

Final Internal Audit Report

Children with No Recourse to Public Funds: Assessment of Finances

April 2024

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Head of Temporary Accommodation
Team Manager Housing Resident Engagement & Allocations
Interim Corporate Director of Children, Young People & Education
Director of Children's Social Care
Corporate Director of Resources and S151 Officer
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Assurance Level	Issues Identified	
Substantial	Priority 1	0
	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. Introduction

- 1.1. No Recourse to Public Funds (NRPF) relates to migrants subject to immigration control and who therefore have no entitlement to welfare benefits, local authority housing and homeless assistance.
- 1.2. Children, who were the focus of this audit, are not classified as 'NRPF' but may be included under this status due to being with an adult with 'NRPF' status. Where there are no safeguarding concerns, the children will be placed with the adult and assessments undertaken. If there are uncertainties regarding the safeguarding of a child, then the case will be referred to the Council's Children's Social Care (CSC) team.
- 1.3. Families are not provided with 'NRPF' payments indefinitely. Payments are provided if a set of criteria is met and whilst waiting for a decision to be made by the Home Office as to whether the families should (a) be entitled to universal credit and other such benefits or (b) whether they should be sent home to their country of origin.
- 1.4. Once families have been assessed as eligible and are in receipt of regular payments under NRPF, they are visited on a 12 weekly basis by a social worker to check potential safeguarding issues and to review how their Home Office applications are progressing.
- 1.5. Croydon Council (the Council) has a duty to accommodate, safeguard, and promote the welfare of all children within the borough. The Council's Immigration and Asylum Support Service (IASS) is in place to help adults and children who are subject to immigration control and cannot receive money from the UK government (i.e. NRPF).
- 1.6. The IASS team is within the Housing directorate as it helps with providing accommodation, however it works closely with the social care teams and is able to help with:
 - temporary financial support
 - accommodation (this will probably not be in Croydon, London or south east England due to limited space)
 - money for basic needs
 - social care
- 1.7. The Council's IASS user guide, dated 2021, provides guidance to the general public on the support available from the Council for people who have NRPF. Information and contact information is also provided on the Council's website.
- 1.8. Whilst our review and testing were performed remotely, we have been able to obtain all relevant documents (or review supporting evidence via screen sharing) required to complete the review.

- 1.9. The audit was undertaken as part of the agreed Internal Audit Plan for 2022/23. The objectives, approach and scope are contained in the Audit Terms of Reference at Appendix 1.

2. Key Issues

Priority 2 Issues

The Immigration and Asylum Support Service (IASS) guidance document provided to staff has not been reviewed since 2019. **(Issue 1)**

There is a lack of interface between the various systems in use by the Council for NRPF creating a challenge to easily access records. **(Issue 2)**

Adult cases were recorded as children's cases in error. **(Issue 3)**

There were no Priority 3 issues arising.

1. Actions and Key Findings/Rationale

Control Area 1: Legislative, Organisational, and Management Requirements

priority	Action Proposed by Management	Detailed Finding/Rationale - Issue 1
2	<p>We recognise that some of the issues identified should have been addressed sooner.</p> <p>The IASS guidance is now in a version-controlled format. The document has different drafts and versions, which tracks a series of draft of the culminated in a final version. The document provides an audit trail for the revision and update of these finalised versions.</p> <p>This issue has been reviewed and going forward, processes have been put in place to ensure that the 442 pages IASS guidance document, which is currently being reviewed, is updated on a yearly basis (instead of it being done every</p>	<p>Expected Control</p> <p>An effective and up to date policy in relation to NRPF provides a way to communicate and apply consistent standards and practices within the Council's operations. It is important that this is reviewed regularly and made available to all relevant staff.</p> <p>Issue/Finding</p> <p>An Immigration and Asylum Support Service (IASS) guidance document is in place (442 pages) and provided to staff. This provides guidance to staff regarding the Council's policy in relation to the eligibility, assessment and provision of support to people with NRPF status.</p> <p>However, our review of the document noted that it includes guidance in relation to subsistence rates provided to children and their families which could reasonably be expected to have changed within the last four years (in order to track inflation and reflect the increased cost of living).</p> <p>The document is also not version controlled and has not been subject to review since 2019. Through discussion with management, we were advised that the guidance is reviewed on a five-yearly basis or when there is a major legislative change.</p> <p>Furthermore, review of the NRPF Network website, which provides guidance for council officers working with people with NRPF, noted that a number of updates had been</p>

<p>5 years) or when there is a major legislative change.</p> <p>The Subsistence Rates document was being updated some months before the internal audit of March 2023 started.</p> <p>An Equality Impact Assessment on the new subsistence rates was completed and signed off by DMT on 3 May 2023.</p> <p>The new subsistence rates were implemented on 29 May 2023, taking into account an increase of the asylum support rate by 10.1%, the inflation rate and the cost-of-living increase.</p> <p>The IASS guidance document has been updated with the new subsistence rates on 29 May 2023.</p> <p>Furthermore, on 12 June 2023, the IASS guidance document has been updated with the key policies such as the</p> <ul style="list-style-type: none"> • Free school meal entitlement to be extended to all families 	<p>provided for councils on legislative changes, policy developments, and practice issues which may be relevant to include in the Councils’ guidance document including:</p> <ul style="list-style-type: none"> • Fee waiver introduced for children applying for British citizenship (June 2022). • Free school meal entitlement to be extended to all families with no recourse to public funds (April 2022); • Home Office updates policy setting out when access to public funds must be granted (which requires child welfare impacts to be considered) (November 2021); and • New human rights template and guidance for councils (November 2021). <p>Risk</p> <p>Where key policies are not reviewed and updated on an acceptably regular basis (at least annually) or version controlled, there is a risk that guidance does not align with current legislation or inconsistent practices may exist where procedures do not reflect operations in practice.</p> <p>Where rates of subsistence are not reviewed and aligned to Government defined rates, there is a regulatory and reputational risk for the Council.</p>
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<p>with no recourse to public funds (April 2022);</p> <ul style="list-style-type: none"> • Fee waiver introduced for children applying for British citizenship (June 2022). • Home Office updates policy setting out when access to public funds must be granted (which requires child welfare impacts to be considered) (November 2021); and • New human rights template and guidance for councils (November 2021). <p>The above changes have been implemented to mitigate the identified risks, so that the IASS guidance aligns with current legislation and consistent practices reflect the procedures and operations in practice.</p>	
Responsible Officer	Deadline
Team Manager Housing Resident Engagement & Allocations	Completed on 05/06/2023

Priority	Action Proposed by Management	Detailed Finding/Rationale - Issue 2
2	<p>The resolution of this issue is out of the control of the IASS. The lack of interface between systems causes difficulties to shuffle between systems.</p> <p>In August 2020, the council’s AIS (Adult Integrated System) was replaced by a new case management system called LAS (Liquid Logic Adults Social Care records System).</p> <p>At the initial stage of the system replacement project, before the migration of data from AIS to LAS started, the IASS advised the LAS/ContrOcc Implementation Project Team that the IASS would benefit from working with recording systems (LAS and CRS/EHM), that would talk to each other, to minimise duplication of tasks as well as reducing the margin of errors. Our understanding was that the request was raised around June 2020 at a CMT</p>	<p>Expected Control</p> <p>Accurate, timely and easily accessible information to inform risk assessment and decision-making and good-quality data in relation to children’s NRPF cases help professionals to make the right decisions, for the right children, at the right time.</p> <p>Issue/Finding</p> <p>The Council uses the following five systems to record, screen and process children’s NRPF cases (and subsequently make payments):</p> <ul style="list-style-type: none"> • Liquid Logic Adults’ Social Care System (LAS) - used to record adult case notes (for example, this could include information related to children’s’ parents’ financial circumstances). • Children’s Recording System (CRS) – case management software for children’s social care services which would include details of financial assessments (also provided by Liquid Logic). • Early Help Module (EHM), another Liquid Logic system, used for record keeping for children and families who do not breach social care thresholds, but require support and attention (which would also require details of financial circumstances). • ContrOCC - the finance module which integrates with the Liquid Logic system. • NRPF Connect – used to obtain immigration status information from the Home Office to help identify a person’s support options. <p>Whilst these systems are currently used for NRPF cases and information relating to cases could be evidenced during our sample testing, we noted there is no interface between these systems. We were advised by the IASS manager that this caused</p>

level by the LAS/ContrOcc Implementation Project Board but was not approved.

In 2022, the IASS again raised the lack of interface between systems' issue with Croydon Digital System (CDS) Team, but we were advised that they could not think of an alternative system the IASS could use to address this issue.

With regard to NRPF Connect, which is an independent secure database, where numerous local authorities share information securely with the Home Office, it would not be possible to integrate this database to LAS, CRS or EHM because it is privately run by Islington NRPF Network.

The lack of interface between systems cannot be resolved by the IASS. However, the IASS has put measures in place to minimise delays in providing the required care and support to the qualifying beneficiaries, by ensuring that supervisors of the

difficulties and inefficiencies and the team need to shuffle between systems. It was noted that retrieving information for the purposes of this audit was problematic.

Risk

Lack of interface between systems used could result in inefficiencies in assessing and processing cases and result in delays in providing the required care and support to the qualifying beneficiaries.

	<p>service quality assured, in a timely manner, the work completed on LAS by their supervisees. Also, with regard to subsistence payments, the service has a system in place whereby emergency uploads can be made directly to clients' bank account, when there is a glitch with the LAS system and the payment run has been missed.</p>	
Responsible Officer	Deadline	
Team Manager Housing Resident Engagement & Allocations	Completed on 05/06/2023.	

Control Area 3: Assessment of Finances and Subsequent Payment Setup.

Priority	Action Proposed by Management	Detailed Finding/Rationale – Issue 3
2	<p>This issue is also out of the control of the IASS and is linked to the way LAS has been built, to allow any managers to authorise other support plans or service provisions, in the absence of the manager who should be approving payments for their own service and teams.</p> <p>When the IASS raised this issue with the LAS Business Systems Team, we were advised that LAS has been built in this manner to prevent a break in vulnerable clients' placements and payments, so they do not remain without support in the absence of a manager, who may be on holiday or on long term sickness leave and who are unable to approve financial commitments for clients in their service.</p>	<p>Expected Control</p> <p>NRPF cases are correctly classified and recorded according to whether they are adult or child cases and are subsequently paid from the correct budget.</p> <p>Issue/Finding</p> <p>A report showing all live children's NRPF cases was requested in order to select a sample for testing. From the sample of fifteen cases initially selected, we were advised that four cases related to adults. The total value of payments made in respect of these four adult cases amounted to £13,742.40</p> <p>The IASS Team Manager indicated that these cases were incorrectly paid from the children's budget in error. The errors had not been identified initially partly due to the system allowing any manager to both set up a case and approve it. We were advised that these were later identified and corrected on the system and confirmed this through observation of the system.</p> <p>Risk</p> <p>Where adult cases are recorded as children's cases in error and paid from the children's budget, there is a risk that the children's budget may be (or appear to be) overspent impacting on service provision.</p>

The IASS has no control over changing the LAS system to a system where each manager can only use their cost centres to approve financial commitments for their clients. However, the mitigating factor the IASS has put in place to address this risk, lies with the Finance Officer of the service, who always identifies these types of issues, when she is reconciling on a monthly basis the expenditures of the service against the general ledger. Moreover, every Friday, the Finance Officer meets with workers who have raised service provisions or support plans to check all financial commitments raised. The following Monday of each week, the Finance Officer meets with the manager of the service to quality assured all the financial commitments before the manager approved them. It is for this reason that the NRPF Children's budget has never been overspent

	against the NRPF Adults' budget.	
Responsible Officer	Deadline	
Team Manager Housing Resident Engagement & Allocations	Completed on 05/06/2023	

TERMS OF REFERENCE (ToR)

No Recourse to Public Funds (NRPF): Assessment of Finances

1 INTRODUCTION

- 1.1 No Recourse to Public Funds (NRPF) relates to migrants subject to immigration control and who therefore have no entitlement to welfare benefits, local authority housing and homeless assistance.
- 1.2 Children are not classified as 'NRPF' but may be included under this status due to being with an adult with 'NRPF' status. Where there are no safeguarding concerns, the children will be placed with the adult and assessments undertaken. If there are uncertainties regarding the safeguarding of a child, then the case will be referred to the Children's Social Care (CSC).
- 1.3 Families are not provided with 'NRPF' payments indefinitely. Payments are provided if a set of criteria is met and whilst waiting for a decision to be made by the Home Office as to whether the families should (a) be entitled to universal credit and other such benefits or (b) whether they should be sent home to their country of origin.
- 1.4 Once families are in the system, they are visited on a 12 weekly basis to verify (potential safeguarding issues) and to review how their Home Office applications are progressing.
- 1.5 Croydon Council (the Council) has a duty to accommodate, safeguard, and promote the welfare of children within the borough.
- 1.6 This audit was undertaken as part of the agreed Internal Audit Plan for 2022/23.

2 OBJECTIVES AND METHOD

- 2.1 The overall audit objective was to provide an objective independent opinion on the adequacy and effectiveness of controls / processes.
- 2.2 The audit for each controls / process being considered:
 - Walked through the processes to consider the key controls;
 - Conducted sample testing of the identified key controls, and
 - Reported on these accordingly.

3 SCOPE





3.1 This audit, which focused on children with NRPF, was undertaken as part of the 2022/23 Internal Audit Plan. The specific scope included the following areas and identified issues:

Control Areas/Risks	Issues Raised		
	Priority 1 (High)	Priority 2 (Medium)	Priority 3 (Low)
Legislative, Organisational and Management Requirements	0	2	0
Notification of NRPF Children	0	0	0
Assessment of Finances and Subsequent Payment Setup	0	1	0
Total	0	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 constantly 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 of the controls which may put this achievement at risk.
	Limited Assurance	There are significant weaknesses in key areas of system controls and non-compliance that puts achieving the system objectives at risk,
	No Assurance	Controls are non-existent or extremely weak, leaving the system open to the high risk of error, abuse and reputational damage.

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

Priority 1 (High)	Fundamental control weaknesses that require immediate attention by management to action and mitigate significant exposure to risk.
Priority 2 (Medium)	Control weakness that still represent an exposure to risk and need to be addressed within a reasonable period.
Priority 3 (Low)	Although control weaknesses are considered to be relatively minor and low risk, still provides an opportunity for improvement. May also apply to areas considered to be of best practice that can improve for example the value for money of the review area.

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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