

Payments for Foster Care

City of York Council

Internal Audit Report 2013/14

Business Unit: Adults, Children & Education,
Responsible Officer: Assistant Director – Children’s Specialist Services
Service Manager: Head of Service Resources
Date Issued: 20 June 2014
Status: Final
Reference: 11420/001

	P3	P2	P1
Findings	1	1	0
Overall Audit Opinion	Substantial Assurance		

Summary and Overall Conclusions

Introduction

The council has a responsibility to provide care for all looked after children. As at 31st March 2013 there were 162 children and young people placed with City of York foster carers and 113 approved foster carer households. The expenditure for local foster care placements in 2012-13 was approximately £2.9million.

In April 2013 the new accredited foster carer scheme system was introduced, aimed at recognising and rewarding the skill and experience level of foster carers.

Objectives and Scope of the Audit

The purpose of the audit was to provide assurance to management that the controls it has put in place to manage key risks relating to Payments for Foster Care are effective.

The audit covered the following risk areas:

- Basic weekly allowances are not paid correctly and in a timely manner
- Payments for skills and experience are not paid correctly
- Incidental payments are not authorised in line with council policy
- Overpayments are not promptly identified and recovered
- Performance management information is not available, adequate or used to effectively monitor performance

The audit did not include specific review of sharing care payment processes.

Key Findings

The key findings related to the replacement of the ISIS payments system and the policy for incidental payments. Part of the focus of the audit was the new accredited foster carer scheme. Based on the work undertaken, no issues were identified specifically relating to the implementation or operation of the new scheme.

Overall Conclusions

It was found that 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.

2 Issue/ Control Weakness Risk

The authority does not have a current policy for incidental payments.

Payments made may be inappropriate or inconsistent.

Findings

On top of the standard weekly payments based on the age of the child and for the skill & experience level of the foster carer, claims can be made for incidental expenses. Up to the end of November 2013 there has been expenditure of £64,249.79 on 1002 transactions in 2013-14, giving an average transaction value of £64.12. There are a small number of things that the department will not pay for, such as tuition, however the rest is down to judgement about the benefit for the child. There is currently no written policy covering incidental payments. This could lead to inconsistencies or inappropriate payments being made for incidental expenses

2.1 Agreed Action

A policy covering incidental payments will be written and implemented

Priority	3
Responsible Officer	Head of Services – Resources
Timescale	30 September 2014

Audit Opinions and Priorities for Actions

Audit Opinions	
<p>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.</p> <p>Our overall audit opinion is based on 5 grades of opinion, as set out below.</p>	
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.
Moderate 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.