

Internal Audit

Permanency Routes

September 2014

Distributed to:

- Strategic Director for Communities
- Family Services Director
- Acting Children’s Social Care Assistant Director
- Service Manager - Provider Services
- Family and Community Well-being Lead Commissioner

	No	Limited	Satisfactory	Substantial
Audit Opinion				

1. Executive Summary

Introduction

As part of the 2014/15 Internal Audit Plan, agreed by the Audit Committee in April 2014, we have undertaken an audit of Permanency Routes.

The review also included assurance required by the Department for Education (DfE) over the Adoption Grant received by the Council. The related Statement of Grant Usage was finalised and submitted to the DfE on 5 June 2014.

Background & Context

Permanence depends on securing the right placement for the right child at the right time. Routes to permanence include:

- permanent return to birth parents;
- shared care arrangements, including regular short-break care;
- permanence within the looked after system, whether in residential placement, unrelated foster care *or* family and friends care; and
- legal permanence, through adoption, special guardianship orders (SGO) and residence orders.

The main objective is to ensure that the route to permanence for a child in care is appropriate and achieved promptly. Prompt completion should optimise outcomes, as the child will be in a secure and stable environment at the earliest possible stage while simultaneously reducing potential costs to the Council through the child not being looked after in residential care.

Adoption is “the irrevocable ending of a child’s legal relationship with their birth parents and the beginning of a new legal relationship with the child’s adopters”. A special guardianship order confers full parental responsibility to the guardianship *without* severing the child’s relationship with his/her birth parent.

Corporate objectives and risks

Permanency routes support the following strategic objective in the Corporate Plan 2013-16:

- Support families and individuals that need it – promoting independence, learning and well-being.

Key Findings (informing Audit opinion)

There are two priority 1 and five priority 2 recommendations.

We identified the following areas of good practice:

- Officers had access to up to date documented procedures and related guidance on the Intranet.
- Routine supervision of officers by team managers.
- The scrutiny by the Adoption Panel of the proposed adopters and the proposed match of adopters and children.
- Approval by the Agency Decision Maker at Director level of the adoption permanency route, the proposed adopters and the proposed match of adopters and children.
- Approval of the SGO support package at Head of Service level.
- The review of performance indicators related to Adoption at Senior Management level.

We identified the following significant issues as part of the audit:

- Annual reviews of SGO placements and financial allowances and adoption financial allowances were not undertaken routinely (Priority 1)
- Complete records evidencing key SGO and adoption processes were not available for inspection in the Integrated Children's System (ICS) and WISDOM, the Council's records management system, for a number of cases tested. Records were also not saved using a consistent naming convention in WISDOM, impacting on the ability to locate and retrieve them promptly.(Priority 1)

We noted the following other issues:

- SGO Review documentation and templates had not been recently reviewed and updated to confirm their appropriateness (Priority 2)
- The calculation of adoption and SGO allowances was not in line with the suggested DfES "Standard Means Test Model for Adoption and SGO Financial Support". For SGO cases, the maximum allowances payable were generally recommended and approved. For both adoption and SGO allowances, the approach did not formally and rigorously incorporate the flexibility to reduce allowances, for instance should financial circumstances of adopters/ guardians change. (Priority 2)
- On a limited number of cases Adoption statutory visits were not completed within the required timescale, however, 94% were completed in time. Of the 50 statutory visits tested, 3 had not been undertaken. (Priority 2)
- We could not confirm formal arrangements for learning lessons from SGO placements which had been disrupted. (Priority 2)
- Management information to report against adoption performance and the 26 week target for the start and end of care proceedings was generated from local spread sheets and not directly from ICS which would be recommended. (Priority 2)

Area of Scope	Adequacy of Controls	Effectiveness of Controls	Recommendations Raised		
			Priority 1	Priority 2	Priority 3
Roles & Responsibilities			0	0	0
Policies and procedures			0	1	0
Permanency process and control			2	1	0
Performance Management			0	3	0

Acknowledgement	We would like to thank the Adoption, Adoption Support Team and the Kinship Team for their time and co-operation during the course of the internal audit.
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2.1 Annual Reviews

P	Detailed finding	Risk	Recommendation	
1	<p><u>Kinship (SGO)</u></p> <p>Regulation 10 of the DfE SGO guidance indicated that an annual review of financial support should be undertaken. Regulation 17 provides for the annual review of services. Management confirmed that the process was to follow this approach but indicated that due to a significant increase in demand for court ordered assessments it had not been possible to prioritise annual reviews. Management indicated that a more robust review process was planned.</p> <p>We reviewed 7 SGO cases at random. 2 annual reviews were not yet due. Of the remaining 5, all 5 annual reviews had not been done by the due date.</p> <p><u>Adoption</u></p> <p>Adoption Support Service Regulation (ASR) 18 indicated that where financial support is payable regularly, it should be reviewed annually. Management and the responsible officer indicated that this exercise had started but had not progressed significantly.</p>	<p>If changes in financial circumstances warranting a reduction in the allowance payable are not identified through effective annual reviews, then higher support payments may continue until the end date resulting in financial loss to the Council.</p> <p>For SGO cases, if placement issues are not identified and resolved through annual reviews, then case outcomes may not be optimised or breakdowns may occur resulting in the child being re-admitted to care.</p>	<p>Recommendation 1</p> <p>Annual reviews of SGO & Adoption support plans including financial allowances should be routinely planned and implemented.</p> <p>For reviews of allowances, the adoptive parent or special guardian should, in line with the guidance, be required to provide an annual statement of his/her financial circumstances.</p>	
Management Response			Responsible Officer	Deadline

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<p>Business case to be submitted for Business Support to manage the financial and business processes required to coordinate Annual Reviews.</p>	<p>Service Manager - Provider Services</p>	<p>30/9/14</p>
<p>Updated information on the financial circumstances of Adopters and Special Guardians to be requested prior to the annual review. Allowances to be temporarily suspended if information is not supplied.</p>		<p>31/10/14</p>
<p>Application of DfE Standard Means Test Model & North London Adoption Consortium agreed protocol on Adoption Allowances to be applied to all new Adoption Allowances.</p>		<p>1/9/14</p>
<p>Overall review of practice in relation to SGO's to include financial allowances.</p>	<p>Service Manager - Provider Services, Interim Head of Children in Care & Provider Services, Head of Assessment & Children in Need</p>	<p>1/11/14</p>

2.2 Permanency process and control - Records management and documentation retention

P	Detailed finding	Risk	Recommendation
<p>1</p>	<p>We found instances where documentation evidencing key processes could not be located.</p> <p>Instances where key documentation could not be identified were as follows:</p> <p><u>Adoption process testing</u></p> <ul style="list-style-type: none"> - There was 1 instance out of 7 tested where the signed Prospective Adopters Report could not be located in WISDOM. - We could not locate evidence of the matching report, matching the child to the approved adopters, in 1 out of 7 cases tested. We could not identify the signed matching report in a further 2 out of the 7 	<p>For records management purposes, if key documentation cannot be identified for retrieval easily, then inefficient operation and ambiguity may be experienced.</p> <p>If challenges to related decisions cannot be defended through referral to the appropriate documentation, there may be a risk to the council's reputation in relation to efficiency.</p>	<p>Recommendation 2</p> <p>A policy for naming and saving key adoption and kinship documentation consistently should be developed, communicated, implemented and monitored during supervision to facilitate the efficient retrieval of documentation where necessary.</p> <p>Documentation, clearly evidencing scrutiny and approval/sign-off of recommendations and decisions, should be retained in all cases <u>to evidence</u> that key processes were undertaken and that necessary reports were considered when decisions were taken.</p>

cases tested.

- There was one instance out of 5 cases tested where Resource Panel approval of the adoption allowance was not evident.

SGO process testing

- We were unable to locate records of Permanency Planning meetings for 4 out of 7 cases tested.
- We were unable to locate the SGO assessment in 2 out of 7 cases.
- Evidence of sign-off of the SGO assessment by a manager was not available in all 7 cases.
- There was 1 instance out of 7 where the SGO Support Package was not signed by the Kinship Manager.
- For 4 out of 7 cases, the evidence of the Resource Panel review could not be located for confirmation of the SGO package and SGO financial allowances.

General

For records management purposes generally, during the course of testing with social workers and officers, we noted that documentation was not saved consistently where it was expected to be saved and that inconsistent naming conventions sometimes made it difficult to identify the appropriate document.

We also noted during fieldwork that some case records/notes, for example, supervision records and records of Permanency Planning Meetings

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had not been input/saved to WISDOM / ICS.		
Management Response	Responsible Officer	Deadline
Naming conventions for documents to be jointly reviewed with the Information Manager, revised guidance to be issued, key documents to be agreed and added to file audit template.	Service Manager - Provider Services, Data and Systems Assurance Manager	30/09/14
Review of ICS system commencing in September 2014 to incorporate findings from this audit.	Acting Children's Social Care Assistant Director, Data and Systems Assurance Manager	30/09/14

2.3 Policies and procedures

P	Detailed finding	Risk	Recommendation
2	<p>Social care procedures were available for Adoption and SGO processes for referral on the Intranet. Social workers referred to these in discussion and would refer to them where necessary.</p> <p>For the Kinship team responsible for SGO cases, there were various further procedures and templates available in shared drives for referral and use. The Kinship Manager and the social worker interviewed indicated that these included various documents that required review and update.</p>	If the correct processes are not followed consistently between officers in the team owing to related procedures and templates not being up to date, then key information may not be gathered for decision making purposes.	<p>Recommendation 3</p> <p>Kinship team procedures and templates should be reviewed and updated.</p>
Management Response			Responsible Officer
			Deadline

<p>Review to be undertaken of SGO practice as described above, once completed, relevant practice guidance to be updated and implemented.</p>	<p>Service Manager - Provider Services, Interim Head of Children in Care & Provider Services, Head of Assessment & Children in Need</p>	<p>30/11/14</p>
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2.4 Financial Support: Adoption and SGO allowances

P	Detailed finding	Risk	Recommendation
<p>2</p>	<p>We reviewed the approach followed by the Council for agreeing the payment of Adoption and SGO allowances.</p> <p>Currently there are 127 SGO allowances in payment per week versus 63 Adoption allowances. Based on allowance information provided by the Children's Finance Team, 39 SGO allowances were implemented from January 2013 to date versus 5 adoption allowances.</p> <p><u>Application of criteria for payment of allowances</u></p> <p><u>Adoption</u></p> <p>The adoption team manager indicated that adoption allowances were paid mainly based on the needs of the child. If there was no additional need, for example a disability, then no allowance would be paid. They were also considered in exceptional circumstances, for instance, where siblings were adopted by the same adopters or where the foster carer became the adopter and adopting would create financial hardship. In the</p>	<p>If adoption and SGO allowances are not assessed against criteria for payments – as stated in Regulation 6 of the DfES Special Guardianship Guidance, then it is possible that allowances may be agreed unnecessarily which may create avoidable budget pressures.</p>	<p>Recommendation 4</p> <p>The current process for agreeing and paying adoption and SGO allowances should be reviewed and updated in line with the need to control costs more effectively balanced against the risks and the potential impact on case outcomes, for example whether the model for paying adoption and SGO allowances should be applied robustly in line with the DfES means testing model.</p> <p>Regardless of the decision, as a minimum, the Council should avoid committing itself to paying allowances for extended periods without built in flexibility to change as necessary on a short term basis.</p> <p>To allow flexibility in amending allowances where necessary, recipients should agree to notify the Council of any change in financial circumstances and to provide an annual statement of financial circumstances prior to the award of allowances in line with DfES guidance.</p> <p>Note: The annual statement of financial circumstances could be requested and the means testing model applied as part of each</p>

<p>7 cases selected at random for testing Adoption processes, <i>none</i> received an allowance.</p> <p><u>SGO</u></p> <p>Reviews with Kinship officers responsible for recommending SGO allowances confirmed that in line with expected practice the approach followed was that the applicable weekly rates paid to foster carers to cover the costs of caring for a child, (the maintenance allowance) of £185 for under 12 year olds and £244 for 12 or over, less child benefits and child tax credit, were always recommended by case workers and approved by the Resource Panel. They indicated that criteria for payments – as stated in Regulation 6 of the DfES Special Guardianship Guidance - were not formally applied in making the recommendation. In contrast to the adoption sample, <i>all 7</i> cases selected at random for SGO testing had an SGO allowance attached to them.</p> <p><u>North London Adoption and Fostering Consortium agreement (NLAFC) and DFES model</u></p> <p><u>Adoption</u></p> <p>Management indicated that the NLAFC guidance should be followed when calculating adoption allowances. The NLFAC documentation provided required means testing to be undertaken using the “DfES Means Test model for Adoption and Special Guardianship Financial Support”. The model provided for the reduction of the maximum payment in the event of a surplus of income over expenditure unless the <u>only</u> income was derived from Income Support in</p>		<p>annual review (refer to Recommendation 1).</p>
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which case payment of the full allowance was recommended.

Management indicated that the model has not previously been applied for adoption as the NLFAC guidance was agreed recently. While items of income and expenditure were captured during the course of the casework, it was not done for the purpose of calculating a net surplus/loss position, in particular to calculate a surplus for potentially reducing the maximum payment in terms of the model.

SGO

DfES Means Test model for Adoption and Special Guardianship Financial Support was not used by the Council for SGO cases. Officers interviewed indicated that the maximum allowance was always recommended and approved and this was found to be the case in all SGO cases tested. This practice has evolved in common with most other London councils as solicitors representing SGO applicants routinely argue that the allowance should be equivalent to fostering allowances. Case law has supported this argument. Furthermore, in the SGO cases tested, the SGO allowance terms were that they were payable for 3 years after which they would be subject to a financial means test. There was therefore limited scope to change and reduce the allowance within the 3 year period, if applicable.

Management Response	Responsible Officer	Deadline
<p>Agreement to funding SGO allowances for a period of 3 years has been implemented consistently for the past year, this provides an opportunity to robustly apply the DfE means testing model as part of the review of the overall support plan and re-assessment of entitlement to on-going allowances.</p> <p>A forward plan setting out a timeframe and booking system for Annual Reviews is to be a priority task once a Business Support post is established.</p>	Service Manager - Provider Services	31/10/14

2.5 Adoption Statutory visits

P	Detailed finding	Risk	Recommendation
2	<p>Statutory visits should be undertaken at regular intervals – initially weekly and then monthly – between the date the child is placed with approved adoptive parents and the date of their final order for adoption.</p> <p>Gaps in statutory visits were noted on 3 occasions for 2 cases across 7 cases tested. This translated to 3 exceptions out of 50 required statutory visits for the 7 cases.</p>	Where case issues are not identified and resolved on a timely basis, then outcomes may be compromised through, for example, disruption of the placement.	<p>Recommendation 5</p> <p>Supervision should ensure that all statutory visits are undertaken at the correct intervals.</p>

Management Response	Responsible Officer	Deadline
<p>Recently revised Supervision guidance makes clear the requirement for managers to monitor statutory visits.</p> <p>Adoption social workers are also required to visit and monitor the placement prior to the Adoption Order being granted, therefore, there is less likelihood that any issues of concern will not be identified and addressed, minimising significantly the risk of outcomes being compromised or placement disruption.</p>	Interim Head of Children in Care & Provider Services, Head of Assessment & Children in Need	1/6/14

2.6 Lessons learned

P	Detailed finding	Risk	Recommendation
2	While there were arrangements for learning lessons from adoption cases which had broken	If past mistakes or inappropriate decisions are repeated through corrective action not	<p>Recommendation 6</p> <p>A formal process should be implemented for</p>

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<p>down, there was no evidence of similar arrangements for SGO cases.</p> <p>Arrangements for learning lessons from cases where the start and end of care proceedings exceeded the 26 week target timeframe were planned but had not been implemented.</p>	<p>being taken and embedded in future operation, then outcomes may be compromised and the Council's reputation damaged.</p>	<p>undertaking and communicating avoidable lessons learned from Kinship team SGO cases which have broken down and cases where the start and end of care proceedings exceeded the 26 week target. These lessons learned should be incorporated into new processes.</p>	
Management Response		Responsible Officer	Deadline
<p>Whilst there is no regulatory requirement to convene a disruption meeting in cases where SGO's have broken down, independently chaired disruption meetings will be expected in all such future cases.</p>		<p>Interim Head of Children in Care & Provider Services, Service Manager - Provider Services</p>	<p>1/9/14</p>

2.7 ICS Performance information

P	Detailed finding	Risk	Recommendation
2	<p>The Management information for the reporting of the Adoption Scorecard performance indicator outturn reported to the Adoption Development Group is sourced from a manually maintained spread sheet and not directly from the Integrated Children's System (ICS), as we were informed that due to the process constraints of the ICS system there can be a delay in making the necessary changes required to ensure that ICS data is completely up to date.</p> <p>The management information for reporting the new PI outturn for the start and end of care proceedings for measuring the achievement of the 26 week target was sourced from a manually maintained spread sheet and not directly from ICS as ICS is not properly configured yet to</p>	<p>Where information is changed inadvertently or calculated incorrectly owing to it being maintained in generally unsecure, untested and accessible media such as spread sheets and not the main reporting system, PI outturn may be incorrectly reported and compromise effective decision making.</p>	<p>Recommendation 7</p> <p>A review of ICS should be undertaken to establish and communicate the software changes required in ICS to facilitate the real time reporting of timeframes between the start and end of care proceedings directly from ICS in terms of the new legislative requirements of the Children and Families Act.</p> <p>A review of ICS should be undertaken to identify the causes of the delay of input of Adoption data to ICS and implement the necessary actions to facilitate the real time reporting of related PI outturn directly from ICS.</p> <p>Adoption social workers should be challenged to input data more promptly, where possible or to co-ordinate input with Children in Care social</p>

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capture and report related information in real time. The lead manager indicated that resolution of the ICS issue was in progress.		workers to facilitate prompt update of ICS.	
Management Response		Responsible Officer	Deadline
A review of the ICS system and all related processes was already planned and is about to commence.		Data and Systems Assurance Manager	Sept 2014

Timetable	
Terms of reference	27 May 2014
Fieldwork completed	29 July 2014
Draft report issued	31 July 2014
Management responses received	05 September 2014
Final Report Issued	10 September 2014

Appendix A: Statement of Responsibility

We take responsibility for this report which is prepared on the basis of the limitations set out below:

- The matters raised in this report are only those which came to our attention during the course of our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made.
- Recommendations for improvements should be assessed by you for their full impact before they are implemented.
- The performance of internal audit work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices. We emphasise that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity.
- Auditors, in conducting their work, are required to have regards to the possibility of fraud or irregularities. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.
- Internal audit procedures are designed to focus on areas as identified by management as being of greatest risk and significance and as such we rely on management to provide us full access to their accounting records and transactions for the purposes of our audit work and to ensure the authenticity of these documents.
- Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

Appendix B: Guide to assurance and priority

The following is a guide to the assurance levels given:

	Substantial Assurance	There is a sound system of internal control designed to achieve the system objectives. The control processes tested are being consistently applied.
	Satisfactory Assurance	While there is a basically sound system of internal control, there are weaknesses, which put some of the client's objectives at risk. There is evidence that the level of non-compliance with some of the control processes may put some of the system objectives at risk.
	Limited Assurance	Weaknesses in the system of internal controls are such as to put the client's objectives at risk. The level of non-compliance puts the system objectives at risk.
	No Assurance	Control processes are generally weak leaving the processes/systems open to significant error or abuse. Significant non-compliance with basic control processes leaves the processes/systems open to error or abuse.

Priorities assigned to recommendations are based on the following criteria:

High – Fundamental issue where action is considered imperative to ensure that the Council is not exposed to high risks; also covers breaches of legislation and policies and procedures. Action to be effected within 1 to 3 months.

Medium – Significant issue where action is considered necessary to avoid exposure to significant risk. Action to be effected within 3 – 6 months.

Low – Issue that merits attention/where action is considered desirable. Action usually to be effected within 6 months to 1 year.