

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	02 February 2023
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Internal Audit Report AC2301 – Out of Authority Placements
REPORT NUMBER	IA/AC2301
DIRECTOR	N/A
REPORT AUTHOR	Jamie Dale
TERMS OF REFERENCE	2.2

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to present the planned Internal Audit report on Out of Authority Placements

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. CURRENT SITUATION

- 3.1 Internal Audit has completed the attached report which relates to an audit of Out of Authority Placements

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. ENVIRONMENTAL IMPLICATIONS

- 6.1 There are no direct environmental implications arising from the recommendations of this report.

7. RISK

7.1 The Internal Audit process considers risks involved in the areas subject to review. Any risk implications identified through the Internal Audit process are detailed in the resultant Internal Audit reports. Recommendations, consistent with the Council's Risk Appetite Statement, are made to address the identified risks and Internal Audit follows up progress with implementing those that are agreed with management. Those not implemented by their agreed due date are detailed in the attached appendices.

8. OUTCOMES

8.1 The proposals in this report have no impact on the Council Delivery Plan.

8.2 However, Internal Audit plays a key role in providing assurance over, and helping to improve, the Council's framework of governance, risk management and control. These arrangements, put in place by the Council, help ensure that the Council achieves its strategic objectives in a well-managed and controlled environment.

9. IMPACT ASSESSMENTS

Assessment	Outcome
Impact Assessment	An 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. As a result, there will be no differential impact, as a result of the proposals in this report, on people with protected characteristics.
Privacy Impact Assessment	Not required

10. BACKGROUND PAPERS

10.1 There are no relevant background papers related directly to this report.

11. APPENDICES

11.1 Internal Audit Report AC2301 – Out of Authority Placements

12. REPORT AUTHOR CONTACT DETAILS

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Internal Audit

Assurance Review of Out of Authority Placements

Status: Final

Date: 9 December 2022

Risk Level: Cluster

Report No: AC2301

Assurance Year: 2022-23

Net Risk Rating	Description	Assurance Assessment
Moderate	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified, which may put at risk the achievement of objectives in the area audited.	Reasonable

Report Tracking	Planned Date	Actual Date
Scope issued	24-May-22	24-May-22
Scope agreed	31-May-22	8-Jun-22
Fieldwork commenced	6-Jun-22	8-Jun-22
Fieldwork completed	6-Jul-22	27-Oct-22
Draft report issued	20-Jul-22	2-Nov-22
Process owner response	10-Aug-22	29-Nov-22
Director response	17-Aug-22	9-Dec-22
Final report issued	24-Aug-22	9-Dec-22
Committee	2-Feb-23	

Distribution	
Document type	Assurance Report
Director	Eleanor Sheppard, Interim Director, Education and Children's Services
Process Owner	Graeme Simpson, Chief Officer – Integrated Children's and Family Services
Stakeholder	Alison McAlpine, Lead Service Manager
	Gail Anderson, Senior Accountant
	Vikki Cuthbert, Interim Chief Officer – Governance*
	Jonathan Belford, Chief Officer - Finance*
Final only	External Audit
Lead auditor	Lyndsay Jarvis, Auditor

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1 Introduction

1.1 Area subject to review

The Council is under a statutory obligation to provide education for children up to 18 years of age that are living in the Aberdeen City area, including those with additional support needs. In addition, the Council has a duty to offer looked after young people who are in a care placement on their 16th birthday, to remain in that care placement up to the age of 21. The governing legislation is derived primarily from the Children (Scotland) Act 1995, Education (Additional Support for Learning) (Scotland) Act 2004 (as amended), the Looked After Children (Scotland) Regulations 2009 and the Children and Young People (Scotland) Act 2014. Where a child's needs are best met by an external provider, the Council's Out of Authority Placement (OAP) scheme facilitates the provision of specialist support from out with the Council.

OAPs may be made in residential children's homes, residential additional support schools, day placements in additional support schools or fostering placements. Decisions on approving funding for planned OAPs are made by the Children's Specialist Services Forum (CSSF), made up of representatives from Education & Children's Services and the Health & Social Care Partnership. OAPs have a separate budget line ("Residential Care External Orgs") and budget monitoring is carried out by Finance and discussed in regular meetings with the Service.

The identification of need for an OAP generally arises from a Looked After Child (LAC) review meeting, which are held regularly for all LAC in Council care. Requests for planned placements are made to the CSSF by both an Educational Psychologist (EP) and a Social Worker (SW) and supported by LAC reports and the Child's Plan; outcomes are approved by the CSSF Chair.

There are exceptions to children being presented prior to placement at the CSSF. These relate to when children need to be placed within external providers on an emergency basis. For children who require on an emergency basis to be moved to an OAP who were not previously in an OAP, their circumstances should be presented to CSSF at the earliest opportunity, except for secure placements. Secure placements may be required when a child is judged by Social Work, or the Children's Panel or the Court, to pose a significant risk to themselves or to the community, or in their current circumstances are at immediate risk of significant harm.

The decision to place within a secure resource can only be taken by the Chief Social Work Officer (CSWO) or as instructed by the Court. The Council is liable for the cost of secure resources even when the decision to place them there is taken by Court or Children's Panel and may not have any choice in where to place the child/young person, although where possible CSWO reviews the risk of harm and availability of appropriate resourcing before authorising the placement. Further, emergency moves for children who are subject to compulsory supervision orders require to be scrutinised by CSWO, who must authorise the move under s143 Children's Hearings (Scotland) Act 2011. In these cases, the child/young person's circumstances have been considered and decided upon by CSWO, the placement endorsement does not require to be scrutinised again at CSSF, although the placement should be scheduled for regular review by the CSSF in the usual way. Documents relating to the emergency placement and CSWO review and authorisation are not held by the CSSF but are recorded in the child's secure electronic file.

Rationale for the review

The objective of this audit is to ensure the system for commencing and reviewing out of authority placements is adequate effective, and consistently applied. The area was last audited in 2018 and processes were found to be generally well defined and carried out timeously, although budgets were regularly overspent.

1.2 How to use this report

This report has several sections and is designed for different stakeholders. The executive summary (section 2) is designed for senior staff and is cross referenced to the more detailed narrative in later sections (3 onwards) of the report should the reader require it. Section 3 contains the detailed narrative for risks and issues we identified in our work.

2 Executive Summary

2.1 Overall opinion

The full chart of net risk and assurance assessment definitions can be found in Appendix 1 – Assurance Scope and Terms. We have assessed the net risk (risk arising after controls and risk mitigation actions have been applied) as:

Net Risk Rating	Description	Assurance Assessment
Moderate	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified, which may put at risk the achievement of objectives in the area audited.	Reasonable

The organisational risk level at which this risk assessment applies is:

Risk Level	Definition
Cluster	This issue/ risk level impacts a particular Service or Cluster. Mitigating actions should be implemented by the responsible Chief Officer.

2.2 Assurance assessment

The level of net risk is assessed as **MODERATE**, with the control framework deemed to provide **REASONABLE** assurance over the Council's management of OAPs.

The Service has developed a well-defined process for determining whether children's residential placements need to be made with an external provider out of the authority area or can be delivered locally. Despite this, the OAP budget has been overspending on a recurring basis and is forecast to overspend again in 2022/23 by £2.19m (20%) against a budget of £10.84 million with planned savings through reduction of OAPs not being realised. However this overspend is offset by a £900k underspend in out of authority foster placements; Management has advised they have asked Finance to vire between the budgets accordingly. Where management are aware of this and have been reporting to Committee, it presents a risk to the effective delivery of OAPs.

Where Internal Audit has identified a moderate risk overall, recommendations have been made to strengthen controls, including Management to ensure plans to improve local support for families and reduce out of authority placements are progressed in a timely manner, and to work with Finance to ensure budgets are realistic and any necessary spend to save funding is identified and allocated to increase local provision.

Where reviews are being completed through the LAC process, it was identified that reviews of existing placements by the CSSF are not always being completed as required (this was the case for two (10%) of 20 sampled); this should be addressed to ensure the most appropriate care is being delivered and to avoid OAPs and associated costs continuing unnecessarily where a preferable local alternative is available.

2.3 Severe or major issues / risks

Issues and risks identified are categorised according to their impact on the Council. The following are summaries of higher rated issues / risks that have been identified as part of this review:

Ref	Severe or Major Issues / Risks	Risk Agreed	Risk Rating	Page No.
1.3	Performance Monitoring & Reporting (Budgets) – Budgets have been overspending on a recurring basis as shown below and action to reduce out of authority	Yes	Major	9

Ref	Severe or Major Issues / Risks	Risk Agreed	Risk Rating	Page No.																			
	placements is not being delivered as required to make necessary savings in 2022/23.																						
	<table border="1"> <thead> <tr> <th>Year</th> <th>Budget (£m)</th> <th>Actual / Forecast (£m)</th> <th>Variance (£m)</th> </tr> </thead> <tbody> <tr> <td>2021/22</td> <td>11.27</td> <td>13.91</td> <td>2.64</td> </tr> <tr> <td>2021/22</td> <td>11.45</td> <td>13.57</td> <td>2.12</td> </tr> <tr> <td>2022/23</td> <td>10.84</td> <td>13.03</td> <td>2.19</td> </tr> <tr> <td>Total</td> <td>33.56</td> <td>40.51</td> <td>6.95</td> </tr> </tbody> </table>	Year	Budget (£m)	Actual / Forecast (£m)	Variance (£m)	2021/22	11.27	13.91	2.64	2021/22	11.45	13.57	2.12	2022/23	10.84	13.03	2.19	Total	33.56	40.51	6.95		
Year	Budget (£m)	Actual / Forecast (£m)	Variance (£m)																				
2021/22	11.27	13.91	2.64																				
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Total	33.56	40.51	6.95																				

2.4 Management response

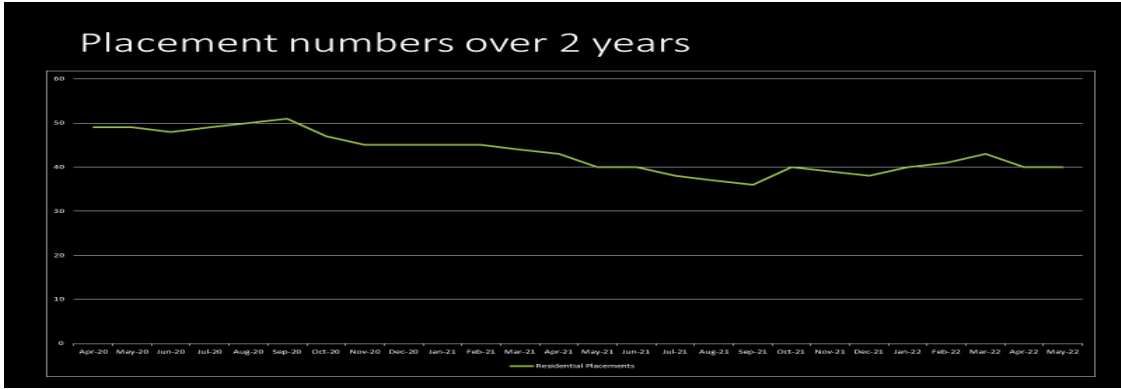
The service recognises the critical importance of ensuring robust oversight and governance in relation to the placement and review of children placed in OAP's. This is not only in recognition of the costs involved in these placements but also in recognition of the complex needs of the young people, ensuring that the intervention and support provided by the OAP providers is meeting the young person's needs.

Most children placed in OAP's have experienced trauma and neglect in their early childhood. Many will have experienced a number of care placements which have been unable to provide them with the security and care on a sustained and lasting basis. Consequently, young people placed in an OAP will have a complexity of social, educational and health needs. OAP's aim to provide holistic reparative care and support that can enable the young person to return to a community setting. Locally and nationally, there is a lack of alternative care options, (fostering and residential care). This can limit the transition planning for young people resulting in delays in them being able to move on.

The local authority is not the sole arbitrator as to whether young person should be placed in an OAP. Children's Hearings, Courts and Tribunals can and do make decisions which the local authority is required to implement. Additionally, it is recognised that locally further work is required to be progressed to ensure that all partners are committed to planning within the GIRFEC framework to avoid additional and unnecessary demand on the budget.

The commissioning of OAP is overseen by a national Scotland Excel contract. Recognising demand for OAP's outstrips availability this puts providers in a strong negotiating position. The cost of a residential placement is circa £240k per annum per child with a secure placement costing circa £320k. Subsequent to the budget planning process in 2022/23 providers negotiated an increase which on average was above 6%. This increase added a further cost pressure and due to impact of economic climate, further increases are highly likely.

The Promise, published in February 2020, reinforced the need for all partners to work collaboratively and intensively to support children remain within their family. Over the past two years Children's Social Work and partners have worked hard to reduce the number of looked after children and limit the use of OAP's. Over the past two years the number of looked after children has fallen by 11%, above the national average in addition there has been circa a 20% reduction in the number of children placed in a residential OAP.



At present Aberdeen City sits just above the national average for the percentage of young people placed in OAP's. While the difference is small given the costs associated with each placement it is critical that continuing attention is given by the partnership to support children to remain locally. The Northfield/Lochside pilot's aims to support children identified as being on the edges of care to remain within their school and community. The findings of this pilot will inform our continuing efforts to support children remain within their family and reduce OAP's.

The Service prior to the Audit had begun to review its procedures in relation to the authorisation and review of OAP's. The findings of the Audit will be incorporated into the review and practice guidance for staff to ensure the OAP's deliver improved outcomes for the young people and also represent value for money to the local authority.

3 Issues / Risks, Recommendations, and Management Response

3.1 Issues / Risks, recommendations, and management response

Ref	Description	Risk Rating	Minor
1.1	<p>Policies and Procedures – Comprehensive written policies and procedures and their effective communication are an essential element in any system of control. They are beneficial for the training of current and new employees and provide management with assurance correct and consistent instructions are available, especially in the event of an experienced employee being absent or leaving.</p> <p>Policies relating to OAPs include the Local Outcome Improvement Plan (LOIP); ‘The Promise’, a pledge made and supported by the Scottish Government to ensure that care-experienced children “<i>will grow up loved, safe and respected</i>”; and the Children’s Services Plan. There is also a Guide to Integrated Children and Family Services dated 2020-2021.</p> <p>The current LOIP 2016 – 2026 (which was refreshed in July 2021) includes the goal of increasing the proportion of Looked After Children (LAC) who are supported to live at home or in kinship care – this is reflected in Service performance monitoring targets (see 1.2 below). The Plan, which covers three years and is due to be reviewed in 2023, is intended to show that the Council is meeting its statutory responsibilities as part of the Children and Young People (Scotland) Act Statutory Guidance Section 3 regarding children’s services planning. This requires each Local Authority and associated health board to develop a three-year plan to improve the lives of children and young people by embedding the Getting it Right for Every Child (GIRFEC) approach. A report on the Plan was published in December 2021 which showed that while targets on keeping children in kinship care had not been met, progress had been made.</p> <p>There are a number of different guidance documents for staff relating to different duties across the Service, including: guidance on presenting requests for placements to the CSSF; guidance for staff responsible for carrying out reviews of looked after children; procedures for using the case management system; and procedures on performing Service-specific Accountancy tasks. The procedures are satisfactory. However, a procedure for Educational Psychologists noted during the previous audit, Guidelines for professionals working with LAC, is no longer in use and has not been replaced. The EP Service advised that processes and structures in local authorities change so quickly that the guidelines quickly become out of date, but that it was not always clear when EP input was most useful, and it has been recognised that it would be helpful for social workers, EPs and CSSF panel members to review the Presentation Form format to improve understanding on when EP input is most appropriate and effective. This work is being taken forward currently under a wider review of the CSSF forum and the Service has advised is incorporated in the Service improvement plan.</p> <p>As part of the review of policies and procedures, the following issues were identified:</p> <ul style="list-style-type: none"> • There is insufficient guidance on when input from Educational Psychologists is appropriate and effective. • The LOIP refers and links to the Aberdeen City Children’s Services Plan; the link is broken and there is no reference to this document on the ACC website. <p>If policies and procedures are not accessible and regularly reviewed there is a risk that the Service will operate in a way that is not compliant with policies and legislation and does not offer Best Value.</p>		
IA Recommended Mitigating Actions			

Ref	Description	Risk Rating	Minor
	Management should review the current suite of policies and guidance and make appropriate updates where required. Management should look to specifically address the two minor points above. Consideration should be given to the other recommendations made within this report that would result in updates to procedures.		
Management Actions to Address Issues/Risks			
<i>The implementation of a new case management system (D365 replacing CareFirst) will require a change in how information and supporting evidence is presented to the CSSF. This will be reflected in a review of the procedures and practice guidance in relation to OAP's.</i>			
Risk Agreed	Person(s)	Due Date	
Yes	Chief Officer – IC&FS	March 2023	

Ref	Description	Risk Rating	Moderate																		
1.2	<p>Performance Monitoring & Reporting (Placements) – The percentage of looked after children cared for at home is reported to Committee (previously Operational Delivery, as of October 2022 Education & Children's Services) on a quarterly basis as part of the Directorate Performance Improvement Scorecard. It is benchmarked against national performance.</p> <p>As noted in 1.1 one goal in the LOIP is increasing the proportion of Looked After Children (LAC) who are supported to live at home or in kinship care. In the performance monitoring scorecard this performance indicator is broken down into LAC in a residential placement within Aberdeen City; outwith Aberdeen City; at home; in kinship care; and in foster care. The target for LAC in residential placements outwith Aberdeen City in 2022/23 is to be equal or better, that is, lower, than the national average of 5%.</p> <table border="1"> <thead> <tr> <th>Date</th> <th>Target</th> <th>Actual</th> </tr> </thead> <tbody> <tr> <td>Q1 2021/22</td> <td>5%</td> <td>5.9%</td> </tr> <tr> <td>Q2 2021/22</td> <td>5%</td> <td>6.1%</td> </tr> <tr> <td>Q3 2021/22</td> <td>5%</td> <td>6.1%</td> </tr> <tr> <td>Q4 2021/22</td> <td>5%</td> <td>6.6%</td> </tr> <tr> <td>Q1 2022/23</td> <td>5%</td> <td>6.2%</td> </tr> </tbody> </table> <p>Where the Service does not meet its targets on local support for Looked After Children, there will be an impact on the budget, as OAPs are significantly more expensive than local options; the Service advised the average cost of a residential placements outwith Aberdeen City is approximately £240,000 a year. This compares to</p> <ul style="list-style-type: none"> - £208,000 for a placement within one of ACC's own children's homes, - Between £46,000 and £78,000 for external fostering placement. <p>The Service advised it is important to note that there are additional costs incurred with both the latter two placements, as often additional practical and therapeutic support is required (input from CAMHS, additional PSA supports within education, direct children's social work intervention and assessment etc.) hence these costs are not exact. The Service has updated that wherever safe to do so, all focus is on supporting children and young people to remain living within their family/extended family members with additional intensive input from multi agency professionals.</p>	Date	Target	Actual	Q1 2021/22	5%	5.9%	Q2 2021/22	5%	6.1%	Q3 2021/22	5%	6.1%	Q4 2021/22	5%	6.6%	Q1 2022/23	5%	6.2%		
Date	Target	Actual																			
Q1 2021/22	5%	5.9%																			
Q2 2021/22	5%	6.1%																			
Q3 2021/22	5%	6.1%																			
Q4 2021/22	5%	6.6%																			
Q1 2022/23	5%	6.2%																			
IA Recommended Mitigating Actions																					

Ref	Description	Risk Rating	Moderate
	<p>The Service should undertake a review of local support for Looked After Children and establish an action plan to improve this if necessary.</p>		
	Management Actions to Address Issues/Risks		
	<p><i>Responsibility to reduce the number of children placed in an OAP is a partnership one. Consequently, there are limits to the level of influence the Council has on the actions of other agencies. However, the partnership is working to develop a Family Support Model which aims to strengthen the co-ordination of services to children and young people, to prevent concerns escalating to the level where child protection measures are required, and to support attainment of balance of care where children are able to remain more often at home and or with kin, thus reducing the need for OAPs.</i></p> <p><i>Progress reports on the development of the Family Support Model and other initiatives have been provided to the Education and Children's Services Committee. Further reports are scheduled in July 2023 with results of pilot projects demonstrating the impact of the new Model.</i></p>		
	Risk Agreed	Persons(s)	Due Date
	Yes	Chief Officer – IC&FS	July 2023

Ref	Description	Risk Rating	Major
1.3	<p>Performance Monitoring & Reporting (Budgets) – Effective budget monitoring is essential to ensure accurate forecasting identifies any financial pressures (or underspends) that need to be mitigated in the interests of achieving Best Value.</p> <p>The Chief Officer – IC&FS and Lead Service Manager receive monthly BOXI reports that covers the Residential Commissioned cost centre for out of authority budget, expenditure, forecasts. The Service also maintain a detailed tracking spreadsheet, showing all Looked After Children (LAC), establishments and costs charged by providers. The tracking spreadsheet is updated regularly with detailed information on placement costs and timings.</p> <p>Accountants meet with Service representatives on a monthly basis to discuss the financial position. These meetings consider overall budget, expenditure trends, contracts, and provide updates on significant forecast to budget variations. Meeting agendas show that meetings are being held regularly and are well attended by relevant staff; reports on expenditure and financial forecasts were given and actions assigned to staff.</p> <p>Pressures caused by OAPs are being reported quarterly to Committee (formerly City, Growth & Resources, now Finance & Resources) and annually to the Service and to Council as part of annual financial reporting.</p> <p>Annual budget monitoring reports for 2020 – 2022, quarterly reports to Committee and monthly reports to the Service were reviewed. They were in a clear and consistent format and the level of detail provided was appropriate. Overspends and variances were identified and discussed. The Service noted in monitoring reports that they believe the trend is positive and that progress is steady though in small increments. However there has been an overspend reported for OAP over recent years:</p>		
	Year	Budget (£)	Actual / Forecast (£)
	2021/22	11,270,000	13,907,674
	2021/22	11,450,000	13,573,367
	2022/23	10,840,945	13,028,687
			2,637,674
			2,123,367
			2,187,742

Ref	Description			Risk Rating	Major
	Total	33,560,945	40,509,728	6,948,783	
	<p>Annual budgets are based on expected costs of service delivery plus growth required, as identified through discussions between Finance and the Function. The 2022/23 budget was presented to Full Council on 7 March 2022 for approval and included a predicted saving of approximately £1m for OAP through improving support services for vulnerable families. However, by July 2022 during monitoring meetings with the Function, Finance was reporting a £2.2m overspend. However this overspend is offset by a £900k underspend in out of authority foster placements; Management has advised they have asked Finance to vire between the budgets accordingly.</p> <p>In the absence of alternative local provision expensive OAPs are required to meet the needs of Looked After Children. A recommendation has already been made at 1.2 above to increase local support.</p> <p>The financial pressures caused by OAPs are recurring and the budget set for 2022/23 is considered ambitious given the expected overspend for 2022/23 at such an early stage in the financial year. If budgets are not set realistically there is a greater risk of unplanned overspend putting financial pressure on the Council.</p>				
	IA Recommended Mitigating Actions				
	<p>Management should work with Finance to ensure that the OAP budget is set realistically with consideration given to the length of time required to implement any changes which will reduce the need for OAPs. The Service should also investigate if one off spend to save funding is required from borrowing or reserves to implement required savings and agree any necessary funding with Finance. Regular monitoring and reporting to Committee should continue.</p>				
	Management Actions to Address Issues/Risks				
	<p><i>The Chief Officer, Children and Family Services and the Chief Officer Finance meet regularly to discuss the cost pressures in relation to OAPs. This will continue to be the case with regular reporting to Committee. The Service will progress with plans to implement the new Family Support Model with a view to reducing the need for OAPs and making associated savings.</i></p>				
	Risk Agreed	Person(s)	Due Date		
	Yes	Chief Officer – IC&FS	July 2023		

Ref	Description	Risk Rating	Moderate
1.4	<p>Assessments (Review) – CSSF guidance states that reviews of placements should be carried out at least annually to ensure that the child’s needs are being met appropriately and to consider whether measures could be put in place to bring the child home. The reviews may be more frequent depending on the needs and circumstances of the child. The frequency and next date of review should be agreed on during the CSSF meeting and noted on the Presentation Form and added to the tracking spreadsheet referred to in 1.3 above; this spreadsheet is monitored by the CSSF for various reasons including scheduling future reviews.</p> <p>In some cases the placement is made on an emergency basis, for example because the child has suddenly been put at risk or because a Children’s Hearing has made a Compulsory Supervision Order. In these cases the placement should be reviewed within three days and then again, if continued, within six weeks. However these reviews need not be carried out by the CSSF but may be performed as LAC reviews by Social Workers and Educational</p>		

Ref	Description	Risk Rating	Moderate
	<p>Psychologists and later reported to the CSSF. Four of the cases sampled were emergency placements and in all of these evidence had been recorded of LAC reviews being held on the required timescales.</p> <p>A review of 20 cases found:</p> <ul style="list-style-type: none"> In one case (5%) the review was carried out in March 2022, 18 months after it had been scheduled and 23 months after the assessment. In one case (5%) the review was scheduled on the decision sheet for September 2023 although the CSSF Form notes suggested the review be carried out six months after the assessment in March 2022, that is, in September 2022; the Service advised that this was a typographical error but no review had been carried out as scheduled. <p>Whilst there was evidence of review of child cases outwith the CSSF, where placements are not reviewed formally by the CSSF as scheduled there is a risk that children may no longer be receiving the most appropriate care and that they may remain in an OAP when they could be returned to Aberdeen.</p>		
IA Recommended Mitigating Actions			
Management should review the controls in place for assessments, specifically the requirements for follow up reviews. This should look to ensure that dates are recorded accurately and that reviews are carried out as scheduled.			
Management Actions to Address Issues/Risks			
<i>The implementation of D365 (CareFirst replacement) will enable a more effective system to track the reviewing of OAP's by the CSSF. This will be reflected in the review of the procedures and practice guidance in relation to OAP's. D365 will provide for a more effectively tracking of compliance. This aspect will be incorporated into the action associated with 1.1</i>			
Risk Agreed	Person(s)	Due Date	
Yes	Chief Officer – IC&FS	March 2023	

Ref	Description	Risk Rating	Minor
1.5	<p>Placements – Following the approval of a placement, an Individual Placement Agreement (IPA), also called a Service Agreement, is drawn up and agreed with an appropriate service provider. Service providers should be selected from the Scotland Excel Children's Residential Framework Agreement, which is recorded in the Commercial & Procurement Shared Service database (BOrganised); all the cases reviewed had been placed with approved providers.</p> <p>IPAs function as a contract and detail the parties involved, the level of provision required to meet the child's specific needs, and the desired outcomes, as discussed in the CSSF meeting. Per the Council's Financial and Procurement Regulations and Social Work guidance, IPAs must be authorised by the CSSF Service Manager. Agreed and approved IPAs are saved in the CSSF Service shared drive and copies are sent to the Social Work case management system (CareFirst) team to be input. Provider invoices can then be compared to the IPA details on receipt to confirm that the agreement is being followed before payment is made</p> <p>The 20 IPAs relating to the cases sampled above were examined and it was found that:</p> <ul style="list-style-type: none"> In one case (5%) the IPA had not been input to the system. 		

Ref	Description	Risk Rating	Minor
	Failure to record IPA charges creates a risk that services provided and charged may not comply with those contracted for, where IPAs are absent from the case management system for comparison to invoices received.		
	IA Recommended Mitigating Actions		
	Management should ensure that IPAs are recorded in the case management system.		
	Management Actions to Address Issues/Risks		
	<i>The implementation of D365 (CareFirst replacement) will enable a more effective system to track the authorisation of IPA's. This will be reflected in the review of the procedures and practice guidance in relation to OAP's. This aspect will be incorporated into the action associated with 1.1</i>		
	Risk Agreed	Person(s)	Due Date
	Yes	Chief Officer – IC&FS	March 2023

4 Appendix 1 – Assurance Terms and Rating Scales

4.1 Overall report level and net risk rating definitions

The following levels and ratings will be used to assess the risk in this report:

Risk level	Definition
Corporate	This issue / risk level impacts the Council as a whole. Mitigating actions should be taken at the Senior Leadership level.
Function	This issue / risk level has implications at the functional level and the potential to impact across a range of services. They could be mitigated through the redeployment of resources or a change of policy within a given function.
Cluster	This issue / risk level impacts a particular Service or Cluster. Mitigating actions should be implemented by the responsible Chief Officer.
Programme and Project	This issue / risk level impacts the programme or project that has been reviewed. Mitigating actions should be taken at the level of the programme or project concerned.

Net Risk Rating	Description	Assurance Assessment
Minor	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.	Substantial
Moderate	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified, which may put at risk the achievement of objectives in the area audited.	Reasonable
Major	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.	Limited
Severe	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.	Minimal

Individual Issue / Risk Rating	Definitions
Minor	Although the element of internal control is satisfactory there is scope for improvement. Addressing this issue is considered desirable and should result in enhanced control or better value for money. Action should be taken within a 12 month period.
Moderate	An element of control is missing or only partial in nature. The existence of the weakness identified has an impact on the audited area's adequacy and effectiveness. Action should be taken within a six month period.
Major	The absence of, or failure to comply with, an appropriate internal control, which could result in, for example, a material financial loss. Action should be taken within three months.
Severe	This is an issue / risk that could significantly affect the achievement of one or many of the Council's objectives or could impact the effectiveness or efficiency of the Council's activities or processes. Action is considered imperative to ensure that the Council is not exposed to severe risks and should be taken immediately.

5 Appendix 2 – Assurance Scope and Terms of Reference

5.1 Area subject to review

The Council is under a statutory obligation to provide education for children up to 18 years of age that are living in the Aberdeen City area, including those with additional support needs. In addition, the Council has a duty to offer looked after young people, born after 1 April 1999, a care placement until the age of 21. The governing legislation is derived primarily from the Children (Scotland) Act 1995, Education (Additional Support for Learning) (Scotland) Act 2004 (as amended), the Looked After Children (Scotland) Regulations 2009 and the Children and Young People (Scotland) Act 2014. Where a child's needs are best met by an external provider, the Council's Out of Authority Placement (OAP) scheme facilitates the provision of specialist support from outwith the Council.

OAPs may be made in residential children's homes, residential additional support schools, day placements in additional support schools or fostering placements. Children who pose a significant risk to themselves or the community may be placed in secure care by the Chief Social Work Officer on the recommendation of the Children's Panel or the Court, and the Council is also liable for these costs.

5.2 Rationale for review

The objective of this audit is to ensure the system for commencing and reviewing out of authority placements is adequate, effective, and consistently applied. The area was last audited in 2018 and processes were found to be generally well defined and carried out timeously, although budgets were regularly overspent.

5.3 Scope and risk level of review

This review will offer the following judgements:

- An overall **net risk** rating at the **Cluster** level.
- Individual **net risk** ratings for findings.

Please see Appendix 1 – Assurance Terms and Rating Scales for details of our risk level and net risk rating definitions.

5.3.1 Detailed scope areas

As a risk-based review this scope is not limited by the specific areas of activity listed below. Where related and other issues / risks are identified in the undertaking of this review these will be reported, as considered appropriate by IA, within the resulting report.

The specific areas to be covered by this review are:

- Policies governing Out of Authority placements; procedures covering all aspects of placement activities and administration, including making requests, documenting decisions, and monitoring placements and expenditure; and training for staff and other stakeholders
- Budget setting, monitoring and reporting
- Assessments and Placements processes and monitoring

5.4 Methodology

This review will be undertaken through interviews with key staff involved in the process(es) under review and analysis and review of supporting data, documentation, and paperwork. To support our work, we will review relevant legislation, codes of practice, policies, procedures, guidance

Due to the ongoing impacts of COVID-19, this review will be undertaken remotely. We remain flexible in the face of the rapidly changing risk environment. Where our resourcing or access to the client is impacted further by COVID-19, we will adapt our audit methodology to balance the risks and assurance output and will work in co-operation with key contacts to understand the impact of the situation as it evolves.

5.5 IA outputs

The IA outputs from this review will be:

- A risk-based report with the results of the review, to be shared with the following:
 - Council Key Contacts (see 5.7 below)
 - Audit Committee (final only)
 - External Audit (final only)

5.6 IA staff

The IA staff assigned to this review are:

- Lyndsay Jarvis (**audit lead**)
- Andrew Johnston, Audit Team Manager
- Jamie Dale, Chief Internal Auditor (**oversight only**)

5.7 Council key contacts

The key contacts for this review across the Council are:

- Rob Polkinghorne, COO - Operations
- Graeme Simpson, Chief Officer - Children's and Family Services (**process owner**)
- Jonathan Belford, Chief Officer - Finance

5.8 Delivery plan and milestones

The key delivery plan and milestones are:

Milestone	Planned date
Scope issued	24 May 2022
Scope agreed	31 May 2022
Fieldwork commences	6 Jun 2022
Fieldwork completed	6 Jul 2022
Draft report issued	20 Jul 2022
Process owner response	10 Aug 2022
Director response	17 Aug 2022
Final report issued	24 Aug 2022