



Internal Audit Report
Education and Children's Services
Early Learning and Childcare
17-24
October 2017

Final Report

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 2017/18, which was presented to the Audit Committee on 27 September 2017. Audit testing was carried out in October 2017.

The Children and Young People (Scotland) Act 2014 became law on 27 March 2014. This act contained provisions designed to strengthen the role of early years support in children’s and families’ lives by increasing the amount and flexibility of free early learning and childcare.

From August 2014, entitlement rose from 475 hours per year to 600 hours per year for three and four year olds and some two year olds. Eligibility for identified two year olds’ was extended further in August 2015.

In March 2017 the Scottish Government confirmed its intention to further increase entitlement of free early learning and childcare for eligible children to 1,140 hours by 2020. At this time, local authorities were requested to draft initial expansion plans and provide these to the Scottish Government by 29 September 2017. Financial provisions have not yet been confirmed so initial plans may be subject to change.

Scope and Limitations

The audit considered preparations by the Service to ensure that the Council can deliver the expansion of early learning and childcare hours from 600 to 1140 by 2020, in line with the principles set by the Scottish Government.

The review consisted primarily of analysis of documentation, alongside interviews with relevant Officers.

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 Council is preparing adequately for the implementation of 1140 hours of early learning and childcare
Audit Comments: Internal Audit’s opinion is that the Service is preparing appropriately for the

implementation of 1140 hours of Early Learning and Childcare.

There is evidence of draft expansion plan having been devised in line with the Scottish Governments Expansion Planning Guidance. This was approved by the Lifelong Learning Committee prior to submission to the Scottish Government by the requested deadline. It is recognised within the draft expansion plan that proposals and timelines are still being developed and will evolve, following further consultations and engagement activity.

Testing confirmed consideration of relevant information contributing to the creation of the plan. This includes, but is not limited to: current and projected population demographics; existing and future infrastructure; workforce; and financial forecasting.

There are governance, communication planning and risk management documents in place which demonstrate consideration of key matters. It is recognised that there is scope to review these to ensure that they fully reflect current arrangements and accountabilities, e.g. with reference to the departure of the Business Change Manager. Furthermore, it is acknowledged that two of the key documents defined within the governance framework, in respect of budget and benefits monitoring, are yet to be developed.

Planning is being progressed through a project team, divided into area-focused work streams. The Internal Audit review confirms discussion of relevant information at the appropriate forums as defined within the governance structure.

The Service advises that activity up until this point has been largely focussed on completing the work required to draft the initial expansion plans. This is reflected within the Service Business Management Improvement Plan also. A Project Officer has recently been appointed and work which is currently being progressed includes: reviewing and refining the implementation and communications plans in relation to key milestones and tasks; investigating the use of a management reporting tool; and further consultations with stakeholders. A highlight report template has also been drafted as an interim performance reporting tool.

Strength of Internal Controls:

Strong

Management Action and Follow-Up

Responsibility for the maintenance of adequate and effective internal controls rests with management.

Where the audit has identified areas where a response by management is required, these are listed in Appendix 1, along with an indication of the importance of each 'action point'. Appendix 2 describes these action points in more detail, and records the action plan that has been developed by management in response to each point.

It is management's responsibility to ensure that the action plan presented in this report is achievable and appropriate to the circumstances. Where a decision is taken not to act in response to this report, it is the responsibility of management to assess and accept the risks arising from non-implementation.

Achievement of the action plan is monitored through Internal Audit's 'follow up' arrangements.

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Management should ensure that the relevant risk profiles are reviewed and updated where necessary to take account of the contents of Internal Audit reports. The completeness of risk profiles will be examined as part of Internal Audit's normal planned work.

Acknowledgements

Internal Audit acknowledges with thanks the co-operation of members of the Early Learning and Childcare Expansion Project Team 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:

B Malone, Chief Executive

S Devlin, Executive Director Education and Children's Services

S Johnston, Head of Education (Early Years & Primary)

L Simpson, Head of Legal & Governance

S Mackenzie, Head of Finance

K McNamara, Head of Strategic Commissioning and Organisational Development

G. Taylor, Head of Democratic Services

G Boland, Senior Business and Resources Manager

F Easton, Change and Improvement Team Leader

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: 27 October 2017

Appendix 1: Summary of Action Points

No.	Action Point	Risk/Importance
1	Governance Arrangements	Medium
2	Monitoring and Reporting	Low

Appendix 2: Action Plan

Action Point 1 - Governance Arrangements

There is a documented governance framework in place, outlining key roles, responsibilities and documents utilised to ensure project delivery. However, there are some areas relating to governance where there is scope for review, as detailed below:

Presently there are 2 officers named within governance documentation as the Senior Responsible Owner for the project. There is benefit in this being assigned to one individual, in line with standard project guidance, to ensure that there is clarity of accountability.

A key role referred to within the framework is that of the Business Change Manager. Responsibilities of this individual include benefits realisation design and tracking, stakeholder engagement and transitioning change. The Business Change Manager has recently left the Council. There is, therefore, scope for the Service to review arrangements, considering impacts and mitigating actions as required. It may be best practice to document this within the risk register also.

Management Action Plan

1. The Governance Framework has been revised to name the Head of Education (Early Years & Primary) as the sole Senior Responsible Owner.
2. The Service will review and update project documentation and plans to ensure that all responsibilities and tasks currently allocated to the Business Change Manager have been reassigned.

Risk/Importance:	Medium
Responsible Officer:	S Johnston, Head of Early Years and Primary
Lead Service:	Education and Children's Services
Date for Completion (Month / Year):	1. Completed 2. October 2017
Required Evidence of Completion:	2. Confirmation that a review has been carried out and sample of project documents, including the revised communications plan and Governance Framework, detailing responsibility for benefits realisation and transitioning change

Auditor's Comments

Satisfactory

Action Point 2. Monitoring and Reporting

The Service advises that activity up until this point has been largely focussed on completing the work required to draft the initial expansion plans.

There is therefore acknowledgement that two of the key documents referred to within the governance framework have yet to be developed; namely the benefits realisation plan and budget monitoring report.

Management Action Plan

1. A budget monitoring sheet will be further developed for future monitoring.
2. A Benefits Realisation Plan will be prepared on the basis of the Scottish Government Blueprint ready for future monitoring and will be fluid throughout the lifecycle of the project.

Risk/Importance:	Low
Responsible Officer:	F Easton, Change and Business Manager
Lead Service:	Education and Children's Services
Date for Completion (Month / Year):	1. October 2017 2. November 2017
Required Evidence of Completion:	1. Budget Monitoring sheet 2. Benefits Realisation Plan

Auditor's Comments

Satisfactory