

REPORT TO: Audit and Governance Committee

MEETING DATE: 15 September 2015

BY: Depute Chief Executive – Resources & People Services

SUBJECT: Internal Audit Report – Exceptional Needs Funding

1 PURPOSE

- 1.1 To inform the Audit and Governance Committee of the recently issued audit report on Exceptional Needs Funding.

2 RECOMMENDATION

- 2.1 That the Audit and Governance Committee note the contents of the Executive Summary and Action Plan.

3 BACKGROUND

- 3.1 As part of the Audit Plan for 2015/16 a review was undertaken of the process for allocating Exceptional Needs Funding to Schools.
- 3.2 The main objective of the audit was to ensure that the internal controls in place were operating effectively.
- 3.3 The main findings from our audit work are outlined in the attached report.

4 POLICY IMPLICATIONS

- 4.1 None

5 EQUALITIES IMPACT ASSESSMENT

- 5.1 This report is not applicable to the well being of equalities groups and Equality Impact Assessment is not required.

6 RESOURCE IMPLICATIONS

6.1 Financial - None

6.2 Personnel - None

6.3 Other - None

7 BACKGROUND PAPERS

7.1 None

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DATE	3 September 2015

EAST LOTHIAN COUNCIL – INTERNAL AUDIT EXCEPTIONAL NEEDS FUNDING

1. EXECUTIVE SUMMARY

1.1 Introduction

As part of the Audit Plan for 2015/16 a review was undertaken of the process for allocating Exceptional Needs Funding to Schools. A summary of our main findings is outlined below.

1.2 Areas where Expected Controls were Met

- The Council has in place appropriate arrangements for identifying and supporting children and young people with additional support needs in line with the Education (Additional Support for Learning) (Scotland) Act 2004 and the Education (Additional Support for Learning) (Scotland) Act 2009.
- A two stage process is in place for administering exceptional needs funding – Cluster Moderation Panels (stage 1) assess individual pupil's eligibility, while the allocation of funding lies with the Authority Moderation Panel (stage 2).

1.3 Areas with Scope for Improvement

- The existing procedures and processes for allocating exceptional needs funding require to be updated to reflect current practices and changes in legislation. *Risk – non compliance with legislation.*
- Detailed records are not currently maintained by the Cluster Moderation Panels or the Authority Moderation Panel of key discussion points considered in reaching a decision. *Risk – lack of transparency.*
- In some cases Exceptional Needs Profiles failed to clearly demonstrate how funding would be targeted to meet the specific needs of individual pupils and to deliver positive outcomes. *Risk – failure to provide detailed information to assist in the assessment of exceptional need.*
- In some cases there was a lack of evidence to indicate that a robust approach had been taken by Cluster Moderation Panels in approving only those Profiles which met the complex and enduring needs criteria. *Risk – failure to ensure that support is targeted to those children with the greatest need.*
- The role of the Authority Moderation Panel requires review to ensure that decisions made by the Cluster Moderation Panels are subject to appropriate scrutiny and that where Profiles do not meet the shared understanding of exceptionality, feedback is provided to the Cluster Moderation Panels. *Risk – failure to ensure that those children with the greatest need receive additional support.*

1.4 Summary

Our review of the allocation of Exceptional Needs Funding has identified a number of areas with scope for improvement. Detailed findings and recommendations are contained in our main audit report.

Mala Garden
Internal Audit Manager

September 2015

ACTION PLAN

PARA REF	RECOMMENDATION	GRADE	RESPONSIBLE OFFICER	AGREED ACTION	RISK ACCEPTED/ MANAGED	AGREED DATE OF COMPLETION
3.2.1	Management should ensure that the existing procedures and processes for exceptional needs funding are updated to reflect current practices and changes in legislation.	Medium	Service Manager Education (ASN & Early Years)	Agreed – we will review in line with ASL Act 2004/2009 & Children and Young People (Scotland) Act 2014.		August 2016 (Implementation date of Children & Young People (Scotland) Act 2014).
3.3.1	Management should review the adequacy and effectiveness of the Exceptional Needs Profile form to ensure that all profiles clearly demonstrate how funding will be targeted to meet the specific needs of individual pupils and deliver positive outcomes.	Medium	Service Manager Education (ASN & Early Years)	Agreed but with comments: The fact that many of the forms are completed very well is an indication that the form is fit for purpose. It does require further training, however, to ensure that the person completing the form provides relevant and appropriate information to ensure a robust application.		The EN profile form will be subject to discussion and agreement by the EN working group who have been working on changes to the process since March 2015. We will meet to agree a final format and process on 15 th September 2015.

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3.3.2	<p>For all Profiles considered by the Cluster Moderation Panels, a detailed record should be maintained of the key discussion points considered in reaching a decision on eligibility for exceptional needs funding.</p> <p>Management should ensure that a robust approach is adopted by all Cluster Moderation Panels in approving only those Profiles which meet the complex and enduring needs criteria.</p>	Medium	Service Manager Education (ASN & Early Years)	<p>Agreed</p> <p>This has been part of the review of the EN process which started in November 2014 and which will conclude on the 15th of September 2015.</p>		Decision to be made following the meeting on 15 th September 2015. Much will depend on the decision to either stick with the status quo or to adopt a one stage process.
3.3.3	<p>Management should ensure that a clear audit trail exists of all requests made for exceptional needs funding – the existing list prepared for Cluster Moderation Panels should include all pupils including those classed as ‘Enduring’.</p> <p>For pupils identified as ‘Enduring’ relevant details of when the decision was made and the officers making the decision should be held.</p>	Medium	Service Manager Education (ASN & Early Years)	Agreed		December 2015

PARA REF	RECOMMENDATION	GRADE	RESPONSIBLE OFFICER	AGREED ACTION	RISK ACCEPTED/ MANAGED	AGREED DATE OF COMPLETION
3.4.1	<p>The role and remit of the Authority Moderation Panel should be reviewed with a view to ensuring that the Panel provides effective scrutiny of the decisions made at the Cluster Moderation Panels.</p> <p>The Authority Moderation Panel should provide feedback to the Cluster Moderation Panels on Profiles that do not meet the shared understanding of exceptionality.</p>	Medium	Service Manager Education (ASN & Early Years)	<p>Agreed, but this will depend on whether the cluster moderation panel system remains in place.</p> <p>As above</p>		Decision to be made following the meeting on 15 th September 2015. Much will depend on the decision to either stick with the status quo or to adopt a one stage process.
3.5.1	Effective processes should be developed for monitoring the use of exceptional needs funding awarded to schools.	Medium	Service Manager Education (ASN & Early Years)	Agreed		Over the course of time that the existing model has been in place (12 years), a system has not been put in place to monitor the use of EN funding awarded to schools. 2015 is the first year that this will be done.

Grading of Recommendations

In order to assist Management in using our reports, we categorise our recommendations according to their level of priority as follows:

Level	Definition
High	Recommendations which are fundamental to the system and upon which Management should take immediate action.
Medium	Recommendations which will improve the efficiency and effectiveness of the existing controls.
Low	Recommendations concerning minor issues that are not critical, but which may prevent attainment of best practice and/or operational efficiency.