership budget. The Council's budget monitoring reporting (BMR) procedures have been diligently adhered to.
- Eligibility criteria and controls over higher value funding distributions could be improved. There is no current requirement to have a service level agreement in place for grants of a high value. The assessment criteria on which grant award is based could be further defined.
- The report includes 8 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
8	5	3

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

INTRODUCTION

The Orkney Childcare and Young People's Partnership was established in July 2015.

It was formed from the Orkney Childcare Partnership and the Services for Children and Young People Development Group.

The Partnership is multi agency with representatives from health, education, social services, the Voluntary Sector and private sectors.

Distributions are made to various categories of applicants including:

- Established child-minding commercial entities who can receive a set £180 per annum for equipment;
- Start-up child minding businesses who may receive a grant towards start-up costs including insurance, first aid, equipment and training;
- Home-Start Orkney;
- Orkney College;
- Children's hospice association Scotland (CHAS);
- A young mum's group operating in Kirkwall and Stromness for younger aged and vulnerable mothers;
- Various toddler groups;
- Various educational training courses;
- Various 3rd party service providers, including counselling activities.

The Partnership responds to community feedback, for example, concerns over a shortage of local child-minders are addressed by supporting the development of a well-trained workforce. The Partnership has also been in discussion with the Scottish Child-minding Association who have offered to provide assistance with this and to help with a recruitment campaign.

Preventative work with families is achieved through support for parents and training in parenting skills service.

AUDIT SCOPE

The purpose of the audit is:

1. To review current methods of practice in approving payments made by the Partnership.
2. To review current methods of budgetary control over payments made by the Partnership.
3. To assist by highlighting best practice towards formal processes and policies including matters such as:
 - a. To suggest application requirements for consideration, including, possibly the need for a formal "pitch" for significant sums requested;
 - b. verification of expenditure and service level agreements;
 - c. required governance, skill level, and insurance cover requirements of applicants;
 - d. financial assessment of applicants, if applicable;

- e. method of appraisal of applications with regards to meeting the objectives of the Partnership;
 - f. to ensure that each agency has a fair input into the decision making of distributions from the Partnership.
4. To confirm that financial controls are robust and operating well.
 5. To detail costs incurred by the Childcare Partnership and compare to the three prior years.

Applicable Period

Audit testing has focused on the past 12 month period.

BACKGROUND

Purpose and Objectives of the Children and Young Person Partnership (OCYPP)

The OCYPP’s own terms of reference states its purposes include, inter alia:

“It retains oversight of Orkney’s Integrated Children’s Services Plan. In this respect it is an advisory group, a stake-holder group and a consultation group”.

“It provides a meeting point for all those working with and providing service to children and young people in Orkney.”

Its ambition for the children and young people of Orkney is that they live in a place where service providers and community work together in support of Getting It Right For Every Child (GIRFEC) so that every child and young person gets the right help, at the right time, in the right way.

In order to address these objectives, integrated child service planning in Orkney focuses not only on the service itself at the time of its delivery, but also on the progression of young people through to the next stages in their lives as well. To do this the 2014-16 Integrated Children’s Services Plan, used a “growing up” model represented in the following Venn diagram.

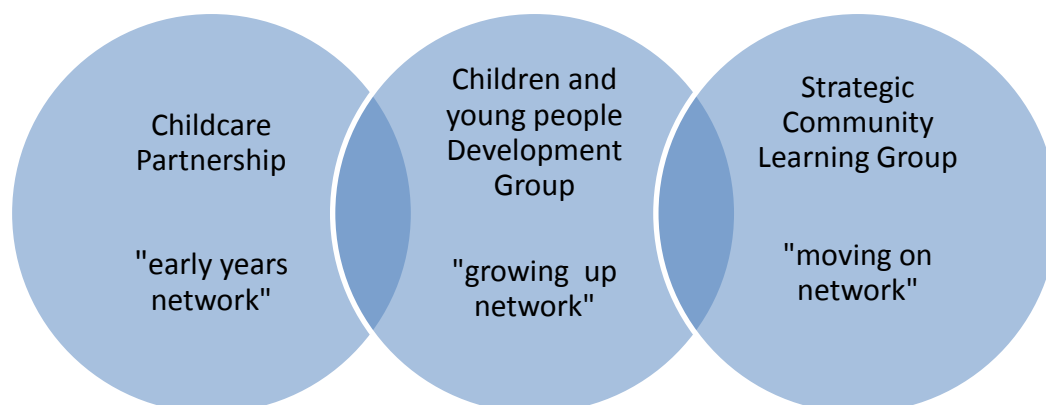


Figure 1

The Children and Young People (Scotland) Act 2014 which, inter alia takes forward the GIRFEC principle, places a duty on public bodies to co-ordinate the planning, design and delivery of services for children and young people, with a focus on improving wellbeing outcomes, and to report collectively on how they are improving those outcomes. Specifically it places requirements on local authorities and NHS boards to prepare a three-year 'children's services plan' for each local authority area, reporting on this each year. The first plan should be in place from April 2017, covering the period up to 2020.

There is currently limited guidance from the Scottish Government as to the required contents of children's services plans. It has been indicated that "the primary focus and content of plans should be to establish an agreed description, table or display of local partners' agreed improvement objectives for services and support for children and young people with, for each of these, clear strategies for delivery, outcomes, measures of performance and timescales". The Scottish Government are due to issue additional guidance on the plans.

The CYP(S)A 2014 also places duties on public authorities, to report every 3 years on the steps they have taken in the period to secure better or further effect of the United Nations Conventions on the Right of the Child.

Consultation with children and young people's parents is an integral element of the legislated requirements. Local authorities are now required to consult with groups of parents at least once every two years on patterns of childcare provision that would best meet their needs.

The OCYPP are currently working on a new Orkney Integrated Children's Services Plan. It is expected that this plan shall be in place by April 2017.

The Orkney Integrated Children's Services Plan will be a resource document which sets out its strategic priorities, desired outcomes and overall vision as to how Orkney wishes to deliver services in the future.

The OCYPP therefore has an important role to perform in the production of the Orkney Children's Services Plan, engaging with stakeholders including professionals, practitioners and the community, developing indicators and language which facilitates a joint and constant approach across organisational boundaries.

Fund allocation history relating to the Childcare Partnership and the OCYPP

Historically the Council has allocated a budget to the Childcare Partnership on an annual basis.

The Council has managed and recorded grant payments made to organisations or individuals having taken account of recommendations for the allocation of the funding made by the Childcare Partnership.

The Childcare Partnership has been an advisory group and payments were not made directly by it, instead payments have been made by the Council to the recipient bodies on the recommendation of the Partnership.

Analysis of Distributions by the Orkney Childcare and Young Person Partnership for the 2015/16 financial year.

A total of £125,740 was distributed from the Childcare Partnership during 2015/16. This compares to £162,419 in 2014/15 and £168,505 in 2013/2014.

Of the £36,679 year on year reduction in spend, £20,115 is attributable to employee costs savings.

During the 2015/16 financial year, 152 payments were made from the fund excluding employee costs. 136 of these (90%) were under £1,000, 8 were between £1,000 and £3,000 and 8 greater than £3,000. 90% of funding requests made to the Childcare Partnership were considered by the Children’s Services Manager of OHAC as the delegated budget holder. An analysis of the 15/16 financial year distributions by type is shown in Figure 2.

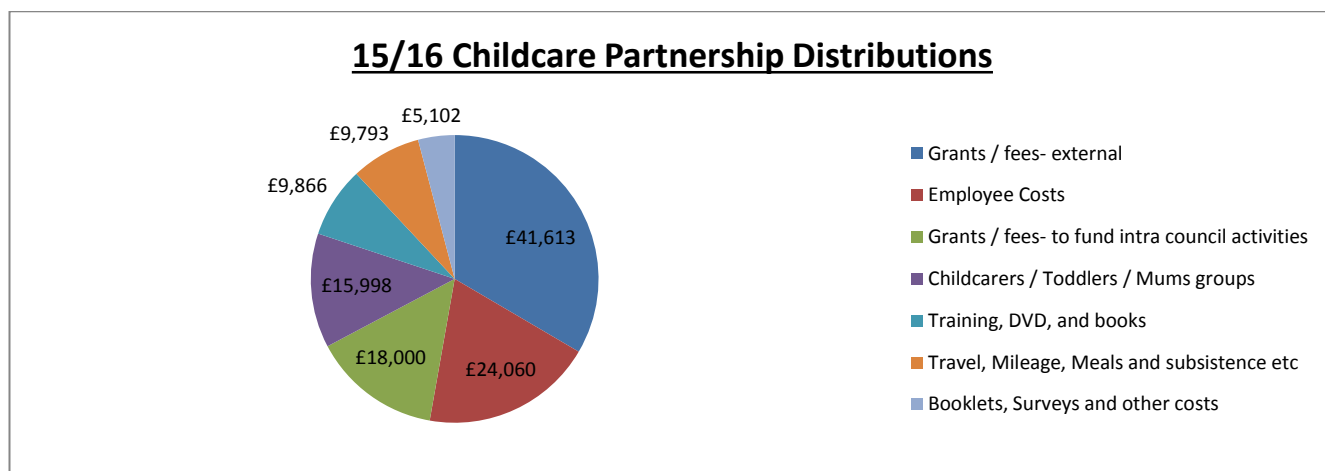


Figure 2

Audit Findings**1.0 Governance**

- 1.1 The Terms of Reference of the OCYPP (Oct 2015) redefines the core purpose of the budget and omits previous eligibility and conditional requirements which had been applicable to the Childcare Partnership's budget. The Terms of Reference further state that "decisions about disbursement where the sum is less than £1,000 will be made by the budget holder. For sums between £1,000 and £3,000, the budget holder will take advice from the agenda setting group. For sums above £3,000, advice will be taken from all those present at the next meeting of the steering group".
- 1.2 No record however of either; Council agreement of fund granting powers being given to the OCYPP; changes in eligibility or required criteria for funding could be found.
- 1.3 The Childcare Partnership budget, which historically has been held within social services or more recently Orkney Health and Care, since 1 April 2016 is now included in the devolved budget to the IJB.
- 1.4 It is recommended that formal communication and agreement should be reached between the IJB and the OCYPP as to how joint working is to support a unified and efficient approach to child and young person support in Orkney.

Recommendation 1a

- 1.5 The IJB shall receive the Integrated Children's Services Plan and should formalise delegated responsibility to the Children's Services manager (or nominated substitute as required) to be budget holder to approve expenditure which is in line with the strategic priorities of the Integrated Children's Services Plan.

Recommendation 1b

- 1.6 It is recommended that reports of funding approved by the Children's Services Manager (or nominated substitute as required) are provided to the OCYPP and considered as a standing item agenda. This is to ensure that members of the OCYPP are informed and gain assurances that the funding is being distributed in line with the priorities of the Integrated Children's Services Plan.

Recommendation 2

- 1.7 The Orkney Integrated Children's Services Plan on the OIC website is for the period 2005 – 2008.

- 1.8 As mentioned within the Background to this report the OCYPP are currently drafting a new plan which is due to be in place by April 2017. When approved this version should be placed on the Council's website promptly.

Recommendation 3

Audit Findings (Continued)**2.0 Financial Controls**

- 2.1 The Terms of Reference of the OCYPP state that the spending priorities of the Partnership will be reviewed annually at the last meeting of the calendar year and be implemented over the following budget year.
- 2.2 The minute of the meeting of the OCYPP held on 28th April 2016 records that applications received by the OCYPP are currently being held over for consideration after approval of the Integrated Children's Services Plan.
- 2.3 It is recommended, given the Plan may not be available until late on this financial year, that an interim decision on the spending priorities for the Partnership budget is taken as soon as possible, this may be to continue on an "as is" basis for the current year and then to re-assess in line with the priorities of the Integrated Services Plan. Spending priorities should then be reviewed annually as per the Terms of Reference of the OCYPP.

Recommendation 4

- 2.4 It was found that eligibility criteria and controls over higher value funding distributions could be improved, for example no service level agreements had been entered into for grants from the Partnership budget, during 2015/16. The largest funding request of £21,870 was agreed to, prior to requesting an extended report which included success measures against intended outcomes.
- 2.5 The Council's Funding External Bodies and Following the Public Pound policy requires that a service level agreement is in place with any arms length external organisations (ALEOs) receiving payments of £10,000 or more. Service level agreements should also be reviewed annually to ensure the ALEO approach is the best option for service delivery. The policy also details requirements applicable and gives guidance to ALEOs receiving payments of less than £10,000.
- 2.6 It is recommended that service level agreements are entered into for all distributions of £10,000 or more being in line with Council Policy. Consideration should be given as to mandatory requirements which should be included within agreements e.g. legislative registration requirements, demonstrative safe environment for children, required level of training, care inspectorate scoring etc.

Recommendation 5a

- 2.7 The assessment and award criteria on which grant award is based could be further defined, such as based on SMART principles including, for example. financial appraisal of the organisation and pre and post review presentations by recipient organisations to the OCYPP.

Recommendation 5b

- 2.8 In some instances Purchase Orders have not been raised for purchases made by the OCYPP. Members of the Partnership believed that Purchase Orders were not required due to expenditure being project in nature. This lack of process prevents the matching of invoices to purchase orders. Matching of invoices to purchase orders is mandatory within the financial regulations of the OIC which requires that "12.3.3 - In all cases, except those referred to in 11.2.6, the invoice must be matched to the purchase order prior to submission for payment."

Audit Findings (Continued)

2.9 It is recommended that processes should be updated so that all invoices paid out of the Partnership budget are matched to Purchase Orders as required by the financial regulation of the OIC.

Recommendation 6

2.10 Included within one application, which effected a journal transfer in total of £5,500 to the Education Service were amounts of £800 and £200 for accommodation and subsistence for an individual to attend a three day training course, and £500 accommodation and subsistence costs, per person, for two people to attend a two day course, with a further £410 claimed as a contingency to cover changes in travel / accommodation.

2.11 It is recommended that distributions from the Partnership budget made in respect of Council staff costs should not be outwith OIC Policy for example its travel policy which includes upper limits on travel and subsistence costs and the avoidance of changes to staff travel arrangements.

Recommendation 7

2.12 It is recommended that the Terms of Reference of the OCYPP be updated to ensure that they incorporate the findings included within this audit report.

Recommendation 8

	Recommendation	Responsible Officer	Management Comments	Agreed Completion Date
Governance				
1a	Formal communication and agreement should be reached between the IJB and the Orkney Childcare and Young People's Partnership as to how joint working is to support a unified and efficient approach to child and young person care and support in Orkney.	Head of Children & Families including Criminal Justice/ Chief Social Work Officer	Report to IJB	Dec 2016
1b	The IJB should formalise delegated responsibility to the Children's Services Manager as budget holder (or nominated substitute as required), to authorise spending which is in line with the strategic priorities of the Integrated Children's Services plan. High Priority		Report to IJB	Dec 2016
2	Reports of funding approved should be provided to the OCYPP and considered as a standing item on the agenda so that the OCYPP can be informed and gain assurances that the funding is being distributed in line with the priorities of the Integrated Children's Service Plan. High Priority	Head of Schools	To be added explicitly as standing item on OCYPP Agenda	November 2016
3	The next version of the Integrated Children's Services Plan should be uploaded to the Council's website promptly. Medium Priority	Head of Schools	On completion of ICSP	April 2017
Finance				
4	The interim spending priorities for the Partnership budget should be established, this may be to continue on an "as is" basis for the current year and then to re-assess in line with the priorities of the Integrated Children's Service Plan. Spending priorities should then be reviewed annually as per the Terms of Reference of the OCYPP. High Priority	Service Manager Children's Services, OHAC	Interim In line with ICSP	November 2016 April 2017

	Recommendation	Responsible Officer	Management Comments	Agreed Completion Date
5a	Service Level Agreements should be entered into for all distributions in excess of £10,000 in line with Council Policy. Consideration should be given to mandatory criteria which should be included within service level agreements.	Service Manager Children’s Services, OHAC		Dec 2016
5b	The assessment and award criteria on which grant award is based should be further defined. Acceptance to comply to the requirements of the Council’s policy on Funding External Bodies and Following the Public Pound should be a mandatory requirement where applicable” High Priority			
6	Processes should be updated so that all invoices paid out of the Partnership budget are matched to purchase orders as required by the Financial Regulations of the OIC. High Priority	Head of Schools	Minuted instruction from next OCYPP	Nov 2016
7	Distributions from the Partnership budget in respect of Council staff costs should not be outwith OIC Policy for example the Travel Policy which includes upper limits of costs and the avoidance of changes to staff travel arrangements. High Priority	Head of Schools	Minuted instruction from next OCYPP	Nov 2016
8	The Terms of reference of the OCYPP should be updated to ensure that they incorporate the recommendations included within this audit report. Medium Priority	Service Manager Children’s Services, OHAC		March 2017

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.