

FINAL INTERNAL AUDIT REPORT
EDUCATION, CARE AND HEALTH SERVICES

**REVIEW OF LOOKED AFTER CHILDREN
AUDIT FOR 2013-14**

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REVIEW OF LOOKED AFTER CHILDREN AUDIT FOR 2013-14

INTRODUCTION

1. This report sets out the results of our systems based audit of Children in Care Audit for 2013-14. The audit was carried out in quarter 3 as part of the programmed work specified in the 2013 Internal Audit Plan agreed by the Director of Resources and Audit Sub-Committee.
2. The controls we expect to see in place are designed to minimise the department's exposure to a range of risks. Weaknesses in controls that have been highlighted will increase the associated risks and should therefore be corrected to assist overall effective operations.
3. The original scope of the audit was outlined in the Terms of Reference issued on 06/12/2013. The period covered by this report is from April 2012 to December 2013.

AUDIT SCOPE

4. The scope of the audit is detailed in the Terms of Reference.

AUDIT OPINION

5. Overall, the conclusion of this audit was that limited assurance can be placed on the effectiveness of the overall controls. Seven instances were identified whereby evidence of funding authorisation approvals could not be located and the requirements of the Care, Planning, Placement & Case Review Regulations 2010 had not been achieved on a number of occasions. Definitions of the audit opinions can be found in Appendix C.

MANAGEMENT SUMMARY

REVIEW OF LOOKED AFTER CHILDREN AUDIT FOR 2013-14

6. The budget for Children's Placements for 2013/14 (which encompasses looked after children) is £9,625,610. Effective budget management has enabled the service to significantly reduce its' budget overspend from an overspend of £268,997 in 2012/13 to a projected overspend of £25,000 for 2013/14.
7. The audit reviewed the effectiveness of controls in the following areas: accuracy and completeness of information held; timely completion of assessments and reviews; budget monitoring; and authorisation for spend on placements, with results based upon a sample of 20 Children Looked After, selected from cases between April 2012 to November 2013. A report was provided by the Performance and Information Officer and was approved by the Lead Officer for Performance Improvement in Children's Social Care. This report contained 463 cases which was reduced to 85 cases as we excluded those classified as "Leaving Care", "fostered", "fostered by IFA" and "placed for Adoption". A sample was then selected from these 85 cases. CareFirst System case reference number (P Number) for the sample tested are shown at the end of Appendix A. The testing showed that there were various discrepancies in the systems which are detailed below:

Placement Funding Authorisation Approvals:

- For 1/20 cases reviewed, the panel decision was late.
- For 3/20 cases, there are missing periods for funding in the panel decision.
- It was also established that in 1/20 cases, payments were being made to foster carers although the child is no longer in foster care, causing 6 months of overpayments. It should be noted that the Assistant Director (Children Social Care) requested that this area be subject to Audit review and will now be conducted in Quarter 1 of 2014/15

Timely completion of assessments and reviews:

- For 3/20 cases reviewed there was no current Care Plan in place and 6/20 cases the Care Plan was not in place within statutory time scale.
- For 1/20 case, there was no permanence plan and 3/20 cases where the Care Plans had no racial or religious background.
- For 7/20 cases, there is no current placement plan in place.

LAC reviews were not conducted within the statutory timescales.

- For 1/20 cases reviewed, the LAC reviews were not conducted within the statutory timescales.

REVIEW OF LOOKED AFTER CHILDREN AUDIT FOR 2013-14

There is no clear procedure in place to confirm a child's identification:

- For 11/20 cases reviewed during the audit, there were no ID retained for the child.

SIGNIFICANT FINDINGS (PRIORITY 1)

8. During the audit the following issues were identified:

- Payment Authorisation: Controls for 'evidencing' funding approvals had failed resulting in several (7/41 decisions tested) placements whereby evidence of the authorisation for the placement was not available to support to support payments made. In one incident payments continued to be processed after the child had changed placement. Since the audit, the team are aware of the overpayment and arrangements are being put in place to recover the overpayment. In the absence of effective control the risk of unauthorised payments, financial loss and budget pressures is increased.
- Timely completion of assessments and reviews: The processes for ensuring that statutory requirements/deadlines (as specified within the Care, Planning, Placement & Case Review Regulations 2010) was not effective as several instances (impacting upon 13/20 cases tested) were highlighted whereby various elements of these regulations were not being achieved. In the absence of effective control the risks of adverse comments from external inspections giving rise to reputational damage and/or sanction for failing to comply with requirements; and that a care/placement package might not be appropriate are increased.

DETAILED FINDINGS / MANAGEMENT ACTION PLAN

9. The findings of this report, together with an assessment of the risk associated with any control weaknesses identified, are detailed in Appendix A. Any recommendations to management are raised and prioritised at Appendix B.

ACKNOWLEDGEMENT

10. Internal Audit would like to thank all staff contacted during this review for their help and co-operation.

DETAILED FINDINGS

No.	Findings	Risk	Recommendation								
1	<p>Placement Funding Authorisation Approvals: For the 20 cases selected, 41 Funding Decision Sheets relating to 136 invoices were examined.</p> <ul style="list-style-type: none"> For 1/20 cases, the Funding Decision Sheets were completed 5 weeks after from the Placement start date. (Sample 2: The placement started on 22nd November 2013; however, the funding sheets were completed on 2nd January 2014); For 3/20 cases, there are periods that were not covered by a funding panel decision. <table border="0"> <tr> <td><u>Sample</u></td> <td><u>Placement Period</u></td> </tr> <tr> <td>4:</td> <td>Dec 2012-June 2013,</td> </tr> <tr> <td>9:</td> <td>April 2012 – June 2012 and July 2013 -September 2013,</td> </tr> <tr> <td>10:</td> <td>April 12- December 2013.</td> </tr> </table>	<u>Sample</u>	<u>Placement Period</u>	4:	Dec 2012-June 2013,	9:	April 2012 – June 2012 and July 2013 -September 2013,	10:	April 12- December 2013.	<p>Service Comment: <i>Authorisation for placement funding was obtained by email on 2nd December 2013, however the Funding Decision sheets were not available on CareFirst until 2nd January 2014.</i></p> <p>It is acknowledge that the process for placement authorisations has changed recently, simplifying the process, which should assist in reducing the possibility of payments made without evidence of placement authorisation.</p>	<p>Ensure that Evidence of approved Funding Panel Decisions is obtained in a timely manner for all placements.</p>
<u>Sample</u>	<u>Placement Period</u>										
4:	Dec 2012-June 2013,										
9:	April 2012 – June 2012 and July 2013 -September 2013,										
10:	April 12- December 2013.										

REVIEW OF LOOKED AFTER CHILDREN 2013-14

APPENDIX A

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
1 cont	<p>During the Testing, discussion with the Group Manager – Commissioning Team identified that one instance of missing funding decision sheets that resulted in overpayment for 6 months (June to December 2013) to the Foster Carers but the client had been placed through adoption. The total overpayment value is at £11,336.82 and an invoice has been raised to recover this overpayment (Invoice number 700641206)</p> <ul style="list-style-type: none"> • Sample 15 where child was placed for adoption on 13th June 2013. <p><i>The service is investigating how payments continued to be paid and arrangements are being put in place to recover the overpayment.</i></p>	<p>Financial loss, if overpayments not recovered.</p>	<p>Ensure that direct payments made to foster carers are checked regularly to prevent overpayments.</p> <p>Ensure that the overpayments have been recovered.</p> <p>[Priority 1]</p>

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
2	<p>Timely completion of assessments and reviews: In 13/20 cases reviewed statutory requirements as detailed within the Care Planning, Placement and Case Review (England) Regulations 2010 had not been achieved, details of which are shown below: For 3/20 cases reviewed, there are no current care plan in place (Sample 11, 13 and 14);</p> <ul style="list-style-type: none"> For 6/20 cases, The care plan was not in place within the statutory time scale: Sample <ol style="list-style-type: none"> 1: Child became LAC on 28th September 2012, and the care plan is dated 21st January 2013; 2: Child became LAC on 5th July 2013, and the care plan is dated 5th August 2013; 4: Child changed placement on 24th July 2013, and the care plan is dated 12th December 2013; 6: Child became LAC on 28th September 2012, and the care plan is dated 21st January 2013; 16: Child became LAC on 9th July 2012, and the care plan is dated 15th May 2013; 18: Child became LAC on 10th September 2012, and the care plan is dated 22nd March 2013); For 1/20 cases reviewed, the care plan did not contain a 	<p>Adverse comments from external inspections giving rise to reputational damage and/or sanction for failing to comply with requirements.</p> <p><i>S.4(2) "... the care plan must be prepared before C (child) is first placed by the responsible authority or, if it is not practicable to do so, within ten working days of the start of the first placement"</i></p> <p><i>S.5(a) "The care plan must include a record of the following information- (a) the long term plan for C's (Child's) upbringing ("the plan for permanence")"</i></p> <p><i>S.5(b)(iv) "The arrangements made by the</i></p>	<p>Review procedural arrangements in order that that statutory deadlines are achieved.</p> <p>[Priority 1]</p>

REVIEW OF LOOKED AFTER CHILDREN 2013-14

APPENDIX A

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
	<p>permanence plan.</p> <ul style="list-style-type: none"> For 3/20 cases where the care plans did not specify the child's racial or religious background. For 7 /20 cases reviewed, there was no placement plan in place (Sample 6,7,9,12,14, 16 and 20) 	<p><i>responsible authority to meet C's needs in relation to identity, with particular regard to C's religious persuasions , racial origin and cultural and linguistic background"</i></p> <p><i>S.9(1) "the responsible authority must— (a)prepare a plan for the placement ("the placement plan")"</i></p>	
3	<p>For 1/20 cases examined, the LAC reviews was not conducted within statutory timescales.</p> <ul style="list-style-type: none"> Sample 5: Placement started on 18th June 2012 with the 1st 	<p><i>"Section 6 Legislation 33 (1) The responsible authority must first review C's case within 20 working</i></p>	<p>Ensure that a reminder process exists to ensure that the Statutory Looked After Children Reviews</p>

REVIEW OF LOOKED AFTER CHILDREN 2013-14

APPENDIX A

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No.	Findings	Risk	Recommendation
	<p>LAC review held on 12th July 2012, and the 2nd LAC review due on 12th October 2012 but this was not conducted until 24th October 2012)</p>	<p><i>days of the date on which C becomes looked after. (2) The second review must be carried out not more than three months after the first, and subsequent reviews must be held at intervals of not more than six months”)</i></p>	<p>are conducted within the prescribed timescales. [Priority 2]</p>
4	<p>Accuracy and completeness of information held: Examination of 20 cases identified that in 11 cases, evidence to confirm the child’s identity was not retained. (Sample 4,9,10,11,12,13,14,16,17,19 and 20) Whilst there is no specified statutory requirement for obtaining confirmation of a child’s identity there are implied requirements in order to effectively discharge the looked after responsibility that would cover birthdays (as they impact upon schooling requirements and leaving care).</p>	<p>The absence of evidence that verifies the identity of a child, may impact upon the process for determining whether the Council is responsible or the extent of its responsibilities, which could result in avoidable financial costs.</p>	<p>Ensure that there are procedures to confirm the identity of all children before they become “Look After” [Priority 3]</p>

OPINION DEFINITIONS

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
1	<p>Ensure that Evidence of approved Funding Panel Decisions is obtained in a timely manner for all placements.</p> <p>Ensure that direct payments made to foster carers are checked regularly to prevent overpayments.</p> <p>Ensure that the overpayments have been recovered.</p>	1	<p>Placements are normally authorised by the relevant head of service at the time of placement. The previous arrangement of these decision being ratified at a access to resources panel (funding panel) no longer exists and placements are fully authorised on care first within a timely manner.</p> <p>Arrangements are in place to ensure that funding decisions cover all periods and that that waivers are completed and authorised by the appropriate level officer.</p> <p>The circumstances surrounding the overpayment were unusual and highlighted a systems issue that had not previously come to the attention of management. Processes have now been put in</p>	<p>HoS C&R GM –CCT</p> <p>HoS C&R GM – CCT</p> <p>HoS C&R AGM – Adoption</p>	<p>In place</p> <p>In place</p> <p>In place</p>

REVIEW OF LOOKED AFTER CHILDREN 2013-14

APPENDIX B

OPINION DEFINITIONS

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
			<p>place to ensure that this issue is not repeated.</p> <p>This overpayment is subject to repayment arrangements with finance.</p>	HoS C&R	In place
2	Review procedural arrangements in order that that statutory deadlines are achieved	1	Completion of care plans, and placements plans had been identified as an area for improvement and will be monitored to achieve compliance. A small working group has been established to look at this issue to streamline processes to support improved performance.	HoS C&R	<p>Immediate</p> <p>By end of June</p>
3	Ensure that a reminder process exists to ensure that the Statutory	2	Performance in relation to the timeliness of LAC reviews is a	AD – Safeguarding and Social Care	Ongoing

REVIEW OF LOOKED AFTER CHILDREN 2013-14

APPENDIX B

OPINION DEFINITIONS

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
	Looked After Children Reviews are conducted within the prescribed timescales.		statutory PI (NI66) and is reported annually via the 903 return. Performance is monitored monthly through the internal monitoring process and action taken if required.	HoS - QA	
4	Ensure that there are procedures to confirm the identity of all children before they become "Look After"	3	CSC will consider how best to confirm the identity of LAC that is cost efficient and proportionate and implement.	AD – Safeguarding and Social Care	By end of June

OPINION DEFINITIONS

As a result of their audit work auditors should form an overall opinion on the extent that actual controls in existence provide assurance that significant risks are being managed. They grade the control system accordingly. Absolute assurance cannot be given as internal control systems, no matter how sophisticated, cannot prevent or detect all errors or irregularities.

Assurance Level

Definition

Full Assurance

There is a sound system of control designed to achieve all the objectives tested.

Substantial Assurance

While there is a basically sound systems and procedures in place, there are weaknesses, which put some of these objectives at risk. It is possible to give substantial assurance even in circumstances where there may be a priority one recommendation that is not considered to be a fundamental control system weakness. Fundamental control systems are considered to be crucial to the overall integrity of the system under review. Examples would include no regular bank reconciliation, non-compliance with legislation, substantial lack of documentation to support expenditure, inaccurate and untimely reporting to management, material income losses and material inaccurate data collection or recording.

Limited Assurance

Weaknesses in the system of controls and procedures are such as to put the objectives at risk. This opinion is given in circumstances where there are priority one recommendations considered to be fundamental control system weaknesses and/or several priority two recommendations relating to control and procedural weaknesses.

No Assurance

Control is generally weak leaving the systems and procedures open to significant error or abuse. There will be a number of fundamental control weaknesses highlighted.