North Lanarkshire Council
Report

Audit and Scrutiny Panel

☐ approval ☒ noting　　　**Ref** KA/ASP/Sept21　　**Date** 22/09/21

Internal Audit progress report

From: Ken Adamson, Audit and Risk Manager

E-mail: adamsonk@northlan.gov.uk　　**Telephone** 07939 280602

Executive Summary

The purpose of this report is to provide an overview of Internal Audit activity and to report the results of Internal Audit outputs finalised since the last update to the Panel in June 2021.

The report highlights the most significant issues arising from the completed audit work as well as providing updates on other aspects of the work of Internal Audit.

Appendix 1 provides a summary of the scope and key findings of each substantive planned audit report. In addition, full copies of these reports have also been included in the papers circulated to Panel members.

Recommendations

The Panel is invited to:

(a) note the findings, conclusions and recommendations of completed Internal Audit reports together with the associated management responses;

(b) consider whether there are any issues raised by Internal Audit which the Panel consider are sufficiently significant to require a further report from management to be submitted to a future meeting of the Panel;

(c) request that Internal Audit provide a report to future meetings of the Panel reporting progress made by management implementing agreed management actions in relation to all audit recommendations categorised as 'Red' or 'Amber'; and

(d) otherwise note this report.

The Plan for North Lanarkshire

Priority　　　　　　　　All priorities

Ambition statement　　All ambition statements

1.   Background

1.1   In September 2020, the Panel approved the 2020-21 Internal Audit Annual Plan which detailed a programme of work to be carried out. The 2021-22 Annual Plan was approved by the Panel in June 2021. The Internal Audit Charter, most recently approved by the Panel in February 2018, requires that the results of Internal Audit's work are periodically reported to the Panel. This report fulfils that expectation.

2.   Report

Audit reviews completed in the period

2.1   Table 1 below provides an overview of completed Internal Audit reports since the last update to the Panel in June. These outputs conclude the 2020-2021 Internal Audit Plan. Work is currently underway on assignments included in the approved 2021-22 Internal Audit Plan and this work will be reported to the Panel as it is completed with effect from the next committee cycle.

Table 1: Completed Internal Audit outputs in the period

Subject	Internal Audit Opinion
1. Public protection	Reasonable assurance (Green-Amber)
2. Follow-up: Scottish Attainment Challenge (SAC) and Pupil Equity Fund (PEF)	Reasonable assurance (Green-Amber)

2.2   Appendix 1 provides a summary of those reports forming part of the annual programmes of planned assurance work. Copies of all finalised reports are included in the supporting pack to these papers.

2.3   Appendix 2 contains detailed definitions of the categories used by Internal Audit when making recommendations, providing an audit opinion and on the extent of assurance which is being provided to management and Panel members on those systems or areas of Council operations examined by Internal Audit.

2.4   This report excludes audit outputs produced for the North Lanarkshire IJB which are reported directly to its senior management team and audit committee.

Commentary on completed planned 'core' Internal Audit work

2.5   The nature of Internal Audit exercises means that most reviews invariably find some scope for improvement, usually in the form of controls which are weak or only partially effective and, therefore, contain recommendations. I am pleased however, to be able to report that although we have identified a range of improvement actions and made a series of recommendations, all the finalised reports included in this progress report provided positive assurance, with no reports offering only 'limited assurance'.

2.6   Our work on **Public Protection** was designed to provide independent assurance on the adequacy and effectiveness of the Council's arrangements for assessing compliance/performance within this key area. We reviewed the Council's quality assurance arrangements for monitoring performance/compliance with expected arrangements and key controls designed to provide assurance that relevant arrangements are adequate and operating effectively.

2.7   Public protection is identified as a key corporate risk and has been assessed as having a high residual risk score reflecting that adverse incidents can result in serious harm and significant reputational damage and that not all aspects of relevant risks are readily controllable and/or can be eliminated.

2.8 Based on the results of our work, we were generally satisfied that the Service has in place appropriate quality assurance arrangements which enable monitoring of the discharge of the Council's public protection duties and that these generally appear to be operating as expected.

2.9 We were pleased to note that throughout the period of the pandemic, a consistent focus on prioritising public protection functions has been maintained. The relevant corporate risk was updated to consider and reflect the impacts of the pandemic and several established processes have been revised and additional controls introduced to ensure the continued care of vulnerable people and new referrals of concern.

2.10 We noted a small number of areas, however, where we consider that there was scope for improvement. These included the need to progress the planned self-evaluation of the North Lanarkshire Chief Officers Public Protection Group (NLCOPPG) and the Child Protection Committee, with any issues arising being captured on an appropriate action plan with responsible officers and timescales for completion.

2.11 We also recommended that improvements should be made to the content and completeness of action/work plans produced by each of the key multi-agency Public Protection Committees/Sub-Committee and that improvements should be made to ensure that the results from the annual case file audit review process for adult and child protection are taken forward in an appropriate manner.

2.12 I am pleased to confirm that management has responded positively to the recommendations contained within the report, although it should be noted that some of the issues raised are not solely within the control of the Council and will require to be progressed via joint working arrangements with partners.

2.13 Our follow-up work on the **Scottish Attainment Challenge and Pupil Equity Fund** was designed to provide independent assurance on the performance and governance arrangements associated with the implementation of these high-profile national policy initiatives/funding streams.

2.14 Based on the results of our work, we have categorised this audit as offering **'reasonable assurance'**. We noted the work which has been undertaken by the Service to take forward issues arising from the previous audit reports, particularly in respect of a more standardised approach and quality of information reported as part of the annual school improvement planning process, which now includes information, where appropriate, in respect of both the SAC and PEF funded activity.

2.15 In addition, we were pleased to note that there are generally robust governance and reporting arrangements in respect of the SAC programme and formal guidance and support has been provided to individual establishments in respect of how the SAC and PEF funding can be used. We are also satisfied that SAC and PEF funding is being used in accordance with the purposes for which it has been provided.

2.16 We identified a small number of areas for improvement. These included a need to develop more effective performance monitoring processes to allow management to better assess performance against the SAC and PEF objectives and to consider setting short, medium and long-term targets to enable better oversight of progress.

2.17 We also recommended a need to improve the planning, monitoring and reporting arrangements in relation to Pupil Equity Funding (PEF) and to more closely align the SAC and PEF funding programmes to enable the Council to better assess and demonstrate that PEF funding is being effectively utilised. We also raised a need to improve the monitoring and reporting arrangements associated with the PEF/SAC Procurement Framework.

2.18 Again, I am pleased to confirm that management has responded positively to the recommendations contained within the report.

2.19 There are no other issues arising from core Internal Audit work which I consider sufficiently significant to highlight to the Panel. Future follow-up reports will provide the Panel with information on the implementation, or otherwise, of all actions proposed by management in response to audit recommendations categorised as 'Red' or 'Amber'.

2.20 In this period, we also undertook work examining the Council's management of the current **asset rationalisation** programme (Programme of Work (P002.1)). Although no agreement could be reached in arriving at a final report, we have communicated our key findings and conclusions to management and these are repeated below.

2.21 Policy and Strategy Committee approved in February 2019 a plan to reduce the Council's main office portfolio from what was then a portfolio of 24 office bases to 6 key locations. This was expected to deliver significant financial savings and contribute to the planned reduction in the Council's carbon emissions. In March 2020, this plan was further revised and the same Committee approved a recommendation that the office portfolio be further rationalised to a single administrative base (which may be shared with partners), supplemented by other associated buildings where the Council has ongoing leasing/contractual obligations.

2.22 Office rationalisation has close links and interdependencies with other key programmes of work including the Hub development and delivery programme, the Digital NL programme, business change and service redesign and a range of HR-related programme of work items including the Workforce for the Future item and ongoing and planned actions around employee learning and development and mental health and wellbeing.

2.23 The impact of the coronavirus pandemic including significant numbers of staff working from home and ongoing legal restrictions (and subsequently guidance) on staff attending traditional offices and supported by the significant investment in the Council's IT infrastructure has led to an opportunity to significantly accelerate the office rationalisation programme, with many staff expected to continue to work from home or more flexibly post-pandemic, as Services adopt more agile working practices, reducing further the expected future requirements for office provision.

2.24 The scale and pace of the changes which may arise from this rapid acceleration to more flexible working models will create risks, opportunities and challenges impacting across operational activities, human resource issues and organisational culture. Many other organisations will be facing these challenges and the Council will not be unique in navigating this new environment.

2.25 Based on the results of our work, we highlighted the need for management to align property elements more closely with some of the related non-property aspects (mainly those relating to future operating models/working arrangements/HR policies post-Covid etc.) if the programme is to successfully deliver some of the wider intended outcomes.

2.26 We also highlighted that key planning assumptions should be revisited, and where appropriate, updated to ensure that management assessments of future office requirements fully reflect the impact of recent and likely future changes in the Council's operating model and staff working arrangements as these become clearer. Our work also noted a need for improvements in the relevant project risk register to ensure that it reflects all key risks which could impact on the successful delivery of the project.

2.27 Management is currently actively considering how and where its future workforce may operate post-pandemic and associated office/space requirements and updating relevant risk registers and reports will be submitted to the relevant Committee as and when appropriate.

Commentary on other 'non-core' Internal Audit work

2.28 There are a few other areas of unplanned or 'non-core' work undertaken by Internal Audit in the period that I require to bring to your attention in accordance with the Internal Audit reporting protocol.

2.29   We recently completed work in response to allegations of impropriety within the Council's roads lighting section following receipt of an anonymous letter which made several allegations about a member of street lighting staff receiving gifts and hospitality.

2.30   While we concluded that there was insufficient evidence to substantiate the claims made in the letter, our work raised some concerns, which had previously been identified, about the Council's general approach to procurement of street lighting and whether this unnecessarily restricted the number of companies who could meet some of our our detailed technical requirements and specifications.

2.31   The Service commissioned external consultants to undertake a detailed assessment the current street design practices and procurement processes, and consequently we postponed any further audit work until the outcome of this work was received and considered by the Service.

2.32   The consultants' report, subsequently received, contained a number of recommendations for the Street Lighting Team to consider for future tender processes and the Service has committed to preparing an implementation plan to reflect the recommendations made in the external report (although this has been delayed due to current re-structuring within the Service). They have committed to providing us with a timeline for the preparation and implementation of the action plan and this will enable us to monitor and track progress.

2.33   We do not currently intend to undertake any further work in this area, as the implementation of the recommendations made by the external consultants should address Internal Audit concerns and significantly reduce the risks previously raised around procurement activity in this area.

2.34   We also recently completed work in relation to allegations raised about the potential mis-use of school resources by a secondary school Head Teacher. While we concluded that there was no evidence of fraud or irregularity, we have made a small number of recommendations to the Service regarding relevant potential improvements to controls and operating procedures at the school (and which may also have wider application across the school estate).

2.35   Finally, I would like to take this opportunity to confirm that the revised Internal Audit performance management framework approved by the Panel in December 2019, Implementation of which was postponed because of the pandemic, is now being applied to the 2021-22 work programme and will be reported in line with the relevant approved frequency, with effect from the next committee cycle.

3.   Public Sector Equality Duty and Fairer Scotland Duty

3.1   **Equality Impact Assessment**   No impacts identified

3.2   **Fairer Scotland**   No impacts identified

4.   Impact

4.1   **Financial impact:**   None identified

4.2   **HR policy / Legislative impact:**   None identified

4.3   **Technology / Digital impact:**   None identified

4.4   **Environmental impact:**   None identified

4.5   **Communications impact:**   None identified

4.6   **Risk impact:**   None identified

5.   Measures of success

5.1   Internal Audit reports annually on its performance to the Panel and is also subject to review annually by the Council's appointed external auditors.

Appendix 1 Summary of completed Internal Audit assignments

Appendix 2 Audit gradings

Ken Adamson, Audit and Risk Manager

Appendix 1

Summary of Internal Audit assignments completed in the period

Internal Audit outputs: Audit opinion and commentary

1. Public Protection

   Internal Audit Opinion: Reasonable assurance (Green-Amber)

   Audit recommendations: Red 0   Amber 3 Green   3

This audit exercise was designed to provide independent assurance on the adequacy and effectiveness of the Council's arrangements for assessing compliance/performance within this key area. We reviewed the Council's quality assurance arrangements for monitoring performance/compliance with expected arrangements and key controls designed to provide assurance that relevant arrangements are adequate and operating effectively.

Public protection covers a wide range of responsibilities and statutory duties with high inherent complexity and which are delivered within a complex legislative and operational landscape. Public protection is identified as a key corporate risk and has been assessed as having a high residual risk score reflecting that adverse incidents can result in serious harm and significant reputational damage and that not all aspects of relevant risks are easily controllable or can be eliminated.

Based on the results of our work, we have assessed the audit as providing '**reasonable assurance'.**

We are generally satisfied that the Service has in place appropriate quality assurance arrangements which enable monitoring of the discharge of the Council's public protection duties and that these generally appear to be operating as expected. We were pleased to note that throughout the period of the pandemic, a consistent focus on prioritising public protection functions has been maintained. The relevant corporate risk was updated to consider and reflect the impacts of the pandemic and several established processes have been revised and further controls introduced to ensure the continued care of vulnerable people and new referrals of concern when community and school facilities were significantly closed, limitations on face-to-face contact were imposed and new or increased areas of risk were identified.

We noted a small number of areas, however, where we consider that there is scope for improvement and have included these in section 3 of the report. for management consideration. These include:

- There is a need to progress the planned self-evaluation of the North Lanarkshire Chief Officers Public Protection Group (NLCOPPG) and the Child Protection Committee, with any issues arising being documented on an appropriate action plan with responsible officers and timescales for completion;

- Improvements should be made to the content and completeness of action/work plans produced by each of the key multi-agency Public Protection Committees/Sub-Committees; and

- Improvements should be made to ensure that the results from the annual case file audit review process for adult and child protection are taken forward in an appropriate manner.

Management has responded positively to the issues and recommendations contained within the report.

Appendix 1 (continued)

Summary of Internal Audit assignments completed in the period

Internal Audit outputs: Audit opinion and commentary

2. Follow-up: Scottish Attainment Challenge (SAC) and Pupil Equity Fund (PEF)

   Internal Audit Opinion: Reasonable assurance (Green-Amber)

   Audit recommendations: Red   0   Amber   3 Green   3

This exercise was a follow up to previous audit work on the Scottish Attainment Challenge (SAC) and Pupil Equity Fund (PEF) (which were most recently reported on in September 2019 and March 2018 respectively) and was designed to provide independent assurance on the performance and governance arrangements associated with the implementation of these high-profile Scottish Government policy initiatives/funding streams including providing assurance on whether the Council's use of relevant funding was in line with Scottish Government's expectations.

Based on the results of our work, we have assessed the audit as providing '**reasonable assurance'**.

We noted the work which has been undertaken by the Service to take forward issues arising from the previous audit reports, particularly in respect of a more standardised approach and quality of information reported as part of the annual school improvement planning process, which now includes information, where appropriate, in respect of both the SAC and PEF funded activity. In addition, we were pleased to note that there are generally robust governance and reporting arrangements in respect of the SAC programme and formal guidance and support has been provided to individual establishments in respect of how the SAC and PEF funding can be used. We are also satisfied that SAC and PEF funding is being used in accordance with the purposes for which it has been provided.

We noted a few areas, however, where we consider that there is scope for improvement and have included these in section 3 of the report for management consideration. These include the need to:

- there is a need to develop more effective performance monitoring processes to allow management to better assess performance against the SAC and PEF objectives and to consider setting short, medium and long-term targets to enable better oversight of progress;

- there is a need to improve the planning, monitoring and reporting arrangements in relation to Pupil Equity Funding (PEF) and to more closely align the SAC and PEF funding programmes to enable the Council to better assess and demonstrate that PEF funding is being effectively utilised; and

- there is a need to improve the monitoring and reporting arrangements associated with the PEF/SAC Procurement Framework.

Management has responded positively to the issues and recommendations contained within the report.

Appendix 2

Audit Gradings

Audit reports are graded with an overall assurance opinion, and any issues and associated recommendations are classified individually to denote their relative importance, in accordance with the definitions in the tables below.

Definition of audit assurance and recommendation categories	
Assurance	Confidence based on sufficient evidence that internal controls are in place, operating effectively and objectives are being achieved.

Assurance opinion		
Green	**Substantial Assurance**	There are minimal or minor control weaknesses that present low risk to the control environment. The control environment has substantially operated as intended although some minor errors have been detected. Very few or no improvements are needed.
Green-Amber	**Reasonable Assurance**	There are some control weaknesses that present a low to medium risk to the control environment. The control environment has mainly operated as intended although errors have been detected. Some improvements should be made.
Amber-Red	**Limited Assurance**	There are significant control weaknesses that present medium to high risk to the control environment. The control environment has not operated as intended. Significant errors have been detected. Substantial improvements should be made.
Red	**No Assurance**	There are fundamental control weaknesses that present an unacceptable level of risk to the control environment. The control environment has fundamentally broken down and is open to significant error or abuse. Immediate and major changes need to be made.

Organisational impact	
Major	The weaknesses identified during the review have left the Council open to significant risk. If the risk materialises it would have a major impact upon the organisation.
Moderate	The weaknesses identified during the review have left the Council open to medium risk. If the risk materialises it would have a moderate impact upon the organisation.
Minor	The weaknesses identified during the review have left the Council open to low risk. If the risk materialises it would have a minor impact upon the organisation.

Recommendation priority	
Red	Significant weaknesses which management needs to address and resolve immediately.
Amber	Weaknesses which require prompt but not immediate action by management.
Green	Less significant issues and/or areas for improvement which do not require immediate management action.

INTERNAL AUDIT REPORT

PUBLIC PROTECTION

Contents
1. **Executive Summary**   2. **Findings and Recommendations**   3. **Action Plan**

Appendix 1: Audit grading

Issued to: Head of Children, Families and Justice Social Work Services
Copied to: Executive Director of Education and Families and Chief Executive

Headlines

This audit exercise was designed to provide independent assurance on the adequacy and effectiveness of the Council's arrangements for assessing compliance/performance within this key area. We reviewed the Council's quality assurance arrangements for monitoring performance/compliance with expected arrangements and key controls designed to provide assurance that relevant arrangements are adequate and operating effectively.

Public protection covers a wide range of responsibilities and statutory duties with high inherent complexity and which are delivered within a complex legislative and operational landscape. Public protection is identified as a key corporate risk and has been assessed as having a high residual risk score reflecting that adverse incidents can result in serious harm and significant reputational damage and that not all aspects of relevant risks are controllable or can be eliminated.

Public protection encompasses the safety and wellbeing of vulnerable individuals under four key streams - adult protection, child protection, violence against women and management of certain categories of offenders through Multi Agency Public Protection Arrangements (MAPPA). The Councill discharges its statutory obligations in a number of ways including via operational service delivery as well as via co-ordination of, and/or representation on, key multi agency groups for each of these streams. The North Lanarkshire Chief Officers Public Protection Group (NLCOPPG) is responsible for ensuring that all agencies work effectively both individually and collectively and provides an oversight role to the other key multi-agency groups. The North Lanarkshire Public Protection Lead Officers Group (NLPPLOG) supports the co-ordination and delivery of public protection responsibilities on behalf of the NLCOPPG.

Based on the results of our work, we have assessed the audit as providing '**reasonable assurance'**. We are generally satisfied that the Council has in place appropriate quality assurance arrangements which enable monitoring of the discharge of the Council's public protection duties and that these generally appear to be operating as expected. We were pleased to note that throughout the period of the pandemic and beyond, a consistent focus on prioritising public protection functions has been maintained. The relevant corporate risk was updated to consider and reflect the impacts of the pandemic and several established processes have been revised and further controls introduced to ensure the continued care of vulnerable people and new referrals of concern when community and school facilities were significantly closed, limitations on face-to-face contact were imposed and new or increased areas of risk were identified from online forms of individual, financial and criminal exploitation.

We noted a small number of areas, however, where we consider that there is scope for improvement and have included these in section 3 of the report. for management consideration. These include:

- There is a need to progress the planned self-evaluation of the North Lanarkshire Chief Officers Public Protection Group (NLCOPPG) and the Child Protection Committee, with any issues arising being documented on an appropriate action plan with responsible officers and timescales for completion;

- Improvements should be made to the content and completeness of action/work plans produced by each of the key multi-agency Public Protection Committees/Sub-Committees; and

- Improvements should be made to ensure that the results from the annual case file audit review process for adult and child protection are taken forward in an appropriate manner.

Internal Audit Opinion (see definition at Appendix 1)			Reasonable assurance (Green-Amber)		
Organisational impact (see definition at Appendix 1)			Moderate		
Report status	FINAL	Audit ref	0710/2021/001	Date issued	07/09/21
Audit Team	Elaine MacDonald, Paula Hendry and Elizabeth Sweeney				

1. Executive Summary

Objectives

The audit was focussed on whether management has clearly set out how it plans to assess performance in respect of the effective discharge of its public protection responsibilities including the use of relevant quality assurance mechanisms (such as performance indicators, self-assessment and other improvement tools) and whether such arrangements are operating effectively. The audit considered the following issues:

- Has senior management put in place appropriate key controls and quality assurance arrangements designed to provide evidence of the effective discharge of the Council's public protection duties?

- Are relevant key controls and quality assurance arrangements operating as expected?

- Is there evidence that the Council uses information arising from its quality assurance arrangements and/or relevant external inspections to identify and, where appropriate, implement relevant improvements in professional practice and/or governance arrangements?

- Has the response to Covid-19 impacted the effectiveness of the quality assurance arrangements in place?

The audit did not involve any assessment of professional practice or consideration of the management of, and/or action taken for, individual cases and/or any substantive case reviews.

The Covid-19 pandemic has impacted on external scrutiny in this area with Care Inspectorate reviews suspended for a period. Such inspections are now restarting, and it is anticipated that an adult protection inspection will be undertaken within North Lanarkshire sometime within the next 18 months.

This engagement has been conducted in accordance with the '*Public Sector Internal Audit Standards'*. The Internal Audit section reports formally on conformance with these standards to the Audit and Scrutiny Panel.

2. Findings and Recommendations

Number and category of recommendations raised (see definition of priority at Appendix 1)	Red	Amber	Green
	0	3	3

Key areas requiring management action (Red)

There are no key areas requiring urgent management action.

Good practice identified

We noted the following areas of good practice during the audit:

- Public protection has been identified as a key corporate risk, which is periodically monitored and reviewed in accordance with the Council's Risk Management strategy;

- The Council has established arrangements with relevant pan-Lanarkshire agencies and various partner organisations to address Public Protection issues under the four main streams of adult protection, Violence Against Women, MAPPA and child protection. These streams are each responsible to the NLCOGPP;

- Regular meetings of the four Public protection streams and their associated sub-groups are held. North Lanarkshire Council is appropriately represented at these meetings by relevant key service officers;

- Key controls and quality assurance arrangements are in place including annual case audits, ongoing performance information production and monitoring, maintenance of work/action plans and the provision of training and support opportunities for relevant staff; and

- An annual report is produced by the Chief Social Work Officer in accordance with requirements set out in the Local Government (Scotland) Act 1994 section 45.

Other areas for improvement (Amber)

A small number of other areas for improvement were also identified:

- There is a need to progress the planned self-evaluation of the North Lanarkshire Chief Officers Public Protection Group (NLCOPPG) and the Child Protection Committee, with any issues arising being documented on an appropriate action plan with responsible officers and timescales for completion;

- Improvements should be made to the content and completeness of action/work plans produced by each of the key multi-agency Public Protection Committees/Sub/Committees; and

- Improvements should be made to ensure that issues arising from the annual case file audit review process for adult and child protection are appropriately addressed.

Ref	Finding
1	**There is a need to progress the planned self-evaluation of the North Lanarkshire Chief Officers Public Protection Group (NLCOPPG) and the Child Protection Committee, with any issues arising being documented on an appropriate action plan with responsible officers and timescales for completion.** Regular self-evaluation can form the basis of continuous improvement as well as providing assurance that the control environment upon which reliance is placed remains up-to-date, relevant and consistent with the guidance and requirements of public protection legislation. Self-evaluation also provides an opportunity to ensure that terms of reference, action/work plans, performance monitoring, partnership arrangements and wider stakeholder and public engagement remain appropriate and 'fit for purpose'. The Council is a lead partner in a process of self-evaluation which encompasses three of the four public protection streams (Adult Protection, Child Protection and Violence against women) with MAPPA being addressed via pan-Lanarkshire arrangements. Adult protection and violence against women have each been subject to self-evaluation most recently, whilst the intention to undertake a multi-agency self-evaluation based on the Care Inspectorate Quality Indicator Framework was identified in the 2019/20 Child Protection Committee business plan. The progression of this self-evaluation has been impacted by the pandemic, but we noted that it had been carried forward as one of the priorities for the 2020/21 business plan (covering period to July 2021) and we consider it important that actions to undertake and complete this are progressed promptly. With regards the NLCOGPP we noted that the last self-evaluation exercise was carried out in 2017. We understand the need to refresh this evaluation has been identified by the Group and it is intended that a further self-evaluation exercise will be undertaken around August 2021. The current Chief Officer representation from several member agencies has changed since the last self-evaluation, further emphasising the need to undertake a timely self-evaluation exercise.

Implication	Recommendation	Priority	Management response	Implementation Month/Year
The Council may not be able to adequately demonstrate that it has adequate and effective arrangements in place to ensure compliance with its legal obligations with respect to public protection.	Management should ensure that: (1) the NLCOPPG and Child Protection Committee Self Evaluation exercises are undertaken as a matter of priority; (2) areas for improvement identified from the self-evaluation are captured and included in an appropriate action plan, with each planned action allocated to a responsible officer with an appropriate implementation date and that progress implementing these actions is monitored and reported regularly; and (3) ensuring that plans to conduct future self-evaluation exercises are recorded on appropriate action plan(s) with clear timescales and responsible officers assigned.	**Amber**	**Agree** **Alison Gordon, Head of Children, Families and Justice Social Work Services** *Note – responsible officer noted above will present these issues to the relevant Committees and work with them to progress this, but implementation will require to be progressed via joint planning with partners* (1) NLCOPPG has agreed to undertake a self-evaluation exercise in the next quarter. This will be supported by a preparatory survey of NLCOPPG members. The timescale for planned CPC evaluation has been delayed by the pandemic and a period where the multi-agency co-ordinator post was vacant. During this period however CPC members have contributed to ongoing children's services self-evaluation activity led by the continuous improvement group which supports both the Children's Service Partnership and CPC. The CPC plans to undertake a self-evaluation exercise during the period of its current Business Plan (covering period to July 2022) – the date and scope of this exercise is still to be agreed with partners. (2) This will be overseen by the relevant public protection committees and NLCCOPPG. As these are partnership responsibilities there is no single lead officer however as council lead for PP the CSWO and Head of Adult SW will work with the multi-agency PP co-ordinators and Chairs to progress this (3) This will be built into the business planning of the relevant public protection committees.	November 2021 July 2022 Following the above exercises July 2022

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Ref	Finding
2	**Improvements should be made to the content and completeness of action/work plans produced by each of the key multi-agency Public Protection Committees/Sub-Committees.**
	The use of action plans is recognised as a useful tool to progress, manage, and achieve responsibilities, goals and improvements in an efficient and effective manner. Each of the four key multi-agency groups for public protection (Adult Protection Committee (APC), Child Protection Committee (CPC), Violence Against Women Group (VAWG) and MAPPA Strategic Oversight Group) utilise action/work plans to co-ordinate and monitor their activity. Sub-Committees of these groups also prepare action/work plans. We noted that the NLCOPPG does not currently have an annual action plan (the last being produced following the 2017 self-evaluation).
	We undertook a high-level review of the various action plans in place across the four key groups and were pleased to note they largely followed the same format with the template requiring details of the priority area, action required, evidence measure, review/completion date, RAG status and summary of progress. We noted, however, some areas for improvement including:
	• many of the actions documented are described in high-level terms, lack sufficient detail and do not appear to have been considered in terms of the SMART (Specific, Measurable, Achievable, Realistic and Timely) principles;
	• in some instances, the overarching priority/outcome to which actions related to was not recorded on the action plan;
	• some live actions for which no expected review/target completion date was populated;
	• some actions that had no associated RAG status attributed to them; and
	• in some instances where actions were deemed complete the progress/outcome column did not always clearly quantify and/or provide sufficient narrative to demonstrate that the action was complete.
	Our review of the content of action plans also identified a few omissions that we would have expected to see captured within the action plan to enable the activity to be appropriately tracked and monitored. This includes (but is not limited to):
	• relevant tasks required in advance of the anticipated Adult Protection external inspection from the Care Inspectorate;
	• areas for improvement (for issues categorised as 'partially meets or 'does not meet') identified from the self-assessment exercises (VAWG); and
	• actions identified to address limitations of current data collection processes experienced by some partner agencies.
	A review of minutes of meetings and reports considered at relevant Committees/sub committees did not always clearly indicate that the action plan was being actively monitored by the Committee/sub-committee.

Implication	Recommendation	Priority
If areas for improvement are not adequately identified, quantified, addressed and regularly monitored and reviewed the Council may fail to effectively deliver its public protection responsibilities.	Management should ensure that: (1) all actions plans are reviewed against SMART principles and updated appropriately to reflect these principles; (2) multi-agency groups and/or relevant officers are reminded of the need to ensure that all applicable actions/activities are appropriately captured on the relevant action plan and each action is allocated a responsible/lead officer and an expected timescale for completion; (3) action plans are regularly reviewed and updated and consider introducing this as a standing item on the agenda of all Committees/Sub-Committees; and (4) consideration is given to preparing and thereafter tracking and monitoring an action plan for the NLCOPPG.	**Amber**

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Management response	Implementation Month/Year
Agree **Alison Gordon, Head of Children, Families and Justice Social Work Services** *Note – responsible officer noted above will present these issues to the relevant Committees and work with them to progress this, but implementation will require to be progressed via joint planning with partners*	
(1) to (3) Discussion on this has taken place with the public protection co-ordinators/Independent Chair and whilst there is agreement with these recommendations it is also important to note that a regular review of action plans is normally incorporated into committee agendas but that this may have been less visible to auditors due to the need to reprioritise agenda's during the pandemic period where committees were focussing on more immediate concerns and refocussing business in line with additional national guidance issued over this period. Current action plan templates do comply with SMART principles, however the multi-agency Public Protection Co-ordinators will work collaboratively to further promote a consistency of approach to workplans including review against SMART principles. This will also be highlighted to the Lead Officers PP Group.	November 21 and ongoing
(4) It is not clear whether there is a need for a standing action plan for the NLCOPPG as most improvement activity is appropriately driven by the four public protection committees/groups. The self-evaluation exercise planned for November will revisit whether the NLCOPPG requires a separate standing business or action plan or whether any crosscutting improvement actions identified through the NLCOPPG can be managed through incorporation of an action tracker into its standard agenda.	November 2021

Ref	Finding
3	**Improvements should be made to ensure that issues arising from the annual case file audit review process for adult and child protection are appropriately addressed.**

Annual case file audits carried out via the Adult and Child Protection Committees are a key mechanism used by the Council to assess performance/compliance and the effective discharge of their public protection duties. The pandemic presented challenges in terms of delivering these audits, however we were pleased to note that that the approach to case file audits in both areas were amended and are being undertaken via online/remote methods, were based on a representative sample of recent cases, and appropriate evidence of the reviews carried out was retained.

We understand that management have identified several learning opportunities from recently completed case file audit review process which will be taken forward for future case file audits. Our high-level review of the case file review process has also identified some aspects where we consider scope for improvement exists:

- scheduled annual/quarterly case review exercises are not included on any action plans and as such progress, outcomes and completion of these reviews may not be adequately/ appropriately monitored. In particular, the CPC moved away from an annual review to quarterly reviews of smaller sample sizes across the year and no formal plan to enable the scheduling and monitoring of the quarterly mini reviews to ensure a representative sample of cases are reviewed is in place;

- we were pleased to note that the use of the Survey Monkey process used to record the case file audit review appropriately captured the findings and opinions of the review team, however, we noted that issues highlighted as part of this were not always clearly documented and/or carried forward sufficiently to action plans to enable any relevant improvement activity to be captured and subsequently undertaken. We consider that if a finding arising from this process does not require any further action a clear explanation of this should be documented;

- at the time of our fieldwork neither a summary of all findings arising from the case file audits had been produced for the adult protection reviews, nor had an action plan, capturing any improvement activity required, been prepared. This would assist in ensuring that any key areas for improvement arising are documented and then included in relevant action plans;

- due to the staggered nature of the recent adult protection case reviews, issues identified during the first locality audit had not been collated onto actions plans. We understand the intention was to defer this until all localities had been audited. In contrast, the actions identified to date by the mini audits in child protection had been disseminated for inclusion on various action plans. We noted that the actions raised on respective action plans appear very general and lack sufficient detail (see similar issue raised in action plan point 2); and

- the adult protection case review process was carried out by two teams who on completion of each audit undertook an independent verification of the other teams' review. No such arrangement was in place for the child protection case file audit process.

Whilst we understand that the NLCOGPP is aware of the current case file audit arrangements, there is no clear evidence from their recent agendas/minutes that they have been kept informed of progress, any ongoing issues in delivering these audits and when reports on their outcomes and action planning arrangements may be provided to them.

Implication	Recommendation	Priority
The Council may fail to adequately assure that its control environment across public protection is operating effectively and/or identify and address areas for improvement.	Management should ensure that: (1) lessons learned/improvement actions are captured and implemented from the recent case file audit process. We consider that in doing so, attention should also be given to: • standardising practice in identifying, capturing and describing relevant issues found; • ensuring consistent practice across all case file audit processes (e.g. mirror verification process in adult protection review in child protection arrangements); • collating all issues and findings into a summary and/or retaining explanations why issues noted are not being carried forward for improvement/action; • clearly tracking which action plans actions for improvement are delegated to, or consider whether a dedicated case audit action plan would be more effective; (2) scheduled annual/quarterly case audit exercises are added to relevant action plans for tracking and monitoring progress of this key control; and (3) NLCOGPP are kept up to date on case file audit completion and provided with timely reports summarising results and issues arising from these.	**Amber**

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Management response	**Implementation Month/Year**
Agree **Alison Gordon, Head of Children, Families and Justice Social Work Services** *Note – responsible officer noted above will present these issues to the relevant Committees and work with them to progress this, but implementation will require to be progressed via joint planning with partners* (1) There is agreement with the overall recommendation including sharing learning and where possible mirroring process across the committee structures, however there may be appropriate differences in frameworks and processes used for audits reflecting both the differing national QI indicators/frameworks used to support case audit activity and the targeting/purpose of specific audits (general/thematic/activity specific). (2) Agree however it should be noted that the scheduling of audits is subject to agreement with partners and prioritisation alongside other review and assurance activity including ICRs/SCRs. (3) Agree and this is already reflected through current quarterly activity reports to the NLCOPPG and will continue going forward With respect however to the comment regarding timely reports it is important to note both the pandemic related disruption to activity over the recent period and the natural reporting lag given audit analysis is undertaken by officers alongside other duties and that appropriately the primary reporting route is to the public protection committees/groups, e.g. a briefing paper on the recent APC audit is first being prepared for the APC and HSCP Core Group. The NLCOPPG will appropriately be kept up to date on audit activity and will receive information on high level findings as part of reporting arrangements.	Ongoing

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Ref	Finding
4	**Some performance information was produced from incomplete data and/or based on calculations found to contain input errors.**
	Performance information is produced for the key public protection streams from various sources for use by service areas, as part of the local government benchmarking framework, for national dataset purposes (some currently established, and others being developed) and for legislative reasons.
	There is a need to ensure that the data upon which this information is based is consistently and comprehensively collected. During our audit we noted:
	• limitations of the data collection and reconciliation arrangements in place at some partner agencies regarding number of referrals (adult protection). We understand this issue is known and that efforts to address it are underway;
	• data extracted from SWIS for child protection is used to manually populate performance information spreadsheets, however, some errors were noted with this input; and
	• files of data used for prior period performance information had not been retained as backup. We understand this was an isolated incident which occurred because of human error.
	We noted that various reports incorporating performance regarding public protection issues are presented to the multi-agency groups and Committees. A national dataset has been established for child protection and work is underway to develop a similar dataset for adult protection. There is scope to incorporate reporting of national dataset performance into existing reports presented to both the multi-agency groups and Committee, as appropriate.

Implication	Recommendation	Priority	Management response	Implementation Month/Year
Performance regarding public protection may be inaccurately calculated and/or reported.	Management should: (1) monitor actions to address data collection issues with adult protection issues to ensure they are being addressed in a timely manner; (2) remind relevant staff of the need to ensure accurate input of data for performance information and consider introducing second officer/sample checks on key manual input; and (3) consider whether reports to multi-agency groups and Committee should incorporate analysis of NLC performance against the national datasets for child protection and adult protection (once available).	**Green**	**Partially Agree** **Alison Gordon, Head of Children, Families and Justice Social Work Services** *Note – responsible officer noted above will present these issues to the relevant Committees and work with them to progress this, but implementation will require to be progressed via joint planning with partners* (1) This is ongoing and is being progressed by the APC. As this specifically relates to data from partners no specific action will be taken by the Council and it will continue to be progressed by the Committee. (2) Relevant staff will be reminded of the need to ensure that data input and/or copied for performance information is checked for accuracy. (3) Agree, however this is already a feature of CPC reporting where there is an agreed national data set. With regards the APC national dataset, the current maturity this dataset does not allow meaningful comparison at present although this is being progressed nationally. It should be noted however that national datasets focus on quantitative activity and not wider aspects of performance and that during the pandemic weekly SG/SOLACE agreed reporting on key indicators has supported a more live comparison of activity data. Use of inspection reports from other areas supports more qualitative benchmarking.	Ongoing October 2021 Ongoing

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Ref	Finding
5	**The backlog of training and development provision which has arisen during/because of the Covid-19 pandemic needs to be addressed.**
	The Covid-19 pandemic has impacted significantly on the ability to provide traditional face-to-face training opportunities to staff and councillors and consequently anticipated and planned training events have been cancelled. Additionally, the nature of training required has changed, with interactions with service users and other support agencies being significantly changed to remote communication while ensuring the high standard of support for vulnerable individuals is still maintained.
	Whilst we noted that the backlog of training and plans to address this (including alternative e-learning arrangements) are captured in the Adult and Child Workforce learning and development Sub-Committee action plans, we noted that, as with the findings documented at point 2 above, these are fairly high level and either had no timescales input and or stated 'delayed due to covid' with no sense of revised target implementation dates. These need to be actioned as soon as practically possible to ensure relevant training needs are addressed and are up to date.

Implication	Recommendation	Priority	Management response	Implementation Month/Year
Staff may not have the necessary skills and training to carry out their work effectively.	Management should ensure all training issues are captured and managed on relevant action plans including appropriate implementation timescales and that priority is given to ensuring these are addressed in a timely manner for all relevant staff and elected members.	**Green**	**Agree** **Alison Gordon, Head of Children, Families and Justice Social Work Services** *Note – responsible officer noted above will present these issues to the relevant Committees and work with them to progress this, but implementation will require to be progressed via joint planning with partners* As in other areas of public protection it may be helpful to clarify that there are both single and multi-agency arrangements and responsibilities for training and development. As recognised training was substantially disrupted during the first period of the pandemic but both the public protection committees/groups have as recognised been quick to adapt training as have the council's Training and Development team. There is substantial evidence of a range of training which has been planned and delivered over the past 15 months, with only one gap identified by the CPC which will be resolved in Sept 21. With respect to social work staff this also will be reflected in the next Chief Social Work Officer report. Whilst there is already good evidence of substantial progress in this area, training plans will be noted as an item on the next Lead Officer PP Agenda in early November 2021 to allow consideration of any gaps/issues impacting on single and multi-agency PP training Discussion will also take place with Members Services regarding any opportunities/priorities with respect to Member's training.	November 2021 September 2021

Ref	Finding
6	**There is scope to improve the terms of reference for some of the key public protection multi-agency groups.**
	We were pleased to note that terms of reference/remits have been formally documented for each of the four key public protection multi-agency groups. A review of the content of these documents against expectation per legislation/guidance demonstrated a high level of compliance with key expectations/requirements. We noted a few minor omissions which management should consider incorporating into the terms of references as follows:
	• include details regarding how the APC will discharge its responsibility to monitor and review activity and quality of service (APC);
	• include details regarding VAWG representation on specific external national forums (VAWG); and
	• include information regarding funding available to VAWG and how this is to be managed and used (VAWG).
	We also noted that the terms of reference for the NLCOPPG could be enhanced to fully incorporate all key areas of responsibility including promoting public protection further afield into the public, private and third sectors and outlining the robust arrangements the Group has in place for gathering and managing performance information across all public protection streams to satisfy themselves that outcomes for service users are being positively impacted by the service provided.

Implication	Recommendation	Priority	Management response	Implementation Month/Year
Terms of reference may not fully address all key areas of responsibility and members of the relevant group may not be fully aware of their roles and responsibilities.	Management should consider incorporating the areas noted above into the terms of reference/remits of the relevant multi-disciplinary groups.	**Green**	**Agree** **Alison Gordon, Head of Children, Families and Justice Social Work Services** *Note – responsible officer noted above will present these issues to the relevant Committees and work with them to progress this, but implementation will require to be progressed via joint planning with partners* These recommendations will be shared with Chairs and Co-ordinators for consideration with partners. The VAWG is currently reviewing its TOR in moving to a two-tier structure and as already noted the NLCOPPG will undertake a self-evaluation exercise in November which will include considering the need for any changes to its TOR.	November 2021

Appendix 1 - Audit Grading

Audit reports are graded with an overall assurance opinion, and any issues and associated recommendations are classified individually to denote their relative importance, in accordance with the definitions in the tables below.

Definition of audit assurance and recommendation categories	
Assurance	Confidence based on sufficient evidence that internal controls are in place, operating effectively and objectives are being achieved.

Assurance opinion		
Green	Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Green - Amber	Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Amber - Red	Limited Assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
Red	No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

Organisational impact	
Major	The weaknesses identified during the review have left the Council open to significant risk. If the risk materialises it would have a major impact upon the organisation.
Moderate	The weaknesses identified during the review have left the Council open to medium risk. If the risk materialises it would have a moderate impact upon the organisation.
Minor	The weaknesses identified during the review have left the Council open to low risk. If the risk materialises it would have a minor impact upon the organisation.

Recommendation priority	
Red	Significant weaknesses which management needs to address and resolve immediately.
Amber	Weaknesses which require prompt but not immediate action by management.
Green	Less significant issues and/or areas for improvement which do not require immediate management action.

INTERNAL AUDIT REPORT

FOLLOW UP: SCOTTISH ATTAINMENT CHALLENGE (SAC) AND PUPIL EQUITY FUND (PEF)

Contents

1. **Executive Summary**   2. **Findings and Recommendations**   3. **Action Plan**

Appendix 1:   Audit grading

Issued to: Executive Director of Education & Families and Head of Education (South)
Copied to: SAC Programme Lead and Chief Executive

Headlines

This exercise was a follow up to previous audit work on the Scottish Attainment Challenge (SAC) and Pupil Equity Fund (PEF) which were most recently reported on in September 2019 and March 2018 respectively. This audit was designed to provide independent assurance on the performance and governance arrangements associated with the implementation of these high-profile Scottish Government policy initiatives/funding streams. We assessed these arrangements against Scottish Government and corporate expectations and against a good practice toolkit prepared from a range of sources including the National Audit Office, HM Treasury and the Cabinet Office Infrastructure and Projects Authority, with specific substantive testing also undertaken to support the provision of assurance on whether the Council's use of relevant funding was in line with Scottish Government's expectations.

The Scottish Government aims through both the SAC and PEF programmes to achieve greater equity in educational outcomes by closing the poverty-related attainment gap. Both programmes are being taken forward through the Council's Plan for North Lanarkshire's Programme of Work (P039). Funding for both the current SAC and PEF programmes, however, is currently guaranteed only until the end of 2021-2022 and it is unclear at present whether/how the Scottish Government will provide future funding for these programmes.

The recent Audit Scotland report '*Improving outcomes for young people through school education*' (March 2021) highlighted that the poverty-related attainment gap remains wide and that inequalities have been exacerbated by Covid-19 and concluded that progress in recent years on closing the gap at a national level has been limited and falls short of the Scottish Government's aims. In June 2021 the Corporate Management Team (CMT) approved the inclusion of the '*Educational attainment gap (including learning loss arising from Covid-19)*' as a key corporate risk in the 2021-2022 Corporate Risk Register to reflect the significance of this risk to the Council. The risk will be closely monitored by CMT on a six-monthly basis in accordance with the approved corporate risk management methodology.

Based on the results of our work, we have assessed the audit as providing '**reasonable assurance'.**

The Council's SAC Plan was approved by the Scottish Government in June 2020 and sets out the Council's approach and workstreams intended to close the poverty-related attainment gap. For 2020-2021, the Council has moved away from the previous 'Keys to Success' school approach towards a cluster-based model, which the Service considers will help accelerate the transformation required to support all schools to achieve better outcomes through focus on prevention, early intervention and a person-centred approach. In addition, the Council has streamlined and re-focused its key SAC workstreams to provide, what it considers, a more coherent approach and to better reflect the priorities of the National Improvement Framework (NIF) and the Plan for North Lanarkshire.

(Continued overleaf)

Internal Audit Opinion (see definition at Appendix 1)	Reasonable assurance (Green-Amber)

Organisational impact (see definition at Appendix 1)	Moderate

Report status	FINAL	Audit ref	0510/2021/001	Date issued	26/8/2021
Audit Team	Jacquie Howden, Jackie Struthers and Paula Hendry				

Headlines (continued)

(Continued from overleaf)

Operation of the PEF programme is currently significantly delegated to individual establishments, with Head Teachers responsible for directing, controlling and monitoring PEF spend. Schools plan and deliver their use of PEF funding as part of the School Improvement Planning (SIP) process. A Programme Board with formal responsibility for delivery of both the SAC and PEF programmes is in place, however, there is currently no regular reporting of spend against PEF budgets or in respect of progress of the interventions being undertaken in achieving the PEF objectives to this forum.

We recognise that the Covid-19 pandemic has had a significant impact on the service's ability to progress planned workstreams and activities included in the annual SAC Plan but consider that where planned activities have had to be adapted, the rationale for these adaptations is clearly documented. We also recognise that the pandemic has impacted on the availability of performance date (including ACEL and YARC data) to help the Council measure the impact of their interventions in respect of numeracy and literacy for 2020-2021. We understand, however, that this information is expected to be available in time for the year-end SAC report due to be presented to Committee in September 2021. In addition, we note the impact the pandemic has had on the individual establishments' ability to spend their SAC and PEF allocations for 2020-2021 and the impact this will have had on their ability to deliver and the effectiveness of any planned interventions.

We noted the work which has been undertaken by the Service to take forward issues arising from the previous audit reports, particularly in respect of a more standardised approach and quality of information reported as part of the annual school improvement planning process, which now includes information, where appropriate, in respect of both the SAC and PEF funded activity. In addition, we were pleased to note that there are generally robust governance and reporting arrangements in respect of the SAC programme and formal guidance and support has been provided to individual establishments in respect of how the SAC and PEF funding can be used. We are also satisfied that SAC and PEF funding is being used in accordance with the purposes for which it has been provided.

We noted a few areas, however, where we consider that there is scope for improvement and have included these in section 3 of the report for management consideration. These include the need to:

- there is a need to develop more effective performance monitoring processes to allow management to better assess performance against the SAC and PEF objectives and to consider setting short, medium and long-term targets to enable better oversight of progress;
- there is a need to improve the planning, monitoring and reporting arrangements in relation to Pupil Equity Funding (PEF) and to more closely align the SAC and PEF funding programmes to enable the Council to better assess and demonstrate that PEF funding is being effectively utilised; and
- there is a need to improve the monitoring and reporting arrangements associated with the PEF/SAC Procurement Framework.

1. Executive Summary

Objectives

This exercise was a follow up to previous audit work on the Scottish Attainment Challenge (SAC) and Pupil Equity Fund (PEF) which were most recently reported on in September 2019 and March 2018 respectively. This audit was designed to provide independent assurance on the performance and governance arrangements associated with the implementation of these high-profile Scottish Government policy initiatives/funding streams. In carrying out our work we considered the following:

- Has the Service addressed previous Internal Audit recommendations and have relevant actions adequately addressed weaknesses previously identified?

- Is PEF and SAC funding continuing to being used appropriately in accordance with the purposes for which Scottish Government funding has been provided?

- Are there effective planning and governance structures that provide periodic updates on progress/status and strong and effective oversight, challenge and direction? And

- Has the programme established appropriate mechanisms to ensure robust information is being gathered and reported in respect of expected and actual outcomes and benefits?

SAC is a major Scottish Government initiative designed to achieve equity in educational outcomes by closing the poverty related attainment gap. For 2020-2021, the Council received total SAC funding of approximately £7.5 million based on the Council's costed improvement plan for the financial year approved in June 2020. PEF is additional funding allocated directly to schools and targeted at closing the poverty-related attainment gap. The total PEF funding allocation for North Lanarkshire for 2020-2021 (based on the number of pupils in P1-S3 registered for free school meals) was approximately £9.1million.

Whilst some limited substantive work was undertaken to support the provision of assurance on the appropriate use of the funding sources, the follow-up nature of this exercise means that a greater focus has been placed on work assessing the adequacy and effectiveness of the governance and performance management arrangements put in place by the Service to plan, deliver, measure and report on activities/outcomes/impacts.

In particular, work undertaken during this audit included assessments of the current governance and performance management arrangements against corporate expectations and against a good practice toolkit prepared from a range of sources including the National Audit Office, HM Treasury and the Cabinet Office Infrastructure and Projects Authority. The work involved gathering evidence of relevant key processes and procedures and interviewing key programme staff from the SAC Team. The exercise was not intended to provide assurance on any of the Council's key workstreams or individual interventions at authority or establishment level. In addition, a sample of schools in receipt of SAC and PEF funding were selected at random and a proforma checklist was completed in conjunction with the relevant Head Teachers to ensure that they were aware of the conditions for using the funding to support their identified interventions and that they were aware of, and were being supported in, their delegated responsibilities for this expenditure.

Due to the timing of our audit fieldwork (March to June 2021), the primary focus of our audit has been on the arrangements around the 2020-2021 SAC and PEF improvement planning process. We understand, however, that the Council's 2021-2022 SAC Plan has been submitted to Scottish Government in accordance with the expected May 2021 timescales.

The audit was not designed to assess the Council's performance in reducing the poverty-related attainment gap or the relative merits of individual workstreams or interventions.

This engagement has been conducted in accordance with the '*Public Sector Internal Audit Standards*'. The Internal Audit section reports formally on conformance with these standards to the Audit and Scrutiny Panel.

2. Findings and Recommendations

Number and category of recommendations raised (see definition of priority at Appendix 1)	Red	Amber	Green
	0	**3**	**2**

Key areas requiring management action (Red)

There were no areas requiring urgent management action identified.

Good practice identified

We noted the following areas of good practice during the audit:

- The council has a fully costed and approved SAC Plan for 2020-2021 which sets out how it intends to seek to reduce the poverty-related attainment gap. For each workstream, the plan includes details in respect of the status of the workstream, the rationale for its inclusion in the plan, the expected impact of the workstream and the measures in place to assess its impact.

- For the 2020-2021 SAC Plan, the Council has significantly changed its approach to reducing the poverty-related attainment gap, which has seen a move to a more cluster based approach in order to ensure that all schools can benefit from the interventions and activities within the SAC funded programme. This change of approach has also seen the streamlining of key workstreams designed to better align with the aims of the SAC programme and the National Improvement Framework (NIF).

- There are formal and robust governance arrangements in place around the SAC funding. These include a Programme Board, which has corporate strategic responsibility for the delivery of the SAC and PEF programmes and a dedicated SAC Programme Team, comprising a mix of skilled and experienced subject lead officers and Education Family Managers (EFMs) who are responsible for the operational delivery and co-ordination of the SAC and PEF programmes. There are formal terms of reference in place for both the Board and the Programme Team and regular meetings are held to cover the budget position for SAC, updates on all the SAC workstreams and future planning/reporting arrangements and deadlines.

- The Council appears to have an effective working relationship with the Scottish Government and has a designated Scottish Attainment Advisor who works collaboratively alongside local authority staff, community planning partners, Head Teachers and Teachers to co-ordinate, plan and support appropriate evidence-based interventions and agreed priorities which support the SAC.

- National operational guidance has been issued to all Head Teachers in respect of the SAC and PEF programmes which clearly sets the conditions of the relevant grant funding. In addition, the SAC Team has provided support sessions, circulars and a series of presentations to Head Teachers to ensure that they are aware of how the funds should be used.

- For 2020-2021, both SAC and PEF funding has now been fully integrated into the annual schools improvement planning process, with Head Teachers required to complete a proforma School Improvement Plan (SIP) setting out the cost of their planned interventions (in respect of FTE or resource), their focus area/workstream (e.g. numeracy, literacy and health and wellbeing), the intended outcome of the intervention (including the planned use of their SAC/PEF funding allocation and what they intend to achieve) and what evidence they expect to collate to measure impact /progression. In addition, each establishment is expected to submit two checkpoint reports and a year-end School Improvement Report (SIR) to the SAC team which provide an update on progress being made with the planned interventions.

- There are separate cost centres for SAC and PEF expenditure to ensure that these can be monitored separately from the mainstream school funding budgets.

Other areas for improvement (Amber)

A small number of other areas for improvement were identified as follows:

- There is a need to develop more effective performance monitoring processes to allow management to better assess performance against the SAC and PEF objectives and to consider setting short, medium and long-term targets to enable better oversight of progress;

- There is a need to improve the planning, monitoring and reporting arrangements in relation to Pupil Equity Funding (PEF) and to more closely align the SAC and PEF funding programmes to enable the Council to better assess and demonstrate that PEF funding is being effectively utilised; and

- There is a need to improve the monitoring and reporting arrangements associated with the PEF/SAC Procurement Framework.

Ref	Finding
1	**There is a need to develop more effective performance monitoring processes to allow management to better assess performance against the SAC and PEF objectives and to consider setting short, medium and long-term targets to enable better oversight of progress.**
	The 2020-2021 SAC Plan was approved in June 2020 and clearly sets out how the Council intends to reduce the poverty-related attainment gap and the workstreams it plans to take forward to achieve that. For each workstream the plan includes details in respect of the status of the workstream, the rationale for its inclusion, the proposed impact of the workstream and the measures in place to assess its impact. The Plan is reviewed annually and the Council is required to submit a mid-year report and a more in-depth final end of year outcomes report to Scottish Government, providing a summary of the financial spend and indicating progress within each of the interventions outlined in the Plan.
	We reviewed the current performance monitoring arrangements for the SAC and PEF plans and, in particular, considered the adequacy of the current arrangements for ensuring that robust performance information is being gathered in respect of the expected and actual outcomes of the SAC and PEF funding programmes in reducing the poverty-related attainment gap. A significant amount of monitoring and performance information is collated via the Scottish Government and Education Scotland and analysed by the Service for reporting to senior management and Scottish Government and, in general, we were satisfied that there were robust arrangements in place around this. This information is available to all establishments and Head Teachers are encouraged and supported by the SAC Team to use this information as part of the planning process and the identification of appropriate and realistic impact/measures.
	We recognise that the Covid-19 pandemic has impacted on the availability of some performance data (e.g. ACEL and YARC) in respect of assessing the impact of the literacy and numeracy workstreams for 2020-2021. We understand, however, that this information should be available in time to contribute to the year-end reporting processes to Scottish Government and Committee in September 2021.
	We noted, however, that there was scope to improve the robustness of the current arrangements, particularly in respect of measuring and reporting the impact and measures of success from these planned activities. In particular:
	• with the exception of measures identified within the SAC Annual Plan, there are currently no clearly defined short, medium and long-term outcomes and/or targets and milestone in place for quantifying the impact/success of the Council's workstreams and interventions in reducing the poverty-related attainment gap;
	• performance measures included in the SAC Plan and subsequent progress reports to Committee and Scottish Government are fairly high-level and do not include any SMART (i.e. Specific, Measurable, Achievable, Reliable and Timely) performance measures which could be used to more effectively measure the impact of the planned workstreams, activities and interventions. In addition, we consider that there is scope for the service to provide more information/context around some of the successes in respect of individual activities and interventions contained within the SAC Plan and subsequent mid and year-end reports to Scottish Government;
	• whilst there is a range of national performance information available from Scottish Government in respect of the Literacy and Numeracy workstreams, we understand that there is nothing similar available in respect Health and Wellbeing interventions which could assist the service in identifying and developing appropriate performance measures. In particular, we understand that the Service has identified the need to better understand the challenges arising from the Covid-19 pandemic in respect of children and young peoples' mental health and more generally to develop appropriate and realistic performance measures at both authority and individual establishment level to enable the benefits and outcomes of health and wellbeing interventions to be effectively monitored; and
	• there is a need for some schools to better document within their SIPs how planned activities and interventions will be targeted to ensure that they are effective in reducing the poverty related attainment gap. In addition, for a number of the SIPs and SIRs reviewed, the narrative was high-level and did not clearly detail how the SAC and PEF funding would be/had been used and/or the extent to which the funding had directly impacted on the identified intervention.
	In August 2020, a dedicated SAC Improvement and Equity Lead was appointed to oversee the quality improvement of the planning process, to ensure that there is a greater synergy between SAC and PEF activity, to ensure the sustainability of projects created via SAC and PEF funds and to monitor the efficacy of projects. We understand that management is satisfied that this role has already led to improvements in approach and direction of the annual school improvement planning process and on the quality and quantity of information included in the SIPs, checkpoint reports and SIRs for each establishment. We noted, however, that there has been no formal assessment undertaken to date to determine the impact the role has had in respect of ensuring the sustainability of the SAC and PEF interventions being undertaken at individual establishment level or monitoring of the efficacy of projects.

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Implication	Recommendation	Priority	Management response	Implementation Month/Year
Without short, medium and long-term targets against which performance can be monitored, there is a risk that effective oversight of the SAC and PEF programmes may be impaired. Without an effective performance management framework, management would not be able to measure whether the SAC and PEF programmes were being delivered and/or may not be able to take appropriate action to address areas of 'under-performance'.	Management should: (1) identify and set realistic short, medium and long-term targets for the SAC and PEF programmes and consider the current and future planned actions which will be taken to deliver against the identified objectives and measures of success (2) ensure that appropriate and realistic SMART performance measures are used wherever possible in the annual SAC Plan, subsequent progress reports to committee and within the individual establishments' SIPs and SIRS to ensure that progress of key all actions and interventions can be appropriately tracked; and (3) set out clearly defined baselines against which the activities or interventions will be assessed for their contribution to closing the poverty-related attainment gap and ensure that the reports at both authority and individual establishment level clearly set out to key stakeholders the progress made against the identified targets/milestones together with any significant challenges in achieving these targets.	**Amber**	**Agree** Anne Munro, Head of Education (1) As requested by the Scottish Government, the SAC Programme Lead will continue to provide full and detailed submissions at appropriate reporting windows in order to satisfy Scottish Government requirements for the SAC programme. There are specific targets set out by Scottish Government in relation to progress in attainment and these are articulated in national stretch aims over a 5-year cycle. The Service will consider how these stretch aims articulate with measures of support currently in place and further consider refining these to ensure a more localised context. With regards to PEF, the SAC team will continue to support establishments in developing their rationale and encouraging greater clarity around gathering evidence and associated outcomes and measures linked to detail around financial structures and spend. Establishments will also be encouraged to set specific targets for interventions where appropriate and articulate what improvements they can make. All of this will be reported through the bi-annual checkpoint reporting and monitoring structures. (2) The SAC Team will endeavour to make greater use of SMART indicators, where possible, in order to track progress. However, it should be noted that the national indicator of progress for all Local Authorities is in relation to ACEL data. This gives figures on both a local and national level and is the main indicator used by the Scottish Government for measuring progress in Literacy and Numeracy. It is important when analysing the ACEL data that consideration is given to the Covid pandemic and 'recovery' process. (3) With regards to SAC, we will continue to measure the progress of all interventions where appropriate and, in addition, continue to explore how this is articulated in various reports. Submissions will include clear baseline indicators, where possible, which will then be used to measure against post intervention assessment. This is currently the case for assessments such as MALT and YARC. It should be noted, however, that not all interventions, especially around Health and Wellbeing are immediately measurable with the impact appraised over time. The Improvement and Equity Lead, alongside other SAC Lead Officers, will continue to support and challenge establishments in both their SAC and PEF submissions through scrutiny of plans and subsequent checkpoints alongside visits to schools to see interventions and progress in action. These processes will ensure that there is appropriate scrutiny of SAC and PEF spends in relation to outcomes for our young people. Furthermore, support and challenge will be provided by Education and Families Managers (EFMs) in the form of Attainment Challenge Reviews (Secondary Schools), Link Visits (Primary Schools) and support with establishment's SIP and SIR submissions. In addition, discussions with SAC Leads, EFMs and Head Teachers will take place prior to the submission of checkpoint pro-formas in January and June 2022. The Service will also work towards capturing data reflecting progress within the Service's benchmarking tool to further enable schools and the SAC Team to monitor impact.	December 2021 October 2021 October 2021 – March 2022

Ref	Finding
2	**There is a need to improve the planning, monitoring and reporting arrangements in relation to Pupil Equity Funding (PEF) and to more closely align the SAC and PEF funding programmes to enable the Council to better assess and demonstrate that PEF funding is being effectively utilised.** We reviewed the current governance, planning, monitoring and reporting arrangements around both the SAC and PEF funding programmes and were generally satisfied that the arrangements around the SAC funding programme were robust and complied with several areas of good practice. In particular, we were pleased to note that a Programme Board has been established, which has corporate strategic responsibility for the delivery of the SAC and PEF programmes and a dedicated SAC Programme Team, comprising a mix of skilled and experienced subject lead officers and Education Family Managers (EFMs) who are responsible for the operational delivery and co-ordination of the SAC and PEF plans. There is also a SAC Core Group which comprises the Head of Education, lead officers from the SAC Programme team, the designated Finance officer, the Principal Psychologist and a Data Analyst. Formal terms of reference have been approved for both the Programme Board and the SAC Programme Team and regular meetings are held for both the Programme Board and SAC Core Group to discuss the budget position for SAC, provide updates to key stakeholders on all the SAC workstreams and the future planning/reporting arrangements and deadlines. For the PEF funding programme, governance is currently significantly delegated to the individual establishments with Head Teachers responsible for controlling and monitoring PEF spend (in accordance with the Scottish Government guidance). One of the key principles of the Scottish Government guidance, however, is that '*Head Teachers should work in partnership with each other and their local authority to agree the use of the funding*' indicating that the Scottish Government expects the Council to have a role in monitoring the overall programme of spend and provide support in the individual establishments' spend decisions. Despite this, we noted that there is currently minimal input to/overview of the PEF activities by the SAC team. In addition, whilst the Programme Board and SAC Core Group have formal responsibility for delivery of both the SAC and PEF programmes, we noted that there is currently no regular reporting to the SAC Core Group or Programme Board of spend against PEF budgets or in respect of progress of the interventions being undertaken in achieving the PEF objectives in the same way as SAC interventions and workstreams. We noted a few areas, therefore, where we consider that there is scope to improve the current arrangements around the PEF funding programme as follows: • a financial monitoring spreadsheet is maintained by the designated PEF School Finance Officer to record spend for each individual establishment against their PEF allocation each year. At present, however, there is no formal review of the PEF expenditure undertaken by the SAC Team to ensure that the spend is appropriate and in accordance with the PEF grant conditions. The SAC Programme Lead commented that the Scottish Government has categorically stated that this is not the Council's responsibility. The total PEF funding allocation for North Lanarkshire for 2020-2021 was approximately £9.1million, however, and whilst the results of our testing indicated that Head Teachers were fully aware of, and being supported in, their delegated responsibility for PEF expenditure, we consider that this significant sum of funding requires to be appropriately monitored at authority level given the council's best value responsibilities and to ensure that schools are complying with the grant conditions and that it is being used on appropriate and sustainable interventions; • from a review of the year-end financial monitoring spreadsheet, we also noted that only £5.2 million of the current year allocation (57%) and approximately £2.04 million of the previous years carried forward allocation (96%) had been spent by establishments during 2020-2021. This amounted to approximately 65% of the overall available funding for 2020-2021 having been spent. We also noted that only nine establishments had fully spent their allocation as at 31 March 2021. We recognise that the Covid-19 pandemic has had a significant impact on the establishments' ability to utilise their PEF allocation during 2020-2021. However, given that the PEF funding is due to end in 20201-2022, we consider that the SAC team requires to remind Head Teachers of the importance of using this funding to progress their planned interventions and that the use of these funds requires to be actively monitored as part of the 2021-2022 annual school improvement planning process and mid-year checkpoints (as a minimum) to ensure that the planned interventions can be delivered and achieve their desired impact; • whilst PEF has been integrated into the school improvement planning process, there is scope to improve the current monitoring arrangements for the PEF programme by the SAC Team to ensure that PEF plans are reviewed and challenged to the same extent as for SAC funding (whilst respecting the Scottish Government guidance in respect of Head Teacher autonomy) and that appropriate interventions are identified and planned within each establishment; and • POW39 covers both SAC and PEF activity. The key action of POW39 is to provide '*an annual report on the re-developed SAC and PEF plan to ensure an increased focus on research and evidence-based practice and a more explicit outcomes focus*'. Whilst reports are regularly being presented to the Education & Families Committee in respect of SAC in line with the current reporting cycles, there is currently no reporting to Committee on the PEF programme spend and/or interventions.

Implication	Recommendation	Priority	Management response	Implementation Month/Year
Without formal monitoring and reporting arrangements management may not be aware of whether the expenditure within schools in being undertaken in accordance with the PEF grant conditions and/or whether/how the PEF interventions are helping to reduce the poverty related attainment gap within individual establishments. Establishments may not be utilising their PEF funding effectively and/or maximising the impact the PEF funding could have in reducing the poverty-related attainment gap.	Management should ensure that: (1) the current monitoring and reporting arrangements for SAC are extended to fully include PEF expenditure and how this spend is assisting in reducing the poverty-related attainment gap. This should include a periodic review of the PEF expenditure within a sample of establishments and regular/routine reporting of total PEF expenditure and progress in respect of interventions to the SAC Programme Team, SAC Core Group and SAC Programme Board meetings; (2) ensure that all Head Teachers are reminded of the importance of fully utilising their PEF allocations to enable them to maximise the impact on their planned interventions, that the PEF spend is regularly monitored during the year to ensure that the funding is being used to full effect and that Head Teachers are being actively encouraged to use the funding where this is not being done; and (3) all reports to Committee include reference to progress in respect of the PEF programme and the impact of the interventions (similar to the annual Quality & Standards report).	**Amber**	**Agree** Anne Munro, Head of Education (1) Schools will continue to be encouraged to provide greater detail in their financial breakdowns and clarity in relation to the way in which this articulates with their SAC/PEF additionalities. A bi-annual review with a sample of establishments will be undertaken by the SAC Programme Lead and the SAC team to monitor levels of expenditure alongside engagement within and outwith the Framework (Action Plan ref 4 below). In addition, the SAC Programme Lead will work together with the Finance team to monitor the overall rate of PEF spend. The SAC Programme Lead alongside a member of the Finance team with responsibility for PEF will provide the SAC Programme Board with updates on a bi-annual basis on the level of PEF spend in relation to overall allocation. (2) Presentations at Head Teacher meetings throughout the session will provide clear guidance on local procedures, appropriate spending of allocated funds, and appropriate documentation and evidencing of impact of PEF spend. This process has already begun and all Head Teachers were briefed on this at their meetings in August 2021. Further written guidance will be issued by the SAC Programme Lead. (3) The current cycle of SAC reports to Committee will now also contain references to PEF, indicating levels and general direction of spend. As all PEF monies are devolved directly to schools these reports will capture the general direction of the PEF engagements under headings such as Literacy, Numeracy, additional staffing etc with greater detail on individual and bespoke interventions, alongside measures and impact, being available in individual establishment SAC/PEF Plans checkpoints.	December 2021 & June 2022 August 2021 and ongoing September 2021 September 2021 & ongoing throughout session 2021 - 2022

Ref	Finding
3	**There is a need to improve the monitoring and reporting arrangements associated with the PEF/SAC Procurement Framework.**
	In November 2018, the Education Committee approved a procurement framework to be used by all schools when procuring services linked to the individual establishment SAC and PEF allocations. The framework covers the procurement of strategic support and interventions including counselling support and advice services, mentoring, pupil workshops and educational assessments and is intended to remain in place for four years with a total spend allocation of up to £16m. The framework contains ten different activity 'lots' within each of which is a list of approved suppliers which have been prioritised/ranked in order of their combined price/quality ratio. To demonstrate value for money, schools are encouraged to use the top-ranking supplier for each activity as far as possible.
	A proforma 'Request for Proposal' (RFP) form requires to be completed for each procurement and a copy sent to the Procurement Support Officer within the SAC Team for monitoring purposes. We understand that expenditure via the procurement framework is monitored by the AFAs at school level and the designated School Finance Officer. To date there has been a total spend of £1,720,985 via the framework, with £970,418 relating to PEF and £750,567 to 'non-PEF' spend (including SAC spend).
	We selected a sample of five schools with PEF and five schools with non-PEF spend during 2020-2021 at random and requested copies of the supporting RFP forms from the Procurement Support Officer. None of the forms requested had been submitted to the SAC team, indicating that either they had not been completed by the Head Teacher and/or were not being formally monitored by the AFAs and SAC Team in accordance with the expected procedures. In addition, for the sample selected, we noted three cases where a supplier was used who was not specifically included in the list of preferred suppliers within the framework.
	The level of spend undertaken by schools within the framework is very low compared to the overall PEF/SAC budgets and whilst the results of our testing indicate that Head Teachers are aware of the Framework and how it should be used, it is unclear whether the framework is actually being used as widely as intended. The SAC Programme Lead advised that the framework is a guide for schools and that whilst all schools are encouraged to use the framework as far as possible it is not mandatory to do so. The SAC Programme Lead has, however, recognised the need to consider how well the framework is being used to procure relevant services and whether there is a continued need for the framework following the end of its current lifecycle.
	In addition, there is currently no formal reporting on the use of the procurement framework with regards to PEF and non-PEF expenditure to senior management and/or key stakeholders. We understand that as a framework, management considers that there is no statutory obligation to report progress to Committee. We consider, however, that to demonstrate the effectiveness of the framework in achieving best value, formal monitoring and reporting of the use of the framework should be undertaken. In addition, such monitoring would also enable the Service to review the nature and extent of non-framework procurement for SAC/PEF funding within individual establishments and provide a mechanism for them to gain assurance, or otherwise, as to whether this was being done in accordance with expected corporate expectations and fulfilling the Council's best value obligations.

Implication	Recommendation	Priority	Management response	Implementation Month/Year
Services may not be procured in accordance with the Framework. Without formal documentation, schools may not be able to evidence why a particular procurement method and/or supplier was selected and/or be able to demonstrate best value when procuring services.	Management should: (1) remind/encourage all schools to use the Procurement framework as far as possible and of the requirements of the Framework (including the use of approved suppliers wherever possible) and the importance of completing the RFP documentation for each procurement exercise; (continued overleaf)	**Amber**	**Agree** Anne Munro, Head of Education (1) Head Teachers will be reminded at meetings throughout the session on the provision of the Framework and the process for engagement with all non-staffing related PEF spends. All Head Teachers were briefed on this at their meetings in August 2021. This will be further reinforced by an email to Head Teachers outlining the procedure and highlighting the use of the RFP documentation. In addition, the SAC Team will also engage with all AFAs to remind them of the process involving RFP documentation in order that they can further assist Head Teachers.	August 2021 and ongoing. September 2021

Implication	Recommendation	Priority	Management response	Implementation Month/Year
	(continued from overleaf) (2) periodically report to senior management on the use of, and expenditure incurred via, the Framework against the total spend allocation; and (3) ensure that they periodically review non-Framework expenditure items to obtain sufficient assurance that procurement activity funded via SAC/PEF is being undertaken in accordance with corporate expectations and can demonstrate best value.		(2) A report on the use of, and expenditure incurred via, the Framework against the total spend allocation will be prepared by the SAC Programme Lead and presented to senior management on a bi-annual basis. (3) The SAC Programme Lead will conduct a bi-annual review of spend associated within and outwith the Framework, alongside a check on a sample of schools to ascertain levels of compliance with procurement procedures and submissions of RFP documentation. Findings will be reported to the Senior Leadership Team and the SAC Programme Board.	December 2021 & July 2022 December 2021 & July 2022

Ref	Finding
4	**There is scope to improve the arrangements for recording and monitoring SAC expenditure to better enable the Council to demonstrate at individual establishment level that funding has been used in accordance with the Scottish Government grant award criteria.**
	We reviewed the arrangements for recording, monitoring and reporting the SAC expenditure and were pleased to note that there were generally robust arrangements in place, with distinct SAC cost centres used to separate SAC spend from the mainstream activities, the main SAC expenditure (including staffing costs and the central admin charge) being controlled centrally to ensure that the grant conditions are being adhered to and a four-weekly financial monitoring report provided to management showing spend against the Council's grant award. In addition, the SAC expenditure is monitored by the designated Finance Officer and SAC Programme Lead as part of the preparation of the quarterly grant claims to Scottish Government to ensure that the funding has been used to address the four key workstreams.
	We noted a small number of areas, however, where we consider that there is scope for improvement in the current arrangements as follows:
	• whilst the financial monitoring report clearly sets out the key expenditure headings, there is currently no formal or regular monitoring of the central SAC expenditure by the SAC team in respect of the allocation of expenditure within the individual SAC workstreams, which we understand is only done at the time of preparing the quarterly grant claims;
	• whilst Head Teachers are required to provide details of SAC expenditure within their SIPs as part of the annual improvement planning process and report spend in the Checkpoint reports and year end SIRs, there is currently no formal or regular monitoring by the SAC team at individual school level to ensure that the expenditure is allocated to the correct workstream and/or that the expenditure is valid and appropriate; and
	• there is scope to improve and simplify the recording of SAC expenditure within the financial monitoring reports and quarterly grant claim process to more readily identify the amount of funding spent within each of the workstreams. We recognise that the designated Finance Officer has already identified that the process for allocating expenditure between the workstreams is overly complicated and that he intends to simplify the process for the 2021-2022 grant claim process.
	In addition, despite the financial monitoring report at P13 highlighting an underspend of £634,049 for SAC funding (approx. 8% of the total grant award), we noted that the full grant award had been claimed for 2020-2021. From discussions with the SAC Programme Lead and designated Finance Officer, however, we understand that Scottish Government allowed the Council to use the balance to support the retention and recruitment of additional teaching staff.

Implication	Recommendation	Priority	Management response	Implementation Month/Year
Without formal monitoring arrangements, management would not be able to confirm that the SAC expenditure was valid and appropriate and/or that the expenditure has been allocated to the correct workstream.	Management should ensure that: (1) more formal and regular reviews of a sample of SAC expenditure transactions at individual establishment level are undertaken to validate that the spend is in accordance with the SAC grant criteria; and (2) the grant claim process is simplified in accordance with planned actions to ensure that SAC expenditure is correctly allocated to the appropriate workstream and that appropriate arrangements are put in place for the routine/regular monitoring of actual expenditure against these workstreams.	**Green**	**Agree** Anne Munro, Head of Education (1) In order to support the recovery programme, a decision has been taken by the Service to allocate all SAC funds previously given to Secondary schools on a resource basis, to a staffing FTE. The process of supporting both primary and secondary establishments is now aligned with all establishments receiving an FTE equivalent. This approach has been agreed with Scottish Government as part of the approved SAC Plan for 2021-2022 and the ongoing support for the cluster model. Head Teachers will report on the deployment and associated impact of this additionality within establishments in submissions of their school SAC/PEF plans and associated checkpoints. (2) The Finance team associated with the SAC programme will continue to work within Scottish Government guidelines in respect of grant claims. The simplification of internal cost codes has begun and will be reflected in the preparation of future quarterly submissions.	August 2021 December 2021

Ref	Finding
5	**There is a need for schools to improve the process for consulting with key stakeholders around the use of the PEF funding as part of the annual school improvement planning process**.
	One of the Key Principles within the *Pupil Equity Funding - National Operational Guidance (2020)* states that 'Parents and carers, children and young people and other key stakeholders should be involved in the planning process'.
	For the sample of schools selected for testing we noted that whilst all Head Teachers were aware of the need to consult with key stakeholders, the current arrangements for doing so varied significantly between schools, with some schools unable to provide evidence of consultation having taken place.
	We understand that the current Covid-19 pandemic appears to have prevented some schools from undertaking formal consultations, particularly with the children and parents. We also noted, however, one school within our sample where there was no Parent Council in place with which to consult.

Implication	Recommendation	Priority	Management response	Implementation Month/Year
Schools would not be undertaking formal consultations with key stakeholders in accordance with the PEF operational guidance. Without formal consultation, the school may not be able to identify interventions which best suit the needs of the key stakeholders.	Management should ensure that all schools are reminded of the need to consult with key stakeholders during the planning process and ensure that this process can be evidenced as part of the checks undertaken during the Service's review of the annual Schools Improvement Plans (SIPs).	**Green**	**Agree** Anne Munro, Head of Education Through discussions with Head Teachers, the Improvement and Equity Lead along with EFMs, will emphasise the requirement for consultation with stakeholders when developing a focus and rationale for their PEF spend. This requirement for consultation with key stakeholders will be further reinforced as part of the support presentations developed by the Improvement and Equity Lead and the Attainment Advisor. Furthermore, the Improvement and Equity Lead, who also has responsibility for parental engagement, will highlight this recommendation in meetings and planned training sessions with Parent Councils.	September – December 2021 Ongoing throughout session 2021-2022

Appendix 1 - Audit Grading

Audit reports are graded with an overall assurance opinion, and any issues and associated recommendations are classified individually to denote their relative importance, in accordance with the definitions in the tables below.

Definition of audit assurance and recommendation categories	
Assurance	Confidence based on sufficient evidence that internal controls are in place, operating effectively and objectives are being achieved.

Assurance opinion		
Green	**Substantial Assurance**	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Green - Amber	**Reasonable Assurance**	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Amber - Red	**Limited Assurance**	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
Red	**No Assurance**	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

Organisational impact	
Major	The weaknesses identified during the review have left the Council open to significant risk. If the risk materialises it would have a major impact upon the organisation as a whole.
Moderate	The weaknesses identified during the review have left the Council open to medium risk. If the risk materialises it would have a moderate impact upon the organisation.
Minor	The weaknesses identified during the review have left the Council open to low risk. If the risk materialises it would have a minor impact upon the organisation.

Recommendation priority	
Red	Significant weaknesses which management needs to address and resolve immediately.
Amber	Weaknesses which require prompt but not immediate action by management.
Green	Less significant issues and/or areas for improvement which do not require immediate management action.