

Item: 6.2

Monitoring and Audit Committee: 17 November 2022.

Internal Audit Report: Early Learning and Childcare Data Returns.

Report by Chief Internal Auditor.

1. Purpose of Report

To present the internal audit report on systems and processes used to produce Early Learning and Childcare returns to Scottish Government and to assess reliability and accuracy of data in the returns.

2. Recommendations

The Committee is invited to note:

2.1.

That Internal Audit has undertaken an audit on systems and processes used to produce Early Learning and Childcare returns to Scottish Government and to assess reliability and accuracy of data in the returns.

2.2.

The findings contained in the internal audit report, attached as Appendix 1 to this report, on systems and processes used to produce Early Learning and Childcare returns to Scottish Government and an assessment of the reliability and accuracy of data in the returns.

It is recommended:

2.3.

That the Committee review the audit findings to obtain assurance that action has been taken or agreed where necessary.

3. Background

3.1.

Early Learning and Childcare (ELC) describes the care and learning services that children receive before starting school. In Orkney, ELC is provided through a range of local authority nurseries and partnership childminders.

3.2.

The Council provides various ELC data directly to the Scottish Government, contained within the ELC Census Report, ELC Status Reports, the ELC Infrastructure Report and Financial Information Reports.

3.3.

The objective of this audit was to review the systems and processes from which information is produced for the various Early Learning and Childcare returns to the Scottish Government and to assess the reliability and accuracy of the data included in the returns.

4. Audit Findings

4.1.

The audit provides substantial assurance that procedures and controls relating to Early Learning and Childcare Data Returns are well controlled and managed and that the data provided is reliable and accurate.

4.2.

The internal audit report, attached as Appendix 1 to this report, does not include any recommendations.

4.3.

The Committee is invited to review the audit findings to obtain assurance that action has been taken or agreed where necessary.

5. Corporate Governance

This report relates to the Council complying with governance and scrutiny and therefore does not directly support and contribute to improved outcomes for communities as outlined in the Council Plan and the Local Outcomes Improvement Plan.

6. Financial Implications

There are no financial implications associated directly with the recommendations in this report.

7. Legal Aspects

Complying with recommendations made by the internal auditors helps the Council meet its statutory obligations to secure best value.

8. Contact Officers

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Barrie Hamill, Internal Auditor, extension 2182, email barrie.hamill@orkney.gov.uk.

9. Appendix

Appendix 1: Internal Audit Report: Early Learning and Childcare Data Returns.



Internal Audit

Audit report

Early Learning and Childcare Data Returns

Draft issue date: 14 October 2022

Final issue date: 3 November 2022

Distribution list:	Corporate Director for Education, Leisure and Housing Interim Head of Education Service Manager, Early Learning and Childcare Early Learning and Childcare Programme Manager
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Contents

Audit Opinion	1
Executive Summary	1
Introduction	2
Audit Scope.....	2
Audit Findings	4
Key to Opinion and Priorities.....	6

Audit Opinion

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

Substantial

The framework of governance, risk management and control were found to be comprehensive and effective.

A key to our audit opinions and level of recommendations is shown at the end of this report.

Executive Summary

The expansion of Early Learning and Childcare (ELC) is a key Scottish Government commitment. Progress is monitored through the collection and publishing of data on the funded ELC entitlement. The main source of data is the annual ELC Census, but information is also obtained through a number of other returns.

Our audit work confirmed that, for the reports examined: -

- Figures submitted were in accordance with the underlying evidence held in source systems.
- Returns were fully completed and in accordance with relevant guidance provided by the Scottish Government.
- Procedures for checking and reviewing data prior to submission were in place.

It has not been necessary to make any recommendations as a result of our audit review.

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

Introduction

Early Learning and Childcare (ELC) describes the care and learning services that children receive before starting school. In August 2020, the Scottish Government extended the hours of funded ELC from 600 to 1,140. The expansion was paused due to the COVID-19 pandemic but since August 2021 all three and four-year-olds as well as eligible two-year-olds in Scotland have been entitled to 1,140 hours of free ELC per year funded by the Scottish Government and local authorities.

In Orkney, ELC is provided through a range of local authority nurseries and partnership childminders.

The Council provides various ELC data to the Scottish Government, contained within a number of returns. These include: -

- The ELC census, data for which is collected on an annual basis and published as part of the Summary Statistics for Schools in Scotland Report. The 2021 Statistics for Schools in Scotland Report was published on 14 December 2021. It provided information on ELC provision collected in the week commencing 13 September 2021.
- A report on ELC status which aims to gain information on the status of ELC delivery and capacity in each local authority at the start of each academic term (January, April and August).
- Progress reports on the infrastructure (renovation/extensions) works required to operate the expansion of ELC to 1,140 hours.
- The collection of financial information in order to develop a detailed understanding of the costs of providing ELC, to inform the setting of the funding quantum for the ring-fenced element of ELC provision from 2023/24 onwards.

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

Audit Scope

The objective of this audit was to review the systems from which information is produced for the various Early Learning and Childcare returns to the Scottish Government and to assess the reliability of the data included in the returns.

Audit work included but was not limited to: -

- Obtaining copies of relevant reports.
- Identifying the sources of information contained in those reports.
- Reviewing that the information submitted was in accordance with the underlying evidence held on source systems.
- Checking that reports were completed in accordance with the relevant guidance.
- Assessing the procedures in place for completing, checking and reviewing data prior to submission.
- Checking that reports are submitted in accordance with stated deadlines.

Our audit work focussed on: -

- The ELC Census, results of which were published in the 2021 Statistics for Schools in Scotland Report.
- The ELC status reports on ELC delivery and capacity submitted in September 2021 and February 2022.
- The ELC infrastructure expansion reports submitted in September 2021 and January 2022.
- The Financial data report submitted in February 2022.

Audit Findings

1.0 Reports completed in accordance with relevant guidance.

- 1.1 Reports were reviewed in conjunction with applicable guidance supplied. Each section of the returns was checked to ensure that the guidance was being followed. Our review found that returns were completed fully and in accordance with any guidance provided.

2.0 Information submitted in accordance with underlying evidence

- 2.1 The submissions reviewed contain significant amounts of data. This includes a multitude of types of information relating to settings, registrations, workforce, expenditure and infrastructure improvements. Information includes both current and forecast data. Where the option was available to provide additional explanation or context this was used.
- 2.2 As part of the audit, a sample of information from each of the returns was selected for detailed investigation to ensure that data returned was in accordance with the underlying evidence. A number of information sources were examined, including school submissions, education department databases, committee reports, information on the Council's website, Council financial returns, and staff workings and calculations. Data was also checked for consistency with previous reports and where relevant, the other submissions reviewed.
- 2.3 Audit work carried out, indicated that the information submitted in the various returns was consistent with the data held in source systems.

3.0 Reports are checked and reviewed prior to submission

- 3.1 The main source of data used by the Scottish Government to collect and publish data on the funded ELC entitlement is the annual ELC Census which is published as part of the Summary Statistics for Schools in Scotland Report. This is the only report of the four examined that reports Orkney data separately. With the others, published data is reported at a national level.
- 3.2 The major source of this information comes from individual returns from each ELC setting. The guidance states that these should be sent to the local authority for checking prior to submission to the Scottish Government. Evidence was provided to show that this checking took place for the 2021 Census.
- 3.3 Work for this audit was being carried out near the conclusion of the 2022 Census information collection procedure. Internal Audit were invited to the meeting where key ELC staff carried out a detailed review of the submissions received from each individual setting for 2022. Where information did not match that held by Education, the discrepancy was noted for further investigation. Any settings yet to submit were listed to receive a reminder that day. The meeting was held two full working weeks before the Scottish Government deadline to give the Council the best possible chance in meeting the deadline.
- 3.4 The other returns are reviewed prior to submission by the Service Manager ELC, and with respect to the Financial return, the Corporate Director for Education, Leisure and Housing.
- 3.5 Submitted returns are also checked by the Scottish Government. Where they did raise queries or ask for further information, these requests were answered in a timely manner.

4.0 Reports are submitted in accordance with stated deadlines

- 4.1 Of the six reports examined, three were submitted on time and three were submitted after the deadline. Two reports were late by four working days and the third by 13 working days. Reasons for delay include query and error rectification and staff availability. The submission with the longest delay was the Financial report. Correspondence from the Scottish Government indicates when issuing the deadline for this report they understood the timescales to be challenging. There was also evidence that Orkney was not the only Council to miss the deadline. The 2021 Census was one of the reports submitted late. The 2022 Census was submitted within the required deadline.
- 4.2 Correspondence indicates that there is a good relationship between the Council and the organisations used by the Scottish Government to administer the submissions. It is not considered that there is any risk to the Council from the late submission of any of these reports.

Key to Opinion and Priorities

Audit Opinion

Opinion	Definition
Substantial	The framework of governance, risk management and control were found to be comprehensive and effective.
Adequate	Some improvements are required to enhance the effectiveness of the framework of governance, risk management and control.
Limited	There are significant weaknesses in the framework of governance, risk management and control such that it could be or become inadequate and ineffective.
Unsatisfactory	There are fundamental weaknesses in the framework of governance, risk management and control such that it is inadequate and ineffective or is likely to fail.

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 high 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.