



Internal Audit Report  
Education and Children's Services  
Children and Young People Assignment No. 14-37  
March 2015

## Final Report

Chief Executive's Service  
Finance Division  
Perth & Kinross Council  
Blackfriars Development Centre  
North Port  
Perth PH1 5LU

## Background and Introduction

This audit was carried out as part of an extended audit plan for 2014/15, which was approved by the Audit Committee on 26 November 2014.

The Children and Young People (Scotland) Act 2014 (“the Act”) became law on 27 March 2014 and contains several changes to how children and young people in Scotland will be cared for.

One of the key elements of the Act is to strengthen the role of early years support in children’s and families’ lives. The Act requires local authorities, from 1 August 2014, to increase the amount and flexibility of free early learning and childcare, from 475 hours a year to a minimum of 600 hours for eligible children. Eligible children include all three and four year olds, and two year olds who are subject to kinship care orders or have a parent appointed guardian, or whose parent or carer is in receipt of certain benefits (known in the Council as ‘Strong Starts’).

## Scope and Limitations

This audit, carried out in February 2015, assessed the Council’s implementation of these extended requirements for delivery of early learning and childcare. Interviews were held with key members of staff from Education and Children’s Services at Pullar House and relevant controls were tested through sampling to assess their operating effectiveness.

## 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 performed, 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 that starting and stopping dates for eligibility have been met.
Auditor’s Comments: Using data analytics we were able to test every listed child, to assess whether they had started and stopped receiving early learning and childcare within the dates specified in the legislation. The majority of children attending institutions were within the legislative date ranges. However, out of 2338 children tested, 417 were outwith the ranges. The large proportion of these outliers is due to the Council enrolling children in nursery before the date of eligibility. However, this is considered appropriate as it is in line with Council policy where there are no additional staffing resources required, and is consistent with the Scottish Government’s aim to increase the amount of early learning and childcare provision where there is capacity to do so.

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The initial take up for the Strong Start two year old nursery places was lower than the Council had expected, which resulted in additional places that could be offered to other children where there are no additional staffing resources required in the current year. A decision was taken by the Service to offer these places to identified vulnerable children, who did not meet the specific criteria under the Act for a Strong Start place, who had not yet turned three. This is considered appropriate.

When a parent applies for a child to attend a local authority nursery they must present the child's birth certificate to confirm that the child is eligible. If the parent applies for their child to attend as a Strong Start two year old they must also present evidence that they are in receipt of one of the benefits listed in the Act. On review of the child's birth certificate and evidence of benefits by the school or nursery, the officer completes and signs the relevant sections of the application form.

A sample of 25 applications for 3-5 year olds attending local authority nurseries were tested. For two the birth certificate section had not been completed fully, in that one did not contain the signature of the officer to evidence their review, and one did not document the birth certificate number.

A sample of 10 applications for Strong Starts were tested. For all of these applications the school or nursery had documented the items seen to confirm that the child's parent or carer was in receipt of a relevant benefit.

A sample of 25 children attending third party provider nurseries were tested. A parental declaration was obtained for each child, which confirmed that the child did attend the nursery. However, the Council does not require third party providers to have sight of identification, for example a birth certificate, to confirm the child's date of birth as part of their admissions policy.

A number of mitigating controls have been noted which are considered to be of moderate strength, and as a result the residual risk is considered to be low.

Strength of Internal Controls:	Strong
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Control Objective: To ensure that children and families are being offered 600 hours of early learning and childcare where this is required.
<p>Auditor's Comments: There is no obligation for a parent to put their child in nursery for the full 600 hours. The audit concentrated on the Council's advertisement of the service. Through discussions held with key staff and review of documentation circulated to advertise the services available, it was evident that information had largely been well advertised.</p> <p>There is a publically available guidance document for all nurseries and schools to follow. The guidance is detailed, however, there is no clear statement to ensure institutions highlight to parents the Council's duty to offer 600 hours of early learning and childcare at another nursery if unsuccessful in their obtaining a place at their first choice. There is a risk that parents will not be aware that they are</p>

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guaranteed 600 hours by the Council.	
Strength of Internal Controls:	Strong

Control Objective: To ensure that looked after children's wellbeing is assessed and alternative arrangements are made where required.	
<p>Auditor's Comments: Section 49 of the Act negates an authority's duty to provide 600 hours of early learning and childcare to looked after two year olds where, after assessing the child's needs, the authority considers that making alternative arrangements would better safeguard or promote the child's wellbeing.</p> <p>Two looked after children's 'core assessments' and 'child's plans' were reviewed. In both cases the action points (agreed by the looked after team and set out in the child's plan) were clearly linked back to the elements of a child's wellbeing as set out in section 96 of the Act. This confirmed that decisions are being taken with the child's wellbeing in mind. However, the decision of whether the child's wellbeing would be better promoted or safeguarded through alternative arrangements to early learning and childcare is not explicitly documented within the child's plan.</p>	
Strength of Internal Controls:	Strong

Control Objective: To ensure that the Council has fulfilled its duty to consult with parents at least once every two years about its arrangements for providing early learning and childcare.	
<p>Auditor's Comments: The Council has recently completed a parental consultation in relation to the provision for 600 hours of free early learning and childcare. The consultation document was appropriately detailed and covered the full range of arrangements that are required to be consulted upon. The results are being included as part of a report which will be presented to the Lifelong Learning Committee with proposed actions to take forward the results of the consultation.</p>	
Strength of Internal Controls:	Strong

Control Objective: To ensure that early learning and childcare is being delivered in line with statutory requirements.	
<p>Auditor's Comments: Local authorities have an obligation, under section 51 of the Act, to provide the 600 hours of free early learning and childcare in sessions not shorter than two and a half hours and not longer than eight hours per day, over 38 weeks in a year. The audit found that both local authority and partner provider nurseries have policies and procedures in place to mitigate the risk that these requirements are not met.</p> <p>The census process used by the Council to monitor the partner providers' delivery</p>	

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helps to ensure that the partner provider is meeting the statutory requirements for delivery, and that the Council is not paying for excess hours claimed by the partner providers.
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Strength of Internal Controls:	Strong
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### 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.

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 staff in Education and Children's Services during this audit.

### Feedback

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

### Distribution

This report has been distributed to:

B Malone, Chief Executive

J Fyffe, Executive Director, Education & children's Services

B Atkinson, Depute Director, Education & Children's Services

S Devlin, Head of Education Services (Early Years and Primary)

J Pepper, Head of Children and Family's Services

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J Symon, Head of Finance

G Boland, Senior Business & Resources Manager, Education & Children's Services

J Clow, Service Manager, School Improvements Service

L Richards, Service Manager, Children & Family's Services

K Robertson, Operations Manager, Support Services, Education & Children's Services

G Taylor, Head of Democratic Services

P Dickson, Complaints & Governance Officer

External Audit

### Authorisation

The auditors for this assignment were R Slaski and R Clarke from KPMG. The supervising auditor was S Burden from KPMG.

This report is authorised for issue:

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Jacqueline Clark  
Chief Internal Auditor  
Date: 27 March 2015

## Appendix 1: Summary of Action Points

No.	Action Point	Risk/Importance
1	Confirmation of eligibility	Low
2	Guidance on alternative spaces	Low
3	Alternative arrangements for looked after two year olds	Low





## Appendix 2: Action Plan

### Action Point 1 - Confirmation of eligibility

When a parent applies for a child to attend a local authority nursery they must present the child's birth certificate to confirm that the child is eligible. On review of the child's birth certificate by the school or nursery, the officer completes and signs the relevant section of the application form.

For two of the 25 applications sampled, the birth certificate section had not been completed fully. One did not contain the signature of the officer to evidence their review, and one did not document the birth certificate number.

The Council does not require sight of identification, for example a birth certificate, for children attending nursery at a third party provider. Therefore the Council may be at risk of paying for early learning and childcare delivered by partner providers for children who are not eligible.

There are a number of mitigating controls in place, as detailed below, and as a result the risk is considered to be low.

The partner provider contract with the Council is explicit in defining eligibility for funding based on the age of the child.

The census that the partner provider is required to submit every four months requires dates of birth of children to be submitted and must be signed off by the nursery manager.

As part of the census process parents are required to complete and sign a parental disclosure form that includes the child's date of birth.

In 2015/16 the partner providers will be moving to the Council's Nursery Application Management System (NAMS), which local authority nurseries are already using. Within NAMS a child's unique reference number is their birth certificate number; therefore this move will ensure that birth certificates are reviewed by all partner providers.

### Management Action Plan

The requirement to document the birth certificate checks for new applicants will be reiterated to all schools and the application process for fully funded partner provider places will be enhanced to ensure that birth certificates are required to be seen to check the eligibility of applicants.

Importance:	Low
Responsible Officer:	J Clow, Service Manager, School Improvements Service

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Lead Service:	Education and Children's Services
Date for Completion (Month / Year):	April 2015
Required Evidence of Completion:	Memo to all schools reminding of requirement for accuracy around birth certificates. Revised/updated Partner Provider paperwork requiring birth certificate numbers to be collected.

### Auditor's Comments

Satisfactory
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## Action Point 2 - Guidance on alternative spaces

The Council has an obligation to offer 600 hours of early learning and childcare to any eligible child where this is requested by the child's parent or carer. This includes offering a space at an alternative nursery if the family is unsuccessful in their application to their first choice.

There is a publically available guidance in place for all nurseries and schools to follow, however, there is no clear statement to ensure institutions highlight to parents the Council's duty of care to offer 600 hours of early learning and childcare at another nursery if unsuccessful in their obtaining a place at their first choice. There is a risk therefore that parents will not be aware that they are guaranteed 600 hours by the Council.

### Management Action Plan

The publically available Policy and Guidelines for Admission to Nursery Schools and Classes will explicitly state that, where a parent or carer is unsuccessful in their application to their first choice school or nursery, an alternative placement will be made available in another setting.

Importance:	Low
Responsible Officer:	J Clow, Service Manager, School Improvements Service
Lead Service:	Education and Children's Services
Date for Completion (Month / Year):	February 2016
Required Evidence of Completion:	Updated Policy and Guidelines for Admission to Nursery Schools and Classes 2016-17

### Auditor's Comments

Satisfactory

### Action Point 3 - Alternative arrangements for looked after two year olds

While it was confirmed that the wellbeing of looked after children is assessed using the criteria contained in section 96 of the Act, the audit found that an explicit decision is not made about whether the child should receive early learning and childcare under the provisions of the Act, or whether alternative arrangements would better promote or safeguard the child's wellbeing. An example of such alternative arrangements is that the child receives care from their foster parents rather than in a nursery.

There is a risk that the Council falls short of the requirement under section 49 of the Act to make the necessary assessment about the child's wellbeing in relation to early learning and childcare.

### Management Action Plan

The decision-making and preparation of individual plans for looked after 2 year olds who are eligible for early learning and childcare is the responsibility for the lead professional social worker and takes place in the decision-making processes for looked after children within the Children and Families Service. The child's needs are well-documented within each child's plan. A new system will be devised to ensure that this decision is carefully recorded in relation to the looked after population of 2 year olds in order to fulfil the requirements of the Act.

Importance:	Low
Responsible Officer:	L Richards, Service Manager
Lead Service:	Children and Family Services
Date for Completion (Month / Year):	30 April 2015
Required Evidence of Completion:	Revised documentation

### Auditor's Comments

Satisfactory