

Final Internal Audit Report

Payments to In-House Foster Carers

November 2019

Distribution: Executive Director of Children, Families & Education (Final Only)
Director of Early Help and Children's Social Care
Head of Social Work with Children Looked After
Service Leader – Fostering and Children's Placements
Business Support Team Leader

Assurance Level	Issues Identified	
Limited Assurance	Priority 1	1
	Priority 2	3
	Priority 3	0

Confidentiality and Disclosure Clause

This report ("Report") was prepared by Mazars LLP at the request of London Borough of Croydon and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

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Please refer to the Statement of Responsibility in Appendix 3 of this report for further information about responsibilities, limitations and confidentiality.

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1. Terms of Reference
2. Definitions for Audit Opinions and Identified Issues
3. Statement of Responsibility

1. Introduction

- 1.1 The foster care organised by the Council should be safe, excellent and professional for every Croydon child that needs this service. Placements should be made that match children to a carer who can support their needs.
- 1.2 Foster carers need to be paid to assist in providing this support with controls in place to avoid overpayments, and in cases where these are unavoidable, appropriate procedures in place to recover any of these payments.
- 1.3 This needs to be accompanied by robust assessment procedures to ensure the correct level of funding is provided. Contracts should be in place for each foster carer and prompt action is taken when a placement ends or a carer is deregistered.
- 1.4 The objectives, methodology and scope are contained in the Audit Terms of Reference at Appendix 1.

2. Key Issues

Priority 1 Issue

'The Fostering Services Regulations 2011 Foster Carer Agreements' in use did not properly cater for the requirements of the Data Protection Act 2018 or the General Data Protection Regulation. Furthermore, signed agreements were not held for two of the five foster carers sampled, (**Issue 4**).

Priority 2 Issues

The 'Fostering Service Statement of Purpose' was dated 2017/18 and was due annual review and the 'London Borough of Croydon Family and Friends Carers Policy' also published on the Council's website was the 'Draft Revision October 2014', (**Issue 1**).

Approval of enhanced funding was not available for two of the sample of five instances sampled, (**Issue 2**).

Payments to foster carers did not commence the Friday after the placement began for four of the sample of five foster placements tested, (**Issue 3**).

3. Actions and Key Findings/Rationale

Control Area 1: Organisational, Management and Legislative requirements	
Priority	Action Proposed by Management
2	<p>The Fostering Service Statement of Purpose 2019 was approved at Corporate Parenting Panel on 6th March 2019. I will contact the responsible officer to ensure it is published on the Council website.</p>
	<p>Detailed Finding/Rationale – Issue 1</p> <p>The Fostering Services (England) Regulations 2011, Part 2 'statement of purpose and children's guide, paragraph 3 requires that a 'statement of purpose' and a written guide to the fostering service ('The children guide') are published and that these include certain prescribed details. The statement must be reviewed and updated as necessary, but at least once a year.</p> <p>It was confirmed that a 'Fostering Service Statement of Purpose' was published on the Council's website as required. However, this was dated 2017/18 and did not evidence subsequent review. Furthermore, the copy of the 'London Borough of Croydon Family and Friends Carers Policy' also published on the Council's website, was the 'Draft Revision October 2014', which was also identified as an issue in the 2015/16 Fostering audit report.</p> <p>Where the 'Fostering Service Statement of Purpose' is not annually reviewed, there is a risk that this may not be fully in line with practice or legislative requirements.</p>
Responsible officer	Deadline
Service Leader Fostering and Children's Placements	1 December 2019

Control Area 2: Assessment and Approval of Enhanced Funding		Detailed Finding/Rationale – Issue 2
Priority	Action Proposed by Management	<p>Enhanced allowance is usually approved at Placement Stability Panel chaired by the Head of Service. The child social worker submits a detailed panel report and the panel administrator would record the outcome of panel on the child's record.</p> <p>Examination of the records held for a sample of five children with enhanced funding could only evidence authorisation for the enhanced funding for two of the children.</p> <p>Where appropriate approval is not given and evidence of this retained, there is a risk that enhanced funding will be given where it was not necessary.</p>
2	<p>I will check for the decision for the identified cases.</p> <p>Further guidance and procedures around approval of payments will be included in the update policy.</p>	
Responsible officer	Deadline	
Service Leader Fostering and Children's Placements	1 December 2019	

Control Area 3: Contracts and Payment Process

Priority	Action Proposed by Management	Detailed Finding/Rationale – Issue 3
2	<p>On placement of a child, the payments are set up by the Finance Team. Sometimes there are delays where the carer (connected carer) has not been fully set up on Controcc, where there are delays in recording the CRS LAC status of the child or where the placement plan process is yet to be completed.</p> <p>The process in place for these needs to be reviewed by Care, Planning and Fostering.</p>	<p>To help ensure that foster carers are able to provide adequate support to the foster children and not suffer hardship, payments should commence the Friday after the placement begins.</p> <p>Examination of the records relating to a sample of five new foster carers were selected for testing found that for four of these (the fifth had not yet taken on a placement and thus no payments were due) the payments had not commenced for the Friday following payment. For all four backdated payments were made, as follows:</p> <ul style="list-style-type: none"> • A – Commenced 23 April 2018, first payment made 22 May 2018. • B – Commenced 30 April 2018, first payment made 15 May 2018. • C – Commenced 18 June 2018, first payment made 4 September 2018. • D – Commenced 9 October 2018, first payment made 13 November 2018. <p>Where payments do not commence as planned, there is a risk that inadequate support may be provided to the foster children and foster carers may not wish to take in children if not supported as planned by the Council.</p>
Responsible officer	Service Leader Fostering and Children's Placements	
Deadline	30 December 2019	

Control Area 3: Contracts and Payment Process

		Detailed Finding/Rationale – Issue 4
Priority	Action Proposed by Management	<p>All foster carers engaged by the Council are required to sign 'The Fostering Services Regulations 2011 Foster Carer Agreements', detailing undertakings by the Council and by the Foster Carer(s) under 18 separate headings. These headings include, 'Status and Welfare of Children Placed', 'Meetings', 'Foster Placement Agreements', 'Working in Partnership', 'Termination of Placements', 'Confidentiality and Recording', 'Insurance' etc.</p> <p>Examination of the records held for a sample of five new foster carers found that signed agreements were only held for three of them. Furthermore, it was also identified that the 'The Fostering Services Regulations 2011 Foster Carer Agreements' in use had been drafted in December 2011 and did not sufficiently detail the requirements of the Council and/or the Foster Carers under the Data Protection Act (DPA) 2018 or the General Data Protection Regulation (GDPR).</p> <p>The Service Leader Fostering and Children's Placements, immediately upon being made aware of the above, was in liaison with the Councils Information Manager to establish the action/s needed to be in compliance with the DPA 2018 and GDPR.</p> <p>Where signed agreements are not in place, there is a risk that foster carers may not be aware of (or may not feel bound to) the terms and conditions they are expected to adhere to, and may also not be aware of what the role of the Council is in supporting them. Where the agreements in place do not sufficiently detail the responsibilities of the Council and /or the foster Carers under the DPA 2018 or GDPR, there is a risk that foster carers will not be aware of their responsibilities in this regard and, should a data breach occur, the Council may not be able to demonstrate sufficient due diligence.</p>
1	<p>Every newly approved foster carer must have a Foster Carer Agreement on file. The cases where the agreement is not on file will be investigated.</p> <p>The form will be updated as suggested to ensure it is GDPR compliant.</p>	
Responsible officer	Deadline	
Service Leader Fostering and Children's Placements	30 December 2019	

TERMS OF REFERENCE

Payments to In-house Foster Carers

1. INTRODUCTION

- 1.1 The foster care organised by the Council should be safe, excellent and professional for every Croydon child that needs this service. Placements should be made that match children to a carer who can support their needs.
- 1.2 Foster carers need to be paid to assist in providing this support with controls in place to avoid overpayments and, in cases where these do occur, procedures should be in place to recover these payments.
- 1.3 This needs to be accompanied by robust assessment procedures to ensure the correct level of funding is provided. Contracts should be in place for each foster carer and prompt action should be taken when a placement ends or a carer is deregistered.
- 1.4 As part of the agreed 2018/19 Internal Audit Plan, an internal audit of the payments to in-house foster carers was identified to be undertaken, focusing on preventing overpayments.

2. OBJECTIVES AND METHOD

- 2.1 The overall audit objective is to provide an objective independent opinion on the adequacy and effectiveness of controls / processes.
- 2.2 The audit will for each controls / process being considered:
 - Walkthrough the processes to consider the key controls;
 - Conduct sample testing of the identified key controls, and
 - Report on these accordingly.

3. SCOPE

- 3.1 This audit examined the Council's arrangements in relation to payments to in-house foster carers, focusing on the processes preventing overpayments. It included:

Control Areas/Risks	Issues Identified		
	Priority 1 (High)	Priority 2 (Medium)	Priority 3 (Low)
Organisational, Management and Legislative requirements	0	1	0
Assessment and Approval of Enhanced Funding	0	1	0
Contracts and Payments Process	1	1	0
Termination of Placement/Deregistration of Foster Carer	0	0	0
Recovery of Overpayments	0	0	0





Payments to In House Foster Carers 2018/19

Budgetary Control	0	0	0
Management Reporting	0	0	0
TOTAL	1	3	0

DEFINITIONS FOR AUDIT OPINIONS AND IDENTIFIED ISSUES

In order to assist management in using our reports:

We categorise our **audit assurance opinion** according to our overall assessment of the risk management system, effectiveness of the controls in place and the level of compliance with these controls and the action being taken to remedy significant findings or weaknesses.

	Full Assurance	There is a sound system of control designed to achieve the system objectives and the controls are consistently applied.
	Substantial Assurance	While there is basically a sound system of control to achieve the system objectives, there are weaknesses in the design or level of non-compliance which may put this achievement at risk.
	Limited Assurance	There are significant weaknesses in key areas of system controls and/or non-compliance that puts achieving the system objectives at risk.
	No Assurance	Controls are non-existent or weak and/or there are high levels of non-compliance, leaving the system open to the high risk of error or abuse which could result in financial loss and/or reputational damage.

Priorities assigned to identified issues are based on the following criteria:

Priority 1 (High)	Fundamental control weaknesses that require the immediate attention of management to mitigate significant exposure to risk.
Priority 2 (Medium)	Control weakness that represent an exposure to risk and require timely action.
Priority 3 (Low)	Although control weaknesses are considered to be relatively minor and low risk, action to address still provides an opportunity for improvement. May also apply to areas considered to be of best practice

STATEMENT OF RESPONSIBILITY

We take responsibility to the London Borough of Croydon for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our 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 our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

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