Item: 10

Monitoring and Audit Committee: 24 September 2026.

Internal Audit: OHAC Payment Processes – Follow Up Audit.

Report by Chief Internal Auditor.

1. Overview

1.1. This report presents the follow-up internal audit report on OHAC Payment Processes, for scrutiny.

1.2. The internal audit plan 2025/26 included a follow up on the Audit of OHAC Payment Processes carried out in 2024/25. This audit has been completed, and the internal audit report is attached as Appendix 1 to this report.

1.3. The objective of this follow up audit was to determine whether the agreed actions from the original audit have been implemented and whether they have effectively mitigated the risks identified in the original audit.

1.4. The audit opinion is that the recommendations from the original audits have been partially implemented, with 15 of the original 22 recommendations having been implemented satisfactorily, three partially implemented and four still to be implemented.

1.5. The internal audit report, attached as Appendix 1 to this report, includes three high priority recommendations and six medium priority recommendations from the original audit with updated actions and timescales.

2. Recommendations

2.1. It is recommended that members of the Committee:

i. Scrutinise the findings contained in the internal audit follow up report, attached as Appendix 1 to this report, assessing the adequacy of, and compliance with, internal controls relating to the making of payments within the remit of Orkney Health and Care, in order to obtain assurance that action has been taken or agreed where necessary.

For Further Information please contact:
Andrew Paterson, Chief Internal Auditor, Extension 2107, email andrew.paterson@orkney.gov.uk.

Implications of Report

1. **Financial:** None directly related to the recommendations in this report.
2. **Legal:** None directly related to the recommendations in this report.
3. **Corporate Governance:** In terms of the Scheme of Administration, the consideration of Internal Audit findings and recommendations and the review of actions taken on recommendations made, are referred functions of the Monitoring and Audit Committee.
4. **Human Resources:** None directly related to the recommendations in this report.
5. **Equalities:** An Equality Impact Assessment is not required in respect of Internal Audit reporting.
6. **Island Communities Impact:** An Island Communities Impact Assessment is not required in respect of Internal Audit reporting.
7. **Links to Council Plan:** The proposals in this report support and contribute to improved outcomes for communities as outlined in the following Council Plan strategic priorities:
   ☐Growing our Economy.
   ☐Strengthening our Communities.
   ☐Developing our Infrastructure.
   ☐Transforming our Council.
8. **Links to Local Outcomes Improvement Plan:** The proposals in this report support and contribute to improved outcomes for communities as outlined in the following Local Outcomes Improvement Plan priorities:
   ☐Cost of Living.
   ☐Sustainable Development.
   ☐Local Equality.
   ☐Improving Population Health.
9. **Environmental and Climate Risk:** None directly related to the recommendations in this report.
10. **Risk:** Internal Audit evaluates the effectiveness and contributes to the improvement of the risk management processes.
11. **Procurement:** None directly related to the recommendations in this report.
12. **Health and Safety:** None directly related to the recommendations in this report.
13. **Property and Assets:** None directly related to the recommendations in this report.
14. **Information Technology:** None directly related to the recommendations in this report.
15. **Cost of Living:** None directly related to the recommendations in this report.

List of Background Papers
Internal Audit Plan 2025/26.

Appendix
Appendix 1: Internal Audit Follow Up Report – OHAC Payment Processes.

Appendix 1

ORKNEY
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Internal Audit

Audit Report - Orkney Health and Care Payment Processes Follow Up

Draft issue date: 8 May 2026

Final issue date: 28 August 2026

Distribution list:	**Chief Officer, Integration Joint Board** **Chief Finance Officer, Integration Joint Board** **Head of Finance, OIC** **Head of Health and Community Care** **Head of Children, Families and Justice Services and Chief Social Work Officer** **OHAC Finance Officer**

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Audit Opinion

Based on our findings in this follow up review we have given the following audit opinion.

Partially implemented	**Some recommendations have been implemented, but further actions are needed to fully address the risks**

A key to our follow up opinions and priority of recommendations is shown at the end of this report.

Executive Summary

An audit of Orkney Health and Care Payment Processes was carried out during the financial year 2024/25. Due to the nature and level of the audit findings, the Monitoring and Audit Committee requested a follow up audit and report.

The objective of this follow-up is to determine whether the agreed-upon actions have been implemented and whether they have effectively mitigated the risks identified in the original audit.

The original audit contained a total of 22 recommendations. In this report we have reviewed the management actions taken and provide an overall opinion on the status of implementation of agreed actions.

Overall, substantial progress has been made, with 15 of the original 22 recommendations having been fully implemented, 3 partially implemented and 4 still to be implemented. We recognise and appreciate the work of officers in achieving this outcome.

The number and priority of the recommendations are set out in the table below. Together with the original priority rating and the number the implementation status.

Priority	Number of Recommendations	Satisfactorily Implemented	Partially implemented	Not Implemented
High	9	5	1	3
Medium	13	10	2	1
Low	-	-	-	-

The assistance provided by officers contacted during this audit is gratefully acknowledged.

Introduction

The Public Bodies (Joint Working) (Scotland) Act 2014 requires health bodies and local authorities to integrate planning for, and delivery of, certain adult health and social care services. These services are commissioned by Orkney Health and Care (OHAC), who make payments to various providers to facilitate the delivery of these services. These payments were audited over a period from October 2024 to January 2025. The audit report submitted to the Monitoring and Audit Committee on 13 February 2025 contained a number of findings, with corresponding action points recommended for each finding. Management agreed to implement these action points within specific timelines.

We were asked by the Monitoring and Audit Committee to conduct a follow up audit in respect of the action points arising from the original audit and report back to the Committee.

This review was conducted in conformance with the Global Internal Audit Standards in the UK Public Sector.

Audit Scope

The objective of the audit is to determine whether the agreed actions have been implemented and whether they have effectively mitigated the risks identified in the original audit.

The scope of this audit included the following points:

- Verify the implementation status of each action point
- Assess the effectiveness of the implemented actions
- Identify any residual risks or issues
- Provide recommendations for further improvement if necessary

Audit Findings

1.0 Register of Agency Workers

1.1 The original recommendation was that OHAC should establish and maintain a register of agency workers with units reporting changes in agency staff on a timely basis.

1.2 There are now two summary spreadsheets, one for adults and one for children's services, which record key details of the agency workers and are maintained by Directorate Support. The registers are available for the Senior Management Team (SMT) and the intention is that this document will be presented to the SMT quarterly.

1.3 We have seen evidence of both the registers themselves, and the shortcut mechanisms which have been provided for members of the SMT.

1.4 This recommendation has been implemented satisfactorily.

2.0 Agency Worker Policy

2.1 The original recommendation was that Policies and Procedures in respect of agency workers should be developed and implemented which address:

- eligible expenses,
- training,
- monitoring of registrations within the Scottish Social Services Council (SSSC),
- appropriate charging rates and regimes for management positions, and
- controls around the authorisation procedures for expenses where management positions are filled by agency staff.

2.2 Work is ongoing to develop a draft policy document. Due to its Council-wide application and the range of issues to be addressed, extensive consultation is ongoing. After discussion we have agreed an extension of the completion date for this recommendation to December 2026.

2.3 This recommendation has not yet been implemented.

3.0 Policy on Fostering and Adoption Allowances

3.1 The original recommendation was that updated Financial Policies and Procedures in respect of Fostering, Kinship arrangements and Adoptions, which are in line with Financial Regulations, should be produced at the earliest opportunity and applied consistently. It was also recommended that these documents should cover repayments of overpayments and should be enforced across all relevant circumstances.

3.2 The updated policy on Fostering and Adoption Allowances was recommended by the Policy and Resources Committee on 18 February 2025 and subsequently approved by Council. The policy now includes repayment of overpayments, including where required to be returned in full immediately, repaid over a period of time, or written off in exceptional cases and when authorised by a Resource Management Meeting.

3.3 A review was undertaken for payments under fostering arrangements. This review identified that case notes in respect of finance were now included on the relevant files, including:

- Confirmation of the correct payments due under the new policy.
- Amendments where prior payments had been overpaid.
- Notice given where discretionary payments were reviewed and deemed unlikely to qualify under the new policy.

3.4 This recommendation has been implemented satisfactorily.

4.0 Discretionary Payments

4.1 The original recommendation was that spending under any discretionary payments section in the updated policies, or agreements which are outside standard rates for allowances and fees, should be agreed by a Resource Management Meeting which includes the Chief Finance Officer of the Integration Joint Board or suitable substitute and the rationale for a discretionary payment recorded in the minutes of that meeting and the relevant PARIS file.

4.2 An updated Adoption Allowance Scheme and an updated Financial Policy and Procedures for Foster Carers and Kinship Carers were recommended by the Policy and Resources Committee on 18 February 2025, and subsequently approved by Council. These both required that additional or discretionary payments should be reviewed and approved by a Resource Management Meeting.

4.3 Our review identified the agreement to a discretionary payment outside the standard payments under the Adoption Allowance Scheme. In this arrangement, foster carers who adopted were granted an ongoing adoption allowance as remuneration equivalent to their former fostering income. Audit work reviewed compliance with the new policy, and the relevant legislation (The Adoption Support Services and Allowances (Scotland) Regulations 2009). In addition, the governance procedure and record keeping in respect of the agreement was reviewed.

4.4 Our review identified that this discretionary adoption allowance was made in line with sections within the Adoption Allowance Scheme which govern additional or discretionary payments to former foster carers. Our review also found that

i. the granting of this discretionary adoption allowance under section 11(1), and

ii. its proposed continuation after the statutory two-year cut-off date under section 11(2)

was in line with the relevant legislation. However, this was dependent on identifying ‘exceptional needs’ over and above the anticipated needs set out in Section 10.

4.5 If exceptional circumstances or needs are attributed too readily, there is a risk that remuneration beyond two years becomes treated as a routine feature of foster-carer adoption cases. This would be inconsistent with the structure and intent of the 2009 Regulations and risks the creation of an informal precedent whereby most or all foster-carers who subsequently adopt expect continued remuneration.

4.6 We recommend that adoption allowances including an element of remuneration should be assessed and determined having full regard to the default position set out in Section 11(1),

with continuation beyond two years supported by clear and explicit evidence retained on file of the exceptional needs of the child or other exceptional circumstances. This evidence should specifically address how these needs or circumstances differ from those addressed under Section 10.

4.7 This proposal was put to a Resource Management Meeting and agreed in principle, with the advice that the request be put to a Resource Intensive Support and Care ("RISC") Panel for approval. Minutes of the meeting were placed on the PARIS file, but a number of months after the meeting itself. The suggested referral to the RISC Panel was discussed by senior management and a decision taken not to put the proposal forward. This decision was not recorded on the PARIS file. Supporting evidence for meeting the 'exceptional needs' criteria was not originally on the PARIS file but was provided when requested and subsequently added to the file.

4.8 The recommendation from the original audit was made in part because no evidence had been available to support the discretionary payments under review, and the relevant staff were no longer available to provide details. It is particularly important that details of the rationale of decisions made in relation to discretionary payments are recorded on file *at the time*. This allows any subsequent review to identify changes in circumstances which might impact on that discretionary payment.

4.9 We understand that work has been undertaken to promote the necessity of adding documentation in respect of financial decisions to the PARIS files, and welcome this. We would recommend that staff continue to be encouraged to provide full and timely documentation of financial decisions and the evidence that supports those decisions, and that checks are undertaken to ensure this evidence is being appropriately filed in good time.

4.10 Following further action during this audit, we consider that this recommendation has now been fully implemented.

5.0 Contract Management in Respect of Resource Intensive Support and Care Packages

5.1 The recommendation made was that the draft procedure on RISC packages should be updated to reflect procedures around contract procurement, ongoing contract management and recording of contracts.

5.2 The updated Resource Intensive Support and Care Procedure was produced in October 2025, together with a RISC flowchart and Options Appraisal Form. The Options Appraisal form records the available options, and is used in an Options Appraisal meeting to decide on a primary option to recommend to the Resource Intensive Support and Care Panel. This Panel includes the s95 Officer for the Council, and the OHAC Chief Finance Officer.

5.3 The procedure requires that indicative costs included in the Options Appraisal form are developed in discussion with Finance Officers and the Service Manager (Procurement). In addition, the Procedure includes an expectation of regular 6 monthly or annual reviews which include an updated options appraisal. In addition, the Chief Social Work Officer is required to report annually to the Education, Communities and Housing Committee and the Integration Joint Board with evidence of best value practices including contract management.

5.4 A review was undertaken of a current Out of Orkney placement which was the subject of a RISC package. Documents on the relevant file in PARIS included both the Option Appraisal and minutes of the RISC Panel Meeting.

5.5 We found that documents were completed in line with the procedure, but noted that the Options Appraisal document had not been signed by the Lead Professional or Professional Supervisor. We understand that in this case, as it referred to the continuation of a RISC package rather than the establishment of a new package, the Options Appraisal meeting and RISC Panel were merged into one meeting. We also found that these documents were added to the PARIS file some months after the meeting.

5.6 As a recommendation has already been made in respect of ensuring full and timely documentation of financial decisions, we do not propose to make a further recommendation here.

5.7 The original recommendation has been implemented satisfactorily.

6.0 Procedure on Payments to Adults with Incapacity (AWI)

6.1 The recommendation was that a procedure document, to cover the agreement of the amount of cash to be routinely paid out, should be prepared with the AWI and/or family, OHAC Finance and the case social worker, and amendments to this agreement. This procedure should cover the situation where a Financial Guardian is in place, and include the recording of such agreements and any subsequent discussions around ad hoc payments on the PARIS file.

6.2 Procedure documents have been produced for payments via corporate appointeeship, together with a new procedure on financial decision recording.

6.3 This recommendation has been completed successfully.

7.0 Register of Policies and Procedures Including Disability Adaptation Grants

7.1 The original recommendation was that the procedure on Disability Adaptation Grants should be reviewed and updated. In addition, the Directorate should keep a central register of policies and procedures, their status and details of when these policies should be reviewed.

7.2 The revised procedure on disability grants was issued in September 2025, with a document review date of September 2028.

7.3 A Log of Strategies, Plans, Policies has been reviewed and updated. This is routinely monitored by Directorate Support to ensure owners are aware of any documents due for renewal. The log has been presented to the Senior Management Team (SMT) in February 2026 and September 2025 and will continue to be presented regularly.

7.4 This recommendation has been implemented satisfactorily.

8.0 Section 12 and 22 Expenditure

8.1 The recommendation was that the section 12 Policy and Procedures document should be updated to include guidance on the type of payments to be allowed under s12 and s22.

8.2 The Section 12 and Section 22 Policy and Procedure documents have been revised to both extend the list of eligible items under each section, and to include a requirement that expenditure over £500 should go through a Resource Management Meeting.

8.3 Expenditure from January 2025 onwards shown on Integra was reviewed and found to be in line with the revised policy. In addition, two discretionary payments made in March 2025 were reviewed in detail, and found to be in line with the relevant policies.

8.4 This recommendation has been implemented satisfactorily.

9.0 Agreement of Hours Worked by Agency Workers

9.1 We recommended that the agreement of hours worked by agency workers should be undertaken by managers.

9.2 An email in respect of travel, approval of hours, Distant Islands Allowance and Expenses and Mileage was issued in January 2025. A reminder email was issued on 22 October 2025.

9.3 Reviews of invoices from Integra and supporting information, together with correspondence emails held on the payroll files, appeared to show some invoices being signed off by support staff rather than managers.

9.4 After further investigations, the relevant manager confirmed that, although agency correspondence was with a member of support staff, the staff member had discussed details of the hours worked with the manager who had verbally agreed that the hours worked could be signed off. The relevant invoice was also authorised for payment by the manager.

9.5 Accordingly, this recommendation has been implemented satisfactorily.

10.0 Agency Workers Expense Claims

10.1 The original recommendation was that Agency workers with access to Council IT equipment are given a temporary staff number and access to Integra so that mileage and expenses could be claimed through the usual channels, and subject to individual authorisation by their line manager.

10.2 The management response was that following exploration of the agreed action, implementation of the recommendation is not possible. Agency staff will continue to claim mileage and expenses via their own agencies and processes.

10.3 The original recommendation has not been implemented. However, as managers are signing off agency invoices, an alternative control exists, and this would be strengthened if all agencies detail the expenses claimed with the invoice. See paragraph 19.3 below.

11.0 Travel Claims

11.1 We made the following recommendation:

- Clear guidance is issued to agency workers on the travel policy,
- authorisation of travel claims is never delegated to members of the admin support team, and
- managers refuse authorisation of any requests which do not comply with the travel policy.

11.2 The Travel Policy was circulated to all managers and administration staff, with a request to pass on to all staff and agency workers. Travel requests are approved only by managers who were asked to review the criteria for eligible expenses.

11.3 Discussion with the administration staff handling claims made since January 2025 has confirmed that there have been no claims made outside of the travel policy, and that authorisations are being made by managers.

11.4 This recommendation has been implemented satisfactorily.

12.0 Eligibility for Distant Islands Allowance

12.1 The original recommendation was that where an employee is to take up a permanent role, the Service ensures that the criteria for eligibility for Distant Islands Allowance (DIA) are reviewed and met before this allowance is granted.

12.2 Information on the eligibility criteria for DIA was shared with managers in January 2025.

12.3 Audit testing was undertaken on a sample of new starters for OHAC to see whether eligibility criteria for DIA had been correctly applied. We were able to confirm that for the sample tested, the 7 Orkney residents received DIA, and a non-resident employee did not receive DIA.

12.4 This recommendation has been successfully implemented.

13.0 Changes to Pocket Money Amounts

13.1 We recommended that ad hoc changes to the amounts to be paid out from OHAC ‘pocket money’ funds are authorised by a manager and a record of that authorisation added to the relevant PARIS file.

13.2 A specific briefing note in respect of pocket money payments has been prepared and circulated. This briefing note suggests that there should be details of a discussion with the team manager, and the outcome of a discussion with the OHAC Finance Officer kept on the PARIS file. The latter note should be countersigned by the Team Manager.

13.3 During the period from February 2025 to March 2026 there were a number of smaller changes in weekly amounts received. These smaller changes are recorded on the face of the pocket money control sheet and relate to expenses such as gardener’s invoices or heating fuel bills, but have not been recorded on the PARIS file.

13.4 In addition, there was one change in the ‘base’ level of the pocket money in the period. There was no evidence of discussion with the team manager or the OHAC Finance Officer on the PARIS file. Instead, the file contains a case note capturing the email correspondence between a social worker and a senior social worker.

13.5 It appears that this recommendation has not been effectively implemented. We therefore recommend that staff are reminded of the briefing note, and that checks are undertaken to ensure that any changes made are undertaken in line with the briefing note.

14.0 Review of Out of Orkney Placements and Agency Worker Contracts

14.1 We recommended that an exercise should be undertaken to review existing Children Outwith Orkney (COO) and agency worker contracts to ensure that the terms are being followed at present.

14.2 A review of COO arrangements was undertaken, together with work aimed at returning looked after children (LAC) to Orkney wherever possible. Audit review confirmed that of the 14 LAC under the COO arrangements tested in the original audit, only 7 remained in arrangements outside Orkney in financial year 2025/26.

14.3 An exercise was undertaken following the closure of one agency providing social workers and managers to the Children, Families and Justice Service. As part of this, agencies were approached to take on the existing contracts but on improved terms for the Council. These contracts have been placed on a 3-month review basis, with managers being asked to review the contract and confirm its continuance. It is the intention that ultimately all positions would be permanent.

14.4 In line with this intention, there has been a successful drive to recruit permanent staff into social work. In the fieldwork team, remaining agency workers at social worker level are in positions which are expected to be filled before the end of September by new permanent staff or staff finishing the 'grow your own' training programme. One team manager post has been filled permanently, and the other is to be advertised shortly. There is a successful candidate for a permanent role as the service manager who is expected to take up the position in due course.

14.5 The Authority Wide Services team has two full-time posts currently filled by agency workers. A member of permanent staff has recently been appointed to one position and is due to start shortly. The second post has recently been re-advertised, and it is hoped that this post will be filled by the end of summer.

14.6 We note that the move to three-month contracts does not allow for reduction in terms for longer placements as intended in the standard Scotland Excel framework template contracts. However, given the emphasis within the service on recruitment of permanent staff, the ultimate aim of the recommendation, i.e. to reduce costs associated with agency workers, is being progressed.

14.7 This recommendation has been completed satisfactorily.

15.0 Accommodation for Agency Workers

15.1 The original recommendation was that any agreements for accommodation for agency workers that have the potential for a contract value of over £10,000, should be subject to the procurement rules under the Financial Regulations and Contract Standing Orders (CSO).

15.2 A meeting was convened between Heads of Service and the Service Manager (Procurement) regarding the development of the Agency Workers policy, which includes sections on accommodation. There has been no specific meeting in respect of agency staff accommodation.

15.3 This recommendation has not yet been completed, and is linked to the completion of the Agency Workers Policy in section 2 above. Accordingly, no separate further recommendation is made here.

16.0 Fostering Arrangements

16.1 The recommendation was that all relevant fostering arrangements for a contract value over £10,000 should be subject to the procurement rules under the Financial Regulations and CSOs.

16.2 The service has met with the Service Manager (Procurement), with the intention of producing an overarching procurement plan that will cover fostering arrangements, and each arrangement should have a direct award request. This work is still in progress.

16.3 This recommendation has not yet been completed.

17.0 Placements Outwith Orkney

17.1 The original recommendation was that any future placements outwith Orkney should be subject to the procurement process as required by the Financial Regulations and Contract Standing Orders, and management should review the position to ensure that all relevant steps have been undertaken and confirm the same to the Head of Service.

17.2 Audit testing was done on three new Out of Orkney (OOO) arrangements put in place after January 2025. Each of the arrangements had an allocated contract number and procurement plan in place. Each also had either a Non-Competitive Action (NCA) or a Direct-Action Report (DAR) authorising the arrangement in line with the procurement process.

17.3 Signed Individual Placing Agreements (IPA) or Individual Support Agreements (ISA) had been returned to the procurement team in two cases. For the third case, the provider had signed a copy of the 'offer of contract' letter and this had been submitted to procurement.

17.4 Review of the relevant PARIS files showed that financial decisions were generally recorded in the PARIS files, i.e. either the decisions taken by a Resource Management Meeting or details of the decision taken in respect of a secure placement which falls outside the usual procedure for financial decision making. However, filing of associated procurement documents was not consistent.

17.5 We recommend that staff are encouraged to maintain all relevant financial documents on the relevant PARIS files.

17.6 The recommendation has been implemented satisfactorily.

18.0 Contract Management

18.1 We recommended that the Directorate should ensure that every contract is allocated to a member of management who has responsibility for the operation of that contract. Any significant changes in placements, or operation of the contract, should be reported to the manager with appropriate responsibility, who should identify whether any further action is required in respect of the contract, and implement that action.

18.2 The Planning and Performance Manager now maintains an OHAC register of contracts, which includes details of the relevant staff member lead and the member of senior management team or budget holder for each area. Contracts nearing the end of their term are highlighted to the relevant contract lead, to allow sufficient time for replacement, closure or continuation to be organised. A report in respect of contracts and grant awards is also submitted to senior management for review every three or four months.

18.3 Significant changes in contracts are now reported to the Planning and Performance Manager by OHAC staff or the procurement team.

18.4 This recommendation has been satisfactorily implemented.

19.0 VAT receipts

19.1 We recommended that both agency workers and permanent staff members claiming expenses should ensure that they provide acceptable VAT receipts in accordance with Financial Regulations.

19.2 An email covering expenses and mileage policy was issued in January 2025, with a reminder issued in October 2025. Audit review of a sample of invoices from agencies included 12 with additional costs in respect of mileage, out of hours payments or expenses. Of these 6 (50%) did not include additional details to support the mileage or expenses claims.

19.3 As noted at 10.3 above, each agency invoice is approved by the line manager, who has oversight of the activities undertaken and associated expenses claimed. This manager review control would be strengthened if the agencies included more detail of expenses or mileage on the invoices.

19.4 The payments team have confirmed that, in general, acceptable VAT receipts are being provided by permanent staff members in line with the Financial Regulations.

19.5 We recommend that agencies are requested to provide full expense and mileage details in support of amounts claimed on invoices and managers are reminded of the need to ensure appropriate receipts have been received.

19.6 This recommendation has been partially implemented and has been merged with Recommendation 3 on the action plan.

20.0 Recording of Contract Terms

20.1 The original recommendation was that details of contract terms and any agreed variation to those terms should be recorded centrally, and the Register of Contracts should be updated with the relevant Procurement reference.

20.2 The Register of Contracts has been updated to include some Procurement references, but not across all contracts. Contract review dates and expiry dates are recorded in the OHAC Register of Contracts.

20.3 This recommendation has been partially implemented.

21.0 Financial Details on Care Arrangements

21.1 The original recommendation was that care arrangements and the relevant financial details should be formally documented on the PARIS files, including the terms of any fees or allowances to be paid.

21.2 The new procedure requires that financial decisions are recorded on PARIS. Audit review of Out of Orkney Placements confirmed that there was RMM sign off of the care packages for two of the placements. The third placement related to secure accommodation, and no agreement by the RMM is required. Details of the financial arrangements are on the PARIS files.

21.3 For placements generally, our testing confirmed that care arrangements and the relevant financial details are now documented on the PARIS files of the LAC or their carers. In addition, there is some evidence of robust and documented review of the eligibility criteria for allowances in line with the agreed policies. The process for reclaiming overpayments is now operating satisfactorily.

21.4 Following further action during this audit, we consider that this recommendation has now been fully implemented.

22.0 Individual Placement or Support Agreements

22.1 We had recommended that copies of the Individual Placement Agreements (IPAs) should be sent to Procurement as soon as they are agreed, and a copy of the signed IPA and any subsequent amendments should be kept on the PARIS files of the relevant child.

22.2 Audit testing was undertaken on a sample of three placements. For two, signed copies of Placement Agreements or Support Agreements had been sent to Procurement. For the third, no signed IPA had been submitted to Procurement but a cover letter for all the IPA documents has been signed by the provider and returned to Procurement. Of the two placements where an IPA or ISA had been signed, the document was included in only one PARIS file (the ISA).

22.3 Following further action to address this during this audit, we consider that this recommendation has now been fully implemented.

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Action Plan

Recommendation	Priority	Current Status	Updated Action Agreed	Responsible Officer	Agreed Completion Date
1 Policies and Procedures in respect of agency workers should be developed and implemented which address: • Eligible expenses, • training, • monitoring of registrations within the SSSC, • appropriate charging rates and regimes for management positions, and • controls around the authorisation procedures for expenses where management positions are filled by agency staff.	High	Time extended	Chief Officer and Head of Human Resources and Organisational Development are leading on finalising the Policy. The timeframe has been extended to take account of additional input.	Chief Officer and Head of HR and OD	31 December 2026
2. Spending under any discretionary payments section in the updated policies, or agreements which are outside standard rates for allowances and fees, should be agreed by a Resource Management Meeting which includes the Chief Finance Officer of the Integration Joint Board or suitable substitute and the rationale for a discretionary payment recorded in the minutes of that meeting and the relevant PARIS file. Recommendations arising from this follow up: • Adoption allowances including an element of remuneration should be assessed and determined having full regard to the default	Medium	Partially implemented	Evidence of decisions taken are recorded on the PARIS record detailing the discretionary payment and rationale for this. Chief Social Work Officer will ensure that this happens.	Chief Social Work Officer	Implemented during audit period

Recommendation	Priority	Current Status	Updated Action Agreed	Responsible Officer	Agreed Completion Date
position set out in Section 11(1), with continuation beyond two years supported by clear and explicit evidence retained on file of the exceptional needs of the child or other exceptional circumstances. This evidence should specifically address how these needs or circumstances differ from those addressed under Section 10. • Staff should continue to be encouraged to provide full and timely documentation of financial decisions and the evidence that supports those decisions, and that checks are undertaken to ensure this evidence is being appropriately filed in good time.					
3. Agency workers with access to Council IT equipment are given a temporary staff number and access to Integra so that mileage and expenses could be claimed through the usual channels, and subject to individual authorisation by their line manager. The recommendation arising from this follow up is that agencies are asked to provide full expense and mileage details in support of amounts claimed on invoices.		Alternative control partially implemented	Reminder will be sent to all agencies that VAT receipts for expenses claimed via invoices should be supplied to the Council. Any expenses without appropriate receipts will not be processed. All managers processing invoices will be reminded of the need to ensure appropriate receipts have been received for expense claims.	Chief Officer	Implemented during audit period 30 September 2026

Recommendation	Priority	Current Status	Updated Action Agreed	Responsible Officer	Agreed Completion Date
4. Ad hoc changes to the amounts to be paid out from OHAC 'pocket money' funds are authorised by a manager and a record of that authorisation added to the relevant PARIS file.	Medium	Not effectively implemented	Team Manager (Adult and Learning Disability Social Work) will re-issue the briefing note and undertake an audit in this respect to check compliance.	Head of Health and Community Care	31 December 2026
5. Any agreements for accommodation for agency workers that have the potential for a contract value of over £10,000, should be subject to the procurement rules under the Financial Regulations and CSOs.	High	Linked to Rec 1 above – Time extended	Chief Officer and Head of Human Resources and Organisational Development are leading on finalising the Policy. Timeframe has been extended to take account of additional input.	Chief Officer / Head of HR and OD	31 December 2026
6. All relevant fostering arrangements for a contract value over £10,000 should be subject to the procurement rules under the Financial Regulations and CSOs.	High	Not yet implemented	An overarching procurement plan for foster carers has been drafted and agreed with Procurement. This will be accompanied by individual foster carer agreements which will be required on an annual basis in line with registration review at fostering panel.	Head of Children, Families and Justice Services.	31 October 2026
7 Details of contract terms and any agreed variation to those terms should be recorded centrally, and the Register of Contracts should be updated with the relevant Procurement reference.	Medium	Partially implemented	The Register of Contracts will be reviewed and relevant procurement references annotated where required.	Planning and Performance Manager	30 September 2026

Recommendation	Priority	Current Status	Updated Action Agreed	Responsible Officer	Agreed Completion Date
8 Care arrangements and the relevant financial details should be formally documented on the PARIS files, including the terms of any fees or allowances to be paid.	Medium	Partially implemented	There are now specific sections within PARIS recording for financial decisions to be documented.	Service Manager (Children and Families Field Work) and Service Manager (Children and Families Authority Wide Services)	Implemented during audit period
9 Copies of the Individual Placement Agreements (IPAs) should be sent to Procurement as soon as they are agreed, and a copy of the signed IPA and any subsequent amendments should be kept on the PARIS files of the relevant child.	Medium	Partially implemented	The signed IPAs are now sent to procurement prior to the placement of the child. If services provided and/or costings are to change the IPA will require a review and updated signed version.	Head of Children, Families and Justice Services / Chief Officer	Implemented during audit period

Key to Opinion and Priorities

Audit Opinion

Opinion	Definition
Fully implemented	All recommendations have been implemented effectively, and the associated risks have been mitigated
Partially Implemented	Some recommendations have been implemented but further actions are needed to fully address the risks
Not implemented	Recommendations have not been implemented, or the actions taken are insufficient to address the risks.

Recommendations

Priority	Definition	Action Required
High	Significant weakness in governance, risk management and control that if unresolved exposes the organisation to an unacceptable level of residual risk.	Remedial action must be taken urgently and within an agreed timescale.
Medium	Weakness in governance, risk management and control that if unresolved exposes the organisation to a significant level of residual risk.	Remedial action should be taken at the earliest opportunity and within an agreed timescale.
Low	Scope for improvement in governance, risk management and control.	Remedial action should be prioritised and undertaken within an agreed timescale.