

Internal Audit Report



Internal Audit Report
Education & Children's Services
Remodelling of Residential Care for Children and Young People
Assignment No.18-17
December 2018

Final Report (Report No. 19/27)

Legal and Governance
Corporate and Democratic Services
Perth & Kinross Council
Council Offices
2 High Street
Perth
PH1 5PH

Internal Audit

“Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes”. Public Sector Internal Auditing Standards (PSIAS)

The Council’s Audit Committee approved the PSIAS as the relevant standard for its Internal Audit activity.

Background and Introduction

This audit was carried out as part of the audit plan for 2018/19, which was approved by the Audit Committee on 27 June 2018. Audit testing was carried out in November and December 2018.

The Review and Remodelling of Residential Care (Children and Young People) is a Transformation Project within Phase 2 of the Council’s current transformation programme, Building Ambition which commenced in 2016/17. The key objective for this review is to reduce reliance on external residential placements, to avoid escalating costs and to better meet increasing and changing demands.

The Council approved the preferred option to replace traditional, council-run, residential care and to reduce the use of external providers of residential care by providing an innovative “hub” model to support young people within their local communities ([Report No. 17/262](#) refers).

The principal aim of this is to develop a fully integrated service for children and young people who are regarded as being ‘on the edge of care’. It is intended that this “hub” will combine intensive, community based and family support.

Following consultation with relevant stakeholders, this approach was named as “REACH”, and is referred to as such within subsequent programme documentation and reports.

Scope and Limitations

Due to the changes in approach referred to above, the title and scope of the audit have been updated from those approved within the Committee paper, to more accurately reflect current arrangements and risks connected to the ‘REACH’ transformation project. The audit is now entitled ‘Remodelling of Residential Care for Children and Young People’, with the scope being ‘To provide assurance over the adequacy of arrangements in relation to the REACH (Review and Remodelling of Residential Care for Children and Young People) Project’.

This audit considered arrangements in place for managing the project and consisted of analysis of documentation and interviews with relevant Officers.

¹ those who require support and may be at risk of becoming looked after

Internal Audit Report

In line with the scope of the transformation review, this audit did not consider cases of children placed in external residential schools under ASL legislation.

Control Objectives and Opinions

This section describes the purpose of the audit and summarises the results. A 'control objective' is a management objective that requires the maintenance of adequate and effective internal controls to ensure that it is achieved. Each control objective has been given a rating describing, on the basis of the audit work done, the actual strength of the internal controls found to be in place. Areas of good or poor practice are described where appropriate.

Control Objective: To ensure the adequacy of arrangements relating to the REACH (Review and Remodelling of Residential Care for Children and Young People) Project	
<p>Internal Audit Comments:</p> <p>Internal Audit's opinion is that there are appropriate arrangements in place regarding the REACH project.</p> <p>There is evidence that relevant analysis activity was undertaken to define the approach of the transformation review and to understand the cost and impact/potential benefits of the preferred option.</p> <p>A project plan for delivering the implementation phase was defined, and is in operation. This sets out significant milestones, dates and the work-stream responsible for delivering on these.</p> <p>There is a documented project governance framework in place. This sets out key roles, responsibilities and reporting schedules. There is evidence that these are operating effectively and that the Project Board are receiving appropriate information to facilitate oversight and decision making.</p> <p>As referred to within the background information of the report, Council approved the objectives and strategy for this project. Subsequently there has been scrutiny by Elected Members and Senior Council Officers. Lifelong Learning Committee has considered more detailed information and progress updates. Project progress is also being reported through transformation governance arrangements.</p> <p>There is evidence that risks, controls and issues are being identified and managed as required.</p> <p>The Service is developing a benefits realisation plan and evaluation process to outline outcome measures and reporting arrangements once the REACH project is operational. There is a Performance and Evaluation Officer in post to progress this, and required data will be captured from January 2019. Internal Audit has reviewed draft information and is satisfied that this work will continue and be delivered in line with the project plan.</p>	
Strength of Internal Controls:	Strong

Management Action Plan

There are no actions arising from this audit. As such, no management action plan is required.

Acknowledgements

Internal Audit acknowledges with thanks the co-operation of R Laurenson, Improvement Officer and H Robertson, Head of Service – Services for Children, Young People & Families during this audit.

Feedback

Internal Audit welcomes feedback, in connection with this audit or with the Internal Audit service in general.

Distribution

This report has been distributed to:

K Reid, Chief Executive

J Valentine, Depute Chief Executive

S Devlin, Executive Director, Education & Children's Services

J Pepper, Depute Director, Education & Children's Services

H Robertson, Head of Services for Children, Young People & Families

R Laurenson, Improvement Officer

L Simpson, Head of Legal & Governance

S Mackenzie, Head of Finance

Committee Services

External Audit

Authorisation

The auditor for this assignment was L Ferguson. The supervising auditor was M Morrison.

This report is authorised for issue:

Jacqueline Clark

Chief Internal Auditor

Date: 18 December 2018