

REPORT TO: Audit and Governance Committee

MEETING DATE: 19 January 2016

BY: Depute Chief Executive – Resources & People Services

SUBJECT: Internal Audit Report – Out of Authority Placements

1 PURPOSE

- 1.1 To inform the Audit and Governance Committee of the recently issued audit report on Out of Authority Placements.

2 RECOMMENDATION

- 2.1 That the Audit and Governance Committee note the contents of the Executive Summary and Action Plan.

3 BACKGROUND

- 3.1 A review of Out of Authority Placements covering both Children's Wellbeing and Education was undertaken as part of the audit plan for 2015/16. This is the first review of Out of Authority Placements by Internal Audit.
- 3.2 The main objective of the audit was to ensure that the internal controls in place were operating effectively.
- 3.3 The main findings from our audit work are outlined in the attached report.

4 POLICY IMPLICATIONS

- 4.1 None

5 EQUALITIES IMPACT ASSESSMENT

- 5.1 This report is not applicable to the well being of equalities groups and Equality Impact Assessment is not required.

6 RESOURCE IMPLICATIONS

- 6.1 Financial - None
6.2 Personnel - None
6.3 Other - None

7 BACKGROUND PAPERS

- 7.1 None

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**EAST LOTHIAN COUNCIL – INTERNAL AUDIT
OUT OF AUTHORITY PLACEMENTS
(CHILDREN’S WELLBEING & EDUCATION)**

1. EXECUTIVE SUMMARY

1.1 Introduction

A review of Out of Authority Placements for East Lothian children and young people was undertaken as part of the Audit Plan for 2015/16. A summary of our main findings is outlined below.

1.2 Areas where Expected Controls were Met

- The Council has adequate arrangements in place to meet its statutory obligations for the provision of care to children and young people.
- An External Provision Panel is in place for recommending placement decisions.
- The progress of all children in external placements is reviewed and monitored on a regular basis.
- Detailed forecasting and monitoring of expenditure relating to external placements is undertaken by both Children’s Wellbeing and Education.
- A Scotland Excel Framework for the Provision of Children’s Residential Care and Educational Services is in place – in a number of cases, the Council has procured residential placements from service providers listed on the Framework.

1.3 Areas with Scope for Improvement

- No detailed process guidance is in place for commissioning, managing and monitoring out of authority placements. *Risk – an inconsistent approach may be adopted.*
- In some cases, there was a lack of a formal agreement between the Council and the service provider clearly setting out the terms and conditions of the placement. *Risk – the responsibilities of each party may not be clearly defined.*
- The process in place for the final approval of all out of authority placements recommended by the External Provision Panel requires to be formalised. *Risk – lack of a clear audit trail.*
- In some cases, there was a lack of adequate documentation in place to support the fee rates being paid to providers for out of authority placements. *Risk – overpayments may occur.*
- For placements with off-framework providers, there was a lack of compliance with the Council’s Corporate Procurement Procedures. *Risk – failure to demonstrate best value.*

1.4 Summary

Our review of Out of Authority Placements has identified a number of areas with scope for improvement. Detailed findings and recommendations are contained in our main audit report.

**EAST LoTHIAN COUNCIL – INTERNAL AUDIT
OUT OF AUTHORITY PLACEMENTS
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ACTION PLAN

PARA REF	RECOMMENDATION	GRADE	RESPONSIBLE OFFICER	AGREED ACTION	RISK ACCEPTED/ MANAGED	AGREED DATE OF COMPLETION
3.2.1	Management should ensure that detailed process guidance is in place for commissioning, managing and monitoring out of authority placements.	Medium	Head of Children's Wellbeing / Depute Chief Executive – Resources & People Services	Agreed – process document to be put in place.		April 2016
3.3.1	Management should ensure that the process in place for the final approval of all out of authority placements recommended by the External Provision Panel is formalised. Management should ensure that all approvals are uploaded on to the Frameworki system.	Medium	Head of Children's Wellbeing / Depute Chief Executive – Resources & People Services	Agreed – final approval process has been operating informally for some months, through Head of Children's Wellbeing and Head of Education; this will be formalised and a record issued and held on file.		February 2016

PARA REF	RECOMMENDATION	GRADE	RESPONSIBLE OFFICER	AGREED ACTION	RISK ACCEPTED/ MANAGED	AGREED DATE OF COMPLETION
3.5.1	Management should ensure that a formal agreement is in place between the Council and the service provider clearly setting out the terms and conditions of the placement.	Medium	Head of Children's Wellbeing / Depute Chief Executive – Resources & People Services	Agreed		February 2016
3.6.1	<p>Management should ensure that the Council's Corporate Procurement Procedures are fully complied with for external placements with off-framework providers.</p> <p>In exceptional cases, where a specific provider is better suited to meet the needs of a child, a single source application form should be completed.</p>	Medium	Head of Children's Wellbeing / Depute Chief Executive – Resources & People Services	Agreed – Scot Excel Framework providers are used whenever appropriate to the needs of the child, when an 'off-framework' provision is required, a single source procurement form will be completed, although this may be retrospective in respect of some statutory circumstances or emergency situations leading to urgent placements.		February 2016

PARA REF	RECOMMENDATION	GRADE	RESPONSIBLE OFFICER	AGREED ACTION	RISK ACCEPTED/ MANAGED	AGREED DATE OF COMPLETION
3.7.1	Management should ensure that formal agreements are held to support the fee rates being paid to service providers for out of authority placements.	Medium	Head of Children's Wellbeing / Depute Chief Executive – Resources & People Services	Agreed		April 2016
3.8.1	Management should ensure that all invoices are authorised by an employee with the appropriate authorisation limit.	Medium	Service Manager – Education (Strategy and Operations)	Agreed		January 2016
3.9.1	Management should review the effectiveness of the existing budgetary arrangements in place for out of authority placements.	Medium	Head of Children's Wellbeing / Depute Chief Executive – Resources & People Services	Agreed		February 2016

Grading of Recommendations

In order to assist Management in using our reports, we categorise our recommendations according to their level of priority as follows:

Level	Definition
High	Recommendations which are fundamental to the system and upon which Management should take immediate action.
Medium	Recommendations which will improve the efficiency and effectiveness of the existing controls.
Low	Recommendations concerning minor issues that are not critical, but which may prevent attainment of best practice and/or operational efficiency.