Adoption Services

City of York Council

Internal Audit Report 2019/20

Business Unit: Children, Education and Communities Directorate,
Responsible Officer: Assistant Director, Children's Specialist Services
Service Manager: Head of Agency, One Adoption North and Humber
Date Issued: 1st July 2020
Status: Final
Reference: 11420/003

	P1	P2	P3
Actions	**0**	**1**	**2**
Overall Audit Opinion	Substantial Assurance		

Summary and Overall Conclusions

Introduction

One Adoption North and Humber went live in February 2018 and is responsible for finding families for children needing an adoptive family, the recruitment of adopters and the provision of post adoption support. The Agency delivers services for five Local Authorities, City of York Council (the host), North Yorkshire County Council, East Riding of Yorkshire Council, Hull City Council and North East Lincolnshire Council.

Services are provided under a regional model in accordance with the government policy paper 'Adoption: a vision for change' (2016) that states all local authorities should be in a regional adoption agency by 2020. The purpose of regionalisation is to have a system where children are matched with the most suitable adopter as quickly as possible, with recruitment taking place at an efficient scale to provide a pool of 'adoption ready' adopters large enough and well enough matched to the needs of children waiting and enough high quality adoption support services available nationwide.

The model delivers a single service under a Head of Agency and two Service Managers but is not fully integrated, with staffing systems and procedures remaining under the control of the member councils. The Service Managers report to the Head of Agency, who is directly accountable to the Leadership and Management Board.

Objectives and Scope of the Audit

The purpose of this audit was to provide assurance to the Local Authorities that the procedures and controls in place ensured:

- Compliance with the approved delivery model
- Shared budgets are well managed
- Effective performance management systems are in place
- Management of best practice and quality assurance
- Responsibilities in respect of Inter Agency Fees are met
- GDPR responsibilities have been met
- The effectiveness of the User Voice system in service development
- The overall effect of the Agency on the rates of recruitment of adopters and the timeliness and number of children placed in the Agency can be measured.

Due to the Covid-19 Pandemic, we have been limited in obtaining information and data to carry out some of the proposed testing. This primarily related to compliance testing of the quality assurance framework and the overall effectiveness of the Agency compared to pre-Agency figures.

Key Findings

The organisation of the Regional Adoption Agency appears to comply with the approved delivery model with the exception of inconsistencies in who the service manager reports to on adoption issues.

Additionally it was noted that the Agency does not currently have a risk register in place.

The shared budget is managed well, and held separate from Inter-Agency fees. The budget position is reported every quarter to the Management Board. Contributions from each member local authority to the shared budget are collected as one single payment instead of in four instalments as agreed in the Partnership Agreement, however the Partnership Agreement was due for review in February 2020 and this will be considered as an amendment.

There are effective performance management systems in place, with monthly, quarterly and annual reports produced from local and statutory measures. Reports are regularly presented at the Heads of Service meetings and the Management Board meetings and scrutiny of the reports is evidenced.

The Agency has a suitable system in place to manage best practice and has an approved Quality Assurance Framework. Service managers and the Head of Agency complete audits to ensure that staff are adhering to policy and procedure. These form part of staff appraisals and allow service managers to set targets for their teams.

The process in place for collecting the first instalment of Inter-Agency Fees is appropriate however, responsibility for collecting the final instalment is currently external to the Agency, which could prevent the final instalment being requested within a suitable timeframe.

In relation to GDPR, the 5 Local Authorities in the Agency do not have shared systems. The Agency used suitably qualified staff from CYC to assist in creating a Data Sharing Agreement, which was signed by all member authorities. Each authority is responsible for compliance with the data sharing agreement. The GDPR arrangements at individual authorities were not included in this review.

The User Voice System is the process of providing the Agency with direct feedback on improving the service that they offer to their adopters. The system uses social media, surveys and group sessions to form a basis for new projects or existing projects to ensure they are working or how they could be improved. The system is being used effectively in improving service development and providing a direct link between the Management Board and the clients. The User Voice System has been integral in getting client feedback through surveys and focus groups and setting up the Peer Mentoring system.

The Agency measures the recruitment of adopters, the timeliness of placements and number of children that are placed through the Agency through their regular reports, with the Head of Agency providing commentary for the Management Board to explain any changes or trends in the data provided. The Agency has shown performance levels above the national average over the last two years since its inception on most areas within the report.

Overall Conclusions

The arrangements for managing risk were good with few weaknesses identified. An effective control environment is in operation, but there is scope for further improvement in the areas identified. Our overall opinion of the controls within the system at the time of the audit was that they provided Substantial Assurance.

1 Risk Register

Issue/Control Weakness	Risk
There is no risk register in place for the Agency.	The Agency is unable to effectively manage its risks or deliver on its objectives.

Findings

A risk register is a management tool which helps managers and companies document risks, track risks and address them through preventative controls and corrective actions.

At the beginning of the audit, the Risk Register for the Agency was requested from the Head of Agency. However, the Agency does not have a risk register in place. Although the Agency is jointly owned by 5 Local Authorities, it should have its own risk register in place, which would then be reviewed regularly by the Management Board.

This has been raised with the Head of Agency who plans to have a risk register with regular review in place as soon as possible.

Agreed Action 1.1

A Risk Register will be created, presented and reviewed at Management Board on a quarterly basis.

Priority	2
Responsible Officer	Head of Agency
Timescale	31 August 2020

2 Delivery Model

Issue/Control Weakness	Risk
The Agency's current working practice for reporting does not match the approved delivery model.	The Agency fails to achieve its objectives set out in the Partnership Agreement

Findings

The Partnership Agreement, which is due to be reviewed by the Agency's Management Board, specifies how the Agency is to be organised, through an approved delivery model. The delivery model sets out the Agency structure and the responsibilities in each area. As the Regional Adoption system is new, there is not a mandatory delivery model which all Regional Adoption Agencies need to be following, with only recommended models suggested.

The current model in the Partnership Agreement outlines that Service Managers for both teams are expected to report to the Head of Agency on adoption related matters. They report to their Head of Service at their respective Local Authority for HR related matters. This model has a single line of accountability for adoption matters through the Head of Service who then reports to the Management Board.

Current practice is that the Service Manager for the North Team is still reporting to and supervised by the Head of Service for North Yorkshire County Council. This does not match the approved Delivery Model or provide an equal service for all Local Authorities in the Agency, with an efficient reporting structure and a single line of accountability to the Management Board.

As the Partnership Agreement is currently under review, it would be a suitable time to review current practice against the delivery model, and make the necessary changes.

Agreed Action 2.1

This will be discussed as the Partnership Agreement is updated. An agreed cause of action will be put in place.

Priority	3
Responsible Officer	NYCC/CYC Assistant Directors
Timescale	31 August 2020

3 Inter Agency Fees

Issue/Control Weakness	Risk
The process for requesting the final fee for Inter Agency adoptions is not efficient.	The Agency fails to collect all income due for children adopted outside of the Agency.

Findings

When a child from a different Adoption Agency or Local Authority is placed with one of the Agency's adopters, there is a fee of £27,000 owed to the Agency (added 10% if it is London based). The payment is formed of two instalments, 66% when the match has been made and the final 33% once the adoption has been completed.

The collection of the first instalment of Inter-Agency Fees is initiated by the Service Managers who complete the Inter Agency fee form. Every quarter, the Finance Officer at CYC will contact the relevant Service Managers to see if any adoptions have been completed in the last quarter. This will then prompt the Finance Officer to collect the final instalment of the Inter Agency Fee.

Although testing evidenced that money is being collected, the current system requires the Finance Officer who is a CYC employee, to obtain information on adoption completions from the Service Managers in order to trigger invoicing of the final instalment rather than this process being initiated by the service itself. As the information is only requested quarterly there could be a delay in collection of up to 2 months. This practice could be improved by placing the responsibility for initiating invoicing of the final instalment with the Service Managers.

Agreed Action 3.1

Service Mangers will notify York Finance on adoption orders being made when a child has been placed with an RAA adopter. This information will be checked monthly from the data return.

Priority	3
Responsible Officer	Service Managers
Timescale	24 June 2020

Audit Opinions and Priorities for Actions

Audit Opinions
Audit work is based on sampling transactions to test the operation of systems. It cannot guarantee the elimination of fraud or error. Our opinion is based on the risks we identify at the time of the audit. Our overall audit opinion is based on 5 grades of opinion, as set out below.

Opinion	Assessment of internal control
High Assurance	Overall, very good management of risk. An effective control environment appears to be in operation.
Substantial Assurance	Overall, good management of risk with few weaknesses identified. An effective control environment is in operation but there is scope for further improvement in the areas identified.
Reasonable Assurance	Overall, satisfactory management of risk with a number of weaknesses identified. An acceptable control environment is in operation but there are a number of improvements that could be made.
Limited Assurance	Overall, poor management of risk with significant control weaknesses in key areas and major improvements required before an effective control environment will be in operation.
No Assurance	Overall, there is a fundamental failure in control and risks are not being effectively managed. A number of key areas require substantial improvement to protect the system from error and abuse.

Priorities for Actions	
Priority 1	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.
Priority 2	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Priority 3	The system objectives are not exposed to significant risk, but the issue merits attention by management.

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