

ABERDEEN CITY COUNCIL

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COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	22 February 2018
REPORT TITLE	Internal Audit Report AC1809 – Children’s Social work Payments
REPORT NUMBER	IA/AC1809
LEAD OFFICER	David Hughes
AUTHOR	David Hughes

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**1. PURPOSE OF REPORT**

1.1 The purpose of this report is to present the planned Internal Audit report on Children’s Social Work Payments.

**2. RECOMMENDATION**

2.1 It is recommended that the Committee review, discuss and comment on the issues raised within this report and the attached appendix.

**3. BACKGROUND / MAIN ISSUES**

3.1 Internal Audit has completed the attached report which relates to an audit of Children’s Social work Payments.

**4. FINANCIAL IMPLICATIONS**

4.1 There are no direct financial implications arising from the recommendations of this report.

**5. LEGAL IMPLICATIONS**

5.1 There are no direct legal implications arising from the recommendations of this report.

**6. MANAGEMENT OF RISK**

6.1 The Internal Audit process considers risks involved in the areas subject to review. Any risk implications identified through the Internal Audit process are as detailed in the attached appendix.

## **7. IMPACT SECTION**

7.1 **Economy** – The proposals in this report have no direct impact on the local economy.

7.2 **People** – There will be no differential impact, as a result of the proposals in this report, on people with protected characteristics. An equality impact assessment is not required because the reason for this report is for Committee to review, discuss and comment on the outcome of an internal audit. The proposals in this report will have no impact on improving the staff experience.

7.3 **Place** – The proposals in this report have no direct impact on the environment or how people friendly the place is.

7.4 **Technology** – The proposals in this report do not further advance technology for the improvement of public services and / or the City as a whole.

## **8. APPENDICES**

8.1 Internal Audit report AC1809 – Children’s Social Work Payments.

## **9. REPORT AUTHOR DETAILS**

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# ABERDEEN

## CITY COUNCIL

### **Internal Audit Report**

### **Education & Children's Services**

### **Children's Social Work Payments**

**Issued to:**

Bernadette Oxley, Head of Children's Social Work  
Graeme Simpson, Lead Service Manager  
Anne Donaldson, Lead Service Manager  
Fraser Bell, Head of Legal & Democratic Services  
Steven Whyte, Director of Resources  
External Audit

## **EXECUTIVE SUMMARY**

The Council has statutory obligations to support children and families under various sections of the Adoption and Children (Scotland) Act 2007, the Children's Hearings (Scotland) Act 2011 and the Children & Young People (Scotland) Act 2014. These cover actions from supervision, support and accommodation, to throughcare and aftercare.

The objective of this audit was to obtain assurance that care needs are being identified, planned, and recorded accurately, and that costs charged are appropriate and adequately controlled. In general costs are appropriate to the function, however the standard of evidence supporting payments made, particularly for discretionary financial support, is varied. The Service has agreed to standardise processes and review the standard of supporting documentation to ensure there is a clear audit trail of authorisation and disbursement for all care expenditure.

# **1. INTRODUCTION**

- 1.1 The Council has statutory obligations to support children and families under various sections of the Adoption and Children (Scotland) Act 2007, the Children's Hearings (Scotland) Act 2011 and the Children & Young People (Scotland) Act 2014. These cover actions from supervision, support and accommodation, to throughcare and aftercare.
- 1.2 The objective of this audit was to obtain assurance that care needs are being identified, planned, and recorded accurately, and that costs charged are appropriate and adequately controlled. This involved a review of supporting documentation for care expenditure and discretionary support payments completed by a sample of children's services teams.
- 1.3 The factual accuracy of this report and action to be taken with regard to the recommendations made have been agreed with Graeme Simpson and Anne Donaldson, Lead Service Managers.

## 2. FINDINGS AND RECOMMENDATIONS

### 2.1 Written Procedures

- 2.1.1 There are procedure notes covering e.g. administration and care first data entry, and documentation setting out the legal context for children’s social work, however very few of the procedures cover the whole process, or why it is done in a particular way. Procedures on The Zone are not all up to date.
- 2.1.2 When discussed with staff it was evident that each understood their role and their part of the process for administering payments, but it was rare to find this having been explicitly documented. Without complete, up to date, accessible written procedures, staff changes could compromise the process.

#### **Recommendation**

The Service should standardise and simplify its written procedures, and ensure all staff have access to them.

#### **Service Response / Action**

Agreed. This process is being reviewed and updated and will be added to the “Go To” Guide that can be accessed by all staff.

#### **Implementation Date**

March 2018

#### **Responsible Officer**

Lead Children’s Services  
Manager

#### **Grading**

Significant within audited  
area

### 2.2 Planned Care

- 2.2.1 Service users’ care needs are assessed, a care plan developed, and if services are required to meet these needs they will be offered by the Service. There are different methods for arranging the delivery of care under Self Directed Support (SDS) – ranging from Direct Payments to end users or their carers to purchase services they require in accordance with their care plan, to service agreements made between the Council and service providers on service users’ behalf. A sample of 10 cases was reviewed.
- 2.2.2 SDS direct payments are calculated based on an agreed set of rates, which varies depending on whether the service user is obtaining the services of a personal assistant, or an agency / external provider. The level of payment is signed off by a Team Manager, and / or Service Manager in the majority of cases. This is evidenced in an SDS or Direct Payments alteration form and confirmed to the service user / carer in a letter. The Finance Support team makes four-weekly payments into service users’ bank accounts, and monitors the use of these funds to ensure it is aligned with the original plans.
- 2.2.3 Service agreements with external providers are calculated based on agreed service provider rates, and the service user’s needs as documented in a service specification. The level of payment is signed off by a Team Manager, Service Manager, or more recently by a Panel (for Children with Disabilities). This is evidenced in an application form completed by the Social Worker or Care Coordinator, and a Panel minute where applicable. The Finance Support team receives invoices and checks them against CareFirst approved limits. Where there is a variation this is checked, and in each of the cases reviewed the cost of care invoiced was equal to or less than authorised on CareFirst.
- 2.2.4 CareFirst records were reviewed to determine whether services were appropriate to the child’s needs. There were no care plans on the system for self-directed support cases – the Service has noted that these are currently paper based, and system recording options are being considered. The care plans visible to Internal Audit for the remaining individuals

did not contain sufficient detail to demonstrate specific needs and justify care packages. Clear explanations for services provided are however contained within the relevant application forms.

- 2.2.5 As the documents are completed electronically, signatures are scanned and not hand written on each form, therefore not all of the files received clearly evidenced that the named officers had signed them off, and not all files clearly demonstrated segregation of duties (i.e there was not always a record or evidence of a separate individual completing the form for it to be authorised). In some cases emails provided this assurance.
- 2.2.6 Although in each case there was also a system record of authorisation, 7 of 10 service agreements reviewed had not been authorised on the system until after the service had commenced. This reduces assurance that the provision and cost of services has been agreed in advance. As the service agreement on CareFirst is used in place of a purchase order, these are in effect retrospective purchase orders, in breach of the Council's Procurement Regulations.
- 2.2.7 Each of the cases reviewed was signed off on CareFirst by either a Team Manager or a Consultant Social Worker. It is not clear from the limited procedure notes provided (see section 2.1 above) whether the latter has authorisation to sign off expenditure, or to what level.

**Recommendation**

The Service should ensure there is evidence of advance authorisation at an appropriate level for all care agreements.

**Service Response / Action**

Agreed. In collaboration with Finance the Service will ensure clarity regarding authorisation levels for all care placements.

**Implementation Date**

March 2018

**Responsible Officer**

Lead Children's Services  
Manager

**Grading**

Significant within audited  
area

- 2.2.8 Rate increases are not being applied uniformly across all SDS (Direct Payments) cases – with some, at the time payments were reviewed by Internal Audit, not having been increased since 2015 (£10.05 per hour compared with £10.99 per hour for new cases or changes in 2017). This could have put service users with less recently reviewed care packages at a disadvantage. The Service has noted that following agreement by the SDS Board, revised rates were passed to the CareFirst team and updated in August / September 2017 and backdated to 3 April 2017. A revision to the consultation process has been made to ensure this process is completed at an earlier stage in future.

**2.3 Discretionary Support**

- 2.3.1 Social Work teams have some discretion to provide occasional professionally assessed financial support in the form of services or payments to service users in need of assistance in accordance with S17; S22 and S29 of the Children (Scotland) Act 1995. Financial Assistance Forms are completed in these cases, and should be considered by the Social Worker and Team Manager before submitting to a Panel for review. A sample of 18 payments was reviewed by Internal Audit.
- 2.3.2 Written procedures provided by one of the Children in Need Teams show that expenditure should be logged on CareFirst as a 'Financial Assessments & Payments' Classification. However none of the sample expenditure was logged on CareFirst. Within historical records there was evidence of this facility having last been used in 2009, and there was

one recent example logged by an adult services team – indicating that this may have been practice in the past, or in adult services, but is not typically the case for children now.

- 2.3.3 If discretionary expenditure is not being logged on CareFirst, staff and management responsible for an individual’s care may not be aware of the full level of support provided.

<b><u>Recommendation</u></b>		
The Service should ensure all expenditure is logged on CareFirst.		
<b><u>Service Response / Action</u></b>		
Agreed. This will be address by revised written instructions / guide in point 2.1.2.		
<b><u>Implementation Date</u></b>	<b><u>Responsible Officer</u></b>	<b><u>Grading</u></b>
March 2018	Lead Children’s Services Manager	Significant within audited area

- 2.3.4 The majority of payments reviewed appear reasonable in terms of the care or support of children and young people, and the Council’s corporate parenting role. However, the auditor was not able to obtain full supporting evidence for all of the payments requested timeously from the Service – due to difficulties locating the correct person holding them and confusion by staff as to whether or not and how much information could be released to the auditor. As the payments are discretionary, authorisation at the appropriate level has been taken as acceptance that they are appropriate, even if the supporting documentation was weak.

- 2.3.5 All care payments reviewed have been subject to a prior authorisation process either via the Team Manager, Children’s Services Manager, or a Panel review, however records of this are not well substantiated. For example, the outcome of each Panel review provided to the support team to evidence approval prior to payment is indicated on a spreadsheet, with no minute of the discussion or audit trail of where it has come from. Financial Assistance Forms for authorisation are being prepared and then typed up, and signatures are being scanned on to these copies, which appears to be inefficient and provides no assurance that the Team or Service Manager has approved them. Service Manager authorisation is by email which provides some assurance, but this audit trail is not well maintained. Therefore, although there is an authorisation process for financial assistance, this may be inefficient and does not evidence the authorisations well.

<b><u>Recommendation</u></b>		
The Service should ensure there is a clear audit trail of authorisation for financial assistance.		
<b><u>Service Response / Action</u></b>		
Agreed. There should be original signed copies of all supporting documentation. Alternatives to the current paper based process with carbon copies will be considered to ensure the process is efficient.		
<b><u>Implementation Date</u></b>	<b><u>Responsible Officer</u></b>	<b><u>Grading</u></b>
March 2018	Lead Children’s Services Manager	Significant within audited area

- 2.3.6 The majority of payments are in the form of cash. Whilst individual payments are generally small amounts, some, particularly those provided through the Youth Team, are significant in value, and are held on site for long periods. Recent withdrawals included over £3,000 and £4,000 in a single transaction. Drawing this amount of cash, and holding it on the premises, presents a number of risks including loss or theft, and a risk to staff in collecting or distributing it. Although these risks are mitigated to an extent through access controls,



locks and safes, they would be unnecessary if alternative means of spending were instigated e.g. purchase orders or purchase cards.

- 2.3.7 One instance was identified where cash was drawn and charged against 'section 17 care & accommodation' yet it pertained to car seats purchased for the use of a children's social work team. The service has acknowledged this should have been purchased via Purchase Order in accordance with the Procurement Regulations. Otherwise the transaction was adequately supported.

<b><u>Recommendation</u></b>		
The Service should ensure cash is not used where alternative means of payment are available.		
<b><u>Service Response / Action</u></b>		
Agreed. To be addressed in 2.1.2		
<b><u>Implementation Date</u></b>	<b><u>Responsible Officer</u></b>	<b><u>Grading</u></b>
March 2018	Lead Children's Services Manager	Significant within audited area

- 2.3.8 Cash for the Youth Team is being drawn by advising Accounts Payable of the requirement for funding which is then transferred by BACS into a bank account held exclusively by the Team for that purpose. Cash is then drawn via a cheque completed by the Youth Team administration team, and authorised by the Manager, or Administration Officer with a second signature on the cheque. Although the team advised that the procedure ensures two signatures are required, there is only space for one on the chequebook, therefore the bank might accept a single signature. A member of the administration team takes the cheque to the bank, cashes it and returns to the office with the cash. The accounts are visible to but not reconciled by the Bank Reconciliations Team.

- 2.3.9 Having separate bank accounts presents risks over access controls, and completeness of accounting records. Although there are local administrative processes covering these there is a risk they may not be robust. It is likely that there are further establishment bank accounts, which may not be necessary. Establishments may however prefer to maintain their own accounts as it simplifies and speeds up access arrangements – they will not have to wait for a petty cash cheque – just for a BACS payment to clear.

- 2.3.10 Unless there are pending payments the balances should be close to zero. The Youth Team noted that there were historical balances on their accounts of just under £3,500. This money has not been used in almost a year. Although the value is unlikely to be material (in terms of the Council's accounts) on its own, if there are other bank accounts or cash holdings with balances at year end they should be considered for inclusion in the year end accounts.

<b><u>Recommendation</u></b>		
The Service should review the need for and operation of separate bank accounts with Finance to ensure consistency of practice.		
<b><u>Service Response / Action</u></b>		
Agreed.		
<b><u>Implementation Date</u></b>	<b><u>Responsible Officer</u></b>	<b><u>Grading</u></b>
March 2018	Children's Services Manager	Significant within audited area

- 2.3.11 Cash is being segregated by service user (e.g. in individual envelopes or tins within a safe), yet service users are not typically accessing all of the cash at one time, meaning a lot of cash is held unused for long periods of time.
- 2.3.12 Separating cash may be unnecessary and inefficient. If there is still a requirement for some level of cash after exploring alternative payment methods (see 2.3.6 above), then it could be held as a single float and expenditure accounted for separately rather than being separated at source, to improve efficiency and reduce the quantity of cash being held.

**Recommendation**

The Service should review manual cash handling processes to improve efficiency and reduce cash holding where possible.

**Service Response / Action**

Agreed. An action plan has been developed and is being progressed.

**Implementation Date**

March 2018

**Responsible Officer**

Children's Services  
Manager

**Grading**

Significant within audited  
area

- 2.3.13 The majority of payments have been released to a Social Worker or support worker rather than direct to a service user or their carer. Although in many instances there are receipts substantiating what was purchased, records of funds or items having been given to the end user are limited. Without evidence of its receipt there is a risk of care and support not having been provided promptly to the correct person.

**Recommendation**

The Service should obtain evidence from service users to demonstrate receipt of financial assistance.

**Service Response / Action**

Agreed.

**Implementation Date**

March 2018

**Responsible Officer**

Children's Services  
Manager

**Grading**

Significant within audited  
area

- 2.3.14 For the Youth Team funds are being issued to Social Workers and in some cases to external support workers, and are not registered as having been spent until receipts and remaining unspent funds are returned. Although a separate record of cash issued is held in a receipt book, it is more difficult to keep track of and follow up cash which has been issued but has yet to be spent or receipted.

**Recommendation**

The Service should review its administrative processes to ensure cash is accounted for as it leaves the premises, and receipts can be followed up timeously.

**Service Response / Action**

Agreed.

**Implementation Date**

March 2018

**Responsible Officer**

Children's Services  
Manager

**Grading**

Significant within audited  
area

**AUDITORS:** D Hughes, C Harvey and S Armstrong

## Appendix 1 – Grading of Recommendations

GRADE	DEFINITION
<b>Major at a Corporate Level</b>	The absence of, or failure to comply with, an appropriate internal control which could result in, for example, a material financial loss, or loss of reputation, to the Council.
<b>Major at a Service Level</b>	<p>The absence of, or failure to comply with, an appropriate internal control which could result in, for example, a material financial loss to the Service/area audited.</p> <p>Financial Regulations have been consistently breached.</p>
<b>Significant within audited area</b>	<p>Addressing this issue will enhance internal controls.</p> <p>An element of control is missing or only partial in nature.</p> <p>The existence of the weakness identified has an impact on a system's adequacy and effectiveness.</p> <p>Financial Regulations have been breached.</p>
<b>Important within audited area</b>	Although the element of internal control is satisfactory, a control weakness was identified, the existence of the weakness, taken independently or with other findings does not impair the overall system of internal control.