

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	08 May 2025
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Internal Audit Report AC2513 – Adoption, Fostering and Kinship
REPORT NUMBER	IA/AC2513
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 Adoption, Fostering and Kinship.

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 Adoption, Fostering and Kinship.

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 There are no direct impacts, as a result of this report, in relation to the Council Delivery Plan, or the Local Outcome Improvement Plan Themes of Prosperous Economy, People or Place.
- 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 AC2513 – Adoption, Fostering and Kinship

12. REPORT AUTHOR CONTACT DETAILS

Name	Jamie Dale
Title	Chief Internal Auditor
Email Address	Jamie.Dale@aberdeenshire.gov.uk
Tel	(01467) 530 988



Internal Audit

Assurance Review of Adoption, Fostering and Kinship

Status: Final

Date: 24 March 2025

Risk Level: Cluster

Report No: AC2513

Assurance Year: 2024/25

Net Risk Rating	Description	Assurance Assessment
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

Report Tracking	Planned Date	Actual Date
Scope issued	08-Oct-2024	08-Oct-2024
Scope agreed	15-Oct-2024	15-Oct-2024
Fieldwork commenced	21-Oct-2024	21-Oct-2024
Fieldwork completed	25-Nov-2024	04-Dec-2024
Draft report issued	16-Dec-2024	23-Jan-2025
Process owner response	13-Jan-2025	13-Mar-2025
Director response	20-Jan-2025	24-Mar-2025
Final report issued	27-Jan-2025	24-Mar-2025
AR&S Committee	08-May-2025	

Distribution	
Document type	Assurance Report
Director	Eleanor Sheppard – Executive Director – Families & Communities
Process Owner	Isabel McDonnell, Service Manager
Stakeholder	Graeme Simpson, Chief Officer, Children's Social Work & Family Support
	Cathy Buchan - Team Manager (Fostering)
	Chris Morton – Team Manager (Adoption)
	Nicola Clark – Team Manager (Kinship)
Final only	Vikki Cuthbert, Interim Chief Officer - Governance
	Jonathan Belford, Chief Officer - Finance*
	External Audit*
Lead auditor	Sarah Poppe - Auditor

1 Introduction

1.1 Area subject to review

Aberdeen City Council acknowledges that, when families are unable to provide appropriate care, children may sometimes need to be cared for outside of their home. Foster care, kinship care and adoption are options to help ensure positive outcomes and provide a high standard of care for these children.

Allowances can be provided for foster carers, kinship carers and adopters to assist with the expenditure related to caring for a child and to allow the child to benefit from the same opportunities as other children.

Foster carers are eligible for a skills payment, which is made based on one fee per household per annum. In March 2021, a report was submitted to Committee to set out a review that had been undertaken of the fee structure. Rates are reviewed on an annual basis.

Foster carers will also receive an allowance that takes into consideration the general expenditure relating to caring for a child, this includes pocket money, food, accommodation, fees for clubs, activities, and travel. These payments depend on the child's age and are calculated at a weekly rate. Extra weekly payments are made for the week of the child's birthday, Christmas/religious festival, and summer holidays. Since 2023 these rates have been based on the Scottish Recommended Allowance (SRA) rates for kinship and foster Carers which Aberdeen City Council implemented. For some carers, those with children aged 11-15, Aberdeen City Council were already paying a higher rate than the SRA.

Foster carers are issued with a Foster Carer Agreement on registration and if there is a change to their payment level or registration the agreement will be revised.

Foster care is also provided through agencies under the Scotland Excel Fostering and Continuing Care Services Framework. The Framework was established to enable Councils to purchase fostering and continuing care placements from independent and voluntary providers for an agreed fee and under agreed terms and conditions to supplement their internal provision. Different fees apply to different foster care services that are provided under the framework. An Individual Placement Agreement (IPA) is completed in every instance as this is the contract between purchaser and provider. The agreed fee is the amount payable for the core services provided and includes the Foster Carer Fee, Child Allowance and costs incurred by the Provider in the operation of the service. There may also be placements purchased from other Local Authorities or agencies and a contract will be agreed.

Kinship carer is a term used to describe a person who looks after a child when they are unable to live with their parents. They are usually an adult who is either related to the child or is a person known to the child. Kinship carers are eligible for a Kinship Allowance, but eligibility will depend on how the child became to be looked after. Kinship Allowance applies to children with a looked after status or the child is subject to a Section 11 Order and was previously looked after or placed with involvement from the local authority or is at risk of becoming looked after.

Kinship Allowance is paid in line with the fostering allowance rates, less any eligible child related benefits. The Allowance is broken down into four age bands and will increase as the child moves into a higher age band. Like foster carers extra weekly payments are made for the week of the child's birthday, Christmas/religious festival, and summer holidays. Kinship carers receive these additional payments spread over 52 weeks. Kinship Allowance is not means tested.

An Adoption Allowance is paid based on the child's eligibility. This is typically determined at the Adoption and Permanence Panel when the child's adoption plan is considered. The Adoption and Permanence Panel will review the child's eligibility again when considering the match between the child and potential adoptive family. Adopters can also make a request for Adoption Allowance to be considered where a child's changing needs merit this. The eligibility for Adoption Allowance will be based on an assessment of the adopters' financial circumstances and the support needs of the child. The Adoption Allowance is means tested and will consider the adoptive family's relevant income, and household expenses, which are represented as a set 'personal allowance. Consideration can be given to the means test being disregarded where the child's support needs are substantive. An Adoption Allowance can be paid as a regular payment or as a 'one-off' payment to fund specific therapeutic support.

The Council set a budget of £263m for Children and Family Services for 2024/25. £45.9m of this is allocated to Children's Social Work, which includes approximately £12.7m for Family Placement services, including £2.3m for internal foster placements, £7.3m for external placements, £2.6m for kinship allowances, and £0.5m for adoption allowances.

1.2 Rationale for the review

The objective of this audit is to obtain assurance that adequate procedures are in place to control the calculation, award, and payment of allowances for Fostering, Adoption and Kinship Care. It is essential that the calculation and payment of allowances are done correctly to ensure that fostering, adoption, and kinship carers receive the financial support for which they are eligible. Failure to calculate and administer these allowances could result in financial, reputational, and operational risk to the Council.

This area was last audited in 2019/20, report AC2028, which identified that procedures were comprehensive and easily accessible but could benefit from review and updating; forms and agreements did not contain clear and consistent declarations for those in receipt of payments; and improvements were required to ensure allowances were paid at the correct rate, adequately documented, and input correctly into the system. It was also recommended that the service review if all internal and external payments could be system controlled rather than having separate records for each.

1.3 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
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

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

Risk Level	Definition
Service	This issue / risk level impacts at the Business Plan level (i.e. individual services or departments as a whole). Mitigating actions should be implemented by the responsible Head of Service.

2.2 Assurance assessment

The level of net risk is assessed as **MAJOR**, with the control framework deemed to provide **LIMITED** assurance over the Adoption, Fostering and Kinship allowances.

Where controls and procedures are in place, the review identified several areas of weakness where improvements need to be made to improve the framework of control.

The following areas of focus are reflected in the report:

- **Written Procedures** – The procedures for adoption and fostering are generally accessible and up to date. However, potential gaps and areas for improvement have been identified, and are discussed in later sections of the report. The Service has sub-delegated powers / authorisation levels, which are reflected within its procedures, though there is no separate formal documentation of them.
- **Adoption Allowance** – Overall, there is assurance that payments are being made as agreed, with the application process reviewed by the Team Leader and Service Manager when necessary. However, there is no clearly defined and evidenced decision-making procedure or policy regarding the initiation or continuation of an Adoption Allowance. While it may not always be necessary to have a formal document that governs this, the findings highlight a failing that would be remedied by clear 'guidance' and periodic review of its application. In four of ten cases (40%) payments (averaging £5k per annum each) were made contrary to Adoption and Permanence Panel recommendations, and in another three cases (30%) reductions due to means testing results (averaging £3k per annum each) were not applied. Supporting evidence of adopters' circumstances, and of its review, was also weak. The absence of clear criteria or benchmarks for continuing or discontinuing allowances can create inconsistencies and undermines confidence that decisions are applied fairly and consistently. It may also present risks to achieving best value and maintaining budgetary control.
- **Fostering Placements** – Internal (directly contracted) foster carers are used where possible, as they are typically lower cost and more geographically accessible. For external placements there is no comprehensive documentation tracking the referral process from start to finish to confirm why this was necessary, if options were available, and if so how the option was selected and approved. Every external placement should be recorded in an Individual Placement Agreement (IPA), setting out requirements, costs, dates, approvals, and attached documentation which shows the children's care needs and outcomes. The IPA is contractual documentation, and effectively acts as the Purchase Order for the care being provided, but none of the cases reviewed had completed an IPA in advance. Where they had subsequently been completed, four of eight (50%) did not match the providers' agreed framework rates.

Without clear documentation of what has been agreed, at the point the placement commences, there is an increased risk of error in application, presenting a risk to children's needs being effectively communicated and met, the Council's reputation, and to financial control. Placements may be enduring or 'permanent' (until adulthood), and therefore any discrepancies at the outset could have a significant impact on future budgets.

- **Payments** – The Service makes various payments in respect of family placements including internal and external foster care payments, kinship payments, and adoption allowances. Payments to internal (directly contracted) foster carers are managed using D365, through application of a comprehensive process to match placements, dates, and values, following a system controlled approval mechanism, and these typically match. Invoices are received from external fostering agencies, and should be checked and confirmed for accuracy prior to payment. In contrast with payments to internal carers, there is no system record and automated check to ensure the fees correspond to the agreed amount stated in the Individual Placement Agreement (IPA). All such invoices are held pending approval by the Service Manager, making it their responsibility to address any discrepancies in payment amounts. There were over 1,800 invoices worth £7.25m in 2023/24. Of six cases reviewed in detail, three (50%) showed a higher amount invoiced than agreed in the IPA. Kinship and adoption allowances are also manually approved. Minor discrepancies were also identified between published rates and the amounts paid to kinship carers (£200.73 vs £200.75 per week). There are no reconciliations between payments and source system data. Unchecked invoices and payments increase the risk of discrepancies, which can negatively affect overall budget management.
- **Document Management** –Reviews and documentation are regularly signed on behalf of management and service users, reducing assurance over their authenticity. Gaps were also identified in files and system records. A lack of comprehensive records on file can hinder informed decision making, reduces assurance practice is being applied consistently, and could pose challenges in the future if decisions are challenged or questioned. Enhancing these practices would provide greater transparency and assurance that documents are being appropriately reviewed and approved by the relevant individuals.

It is acknowledged that the Service plans to make more use of Care Management System functionality in the future, which will improve assurance over the application of delegated authority and financial controls. Dates for implementation have yet to be determined.

Recommendations have been made covering the establishment and evidencing of a clear and evidence-based decision-making framework to ensure consistency and transparency in the Service's approach to financial management. This includes updates to procedures, templates and other documentation; review, and documentation of the exercise of delegated authority; checks to confirm the accuracy of claims and invoices prior to approving payments; and review of document management.

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.
1.2	Adoption Allowance – Overall, there is assurance that payments are being made as agreed, with the application process reviewed by the Team Manager and Service Manager when necessary. However, there is no clearly defined decision-making procedure or policy regarding the initiation or continuation of an Adoption Allowance. The absence of clear criteria or benchmarks for continuing or discontinuing allowances can create inconsistencies and undermines	Yes	Major	13

Ref	Severe or Major Issues / Risks	Risk Agreed	Risk Rating	Page No.
	<p>confidence that decisions are applied fairly and consistently.</p> <p>The Service was unable to reference a specific Policy document, though the Aberdeen City Council website states: <i>“Adoption Allowances are the exception rather than the rule, the Council’s overarching philosophy is that prospective adoptive parents are expected to meet the costs usually associated with bringing up a child”.</i></p> <p>However, considering adoption allowances as the exception rather than the rule does not always align with the decision-making process regarding their approval and continuation. Within a sample of ten cases reviewed where an adoption allowance was in payment, four (40%) did not correspond with the Adoption and Permanence Panel’s recommendation that the child was ineligible for an allowance. These cases incur an additional cost of £20k per year. There is no central record of the total number and cost of such agreed exceptions.</p> <p>A means test is conducted for all applicants, with the amount payable informed by a comparison of declared income against an allowance for expenditure. This has not undergone a comprehensive review in several years. There is no formal procedure for conducting a means test, leading to uncertainty about the basis for deductions, allowances and what should be included.</p> <p>In three of ten cases reviewed (30%) the means test indicated a reduction should be applied, but a decision was made to override the result and grant the full allowance, citing the child’s specific needs as justification. There is no documented reference to what qualifies as an additional need that would warrant support or what family circumstances might define an exception to eligibility for the adoption allowance. These cases incur an additional cost of £9k per year.</p> <p>There is no defined standard for supporting evidence to be provided by applicants, leading to variation in what is being volunteered and accepted. Updates are sought annually, but declared circumstances are rarely reviewed or challenged, and the Service does not consider it has access to</p>			

Ref	Severe or Major Issues / Risks	Risk Agreed	Risk Rating	Page No.
	<p>data to prevent fraud or error (e.g. benefits data: which is available to adult social care).</p> <p>Foster and Kinship carers transitioning to adoption follow a different set of legal requirements when applying for Adoption Allowance. Regulations allow for the Adoption Allowance to continue at the same rate as was being paid for fostering or kinship for up to two years and in exceptional circumstances beyond this. Although the service has noted that a professional assessment of the foster carers circumstances is undertaken and presented to the Panel, which will include consideration of their financial circumstances, no formal procedure exists for reviewing and approving extensions. Instead, decisions are made individually and discussed with the Service Manager to determine if an allowance should continue and at what level</p> <p>The absence of a formal procedure creates the risk of inconsistent decision-making regarding expenditure and undermines confidence in the results. Establishing a clear and robust procedure could assist in creating consistency and trust in the means test results and work towards reducing the need to override the means test result.</p> <p>Adoption allowances remain payable until the child reaches 18 years old, and may be extended while they remain at home and in formal education. Adopters may live, or move, outwith the Aberdeen area, making it more difficult to obtain assurance children being paid for, are still benefiting from the payments being made. The Service contacts adopters by email or telephone, but in-person visits are rare. There is a risk payments may continue in cases where it is not appropriate for them to do so.</p>			
1.4	<p>Payments – Invoices are received from external fostering agencies, and should be checked and confirmed for accuracy prior to payment. In contrast with payments to internal carers, there is no system record and automated check to ensure the fees correspond to the agreed amount stated in the Individual Placement Agreement (IPA). All such invoices are held pending approval by the Service Manager, making it their responsibility to address any discrepancies in payment amounts.</p>	Yes		17

Ref	Severe or Major Issues / Risks	Risk Agreed	Risk Rating	Page No.
	<p>Only four of eight external placements reviewed (50%) were being paid in line with amounts agreed and recorded on the IPA held on file, with three (38%) exceeding the agreed amounts by up to 4%, and one missing an IPA to confirm what had been agreed for payment.</p> <p>Given the volume of invoices received (over 1,800 invoices, worth £7.25m in 2023/24) and the fact that only one individual is currently authorised to approve payments, it is unrealistic to expect all invoice amounts to be consistently verified against individual IPAs before authorisation, especially considering other responsibilities. Payments to external agencies that are not thoroughly verified could lead to overpayments and increase the risk of the Service failing to comply with budget management requirements.</p> <p>Of the eight cases reviewed, four (50%) have IPAs with fees that do not match the fee schedules provided by their respective agencies. The service has confirmed that three out of the four IPAs require updates. One IPA was not updated from temporary to permanent status, another was completed during a fee uplift but requires to be redone, and the third IPA mistakenly included the amount for short-term care instead of long-term care. This IPA has now been updated. Confirmation that three of the four IPAs require updates highlights the issue of payments being authorised without checking that the amount on the invoice matches with the fee agreed upon in the IPA. Unchecked invoices increase the risk of discrepancies, which can negatively affect overall budget management.</p> <p>The Service intends to transition the payment process for external agencies to the Care Management System, which should improve the approval process. However, no specific timeline has been established for this change. In the interim, it may be necessary to explore delegating responsibilities to ensure invoices are properly checked against the IPA before payment approval.</p> <p>Payments for kinship allowances are also manually approved. Adoption payments are recorded as financial assistance on the care management system, but the facility to set</p>			

Ref	Severe or Major Issues / Risks	Risk Agreed	Risk Rating	Page No.
	up, approve, and make payments directly via the system is not yet in place. Instead, spreadsheets record dates, names, and amounts for the relevant periods, and are passed to finance for payment every two weeks. Although initial data is obtained from the care management system there is no reconciliation to confirm that what is being paid matches back to the system. Any changes or errors could result in erroneous payments.			

2.4 Management response

The service acknowledges and welcomes the findings of this audit.

The service recognises that existing guidance and procedures have not been reviewed since the development of D365 and work has been progressed to address this. Given that D365 currently does not cover all aspects of the payments made to foster carers, kinship carers or adopters then guidance will be updated on an iterative basis.

Guidance on Looked After Children (Scotland) Regulations 2009 and the Adoption and Children (Scotland) Act 2007 provides the legal framework for the providing financial support to children placed in foster carers, kinship carers or with adopters. In 2024 Scotland introduced the Scottish Recommended Allowance – a standardised fee paid to foster carers and kinship carers. Scotland Excel, on behalf of all local authorities provides the commissioning framework. At a local level the scheme of payments made to “in-house” foster carers; kinship carers and adopters was agreed by Committee on 11th March 2021. The level of fee paid to foster carers and the allowance paid to adopters is reviewed annually as part of the Councils budget setting process.

Utilisation of D365 - Currently Internal Fostering is the only area of service where finance is managed fully in the D365 system via ContrOCC. It is planned that all Adoption, Kinship and External Fostering payments will move to ContrOCC ensuring that these processes can be managed robustly via the financial mechanisms already in place for external fostering. The current development backlog for D365 and ContrOCC are managed through an agile development process with priorities being set by Social Work management via their respective Product Owners. The current backlog priorities will be reviewed and a plan for integrating the in-house payments will be developed.

The Service is currently working with three different record storage systems, historic paper and O-Drive records and more recent D365 records. D365 records are the only ones now being created. O-Drive records are based on legacy infrastructure and set to read only. Where the records are required as part of a client case record these can be copied across by the social worker into the new folder structure in D365.

Payments made to Foster Carers

Tracking information is being recorded for external fostering placements and is moving to being tracked on D365. Written guidance for this is being developed and will be published, whilst taking account of, and being proportionate to, the fact this is recorded in a child's record. A record that they may come back and read in future.

Variations in payments made to external fostering agencies are always approved at Service Manager level. Variations to the Individual Placement Agreement (IPA) amounts come about due to things such as monthly or three-monthly invoicing based on daily/weekly rates. Other variations are caused by additional of mileage, birthday payments and one-off payments. These items are not predictable given the nature of caring for a child. These variations are often discussed in Looked after reviews for children and the minutes with the recommendations provided to Service Manager to decide as to whether any additional charge for respite or therapeutic support is appropriate, a timescale is attached to the decision for subsequent review to ensure level of monitoring. All foster carers, whether external or internal have

regular supervision meetings as well as Annual Reviews which has a wide-ranging mandate and ensures overarching scrutiny.

As part of well-established assurance checks quarterly monitoring meetings are held with external agencies to review contractual arrangements and ensure all IPAs are up to date. We have never had agencies advise that IPAs are out of date. The IPAs are essential for independent fostering agencies in relation to an inspection by the Care Inspectorate, therefore they will always ensure these are up to date and available. The quarterly meeting also allows for invoice queries to be raised and resolved.

Payments made to Kinship Carers

A draft version of the Kinship Procedures was made available to the auditors. This includes using D365 to record reviews and authorisations. The Service had decided to await the audit outcome before finalising. This will be available on the Children's Social Work Intranet by 1st April 2025, and will be reviewed annually in line with all other intranet pages.

Significant changes have been made in recent years to our practice and recording as a consequence of findings from previous audit recommendations, and our response to those, and changes in systems. These continue to be embedded and may not have been fully reflected in audited cases where they pre-dated these changes.

Payments made to Adopters

There is significant additional cost to the Council maintaining a child in a fostering placement, compared to enabling the child to be adopted and providing Adoption Allowance. Fundamentally all decisions are child centred aimed at delivering the best outcomes for individual children. We know the outcomes for adopted children are generally better than those who remain in the care system.

Decisions are regularly made to ensure children can continue to live with siblings, in line with The Promise and our [Keeping brothers and sisters together - Position Statement | Aberdeen City Council](#). To ensure this can be achieved we will make bespoke arrangements, as was noted within the audit. In every instance where a professional assessment identifies an adoption allowance is required to meet the child's needs then this is considered by the Service Manager. This assessment may be a full written assessment around the child's support needs, or it may take the form of reviewing existing multi-agency documentation. The Service has initiated work to ensure that information is collated and held within the case management system.

Regarding the sample, and statement that 40% of adoption allowances did not correspond with the Adoption and Permanence Panel's recommendation, the Panel also noted should the child's needs change then their eligibility can be reviewed. This is a complex aspect of Adoption and decisions made at Adoption and Permanence Panels are made at a point in time. In the cases examined, changes to circumstances either beyond or subsequent to those reflected in the panel's consideration were determined to result in an allowance being seen as necessary to ensure the lifelong needs of the child were prompted.

It must be noted that the Panel do not have a decision-making responsibility. Responsibility sits either with the Agency Decision Maker or with the Service Manager with oversight of the adoption service.

The Service believes that the changing needs of the child, and the impact this has on the eligibility for Adoption Allowance is clearly stated in the published documentation - [Adoption Allowances - Eligibility for financial support | Aberdeen City Council](#). The Service accepts that an area of improvement would be to record these changing circumstances more explicitly at the point of approval of Adoption Allowances and link this to the evidence provided. In addition, ensuring the annual review evidence that circumstances remain unchanged or not.

3 Issues / Risks, Recommendations, and Management Response

3.1 Issues / Risks, recommendations, and management response

Ref	Description	Risk Rating	Minor
1.1	<p>Written Procedures – The procedures for adoption and fostering are generally accessible to those who need them via SharePoint, making it easy to track their most recent updates. Both sets of procedures have been updated recently, providing confidence that they are being actively maintained. Potential gaps and areas for improvement have been identified and are discussed in later sections of this report.</p> <p>In contrast, the kinship procedure is managed within the operational team rather than being overseen by Business Planning & Development. Kinship currently uses D365 (the Care Management System) for filing and keeping records of their clients, but allowances are calculated manually rather than leveraging the system’s functionality. Kinship payments are expected to transition to D365; therefore, management of kinship procedures may shift to align with fostering and adoption, however no date has been set for this to be resolved. In the meantime, it would be beneficial to include a note on the current kinship procedures indicating their update date and to establish a review schedule to ensure they remain up to date.</p> <p>The Service has sub-delegated powers / authorisation levels, which are reflected within its procedures, though there is no separate formal documentation of them. It may be beneficial to do so, to ensure consistency where required, and to reduce the need to update various procedures in the event of changes to values.</p>		
IA Recommended Mitigating Actions			
<p>The Service should implement a review schedule for Kinship procedures and ensure they are updated with the most recent review date.</p> <p>The Service should review and document approval levels and the circumstances in which they apply.</p>			
Management Actions to Address Issues/Risks			
<p><i>A draft version of the Kinship Procedures had been produced and was made available to the auditors. This includes using D365 to record reviews and authorisations. The Service had decided to await the audit outcome before finalising this and it will be available on the Children’s Social Work Intranet by 1st April 2025. This will be reviewed annually in line with all other intranet pages.</i></p> <p><i>Approval levels are currently set out in each of the procedures. Approval levels will be reviewed and documented in a centralised space by 1st May 2025.</i></p>			
Risk Agreed		Person(s)	Due Date
Yes		Isabel McDonnell, Service Manager	31 May 2025

Ref	Description	Risk Rating	Major
1.2	<p>Adoption Allowance – Overall, there is assurance that payments are being made as agreed, with the application process reviewed by the Team Manager and Service Manager when necessary. However, there is no clearly defined decision-making procedure or policy regarding the initiation or continuation of an Adoption Allowance. The absence of clear</p>		

Ref	Description	Risk Rating	Major
	<p>criteria or benchmarks for continuing or discontinuing allowances can create inconsistencies and undermines confidence that decisions are applied fairly and consistently.</p> <p>The Service was unable to reference a specific Policy document, though the Aberdeen City Council website states:</p> <p><i>“Adoption Allowances are the exception rather than the rule, the Council’s overarching philosophy is that prospective adoptive parents are expected to meet the costs usually associated with bringing up a child”.</i></p> <p>However, considering adoption allowances as the exception rather than the rule does not always align with the decision-making process regarding their approval and continuation. The Adoption and Permanence Panel considers all of the relevant circumstances and regulations and provides a recommendation if a child’s needs at the time are eligible for the allowance, but the final decision rests with the Adoption Team Leader and Service Manager. Within a sample of ten cases reviewed where an adoption allowance was in payment, four (40%) did not correspond with the Panel’s recommendation that the child was ineligible for an allowance. These four cases incur a cost of approximately £20k per annum combined. There is no central record of the total number and cost of such agreed exceptions. Justification for going against recommendations in general varied and was not well recorded.</p> <p>A means test is conducted for all applicants, with the amount payable informed by a comparison of declared income against an allowance for expenditure. The means test template is updated annually with revised child benefit figures. However, it has not undergone a comprehensive review in several years. The test excludes expenditure, although the template includes a section for it, which is no longer used – instead, a level of ‘personal allowance’ has been set, the basis for which is not recorded. There is no formal procedure for conducting a means test, leading to uncertainty about the basis for deductions, allowances and what should be included. While the adoption allowance procedure on SharePoint provides a general explanation, it recommends consulting the Team Leader in cases where there is uncertainty about what to include.</p> <p>In three of ten cases reviewed (30%) the means test indicated a reduction should be applied, but a decision was made to override the result and grant the full allowance, citing the child’s specific needs as justification. In these three cases, while the children’s needs are varied, there was no documented reference to what qualifies as an additional need that would warrant support or what family circumstances might define an exception to eligibility for the adoption allowance. An additional £9k per annum is being paid in respect of these cases. Again there is no central record of the total number and cost of granting full allowances in cases where test results indicate these should not be paid.</p> <p>There is no defined standard for supporting evidence to be provided by applicants, leading to variation in what is being volunteered and accepted. Updates are sought annually, but declared circumstances are rarely reviewed or challenged, and the Service does not consider it has access to data to prevent fraud or error (e.g. benefits data: which is available to adult social care). The service deducts Child Tax Credit if they are made aware it is in payment, but do not seek confirmation if it is not declared. In two cases reviewed, there is no supporting evidence for statements from adoptive parents that they have had to adjust their work/life balance and reduced income to accommodate an adoption. In another two cases records indicated payments were being made to a couple, but information relating to only one person was included in the calculation. In another case, one partner declared no income and no benefits, indicating other options may not have been explored.</p> <p>Foster and kinship carers transitioning to adoption follow a different set legal requirements when applying for an Adoption Allowance. Regulations allow for the Adoption Allowance to continue at the same rate as was being paid for fostering or kinship for up to two years and in exceptional circumstances beyond this. Although the service has noted that a professional assessment of the foster carers circumstances is undertaken and presented to the Panel,</p>		

Ref	Description	Risk Rating	Major
	<p>which will include consideration of their financial circumstances, no formal procedure exists for reviewing and approving extensions. Instead, decisions are made individually and discussed with the Service Manager to determine if an allowance should continue and at what level. From the sample of ten there were two (20%) kinship carers transitioning to adoption. One was informed in their outcome letter that the allowance would continue for two years, while the other received confirmation only of a shift from kinship allowance to adoption allowance, with no specified timeframe. Foster carers are also treated differently in respect of means-testing. The adoption allowance means-test template reduces carers' relevant income by £10,000. There is no clear policy basis for this variation in approach, which results in foster carers being more likely to attract the full allowance.</p> <p>The absence of a formal procedure creates the risk of inconsistent decision-making regarding expenditure and undermines confidence in the results. Establishing a clear and robust procedure could assist in creating consistency and trust in the means test results and work towards reducing the need to override the means test result.</p> <p>Adoption allowances remain payable until the child reaches 18 years old, and may be extended while they remain at home and in formal education. Adopters may live, or move, outwith the Aberdeen area, making it more difficult to obtain assurance children being paid for, are still benefiting from the payments being made. The Service contacts adopters by email or telephone, but in-person visits are rare. There is a risk payments may continue in cases where it is not appropriate for them to do so.</p>		
IA Recommended Mitigating Actions			
	<ul style="list-style-type: none"> a) A clear and concise decision-making framework should be established for adoption allowances, outlining the criteria for exceptional circumstances and the required evidence to support applications. This framework should align with the principle that adoption allowances are the exception, not the rule. b) Policy decisions should be made by the relevant Committee. Where decisions are made contrary to agreed policy under delegated powers (e.g. provision of an allowance in cases where the Panel has stated the case does not qualify, or overriding the results of a means test), their use and the associated costs should be reviewed and reported periodically to the relevant Committee. c) A formal procedure should be created for the means test. This should provide clear guidance on what should and should not be included as part of the means test, promote consistency of approach, and define the standard of evidence required. The content and values included in the template should be subject to periodic review. d) A risk based and proportionate means of obtaining assurance that adoption allowances only continue in placement where children continue to live with their adoptive family, should be developed and implemented. 		
Management Actions to Address Issues/Risks			
	<ul style="list-style-type: none"> a) <i>The service will review the Adoption Allowance Guidance to take full account of the recommendations from this audit.</i> b) <i>The Service will ensure to document the established decision-making and reviewing processes incorporating examples of what may be considered as exceptional circumstances.</i> c) <i>The Service will review the guidance around the means test to ensure that the guidance is clear and provides consistency.</i> d) <i>The Service is satisfied that a proportionate approach taken when evidencing the continuance of allowances, however will review the operational guidance to take reflect the audits learning.</i> 		
	Risk Agreed	Person(s)	Due Date

Ref	Description		Risk Rating	Major
	Yes	Isabel McDonnell, Service Manager	31 May 2025	

Ref	Description	Risk Rating	Moderate
1.3	<p>Fostering Placements – When allocating children to Foster Families, priority will always be given to internal (ACC approved) carers. However, there are several factors that require consideration before a decision is made. These include the level of care the child requires, whether the child needs to be placed within or outside the local area and the importance of maintaining continuity in their education, such as staying at the same school, college, or university. Placement decisions also depend on whether the child should remain close or be distanced from their family. In many cases there are no available internal carers</p> <p>If the needs of the child cannot be met internally, a referral will be made to agencies within a Scotland Excel Framework. Should these agencies be unable to provide a suitable placement, referrals will then be extended to agencies outside the framework. These agencies typically involve higher costs and require approval from the Service Manager before proceeding. While achieving value for money is important, the needs of the child will always take priority over placement costs, and therefore determination of the ‘best value’ option.</p> <p>From a sample of eight external fostering agencies, there is no comprehensive documentation in any case (100%) tracking the referral process from start to finish. This means there is no record explaining why an external agency placement was necessary, if options were available, and if so how the option was selected and approved.</p> <p>Given the cost difference between placing a child with an external agency versus an internal foster carer, and variations between individual agencies, the rationale for the decision should be documented to confirm the necessity of choosing an external agency at the higher cost, and evidence the best value option is being selected.</p> <p>Every external placement should be recorded in an Individual Placement Agreement (IPA), setting out requirements, costs, dates, approvals, and attached documentation which shows the children’s care needs and outcomes. The IPA is contractual documentation, and effectively acts as the Purchase Order for the care being provided. None of the cases reviewed had completed an IPA in advance. The Service noted that ‘in an emergency situation’ it is not considered a priority to complete these in advance. However, much of the Service’s activities will fall into this category, and therefore this cannot be considered exceptional.</p> <p>Internal carers must complete a Foster Care Agreement, which confirms their acceptance of the conditions and requirements to be met in respect of placements. In one of five cases reviewed (20%), there was no signed copy on file, prior to placements taking place. For kinship care, ‘agreements’ are sent to carers, but there is no place for a signature to be recorded.</p> <p>Without clear documentation of what has been agreed, at the point the placement commences, there is an increased risk of error in application, presenting a risk to children’s needs being effectively communicated and met, the Council’s reputation, and to financial control. Placements may be enduring or ‘permanent’ (until adulthood), and therefore any discrepancies at the outset could have a significant impact on future budgets.</p> <p>IA Recommended Mitigating Actions</p> <p>A comprehensive record should be maintained documenting the reasons, selection process followed, and approval of a specific external agency for a placement.</p>		

Ref	Description	Risk Rating	Moderate
	<p>No placement should commence until it has been formalised in an agreement confirmed in writing by all parties. If the Service anticipates exceptions being required, the circumstances and extent of delegated authority and a mechanism for recording its application should be defined. All such arrangements should be formalised in an agreement confirmed in writing by all parties immediately thereafter.</p>		
	<p>Management Actions to Address Issues/Risks</p> <p><i>Tracking information, documenting the selection process for external placements will as be tracked on the D365 'Care Finding' case on the child's record. Written guidance for this is being developed and will be published by 31st May 2025,</i></p> <p><i>The completion of the IPA for external placements, is now being tracked via D365. We will monitor and sample compliance, to ensure these are being completed within 3 weeks of the placement commencing.</i></p>		
	Risk Agreed	Person(s)	Due Date
	Yes	Isabel McDonnell, Service Manager	31 May 2025

Ref	Description	Risk Rating	Major
1.4	<p>Payments – The Service makes various payments in respect of family placements:</p> <ul style="list-style-type: none"> Foster care payments <ul style="list-style-type: none"> Internal: Skills payments; Child related placement payments External: Placement fees Kinship payments Adoption allowances <p>Payments to internal (directly employed) foster carers are managed using D365, through application of a comprehensive process to match placements, dates, and values, following a system controlled approval mechanism. Over £2m of payments were made to such carers in 2023/24. A sample of five cases was reviewed, and all payments for skills and placements (100%) matched to the relevant records. In two of eight cases reviewed (25%), additional payments had been manually calculated and paid in respect of respite days not taken. Supporting evidence for these was not well documented. However, the Service has since implemented a system-based process for recording and calculating these payments, which will improve assurance going forward. In another case an additional 'negotiated rate' was being paid (£718 per annum). The source and approval for this was not clear. Financial reports indicate over £25k of negotiated payments were made in 2023/24.</p> <p>A minor discrepancy was identified between the published rate for foster and kinship carers for children aged 11–15 (£200.73) and the amounts actually being calculated and paid for kinship: £200.75. The Service advised that the correct rate is £200.75 and committed to updating the website accordingly.</p> <p>Invoices are received from external fostering agencies, and should be checked and confirmed for accuracy prior to payment. In contrast with payments to internal carers, there is no system record and automated check to ensure the fees correspond to the agreed amount stated in the Individual Placement Agreement (IPA). All such invoices are held pending approval by the Service Manager, making it their responsibility to address any discrepancies in payment amounts.</p>		

Ref	Description	Risk Rating	Major
	<p>Of the eight cases reviewed, only four (50%) payment records matched the amounts agreed and recorded on the IPA held on file: three (38%) exceeded the agreed amounts by up to 4%, and one had no IPA on file to confirm what had been agreed.</p> <p>Given the volume of invoices received (over 1,800 invoices, worth £7.25m in 2023/24) and the fact that only one individual is currently authorised to approve payments, it is unrealistic to expect all invoice amounts to be consistently verified against individual IPAs before authorisation, especially considering other responsibilities. Payments to external agencies that are not thoroughly verified could lead to overpayments and increase the risk of the Service failing to comply with budget management requirements.</p> <p>Of the eight cases reviewed, four (50%) have IPAs with fees that do not match the fee schedules provided by their respective agencies. The service has confirmed that three out of the four IPAs require updates. One IPA was not updated from temporary to permanent status, another was completed during a fee uplift but requires to be redone, and the third IPA mistakenly included the amount for short-term care instead of long-term care. This IPA has now been updated. Confirmation that three of the four IPAs require updates highlights the issue of payments being authorised without checking that the amount on the invoice matches with the fee agreed upon in the IPA. Unchecked invoices increase the risk of discrepancies, which can negatively affect overall budget management.</p> <p>The Service intends to transition the payment process for external agencies to the care management system, which should improve the approval process. However, no specific timeline has been established for this change. In the interim, it may be necessary to explore delegating responsibilities to ensure invoices are properly checked against the IPA before payment approval.</p> <p>Payments for kinship allowances are also manually approved. Adoption payments are recorded as financial assistance on the care management system, but the facility to set up, approve, and make payments directly via the system is not yet in place. Instead, spreadsheets record dates, names, and amounts for the relevant periods, and are received from finance, reviewed and approved for payment every two weeks. Although initial data is obtained from the care management system there is no reconciliation to confirm that what is being paid matches back to the system. Any changes or errors could result in erroneous payments.</p>		
	IA Recommended Mitigating Actions		
	<p>a) The Service should ensure sufficient checks are being completed to confirm accuracy prior to approving payments. Any variations (e.g. rates, quantities, additional payments) should be addressed and/or approved at an appropriate level prior to processing.</p> <p>b) Payments should be periodically reconciled back to source data. Variations identified through review should be addressed.</p>		
	Management Actions to Address Issues/Risks		
	<p>a) <i>The service will continue to ensure vigilance in the processing of payments to external providers. While the IPA is the core document the IPA also recognises children's needs and requirements may have small variance on a monthly basis. The service will continue to ensure they meet regularly with external providers to satisfy themselves of any IPA variations. With these existing mitigations, the Service accepts the risk of not implementing the recommended action.</i></p> <p>b) <i>The requirement to periodically reconcile payments back to source data, and to take appropriate action as required, will be formalised in refreshed guidance by 31st May 2025.</i></p>		
	Risk Agreed	Person(s)	Due Date

Ref	Description		Risk Rating	Major
	Yes	Isabel McDonnell, Service Manager	31 May 2025	

Ref	Description	Risk Rating	Moderate
1.5	<p>Document Management – While conducting the review of adoption, fostering and kinship allowances concerns were identified regarding document management.</p> <p>From a sample of ten kinship allowances, seven (70%) included annual reviews that were either ‘signed on behalf’ of the carer or signed ‘over the phone’. The remaining three (30%) were signed electronically, but it was unclear whether the signatures were obtained in person, over the phone or completed on the carer’s behalf. Signatures produced on behalf of the carer provide limited or no assurance that the review has been discussed and agreed.</p> <p>Within the same sample, three cases (30%) included either an application, an assessment, or, in one instance, both, where the approval signatures had been copied and pasted onto the document. This practise reduces assurance over the authenticity of the signatures and the integrity of the approval process. Similar to signing reviews on behalf of a customer, copying and pasting signatures offers no assurance that the document has been signed by the required individual. This creates a risk that anyone with access to another person’s signature could fraudulently sign on their behalf.</p> <p>In one adoption case there were incomplete sections of the carers’ assessment held on file, with insufficient details to confirm their suitability to adopt. In another, there were insufficient details of the child being placed, with all records relating to the carer’s social care needs instead. The Service stated these would have no impact on determining the payment of, or level of allowance.</p> <p>System records for three of ten kinship cases reviewed (30%) did not have the correct legal status, placement type, or copies of the original application, reducing assurance that records are complete and accurate for all cases where a payment is being made. Another kinship case included an incomplete assessment. This assessment was completed some time ago, and annual reviews have been conducted since then. As a result, the Service considers the risk of an incorrect kinship allowance being paid is low.</p> <p>A lack of comprehensive records on file can hinder informed decision making, reduces assurance practice is being applied consistently, and could pose challenges in the future if decisions are challenged or questioned. Enhancing these practices would provide greater transparency and assurance that documents are being appropriately reviewed and approved by the relevant individuals.</p> <p>IA Recommended Mitigating Actions</p> <p>The Service should review options for obtaining and documenting assurance that all documentation and records have been fully completed, reviewed, approved, and where necessary agreed with carers.</p> <p>Management Actions to Address Issues/Risks</p> <p><i>The Service are currently working with three different record storage systems, historic paper and O’Drive records and more recent D365 records. The auditor was not able to access paper or O’Drive records. These were provided separately when requested. D365 records are the only ones now being created. O’Drive records are due to be migrated into D365, however no date for this has been provided to the service.</i></p> <p><i>Adopters and Foster Carers cannot be approved without full assessments being produced and provided to the relevant Panels.</i></p>		

Ref	Description	Risk Rating	Moderate
	<i>Further exploration will take place on how to capture carer involvement within the Kinship annual review process.</i>		
	Risk Agreed	Person(s)	Due Date
	Yes	Isabel McDonnell, Service Manager	30 September 2025

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
Strategic	This issue / risk level impacts the Council as a whole. Mitigating actions should be taken at the Senior Leadership level.
Directorate	This issue / risk level has implications at the directorate 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 directorate.
Service	This issue / risk level impacts at the Business Plan level (i.e. individual services or departments as a whole). Mitigating actions should be implemented by the responsible Head of Service.
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

Aberdeen City Council acknowledges that, when families are unable to provide appropriate care, children may sometimes need to be cared for outside of their home. Foster care, kinship care and adoption are options to help ensure positive outcomes and provide a high standard of care for these children.

Allowances can be provided for foster carers, kinship carers and adopters to assist with the expenditure related to caring for a child and to allow the child to benefit from the same opportunities as other children.

Foster carers are eligible for a skills payment, which is made based on one fee per household per annum. In March 2021, a report was submitted to Committee to set out a review that had been undertaken of the fee structure. Rates are reviewed on an annual basis.

Foster carers will also receive an allowance that takes into consideration the general expenditure relating to caring for a child, this includes pocket money, food, accommodation, fees for clubs, activities, and travel. These payments depend on the child's age and are calculated at a weekly rate. Extra weekly payments are made for the week of the child's birthday, Christmas/religious festival, and summer holidays. Since 2023 these rates have been based on the Scottish Recommended Allowance (SRA) rates for kinship and foster Carers which Aberdeen City Council implemented. For some carers, those with children aged 11-15, Aberdeen City Council were already paying a higher rate than the SRA.

Foster carers are issued with a Foster Carer Agreement on registration and if there is a change to their payment level or registration the agreement will be revised.

Foster care is also provided through agencies under the Scotland Excel Fostering and Continuing Care Services Framework. The Framework was established to enable Councils to purchase fostering and continuing care placements from independent and voluntary providers for an agreed fee and under agreed terms and conditions to supplement their internal provision. Different fees apply to different foster care services that are provided under the framework. An Individual Placement Agreement (IPA) is completed in every instance as this is the contract between purchaser and provider. The agreed fee is the amount payable for the core services provided and includes the Foster Carer Fee, Child Allowance and costs incurred by the Provider in the operation of the service. There may also be placements purchased from other Local Authorities or agencies and a contract will be agreed.

Kinship carer is a term used to describe a person who looks after a child when they are unable to live with their parents. They are usually an adult who is either related to the child or is a person known to the child. Kinship carers are eligible for a Kinship Allowance, but eligibility will depend on how the child became to be looked after. Kinship Allowance applies to children with a looked after status or the child is subject to a Section 11 Order and was previously looked after or placed with involvement from the local authority or is at risk of becoming looked after.

Kinship Allowance is paid in line with the fostering allowance rates, less any eligible child related benefits. The Allowance is broken down into four age bands and will increase as the child moves into a higher age band. Like foster carers extra weekly payments are made for the week of the child's birthday, Christmas/religious festival, and summer holidays. Kinship carers receive these additional payments spread over 52 weeks. Kinship Allowance is not means tested.

An Adoption Allowance is paid based on the child's eligibility. This is typically determined at the Adoption and Permanence Panel when the child's adoption plan is considered. The Adoption and Permanence Panel will review the child's eligibility again when considering the match between the child and potential adoptive family. Adopters can also make a request for Adoption Allowance to be considered where a child's changing needs merit this. The eligibility for Adoption Allowance will be based on an assessment of the adopters' financial circumstances and the support needs of the child. The Adoption Allowance is means tested and will consider the adoptive family's relevant income, and household expenses, which are represented as a set 'personal allowance. Consideration can be given to the means test being disregarded where the child's support needs are substantive. An Adoption Allowance can be paid as a regular payment or as a 'one-off' payment to fund specific therapeutic support.

The Council's set a budget of £263m for Children and Family Services for 2024/25. This includes £45.9m for Family Placement services.

5.2 Rationale for review

The objective of this audit is to obtain assurance that adequate procedures are in place to control the calculation, award, and payment of allowances for Fostering, Adoption and Kinship Care. It is essential that the calculation and payment of allowances are done correctly to ensure that fostering, adoption, and kinship carers receive the financial support for which they are eligible. Failure to calculate and administer these allowances could result in financial, reputational, and operational risk to the Council.

This area was last audited in 2019/20, report AC2028, which identified that procedures were comprehensive and easily accessible but could benefit from review and updating; forms and agreements did not contain clear and consistent declarations for those in receipt of payments; and improvements were required to ensure allowances were paid at the correct rate, adequately documented, and input correctly into the system. It was also recommended that the service review if all internal and external payments could be system controlled rather than having separate records for each.

5.3 Scope and risk level of review

This review will offer the following judgements:

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

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:

- Written Procedures
- Adoption Allowance
- Kinship Allowance
- Fostering Payments
- Reporting 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 hybrid working practices, this review will primarily be undertaken remotely via electronic meetings and direct access to systems and data, with face to face contact and site visits to premises to obtain and review further records as appropriate.

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 1.7 below)
 - Audit Committee (final only)
 - External Audit (final only)

5.6 IA staff

The IA staff assigned to this review are:

- Sarah Poppe (**audit lead**)
- Colin Harvey, 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:

- Eleanor Sheppard, Executive Director – Families and Communities
- Graeme Simpson, Chief Officer Children's Social Work and Family Support
- Isabel McDonnell, Service Manager (**process owner**)
- Cathy Buchan, Team Manager
- Chris Morton, Team Manager
- Nicola Clark, Team Manager
- Karen Steele, Senior Support Assistant
- Lorna Stephen, Business Planning and Development Officer
- Gail Anderson, Senior Accountant

5.8 Delivery plan and milestones

The key delivery plan and milestones are:

Milestone	Planned date
Scope issued	08-Oct-2024
Scope agreed	15-Oct-2024
Fieldwork commences	21-Oct-2024
Fieldwork completed	25-Nov-2024
Draft report issued	16-Dec-2024
Process owner response	13-Jan-2025
Director response	20-Jan-2025
Final report issued	27-Jan-2025