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Council Building  
2 High Street  
Perth  
PH1 5PH

15/06/2021

A meeting of the **Audit Committee** will be held virtually on **Monday, 21 June 2021** at **09:00**.

If you have any queries please contact Committee Services on (01738) 475000 or email [Committee@pkc.gov.uk](mailto:Committee@pkc.gov.uk).

**BARBARA RENTON**  
Interim Chief Executive

***Those attending the meeting are requested to ensure that all notifications are silent on their device and other devices are in silent mode.***

***Please note that the meeting will be broadcast online and recorded. The recording will be publicly available on the Council's website following the meeting.***

**Members:**

Councillor Eric Drysdale (Convener)  
Councillor Stewart Donaldson (Vice-Convener)  
Councillor Liz Barrett  
Councillor Harry Coates  
Councillor David Illingworth  
Councillor Roz McCall  
Councillor Xander McDade



## **Audit Committee**

**Monday, 21 June 2021**

### **AGENDA**

**MEMBERS ARE REMINDED OF THEIR OBLIGATION TO DECLARE ANY FINANCIAL OR NON-FINANCIAL INTEREST WHICH THEY MAY HAVE IN ANY ITEM ON THIS AGENDA IN ACCORDANCE WITH THE COUNCILLORS' CODE OF CONDUCT.**

**PLEASE NOTE THAT ALTHOUGH THE PRE-AGENDA MEETING IS NOT SUBJECT TO THE TERMS OF THE LOCAL GOVERNMENT (SCOTLAND) ACT 1973 IT IS RECOMMENDED THAT THE CONTENTS OF REPORTS AND DISCUSSIONS AT THE MEETING CONSTITUTE INFORMATION WHICH IS EXEMPT IN TERMS OF SCHEDULE 7A TO THAT ACT, AND THEREFORE, YOU SHOULD NOT DISCLOSE TO OR DISCUSS WITH ANY MEMBER OF THE PRESS OR PUBLIC ANYTHING CONTAINED IN REPORTS OR DISCLOSED DURING DISCUSSIONS.**

- |                 |  |                |
|-----------------|--|----------------|
| <b>1</b>        | <b>WELCOME AND APOLOGIES/SUBSTITUTES</b>   |                |
| <b>2</b>        | <b>DECLARATIONS OF INTEREST</b>  |                |
| <b>3</b>        | <b>MINUTE OF MEETING OF AUDIT COMMITTEE OF 2 DECEMBER 2020 FOR APPROVAL</b><br>(copy herewith) | <b>5 - 6</b>   |
| <b>4</b>        | <b>INTERNAL AUDIT FOLLOW UP</b><br>Report by Chief Internal Auditor (copy herewith 21/96)      | <b>7 - 10</b>  |
| <b>5</b>        | <b>INTERNAL AUDIT UPDATE</b><br>Report by Chief Internal Auditor (copy herewith 21/97)         | <b>11 - 16</b> |
| <b>5(i)</b>     | <b>CORPORATE AND DEMOCRATIC SERVICES</b>   |                |
| <b>5(i)(a)</b>  | <b>20-05 EU WITHDRAWAL</b><br>(copy herewith 21/98)  | <b>17 - 22</b> |
| <b>5(ii)</b>    | <b>EDUCATION AND CHILDREN'S SERVICES</b>   |                |
| <b>5(ii)(a)</b> | <b>20-09 ECS PAYMENTS</b><br>(copy herewith 21/99)   | <b>23 - 36</b> |

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## AUDIT COMMITTEE

Minute of Meeting of the Audit Committee held virtually via Microsoft Teams on Wednesday 2 December 2020 at 09.30am.

Present: Councillors E Drysdale, S Donaldson, C Ahern (substituting for Councillor H Coates), D Illingworth, R McCall, X McDade and M Williamson (from item 5 onwards).

In Attendance: L Simpson, J Clark, S Mackenzie, K Molley, A Brown, M Pasternak, L McGuigan and B Parker (all Corporate and Democratic Services); F Crofts (Housing and Environment); and J Cockburn (Education and Children's Services)

Apology: Councillor H Coates

Councillor E Drysdale, Convener, Presiding.

### 1. WELCOME AND APOLOGIES/SUBSTITUTIONS

The Convener welcomed everyone to the meeting and an apology was noted above.

### 2. DECLARATIONS OF INTEREST

There were no declarations of interest in terms of Councillors' Code of Conduct.

### 3. MINUTE OF MEETING OF THE AUDIT COMMITTEE OF 16 SEPTEMBER 2020 FOR APPROVAL

The minute of meeting of the Audit Committee of 16 September 2020 was submitted and approved as a correct record.

### 4. INTERNAL AUDIT FOLLOW UP

There was submitted a report by Chief Internal Auditor (20/234) presenting a current summary of Internal Audit's 'follow up' work relating to actions agreed arising from Internal Audit Reports.

#### **Resolved:**

It be approved that the proposed action outlined in report 20/234, be taken to progress the agreed Action Plans following the commencement of Services as a result of the COVID-19 pandemic.

### 5. INTERNAL AUDIT UPDATE

There was submitted a report by Chief Internal Auditor (20/235) presenting a summary of Internal Audit's work, including outcomes from consultancy work undertaken as part of the Internal Plan.

COUNCILLOR M WILLIAMSON ENTERED THE MEETING DURING THIS ITEM.

J Clark advised the Committee of amendments to the table on Internal Audit Activity in Appendix 1 of report (20/235) as follows:

- A19-04 – Transformation – Completed and considered at the Audit Committee on 2 December to **In Progress**
- A20-07 - Violence & Aggression – Completed and considered at the Audit Committee on 2 December 2020 to **In Progress**
- A20-12 – LEADER – In Progress to **Completed and considered at the Audit Committee on 2 December 2020**

In response to a question from question from Councillor S Donaldson regarding timing of the Violence & Aggression and Transformation reports coming to Audit Committee for consideration, J Clark advised these reports will be available for a future Audit Committee in 2021. L Simpson added that the Audit work around these reports has been completed, however, due to the complex nature of Transformation report, this has caused some delay.

**Resolved:**

- (i) The completion of assignments undertaken by Internal Audit since the last meeting of the Audit Committee on 16 September 2020, be noted.
- (ii) The potential impact of Internal Audit supporting the NHS Test and Protect service on the delivery of the Internal Audit Plan 2020/21, be noted.

The Committee considered the following final report:

**5(i) Corporate and Democratic Services**

**(a) 20-12 – LEADER**

There was submitted a report by the Chief Internal Auditor (20/237) on an audit to review regulatory compliance for the LEADER projects.

Members praised this report and thanked Internal Audit for their hard work.

**Resolved:**

Internal Audit's findings, as detailed in Report 20/237, be noted.

# **PERTH AND KINROSS COUNCIL**

## **Audit Committee**

**21 June 2021**

### **INTERNAL AUDIT FOLLOW UP**

**Report by Chief Internal Auditor**  
(Report No. 21/96)

#### **PURPOSE OF REPORT**

This report presents a current summary of Internal Audit's 'follow up' work relating to actions due for completion to December 2020.

#### **1. BACKGROUND AND MAIN ISSUES**

- 1.1 The Public Sector Internal Audit Standards (PSIAS) require the Chief Internal Auditor to establish a follow-up process to monitor and ensure that management actions have been effectively implemented. Internal Audit request evidence from Services which confirms that actions have been implemented and, therefore, controls have been improved.
- 1.2 Detailed follow up work was paused during the initial response to the COVID-19 pandemic and Internal Audit has been working with Services to review those actions which had previously agreed to review progress.
- 1.3 There are 35 actions awaiting completion recorded within the database, all of which have a revised timescale. Of these 14 were rated as high-risk actions, 18 as medium-risk and 3 as low-risk.
- 1.4 Of these 35, 12 actions related to the Internal Audit Report 19-01 Live Active Leisure (LAL) Income Collection and Reimbursement and a further 11 related to 19-10 Cash Collection. These two reports also accounted for 12 of the 14 High-risk actions.
- 1.5 Regarding Report 19-01, significant progress was made on these actions prior to lockdown in March 2020 with regular meetings of a PKC/LAL working group and additional work carried out by Services. A high number of outstanding actions are in relation to procedural updates. In this regard, procedures have been redesigned and training was carried out with campus staff in February 2020. As the campuses have not been operating since the beginning of the pandemic, the Finance team has been unable to verify whether revised procedures will be effective in addressing points raised. It is anticipated that the Campuses will resume normal activity in August 2021, allowing for procedural testing and embedding to be completed in advance of the October 2021 holidays. Whilst the above is the intention at present, it is recognised that there is potential for the pandemic to continue to have impacts upon the operational set-up, in both the shorter and longer term and this context will also be considered regarding processes and procedures as necessary.

- 1.6 Actions relating to Report 19-10 relate to improvements in the control environment for the collection of cash. It is recognised that this has not been undertaken in the same way throughout the pandemic. Consideration will be given to the majority of these in October with a view to ensuring that the risks identified during the review have been addressed.
- 1.7 For each of the above reports, it is proposed to provide the Audit Committee with an updated position for all actions at the Committee's first meeting in 2022.
- 1.8 The remaining actions have revised completion dates up to September 2021 and the primary reason for slippage in these actions has been the response to the pandemic and subsequent focus on recovery and renewal.

## 2. PROPOSALS

- 2.1 It is recommended that the Committee notes the current position regarding the progress of completion of agreed action plans within Services and the revised timescales for following up their progress.

## 3 CONCLUSION AND RECOMMENDATIONS

- 3.1 The Audit Committee is asked to note the current position regarding progress towards implementing agreed Action Plans.
- 3.2 It is recommended that the Audit Committee:
- i) Notes the current position in respect of the agreed actions arising from internal audit work.
  - ii) Receives an updated position on the actions arising from reports 10-01 and 19-10 at the first meeting of the Audit Committee in 2022 as detailed above.

### Author

Name	Designation	Contact Details
Jackie Clark	Chief Internal Auditor	<a href="mailto:InternalAudit@pkc.gov.uk">InternalAudit@pkc.gov.uk</a>

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## ANNEX

## 1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

<b>Strategic Implications</b>	<b>Yes / None</b>
Community Plan / Single Outcome Agreement	None
Corporate Plan	Yes
<b>Resource Implications</b>	
Financial	None
Workforce	None
Asset Management (land, property, IST)	None
<b>Assessments</b>	
Equality Impact Assessment	Yes
Strategic Environmental Assessment	None
Sustainability (community, economic, environmental)	None
Legal and Governance	None
Risk	Yes
<b>Consultation</b>	
Internal	Yes
External	None
<b>Communication</b>	
Communications Plan	None

### 1. Strategic Implications

#### Corporate Plan

- 1.1 The Council's Corporate Plan 2018– 2022 lays out five outcome focussed strategic objectives which provide clear strategic direction, inform decisions at a corporate and service level and shape resources allocation. They are as follows:

- (i) Giving every child the best start in life;
- (ii) Developing educated, responsible and informed citizens;
- (iii) Promoting a prosperous, inclusive and sustainable economy;
- (iv) Supporting people to lead independent, healthy and active lives; and
- (v) Creating a safe and sustainable place for future generations.

- 1.2 This report relates to all of these objectives.

### 2. Assessments

#### Equality Impact Assessment

- 2.1 Under the Equality Act 2010, the Council is required to eliminate discrimination, advance equality of opportunity, and foster good relations between equality groups. Carrying out Equality Impact Assessments for plans and policies allows the Council to demonstrate that it is meeting these duties.

- 2.2 The information contained within this report has been considered under the Corporate Equalities Impact Assessment process (EqIA) and has been assessed as **not relevant** for the purposes of EqIA.

#### Risk

- 2.3 There is a risk to the strength of the control environment if the agreed action plans are not carried out in a timely manner.

### **3. Consultation**

#### Internal

- 3.1 The Interim Chief Executive and the Executive Directors have been consulted in the preparation of this report.

### **2. BACKGROUND PAPERS**

No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above report.

### **3. APPENDICES**

None

# **PERTH AND KINROSS COUNCIL**

## **Audit Committee**

**21 June 2021**

### **INTERNAL AUDIT UPDATE**

#### **Report by Chief Internal Auditor (Report No. 21/97)**

#### **PURPOSE OF REPORT**

This report presents a summary of Internal Audit's work undertaken as part of the Internal Audit Plans for 2019/20 and 2020/21.

#### **1. BACKGROUND / MAIN ISSUES**

- 1.1 The Public Sector Internal Audit Standards (PSIAS) require that the Chief Internal Auditor reports periodically to the Audit Committee on internal audit activity and on performance relative to the approved plan.
- 1.2 From September 2020, since substantive audit work re-commenced following the response to the COVID-19 pandemic, Internal Audit has been contacted 9 times for advice/ guidance. Internal Audit will follow up on these areas during the year, where necessary. Where control issues arise as a result of this work, Internal Audit will provide the Audit Committee with a report. One such area has resulted in an additional report which is included in the agenda for this meeting of the Audit Committee.
- 1.3 As a result of re-tasking of Internal Audit staff, and of the availability of officers within Services to support Internal Audit work due to the focus on their response to the COVID-19 pandemic, there has been a delay in finalising assignments from the 2020/21 Internal Audit Plan. Outstanding work will be rolled forward for consideration for inclusion within planned Internal Audit work for 2021/22.
- 1.4 Appendix 1 shows the areas of work which have been undertaken since the meeting of the Audit Committee in December 2020 and the anticipated dates for finalising and reporting on the remaining Internal Audit assignments.
- 1.5 The Contracting assignments for 2019/20 and 2020/21 will be considered as part of a single report which is anticipated will be presented at the first meeting of the Audit Committee after the recess. It is further anticipated that all remaining reports from 2020/21 will be considered at that meeting.
- 1.6 Work has been completed to certify the Bus Service Operators Grant claims. In addition, Internal Audit has also supported Services in preparing for the release of matches associated with the 2021/22 National Fraud Initiative exercise and is overseeing the completion of this exercise.

- 1.7 In addition to undertaking work in connection with the Internal Audit Plan for Perth & Kinross Council, the team is undertaking assignments in relation to the Perth & Kinross Integration Joint Board.

## 2. CONCLUSION AND RECOMMENDATIONS

- 2.1 This report presents a summary of Internal Audit's work.

- 2.2 It is recommended that the Committee notes: -

- i) the assignments undertaken by Internal Audit since the last meeting of the Audit Committee.
- ii) the proposed dates for completion of planned Internal Audit work.

### Author(s)

Name	Designation	Contact Details
Jackie Clark	Chief Internal Auditor	<a href="mailto:Internal.Audit@pkc.gov.uk">Internal.Audit@pkc.gov.uk</a>

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## ANNEX

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<b>Strategic Implications</b>	<b>Yes / None</b>
Community Plan / Single Outcome Agreement	None
Strategic Plan	Yes
<b>Resource Implications</b>	
Financial	None
Workforce	None
Asset Management (land, property, IST)	None
<b>Assessments</b>	
Equality Impact Assessment	Yes
Strategic Environmental Assessment	None
Sustainability (community, economic, environmental)	None
Legal and Governance	None
Risk	Yes
<b>Consultation</b>	
Internal	Yes
External	None
<b>Communication</b>	
Communications Plan	None

### 1. Strategic Implications

Community Plan/Single Outcome Agreement

Corporate Plan

- 1.1 The Council's Corporate Plan 2018 – 2022 lays out five outcome focussed strategic objectives which provide clear strategic direction, inform decisions at a corporate and service level and shape resources allocation. They are as follows:

- (i) Giving every child the best start in life;
- (ii) Developing educated, responsible and informed citizens;
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- (iv) Supporting people to lead independent, healthy and active lives; and
- (v) Creating a safe and sustainable place for future generations.

- 1.2 This report relates to all of these objectives.

### 2. Assessments

Equality Impact Assessment

- 2.1 Under the Equality Act 2010, the Council is required to eliminate discrimination, advance equality of opportunity, and foster good relations between equality groups. Carrying out Equality Impact Assessments for plans and policies allows the Council to demonstrate that it is meeting these duties.

- 2.2 The information contained within this report has been considered under the Corporate Equalities Impact Assessment process (EqIA) and has been assessed as **not relevant** for the purposes of EqIA.

### Risk

- 2.3 The risks are associated with the level of assurance provided on the control environment in the event that Internal Audit's planned work is not completed on time.

## **3. Consultation**

### Internal

- 3.1 The interim Chief Executive and Head of Legal and Governance have been consulted in the preparation of this report.

## **2. BACKGROUND PAPERS**

No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above report.

## **3. APPENDICES**

Appendix 1 – Internal Audit Activity

## Appendix 1

## INTERNAL AUDIT UPDATE

## Internal Audit Activity

Audit No.	Title	Service(s)	Status as at December 2020	Audit Committee
<b>2019/20</b>				
A19-04	Transformation	All Services	In progress	September 2021
A19-06	Contracting	All Services	In progress	September 2021
<b>2020/21</b>				
C20-01	Recovery & Renewal	All Services	Completed	June 2021
A20-02	Financial Sustainability	Corporate & Democratic Services	In progress	September 2021
A20-03	Digital IT Assets	Corporate & Democratic Service	Planned	September 2021
A20-04	Contracting	All Services	In progress	September 2021
A20-05	EU Withdrawal	Communities	Completed	June 2021
A20-06	COVID-19 Grants	Corporate & Democratic Services	Planned	September 2021
A20-07	Violence & Aggression	Education & Children's Services	In progress	September 2021
A20-08	Scottish Welfare Fund	Corporate & Democratic Services	Planned	September 2021
A20-09	Education & Children's Services Payments	Education & Children's Services	Completed	June 2021
A20-10	Horsecross Arts	Communities	In progress	September 2021
A20-11	Tay Cities Deal	Communities	Planned	September 2021
A20-12	LEADER	Communities	Completed	December 2020
A20-13	Bus Service Operators Grant	Housing & Environment	Completed	Not applicable



Internal Audit Report



Internal Audit Report

Corporate Services

EU Withdrawal

Assignment No 20-05

Date of Issue 23 Feb 2021

**Final Report**  
(Report No. 21/98)

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

## Internal Audit Report

## 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 internal audit plan for 2020/21, approved by the Audit Committee on 16 September 2020. The plan identified withdrawal from the European Union within key themes. This review continues on from an earlier EU Withdrawal report [19-08](#) in January 2020 and considers the Council’s preparedness for EU exit during the transition period ending 31 December 2020. Terms and conditions negotiated between the EU and UK for arrangements for trade, border controls, security co-operation, working and travel were agreed in December 2020. These passed through UK Parliamentary procedure and came into force with immediate effect. The new Trade and Cooperation Agreement or Treaty is available to read [here](#) with a summary explainer document available [here](#).

## Scope and Limitations

The audit scope reviews the Council’s preparedness for EU withdrawal during the exit transition period at Corporate level, taking into account the Corporate risk register to January 2021. Therefore, emerging risks and updated issues identified by the Council’s EU Exit Group [referred to as the ‘Group’] are included. In October 2020, COSLA advised Local Authorities to prepare for a No Deal or at best a Minimal Deal. As Covid19 emergency restrictions came into force to manage the pandemic, issues for Council services, communities and partnerships were included. The dynamic nature of this scope has required the Council to be flexible and agile.

Review of impact on Council services within the detail of the new Agreement has yet to be fully understood. Early observation suggest that the Agreement has some areas with clearly articulated rules and other areas that are open to interpretation. As the Council’s Legal Team has not yet undertaken a thorough review of the Agreement, details are excluded from this scope.

## 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, based on 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.

## Internal Audit Report

During 2020 Corporate Risks referred to EU withdrawal included:-

- Competition for labour arising from a reducing working age population, increasing demands for services and the impact of EU Exit may impact on the Council's ability to recruit and retain suitably skilled and experienced staff [C05]
- As a consequence of EU Exit there is a risk that there is reduced availability of funding previously provided through EU Grants. Also, as a result of economic pressures and resultant known impact arising from Covid19, there has been a significant downturn in the local economy which could worsen and have wide-ranging impacts on PKC, local communities and businesses [C14 & 15 merged]

New emerging risks were identified as the Transition period drew to a close in 2020. These are noted in a separate control area below.

This review will focus on controls to manage these risks above.

Control Objective [1]: Controls are in place to manage risks of competition for labour arising from trends including the impact of EU Exit impacting on the Council's ability to recruit and retain suitably skilled and experienced staff

Internal Audit Comments:

In response to the Corporate risk identified for work and employment, the Council's EU Exit Group has been working with its partners on a specific workstream dedicated to Workforce issues.

The Group aims are to ensure the Council and its partner organisations including Arm's Length Organisations, communities and businesses are prepared for the UK exit from the EU; that risks are managed or mitigated, with opportunities maximised in Perth & Kinross area. To achieve these, the Group has several objectives and applied resources to monitor areas including the Workforce. workstream. The group has reported regularly on progress. The wider effect on Communities and information received from Home Office around EU Settlement Scheme was included within the Communities workstream and Communications workstream to publicise information on the website.

Workforce planning implications of employees intending or not to remain in the UK after the EU exit are being managed and EU Exit implications included in a new Workforce Plan. Updates and progress were provided regularly to the Council's Policy and Governance Group and Executive Officers' Team. A session was arranged with the Ethnic Minority Law Centre, to support staff with EU exit related issues and make people aware of settled status application. Furthermore, the Council has worked with community planning partners, commercial and third sector organisations, Health and Social Care Partnership with NHS Tayside, local and national contingency resiliency groups to assist in managing Employment risks.

## Internal Audit Report

By January 2021, an issue reported was that EU nationals are currently unable to access local centre for registering their documents for Settled status (Perth Registrars), due to Covid restrictions. This service was to be provided for EU nationals who do not have access to digitally registering their information. Current process requires documents and a photograph to be scanned, plus a facial recognition scan; however, there is an increased risk of virus spreading with handling of documents and close contact of less than 2 metres. The situation was reviewed in February 2021 and it was still not safe to restart the service. It is unlikely that this will now be possible before the EU Settlement scheme deadline of 30 June 2021.

The Health and Social Care Workstream awaits Government guidance regarding applications for permanent residency for people who lack capacity, and who have no-one to advocate on their behalf.

Strength of Internal Controls:

Strong

Control Objective [2]: Controls are in place to manage risks of reduced availability of funding previously provided through EU Grants, economic pressures and known impacts arising from Covid19 on services for the economy

Internal Audit Comments:

Awareness of funding provision and implications is being monitored by the economy and business workstream of the EU Exit Group. There is no clarity as yet over post EU exit UK replacement grant funding (UK Shared Prosperity Fund) to fund economic development projects. Monitoring of the impact of Brexit on local Business via overall Business Surveys/Barometer is taking place. The EU Exit Communications Plan has been updated.

The Council's medium-term financial plans 2021-27, reported to full Council in September 2020 refers to income uncertainties ahead with full impact of EU withdrawal in relation to the economy, communities and public sector funding still evolving, creating income uncertainties.

Known impacts and economic pressures arising from Covid19 on services and resources are noted in the updated corporate risk register at Nov 2020. This impacts on many service areas including financial resilience, community vulnerability and increased demand, workforce, economic risks to businesses with covid19 restrictions, additional costs affecting revenue budgets. Briefing sessions have taken place on a regular basis to update Council Members, management leads and partners, including Arm's Length Organisations. Restrictions to manage the pandemic continue to affect Council services and the community partners in 2021.

Strength of Internal Controls:

Strong

## Internal Audit Report

Control Objective [3]: Regular reviews are carried out to identify new emerging risks during EU Exit transition	
<p>Internal Audit Comments:</p> <p>The Council's EU Exit Group reported more frequently as transition period progressed, identifying new emerging risk areas and updating the EU Exit Preparedness Assessments. This paralleled the Corporate risk reporting process; corporate risks updated for emerging issues and elected Members Groups kept informed. The Council Executive Officer Team and Policy and Governance Group were regularly updated on new risks, for example risk of a 'hard deal' exit as recommended by COSLA in October 2020. Another emerging risk was of priority work of staff on Covid 19 response, recovery and renewal resulting in insufficient staffing capacity to ensure preparedness for EU Exit Planning.</p> <p>The EU Exit group reported on other workstreams running concurrently to manage the EU Exit transition effects including Contingency and Resiliency, IT, Supply Chain and Procurement and Regulatory Services workstreams. Regular discussions were held with community partners and the Tayside Local Resilience Partnership.</p> <p>The Group is monitoring events and terms in the new Agreement for issues that may affect Council services and partners. One item for example relates to UK owned data stored in the EU/EEA and free flow of personal data from the EU/EEA to the UK. A bridging mechanism will be applied for up to six months, but no firm 'deal' exists for UK owned data stored in the EU/EEA. The Information Commissioner's advice is being taken to implement Standard Contractual Clauses, business system owners informed and location of personal data in externally hosted or cloud-based business applications is being monitored by the IT workstream in the Group.</p> <p>A specific workstream is reviewing the Agreement as it refers to procurement and supply chain. Procurement documents are being updated to reflect changes in Regulation and identification of categories where there may be some interruption to supply is underway, for Services to be notified. Dialogue between local officers and many other bodies continues.</p>	
Strength of Internal Controls:	Strong

## Management Action and Follow-Up

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

This audit has not identified any areas where a response by management is required, therefore there are no appendices or action plan.

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.

## Internal Audit Report

## Acknowledgements

Internal Audit acknowledges with thanks the co-operation of all officers involved during this audit.

## Feedback

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

## Distribution

This final report will be distributed to

B Renton, Interim Chief Executive

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

G Paterson, Director of Integrated Health and Social Care/Chief Officer

K Donaldson, Chief Operating Officer

C Mailer, Depute Director – Communities

J Pepper, Depute Director, Education & Children's Services and Chief Social Work Officer

S MacKenzie, Head of Finance, Corporate and Democratic Services

L Simpson, Head of Legal and Governance Services

A Seggie, Service Manager, Employability, Skills & Special Projects Manager within Planning & Development CDS

C Mackie, Transformation Manager, CDS - Business Transformation and Improvement

S Munro, Human Resources Team Leader, Reward & Wellbeing

Pat Nicoll, Senior Human Resources Officer

External Audit

Committee Services

## Authorisation

The auditor for this assignment was N Duncan.

This report is authorised for issue:

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Date: February 2021

## Internal Audit Report



Internal Audit Report  
Education & Children's Services  
ECS Payments  
Assignment No 20-09.  
Date of Issue May 2021

## Final Report

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

## Internal Audit Report

### 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 internal audit plan for 2020/21, approved by the Audit Committee on 16 September 2020.

During 2020-21, Covid-19 national emergency restrictions resulted in changes to school terms with attendance moving from onsite to online, often at short notice. Response to local infection rates required flexible, agile planning by Perth and Kinross Council to provide continued support for young learners and their families. Learning online increased digital inclusion as learners worked at home and self-isolate after positive tests. Expansion of services provided free school meals over and above national requirements, with processes expanded to ensure all eligible young learners had support. Service changes during this period affected school timetable, sites for learning, expanded provision for receiving school meal benefits and how these were processed.

### Scope and Limitations

This audit offers a view of the Council’s procedures for managing Education & Children’s Services [ECS] payments during the Covid19 emergency in the financial year 2020-21, focusing on provision for free school meals. This change extended the ‘Fuel for Fun’ programme for holiday support offered by the Council prior to the emergency beginning in March 2020. Within the definition of free school meals is the provision of a free school meal alternative – direct cash payment, voucher or home delivery of food, as set out in the terms and conditions of the Scottish Government support. Themes reviewed risks and opportunities identified in the Council’s risk registers, including potential inequality and risks to vulnerable children and young people with additional needs. Corporate strategic risks referred to potential risk of failure to meet increased demand for childcare, particularly of parents who require childcare to return to essential work, as schools and early learning and childcare provision returned on a phased basis.

No locations were visited with national and local restrictions to sites. Testing was by online enquiry of officers involved and online review.

Key officers interviewed included Finance & Governance Manager, Education & Children’s Services (ECS) – Finance, Service Manager Business Service ECS and the Assistant Finance Manager, ECS.

## Internal Audit Report

## 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, based on 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 Objective1: To ensure that change in Education & Children's Services Payments including free school meals as a result of Covid19 restrictions is managed adequately to meet support needs for vulnerable young people	
<p>Internal Audit Comments:</p> <p>Changes to school services provision are communicated through several streams – social media, schools communications and the Council website. Currently the website publicises Free School Meals being offered to all pupils in P1 to P3 without the need for parents/carers to submit an application form. An application is needed for those P4 onwards. Schools communicated with families of young learners to ensure awareness of service changes. As new pupils' details were required at short notice, new methods were introduced. Free School Meals processes are recorded under the Council's Register of Processing Activities to comply with Data Protection legislation.</p> <p>The Council provided free school meals services above and beyond the terms set out nationally in respect of universal P1-P3 free school meals during the period 23 March to 1 July 2020. Following the success in continuing direct payments for free school meals during the Easter, summer and October holiday periods, the Council continued these payments over the Christmas holiday period for those families entitled to free school meals through receiving a qualifying benefit. Families eligible for universal P1-P3 free school meals received payment without needing to apply during the period 23 March to 1 July 2020 as eligible benefits are not a requirement for this universal provision. Payments were made by Education and Children's Services and contact details were provided in event of any queries.</p> <p>Income received from the Scottish Government was subject to compliance to terms and conditions. Perth &amp; Kinross Council was awarded payments for free school meals including –</p> <ul style="list-style-type: none"> <li>• £214,000 in July 2020 for the summer holiday period July to 10 August 2020</li> <li>• £118,000 in December 2020 for December and February 2021 holidays</li> <li>• Additional funding allocations for continued provision of free school meals in January, February and an additional £68,000 in March 2021</li> </ul> <p>These were reported in the revenue monitoring statements presented to Council in September 2020 and December 2020. The Finance and Governance Manager reported confidence in processes in place to comply with terms and conditions. Processes for making payments moved online for all and included secondary checks before payments and records detail are recorded in the ledger.</p>	
Strength of Internal Controls:	Moderately strong

## Internal Audit Report

Control Objective: To ensure that emerging risks, issues and any opportunities relating to Education & Children's Services Payments during Covid19 planning response are taken into account and managed	
<p>Internal Audit Comments:</p> <p>Any risks, issues or opportunities arising from changes affecting Education &amp; Children's Services payments were managed as follows:-</p> <p>During the initial period of lockdown as a result of the pandemic (March 2020), risks were managed and decisions made by the Chief Executive under the emergency powers provided in accordance with the Scheme of Administration. The Chief Executive was supported by Gold Command which reported emerging risks and issues on a weekly basis to the Elected Member Sounding Board which comprised the leaders of all groups. Decisions made under emergency powers were also reported publicly by way of a report the next available meeting of full Council.</p> <p>Given the unprecedented environment in which the Council was operating, new and emerging risks and issues were continually monitored and prioritised in accordance with the Council's risk management strategy. The new operational demands placed on the Council in responding to the pandemic meant that other areas of operational business were de-prioritised to ensure that resources were directed to maintaining the health and wellbeing of communities and protecting the most vulnerable.</p> <p>Within ECS, risks are reviewed quarterly and take into account emerging risks, issues and opportunities.</p> <p>In July 2020, the Scottish Government provided income of £214,000 to the Council towards continuing support for free school meals during the holiday period July to 10 August 2020.</p> <p>In December 2020, the Scottish Government provided an additional £118,000 to the Council to support the continuation of free school meal provision across Christmas and February holidays, and to reimburse for provision offered during the October break.</p> <p>The Council's Record of Processing Activities include reference <a href="#">here</a> to records for free school meals which complies with data protection policies.</p>	
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.

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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 Business & Resources team in ECS during this audit.

### Feedback

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

### Distribution

The final report will be distributed to :

B Renton, Interim Chief Executive

S Devlin, Executive Director Education & Children's Services

K Donaldson, Chief Operating Officer

J Pepper, Depute Director, Education & Children's Services and Chief Social Work Officer

G Boland, Head of Business & Resources, ECS

S MacKenzie, Head of Finance, CDS

L Simpson, Head of Legal and Governance Services

K Robertson, Service Manager (Business Services), ECS - Business and Resource Services

J Cockburn, Finance and Governance Manager, ECS – Business and Resource Services

L Oswald, Assistant Finance Manager, ECS Business and Resource Services Committee Services

External Audit

## Internal Audit Report

## Authorisation

The auditor for this assignment was N Duncan. The supervising auditor was J Clark

This report is authorised for issue:

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J Clark  
Chief Internal Auditor  
Date:



## Summary of Action Points

No.	Action Point	Risk/Importance
1	Security of personal data	Medium



## Action Plan

### Action Point 1 - Security of personal data

ECS services are to be highly commended for ensuring continuing support to clients – families and young learners throughout the changes during the Covid19 emergency response in 2020-21.

The need to create new accounts quickly for new clients at the beginning of the pandemic lockdown was met swiftly by implementing new processes to capture essential data needed to make ECS payments as officers moved to digital and online working in March 2020. The Service quickly introduced new procedures for collating details required to ensure support of all young learners eligible during March and April 2020. This was an exceptionally difficult time for administrators to manage while moving to home-working.

The Council's Register of Processing Activities includes an entry for the processing of personal data of young people towards providing a free school meals service. However, evidence of a Data Protection Impact Assessment has not been found.

Audit Scotland refers to Covid19 effect on public services, the need for rapid change and adaption to new circumstances and governance. The public spending watchdog offers resources for managing solutions for Covid19 since 2020 <sup>1</sup> and plans more guidance to support moves beyond the response phase of the pandemic into recovery and renewal.

### Management Action Plan

Either a pre-data protection impact assessment checklist or a data protection impact self - assessment of processes managing personal data for ECS free school meals payments is carried out to comply with the Council's Data Protection Policy.

Risk/Importance:	Medium
Responsible Officer:	Service Manager (Business Services), ECS - Business and Resource Services
Lead Service:	ECS Business Services
Date for Completion (Month / Year):	Completed

<sup>1</sup> Audit Scotland resources at <https://www.audit-scotland.gov.uk/covid-19>

Required Evidence of Completion:	Confirmation received that the pre data protection impact assessment checklist has been signed off and confirming a full data protection impact assessment is not required.
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**Auditor's Comments**

Satisfactory
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