

AUDIT REPORT 19'020

INTEGRATED CHILDREN'S SERVICES – OUT OF AREA PLACEMENTS

EXECUTIVE SUMMARY

The annual audit plan provided for a review to be undertaken of the arrangements for controlling the costs of residential childcare placements outwith the Moray area. This topic was selected for review due to the scale of expenditure in recent years and the established pattern of exceeding budgetary provision available. The annual budget for 18/19 is set at £5.38 million.

The audit scope was to assess the key controls in operation within the Integrated Children's Service with regard to out of area placements in terms of assessment, selection of facilities and consideration of costs and ongoing commitments. Service provision available within Moray consists of foster care, Cala the Council's own residential care home which has been subject to recent audit, residential care provided on behalf of the Council by Action for Children and Aberlour Child Care Trust and various other support services. These services will be made use of wherever possible to support continuation of residence in Moray, but where there is a lack of capacity or of the specialist skills required to cater for complex needs of an assessed young person, an out of area placement may be considered to be the only available option to fulfil a responsibility of care and protection. This audit has covered out of area residential placements, excluding the separate area of out of area foster care.

The review has covered the systems in place within the current 2018/19 financial year to date, with reference made to prior years where relevant.

Out of Area Placement costs are considerable with actual expenditure for the full 17/18 financial year amounting to £5.4 million, in respect of 28 placements. Costs of the service are regularly presented to the service committee and when appropriate, Policy & Resources, given the scale of the expenditure and budgetary pressure which can arise. The annual budget for 18/19 is expected to be exceeded due to continuation of the prior year overspend and new placements arising, as reported to service and policy and resources committees in November.

The audit has found the standard process of placement approval to involve presentation of potential placements by lead officers to the Additional Resource Allocation Group (ARAG), a panel of senior professionals within education and social care. This forum gives challenge to the process and ensures all care options have been considered, leading to an appropriate choice which will meet care and education needs. The group also receives updates on existing placements and makes decisions on continuing care needs as the aim is to have the child or young person transitioning back to Moray wherever possible. This approval process strengthens the control environment from a financial perspective by ensuring only costs determined as essential are incurred.

The main areas identified for management attention relate to:-

- Where a service provider has been contracted through the national framework agreement applicable to Children's Residential Care and Education, Individual Placement Agreements are completed by the service provider and Council on initial placement of each child, to formalise the terms of the particular placement. However, where a non-framework service provider is contracted separately by the Council, the formalisation of the terms of individual placements is not consistently undertaken.
- Instances of payments to service providers in advance of service delivery have been seen despite contract payment terms being one month in arrears. Advance payments are not permitted by the Council's Financial Regulations unless approved by the Head of Financial Services.
- Audit trails of documentation relating to a placement and approval of costs could be improved by ensuring a full set of relevant documents is filed in one location on initial placement and on each review. Although this is an issue in only a small number of cases this would aid independent verification of placement approvals undertaken outwith the standard placement meeting process, for example when emergency circumstances present.

Moray Council

Internal Audit Section

Recommendations: Integrated Children's Services – Out of Area Placements

Risk Ratings for Recommendations						
High	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	Medium	Less critically important controls absent, not being operated as designed or could be improved.		Low	Lower level controls absent, not being operated as designed or could be improved.
No.	Audit Recommendation	Priority	Accepted (Yes/No)	Comments	Responsible Officer	Timescale for Implementation
Key Control: Out of Area placements are based on robust needs assessments and are appropriately approved, contracted and monitored.						
5.1	On making a placement with a non-framework service provider, placement details should be formalised by the completion of documentation consistent with the Individual Placement Agreement used for framework provisions.	Medium	Yes	In the interim, a tailored version of the existing Individual Placement Agreement for framework providers will be used to formalise terms for all placements made with non-framework service providers. In the longer term, the Care Financials system is to be developed and may provide a standardised documentation solution. The Care Financials project has an estimated end date of May 2020.	Senior Business Support Administrator	31/03/2019

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No.	Audit Recommendation	Priority	Accepted (Yes/No)	Comments	Responsible Officer	Timescale for Implementation
5.2	Although where possible, all initial placements and subsequent reviews should be presented and considered at an ARAG meeting session in accordance with the established process, any approvals made by senior management outwith ARAG meeting should be supported by a full documentation trail recorded in the placement file. The completed recommendation approval form should provide reference to the information considered in absence of minutes of an ARAG meeting.	Low	Yes	Processes will be strengthened to ensure any emergency authorisations given outwith the full ARAG process are documented and retained. The case will then be referred to the next occurring ARAG meeting for full discussion and formal approval recognition.	Corporate Parenting & Commissioning Manager	31/05/2019

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No.	Audit Recommendation	Priority	Accepted (Yes/No)	Comments	Responsible Officer	Timescale for Implementation
Key Control: Sound financial control is exercised over the costs of Out of Area placements with budgeted and actual costs alignment, appropriate authorisations, no advance payment allowed and amounts paid in accordance with contracted rates.						
5.3	Authorisation from the Head of Financial Services should be sought for the advance payment arrangement agreed by the service for a particular placement with one service provider.	Medium	Yes	Authorisation will be sought in compliance with the Council's Financial Regulations.	Corporate Parenting & Commissioning Manager	31/03/2019

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No.	Audit Recommendation	Priority	Accepted (Yes/No)	Comments	Responsible Officer	Timescale for Implementation
5.4	Payments to service providers should be made in accordance with the contract terms, namely one month in arrears.	Medium	Implemented	During the audit process communication was issued to all relevant officers confirming advance payment of service provision is not permissible. A reminder will also be issued by the Senior Business Support Administrator as part of the overall communication of recommendations arising from the audit.		

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No.	Audit Recommendation	Priority	Accepted (Yes/No)	Comments	Responsible Officer	Timescale for Implementation
5.5	Officers authorising payment for out of area placements should ensure all invoices received are referenced to the approved contract rate for the service in ensuring the correct amount is authorised for payment.	Medium	Yes	Refresher financial training is to be obtained to reinforce roles and responsibilities for budget management purposes. Administrative processes will be strengthened to ensure all invoices will be referenced to agreed contract rates and noted as checked, prior to authorisation for payment.	Corporate Parenting & Commissioning Manager	31/05/2019