

Final Internal Audit Report

Children's Social Care Payments

June 2025

Distribution: Corporate Director – Children, Young People and Education (CYPE)

Head of Performance and Business Improvement

Strategic Head of Finance – CYPE

Corporate Director of Resources (Section 151 Officer)

Director of Finance (Deputy Section 151 Officer)

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

Confidentiality and Disclosure Clause

This report ("Report") was prepared by Forvis 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.

The Report was prepared solely for the use and benefit of London Borough of Croydon and to the fullest extent permitted by law Forvis Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification. Accordingly, any reliance placed on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk.

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

Contents
Page

Executive Summary

1. Introduction	3
2. Key Issues	3

Detailed Report

3. Priority 3 Issues	4
----------------------	---

Appendices

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

1. Introduction

- 1.1. Croydon Council's responsibilities for Children's Social Care are largely set out in the Children and Families Act 2014 and the Care Act 2014. Under this legislation, the Council has a statutory responsibility to ensure that children and young people in the Borough with care needs receive adequate provision.
- 1.2. The Children's Social Care service at Croydon Council has a budget of £76.9m for the financial year 2024/25, although according to the Council's Financial Performance Report for Period 6 (December 2024), there is a projection of £89.9m of spending on Children's Social Care – an overspend of £13m.
- 1.3. The Council makes cyclical payments to service providers relating to the placement of children into care within the Borough. This includes payments in respect of fostering, adoption, children with disabilities etc. As of December 2024, there are 29 providers with whom the Council has contracts for Children's Social Care.
- 1.4. Payments are made by the Children's Payment Hub Team using the LiquidLogic system, and managed via ContrOCC, which interfaces with LiquidLogic.
- 1.5. The Payments team are notified of the payments to be made to care providers via the interface between LiquidLogic and the ContrOCC Provider Portal.
- 1.6. New providers are set up on the ContrOCC Provider Portal through New Supplier Request forms completed by the Brokerage or Social Care teams.
- 1.7. Requests for changes to bank account details or contract details are received from the providers through the Provider Portal. Bank detail changes are confirmed by the Payments Officers through review of bank details written on service providers' letterhead. All bank details change requests are approved by the Head of Performance and Business Improvement.
- 1.8. This audit examined the process for managing payments to providers of Children's Social Care, beginning at the point where the Payments team are notified of a placement. The agreement of placements and management of care did not form part of the audit scope.
- 1.9. This audit is part of the agreed Internal Audit Plan for 2024/25. The agreed Terms of Reference and scope are included under Appendix 1.

2. Key Issues

There were no Priority 1 or Priority 2 findings.

The Priority 3 findings are included under item 3 below.

3. Priority 3 Issues

Agreed action	Findings
<u>Control Area 2: Notification of Placements</u> <u>Action proposed by management:</u> Review & update guidance to include criteria for authorisation by HoS/Service Manager or Resource Panel. <u>Responsible Officer:</u> Keith Kyprianou, CFS Strategic Manager <u>Deadline:</u> 30 June 2025	Expected Control Guidance for processing payment requests for new providers and placements outlines the conditions or rationale behind accepting or rejecting providers/placements. Finding/Issue The <i>Payment Request Form CRS User Guide</i> (April 2021) described the different steps of processing a payment request, including the initial request, authorisation by Service Manager or Resource Panel, payment creation and payment validation. However, it did not describe the criteria to be used by the Service Manager or Resource Panel to determine whether the payment should be authorised or not. Risk Where the Payment Request Form guide does not outline consistent criteria for approving payments, there is a risk that inappropriate payments are approved, leading to potential financial loss to the Council.

AUDIT TERMS OF REFERENCE

Children's Social Care Payments

1. INTRODUCTION

- 1.1 Croydon Council's responsibilities for Children's Social Care are largely set out in the Children and Families Act 2014 and the Care Act 2014. Under this legislation, the Council has a statutory responsibility to ensure that children and young people in the Borough who have care needs receive adequate provision.
- 1.2 The Council makes cyclical payments to service providers relating to the placement of children into care within the Borough. This includes payments in respect of fostering, adoption, children with disabilities etc.
- 1.3 Payments are made by the Children's Payment Hub Team using the LiquidLogic system, and managed via ContrOCC, which interfaces with LiquidLogic.
- 1.4 The Payments team are notified of the payments to be made to care providers via the interface between LiquidLogic and the ContrOCC Provider Portal.
- 1.5 New providers are set up on the ContrOCC Provider Portal through New Supplier Request forms completed by the Brokerage or Social Care team.
- 1.6 Requests for changes to bank account details or contract details are received from the providers through the Provider Portal. Bank detail changes are confirmed by the Payments Officers through review of bank details written on service providers' letterhead. All bank details change requests are approved by the Head of Performance and Business Improvement.
- 1.7 This audit is part of the agreed Internal Audit Plan for 2024/25.

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 control / 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, focused on the processing of Children's Social Care Payments, was undertaken as part of the 2024/25 Internal Audit Plan. The specific scope included the following areas and recommendations:

Control Areas/Risks	Issues Raised		
	Priority 1 (High)	Priority 2 (Medium)	Priority 3 (Low)
Regulatory, organisational and management requirements	0	0	0
Notification of Placements (Set ups and Terminations)	0	0	1
Provider Set Up and Amendment to System	0	0	0
Payments to Service Providers	0	0	0
Budgetary Control	0	0	0
Total	0	0	1

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 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.

This report is confidential and must not be disclosed to any third party or reproduced in whole or in part without our prior written consent. To the fullest extent permitted by law Forvis Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation amendment and/or modification by any third party is entirely at their own risk.

Registered office: 30 Old Bailey, London, EC4M 7AU, United Kingdom. Registered in England and Wales No 0C308299.