East Lothian Council

REPORT TO:	Audit and Governance Committee	
MEETING DATE:	21 June 2022	
BY:	Service Manager – Internal Audit	**3**
SUBJECT:	Internal Audit Report – June 2022	

1   PURPOSE

1.1   To inform the Audit and Governance Committee of Internal Audit reports issued since the last meeting of the Committee and to provide an update on progress made against the 2021/22 annual audit plan.

2   RECOMMENDATION

2.1   That the Audit and Governance Committee note:

   i.   the main findings and recommendations from the Internal Audit reports issued during the period from February 2022 to June 2022 as contained in Appendix 1;

   ii.   the main findings and recommendations from the Internal Audit Assurance review undertaken in the period from February 2022 to June 2022 as contained in Appendix 2;

   iii. Internal Audit's progress against the annual audit plan for 2021/22 as set out in Appendix 3.

3   BACKGROUND

3.1   Since the last meeting of the Committee final reports have been issued in respect of the following audits: Low Value Purchasing, Property Maintenance Stores, COVID-19 Grants, Scottish Welfare Fund and Risk Management.

3.2   The main objective of the audits was to ensure that the internal controls in place were operating effectively. A summary of the main findings and recommendations from the audits is contained in Appendix 1.

3.3   In addition since the last meeting of the Committee an Assurance review of the Digital Learning and Teaching Strategy has been completed. The main findings and recommendations from the Assurance review are contained in Appendix 2.

3.4   As the Assurance exercise is not a complete audit of this emerging process it has not been assessed with an assurance level. However appropriate recommendations have been made.

3.5   For the audit reviews undertaken, Internal Audit has provided management with the following levels of assurance:

  ➢   Low Value Purchasing – Limited Assurance

  ➢   Property Maintenance Stores – Limited Assurance

  ➢   COVID-19 Grants – Reasonable Assurance

  ➢   Scottish Welfare Fund – Reasonable Assurance

  ➢   Risk Management – Reasonable Assurance

Progress Report 2021/22

3.6   A progress report attached as Appendix 3 is prepared to assist the Committee in their remit to evaluate Internal Audit's work and measure progress against the annual audit plan for 2021/22.

4   POLICY IMPLICATIONS

4.1   None

5   INTEGRATED IMPACT ASSESSMENT

5.1   The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

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	10 June 2022

Appendix 1 Executive Summary: Low Value Purchasing

Conclusion: Limited Assurance

The control environment in place for low value purchasing is reliant on the controls in place for processing invoices which remain mostly appropriate. However significant improvements in the authorisation of purchases when the original purchase orders are being processed, and set up of suppliers is required as part of the relaunch of procurement procedures across all Council services. Systems improvements are required in order to provide greater capability to monitor all expenditure and assist in the prevention of incorrect payments. Purchase card controls that have been de-prioritised as a result of business continuity require to be reintroduced.

Background

The Council's procurement process indicates that East Lothian Council has a number of contracts in place with suppliers of goods, providers of services and contractors for construction works. The contracted suppliers offer the best overall value for money as well as reduced risk for the Council, so it is important that these suppliers are used where a contracted supplier is in place.

However routes for purchasing decisions still allow for use of a manual purchase ordering process off the corporate PECOS system, which due to systems compatibility issues only accounts for 18% of the Council expenditure, much of the other expenditure is operated through different service based systems, and the Council also makes use of purchase cards. Controls in place to prevent the use of non-contract suppliers and unregulated procurement are not as effective when purchases are made through these processes.

During the COVID-19 pandemic business continuity period there have been increased risks of more unregulated expenditure due to more home and remote working resulting in lower direct supervision/training of staff and increased potential for contracted suppliers to be unable to deliver the goods and services required of the Council. In addition resourcing constraints and other COVID priorities within the Finance and Procurement teams have resulted in prioritisation on monitoring of higher value expenditure.

Summary of findings & recommendations

The following key findings and recommendations are highlighted, which have all been **agreed by the Service Manager – Corporate Accounting and the Service Manager – Procurement**:

- Current procurement procedures and purchase card procedures are recognised as being out of date and have been removed from general circulation on the Council intranet. *Management had already planned to revise and reissue these procedures and will do so by December 2022*.

- Systems improvements are required in order to improve the monitoring of lower value expenditure and to include systems to ensure expenditure against contracted suppliers can be monitored against contracts, and that greater monitoring of purchase card expenditure is also required to prevent the use of the cards for items that should be purchased through other routes. *The P2P project and work by procurement are already underway to resolve systems issues, immediate changes are being made were possible however further systems improvements are required to provide full monitoring capability through the length of the P2P project, in addition further monitoring of purchase card expenditure will be implemented by September 2022*.

- Improved monitoring of New Supplier requests is required as evidence that they are being requested for set up through procurement after invoices have been issued has been identified, in addition for certain payment requests further segregation between supplier set up and payment processing is required to be implemented. *Management have agreed to the recommendations to improve processes which will be implemented by December 2022*.

Executive Summary continued: Low Value Purchasing

Summary of findings & recommendations (continued)

- Council procurement procedures should ensure that specific instructions are issued concerning the requirement for all purchases to clearly have two members of staff formally approve all expenditure including a requisitioner and an authoriser for all purchases, a clear audit trail was not in place for the original purchase request being requested and then authorised in 62% of the 2021/22 small value purchases tested, although all were for legitimate Council purposes. *Management have agreed to publicise this as part of the corporate procurement procedures **by December 2022**.*
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- The Council currently has 358 live purchase cards, however 104 of these cards have not been used in the last five months, in addition multiple examples of use of purchase card transactions being broken up in order to avoid expenditure limits have been identified. Management of purchase card issues and expenditure limit changes have not been prioritised due to business continuity measures. *Management have agreed to implement improved monitoring and control arrangements for purchase cards **by September 2022**.*

- During the audit payment of a grant was found to have been made incorrectly due to manual entry errors, as has been previously reported due to manual entry processes in place for payments regular errors occur. Consideration should be given to providing more automated payment processes to improve this issue. *Management have agreed to include this within the objectives of the P2P project and implement new checks **by September 2022**.*

Recommendation Summary

Recommendations Grade	High	Medium	Low	Total
Current Report	-	19	-	19
Prior Report	N/A	N/A	N/A	N/A*

* This control review is new and no prior report exists for comparison

Materiality

East Lothian Council during 2021/22 had £206.5 million of both capital and revenue expenditure, paid in excess of 79,000 invoices, of which £132.5 million (64%) was for individual invoice items of less than £50,000.

Headlines

Objectives	Conclusion	Comment
1. Adequate processes and procedures are in place for manual ordering and purchase card purchases.	Limited	Whilst quick reference guides exist and are available to all Council staff on the intranet covering both procurement processes and purchase cards, full Procurement procedures and Purchase Card procedures are neither up to date nor are they visible to staff as they have been taken off the Council intranet. Plans are in place to update both of these documents, however resource restrictions and business continuity processes has meant that this has not yet occurred.
2. Adequate monitoring of the purchases being made through manual orders and purchase cards is in place to ensure expenditure is being fully controlled through appropriate contracts for expenditure levels.	Limited	Monitoring of all purchases is completed by Procurement on a quarterly basis for expenditure that is not via purchase card and annually includes purchase card expenditure. However this analysis does not allow for spend to be fully analysed against spend on contracts, only against contracted suppliers. It is noted that in a number of cases purchase cards were being used for items of expenditure clearly identified as incorrect, there is a need for greater frequency of review for purchase card purchases. Resource constraints have impacted the operation of previous reviews completed of this expenditure.
3. Adequate segregation of duties is in place to maintain control of expenditure through manual ordering and purchase card expenditure.	Limited	Council systems are not in place to ensure that purchases are supported by a requisition and a purchase order in all cases. From a sample of 45 payments only eight were supported by appropriately authorised purchase orders and requisitions, although nine were utilities payments that are supported by a different system. Whilst all of the payments covered legitimate Council purchasing, ensuring appropriate procurement routes is not in place in all cases and an example was found of annual payments being made against a contract that was originally agreed in 2007 and has not been fully market tested since then.
4. Adequate controls are in place to prevent inappropriate or fraudulent expenditure through manual order or purchase card purchases.	Limited	As a result of errors caused by manual input transactions the Council makes errors in payments on occasions and requires time and resource to recover payments made incorrectly, in addition to one example found during testing in excess of £100,000 of error payments as a result of manual keying entry are established every two years as part of the NFI exercise. Improved systems that reduces the need for manual input processes for payments and has authorisation of purchases completed at the beginning of the purchasing process, not following receipt of invoices, has been recommended. Current use of purchase cards found that there were at least 26 cases of expenditure being made in more than one transaction in order to avoid individual transaction limits. In addition the Council has 358 issued purchase cards, however 104 of these cards have not been used in the last five months.

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Areas where expected controls are met/good practice

No.	Areas of Positive Assurance
1.	Procurement review all Council expenditure annually and the majority of expenditure on a quarterly basis. In order to identify aggregate expenditure that requires further procurement activity.
2.	Adequate segregation of duties exists in the authorisation and payment of Council invoices.
3.	The majority of Council expenditure is incurred with suppliers that the Council has a contract with.

Recommendation Grading/Overall Opinion Definitions

Recommendation	Definition
High	Recommendations relating to factors fundamental to the success of the control objectives of the system. The weaknesses may give rise to significant financial loss/misstatement or failure of business processes.
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.

Levels of Assurance	Definition
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.
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.
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.
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.

Executive Summary: Property Maintenance Stores

Conclusion: Limited Assurance

The Council has in place a control process for managing the purchase, storage and issue of property maintenance stores materials, however key areas of that process require improvement, including: requisition and purchase processes, receipting of goods, manual stock adjustments, security of the stores area, recording and reconciliation of stock issued outwith normal working hours. Control of systems that are now end of life need to be managed through until new systems are in place to replace them.

Background

The Council maintains a Property Maintenance Stores at the site at Penston House, Macmerry Industrial Estate. The stores maintain a stock of items covering the majority of the needs of the Property Maintenance service teams including separately recorded stock for building materials, blacksmiths, electrical, glaziers, painting, plumbers, joinery and wood shop. Small levels of certain stock are maintained in some of the service fleet for completing particular jobs. Stores issue materials during normal working hours and an arrangement is in place to provide supervisors with stores access outwith normal hours when emergency work is required. Covid working environments and resource shortages within the stores team have had significant impacts on the normal working operations over the last two years, however, work is already underway to resolve the resourcing issues and working environments are beginning the process to full recovery.

Summary of findings & recommendations

The following key findings and recommendations are highlighted, which have all been **agreed by the Service Manager – Property Maintenance**:
- In addition to the current procedures available, procedures for the issuing of stores materials, returning of items and verification of deliveries require to be created and made available to all staff. *Management have agreed to complete this **by September 2022***.
- Current processes for ordering stock require review to ensure that segregation of duties is always maintained, with documented escalation and authorisation routes for larger purchases and documented receipting of goods in all cases. *Management have agreed to implement these recommendations in full as soon as possible with all to be in place **by December 2022***.
- Clear processes to ensure that handheld stock recording units are only operated by one individual on a daily basis need to be implemented and processes to ensure that this end of life system remains secure should be developed. *Management have already implemented new processes on use of the handheld stock recording units and are working with IT to have secure processes in place **by September 2022***.
- Authorisation processes for manual stock adjustments should be reviewed to ensure that they are always followed on a timely basis. *Management have agreed to implement these changes **by September 2022***.
- At the time of the audit more staff members had the ability to access the stores area than was required, whilst reviews have already reduced this number significantly, further process changes and reviews should be undertaken to ensure that the minimal required level of staff have access to the stores area. *Management have agreed to all of the recommendations being completed **by December 2022**, although some actions are already in place.*
- In order to ensure that there is appropriate protection provided by CCTV coverage of the stores area, consideration should also be given to increasing the coverage and the length of time recordings are maintained in line with other procedural changes. *Management have agreed to review and complete the required changes **by December 2022.***
- In order to ensure that stock records and property records are complete and materials used are accurately recorded on a timely basis, changes are required to the process of recording out of hours issues of stock items. *Management have agreed to review and implement revised processes **by September 2022.***

Executive Summary (continued): Property Maintenance Stores

Recommendation Summary

Recommendations Grade	High	Medium	Low	Total
Current Report	-	25	1	26
Prior report	N/A	N/A	N/A	51*

* The full prior report was from 2003 and no recommendation gradings were recorded in Internal Audit Reports at that time.

Materiality

The stock count completed in April 2022 agreed a value of approximately £340,000 of stock maintained. Approximately £1.6 million of expenditure is made on stock items from around £2.4 million of expenditure on property maintenance materials on an annual basis.

Headlines

Objectives	Conclusion	Comment
1. Clear, accessible, relevant and appropriate Council stock management policies and procedures are in place.	Reasonable	There are written Property Maintenance Stores Procedures which clearly set out procedures for 24 processes, from the raising of purchase orders through to the checking and matching of invoices. However, there are no written procedures for the issuing and return of goods, although staff receive on the job training at the stores counter.
2. Stock reordering is completed in accordance with procedures and provides best value for relevant stock items, with an approved audit trail on the need for stock items.	Limited	Procedures for reordering of stock are reliant on stores staff having a good awareness of required items and do not provide for demonstrable segregation of duties and a clear audit trail from requirement through to delivery of goods, due to restricted resource over the last 18 months. Recommendations have been made to improve processes to ensure that stock levels are monitored against stock records and that segregated purchasing decisions are then made by authorised staff and that clear goods received documentation is obtained and maintained in all cases.
3. Stock records are maintained in a complete and accurate manner, with appropriate stocktaking being completed on a regular basis.	Limited	Regular stocktaking is completed in an organised and controlled manner for property maintenance stocks. However, one stocktake was not completed in March 2020 due to COVID restrictions at that time. It is recommended that in such an event that a stocktake is completed as soon as possible following a delayed stocktake. Processes for uploading the end of life handheld stock scanners should be reviewed to ensure they remain secure for the Council network and each stores staff member should only be allocated a barcoder that only they use on that day.
4. Appropriate segregation of duties is maintained throughout the stock management process.	Limited	Clear segregated processes require to be developed between the requisitioning of stock items and authorisation of purchase orders. From a sample of 30, in six cases requisitions, purchase orders and goods received notes had been entered by the same individual on the system and in four cases requisitions and purchase orders had been completed by the same individual. Clear segregation of duties between staff in entering and reconciling stock adjustment figures also needs to be implemented.
5. Stock is maintained in a secure and suitable location for the stock items, with access limited to appropriately restricted staff.	Limited	The stores area has access through two doors, one of which is utilised for making stores issues during working hours and one on an out of hours basis. The audit identified 91 staff members with access to the stores, on review during the audit this has been reduced to 56 and should be reviewed further. Review of the door access restrictions including process for controlling access, and improvements to CCTV coverage need to be considered to improve the security of the stock maintained, and the security of the staff working environment.
6. Adequate processes are in place and operating for stock management monitoring and reporting.	Reasonable	Monthly reconciliations of stock figures are undertaken within Property Maintenance and Finance, however improvements in the reconciling of stock items being issued on standby have been recommended.

Areas where expected controls are met/good practice

No.	Areas of Positive Assurance
1.	Full stocktakes are completed twice a year of all property maintenance stocks and the latest stocktake completed in April 2022 established that there were minimal differences between the stock held and the stock records maintained.
2.	Monthly reconciliations of stock records to the ledger are completed by Finance in conjunction with Property Maintenance staff.
3.	Stock is maintained in an area that can be secured and provides appropriate space and racking facilities for the stock to be maintained currently.

Recommendation Grading/Overall Opinion Definitions

Recommendation	Definition
High	Recommendations relating to factors fundamental to the success of the control objectives of the system. The weaknesses may give rise to significant financial loss/misstatement or failure of business processes.
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.

Levels of Assurance	Definition
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.
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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.
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.

Executive Summary: Covid-19 Grants

Conclusion: Reasonable Assurance

The internal controls in place for Covid-19 grants are generally reliable, however there are some improvements that can be made to provide a fully effective control process, including introducing procedures to assist with any future grant funding, transferring Covid-19 grant application forms to a secure network file location and reviewing the eligibility of the grant award in a small number of cases – if appropriate the Council should consider requesting a refund from the applicant.

Background

The Scottish Government introduced a number of grants and reliefs in response to the Coronavirus pandemic to help support businesses impacted by the Covid-19 control measures put in place. The Council administered a total of 23 Covid-19 grant schemes in 2020/21 and 2021/22 and had responsibility for assessing if applicants were eligible for payment based on the guidance issued. Where an applicant disagreed with the decision to reject the award of a grant, they could submit an appeal in writing to the Council requesting that they reconsider the decision.

As part of the review, Internal Audit examined six Covid-19 grants including the Strategic Framework Business Fund (SFBF), Local Authority Discretionary Fund, Route Map Extension Restrictions Fund and the Taxi Driver and Operator Support Fund – five of the grants were administered by the Economic Development Team and one grant was administered by the Licensing Section.

Summary of findings & recommendations

The following key findings and recommendations are highlighted, which have all been **agreed by Management**:
- Due to the rapid development of the processes, there was a lack of detailed procedures in place to provide clear guidance to staff responsible for administering Covid-19 grants. *Management have agreed to produce generic Covid-19 grant procedures by August 2022.*
- The existing arrangements in place for filing Covid-19 grant application forms require review – in a number of cases, application forms were being held in email enterprise vaults and had not been transferred to a secure network file location to allow appropriate access for any subsequent enquires. *Management have agreed to transfer the application forms to a secure network file location by August 2022.*
- In five cases, a review of the eligibility of the grant award requires to be undertaken, with more evidence being requested in some cases, and if appropriate the Council should consider requesting a refund from the applicant. *Management have agreed to undertake a review of the eligibility of the grants awarded by August 2022.*
- The register functionality of the Glamis system is currently unable to produce a list of taxi drivers and operators that hold a valid licence. *Management have agreed to undertake a review of the Glamis system by June 2022.*

Recommendation Summary

Recommendations Grade	High	Medium	Low	Total
Current Report	-	9	-	9
Prior Report	N/A	N/A	N/A	N/A*

* No prior report exists for Covid-19 Grants.

Materiality

The Council distributed approximately £29.6 million on Covid-19 grants in 2020/21, of which £27.6 million was support for local businesses, including £17.6 million for Business Support Grants and £8.6 million for the SFBF. A further £10.4 million of Covid-19 grants was distributed by the Council for 2021/22, including £6.5 million of SFBF funding, £1.3 million of Discretionary funding, £1.3 million of further specific Hospitality and Leisure funding and **41**£0.6 million for the Taxi Driver and Operator Support Fund.

Headlines

Objectives	Conclusion	Comments
1. Adequate arrangements are in place to ensure that a valid application form is held for each grant payment.	Reasonable	From a sample of 50 Covid-19 grant payments selected for review, we checked to ensure that a valid application form was held on file, we found that in all cases a valid application form had been submitted where applicable, confirming that the applicant met the relevant eligibility criteria for the fund. However in a number of cases, we found that application forms were being held in email enterprise vaults and had not been transferred to a secure network file location, resulting in difficulties retrieving the evidence.
2. Appropriate evidence is held to support the award of the grant payment.	Reasonable	Appropriate supporting evidence had been provided by the applicant in 45 cases reviewed, including photographic ID, business bank statements and proof of trading, and the Covid-19 grant had been correctly awarded. However for the remaining five cases, a review of the applicant's eligibility requires to be undertaken and if appropriate the Council should consider requesting a refund. There was a lack of detailed procedures in place to provide clear guidance for the administration of Covid-19 grants. The register functionality of the Glamis system is unable to produce a list of taxi driver and operator licence holders.
3. Adequate separation of duties exists between the decision to award the grant and the authorising of the payment.	Reasonable	From a sample of six Covid-19 grant schemes examined, we found that adequate separation of duties exists between the decision to award the grant and the authorisation of the payment files. However, we found that the Licensing Section had created a number of separate payment files on the same day for the Taxi Driver and Operator Support Fund to ensure that the authorisation limit remained below £20,000, rather than requesting approval from a more senior member of staff with a higher authorisation limit.
4. An appropriate appeals process is in place for grant applications that have been rejected.	Substantial	The Council had set up an appeals procedure for grants that required the submission of an application form. Where an applicant disagreed with the decision to reject the award of a grant, they could submit an appeal in writing to the Council requesting that they reconsider the decision. Decisions were reviewed by a senior member of staff and the applicant was subsequently informed of the outcome.
5. Adequate arrangements are in place to prevent fraudulent grant payments being made.	Reasonable	Adequate arrangements were in place to prevent fraudulent grant payments being made, including requesting that the applicant provide their Non-Domestic Rates account number, liaising with other service areas, requiring that a business bank statement and evidence of trading was provided, checks being made to Companies House where applicable and the grant assessors undertaking online checks to verify if the applicant had a business website. However, in a small number of cases, our testing highlighted that further checks should have been undertaken on the evidence provided.
6. Covid-19 grants had been communicated to recipients appropriately and equitably as per the guidance.	Substantial	Appropriate processes were in place for communicating Covid-19 grants, we found that grants had been promoted on the Council's website and in the local press. Service areas also contacted businesses directly by email inviting them to apply for grant funding and informing them of the deadline for applications. This included grants with more than one round of funding and service areas made contact with businesses to ensure that they were made aware of the additional funding available.

Areas where expected controls are met/good practice

No.	Areas of Positive Assurance
1.	An appropriate appeals process was in place for grant applications that had been rejected.
2.	Adequate arrangements were in place to prevent fraudulent grant payments being made, including requiring that a business bank statement and evidence of trading was provided, checks being made to Companies House where applicable and the grant assessors undertaking online checks to verify if the applicant had a business website.
3.	Adequate separation of duties exists between the decision to award the grant and the authorisation of the payment.
4.	Appropriate processes were in place for communicating Covid-19 grants, including grants being promoted on the Council's website and in the local press. Service areas also contacted businesses directly by email inviting them to apply for grant funding.

Recommendation Grading/Overall Opinion Definitions

Recommendation	Definition
High	Recommendations relating to factors fundamental to the success of the control objectives of the system. The weaknesses may give rise to significant financial loss/misstatement or failure of business processes.
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.

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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.
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.

Executive Summary: Scottish Welfare Fund

Conclusion: Reasonable Assurance

The Council has appropriate processes and procedures in place to ensure that applicants receive an appropriate level of funding. Checks are in place to ensure that applicants only receive funding in accordance with the limits set out in the legislation. The system records all elements of the discussion before a decision is taken regarding awarding the funding, together with an indication as to which funding is to be awarded. However improvements can be made in the maintenance of procedures, evidence, appeals recording and validation of payments.

Background

The Scottish Welfare Fund (SWF) had been delivered by local authorities under a voluntary agreement since 2013, with decision makers considering applications in accordance with interim guidance issued by Scottish Ministers. The Welfare Funds (Scotland) Act 2015 and subsequent legislation places the SWF on a statutory footing from 1 April 2016. The Welfare Funds legislation provided for 2 types of funding, a Crisis Grant or a Community Care Grant. Subsequently a Period Poverty Grant was also introduced and when the pandemic started a Self Isolation Grant was added to the funding available. Prior to the start of the pandemic in 2020 the Council had been spending approximately £500,000 from the Fund, however this rose to £870,000 over the next 2 years with additional funding being provided from the Scottish Government. The Council is reviewing funds available and making increased funding available to support the East Lothian Poverty Plan 2021-2023 which will allocate further funds for Low Income Households. This is a result of recognising the risk that unless additional funding continues to be received, in light of the increasing Cost of Living crisis, the previous level of funding may not be sufficient to meet the demands for SWF moving forward. Prior to the pandemic grants were paid in cash at Council offices on the production of identity documentation, however that has now been altered to faster payments directly into bank accounts, in most cases, and the intention is to continue this process for most applicants.

Summary of findings & recommendations

The following key finding and recommendation was highlighted, which have all been **agreed by the Service Manager – Revenues**:

- Whilst all guidance provided by the Scottish Government has been adopted and is being utilised by the SWF team, additional internal procedures for some key SWF processes would assist in providing further assurance. *Management have agreed to develop procedures in these areas by* **October 2022.**
- In some cases additional evidence in support of a SWF application was provided by the applicant, but this could not be readily retrieved in all cases. The current storage of this evidence within emails will not allow them to be retained for the duration of the retention policy. *Management have agreed to establish a process of maintaining evidence within the decision record by* **October 2022.**
- A clear record of appeals should be retained showing which staff were involved. *Management have agreed to put this in place by* **October 2022**.
- A verification process should be put in place to ensure that when payments are made to third party accounts, assurances that the funds will be passed to the correct claimant have been provided. *Management have agreed to alter processes and have this in place by* **October 2022**.

Recommendation Summary

Recommendations Grade	High	Medium	Low	Total
Current Report	-	5	-	5
Prior report (January 2014)	-	8	-	8

Materiality

In the last 2 years the Council has processed Scottish Welfare Fund applications:

	Individuals	Applications Received	Funding Paid
2020/21	2,259	5,276	£810,889
2021/22	2,399	6,274	£921,511

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Headlines

Objectives	Conclusion	Comment
1. Clear, accessible, relevant and appropriate policies and procedures are in place, for the processing of grants in accordance with Scottish Government guidance.	Reasonable	Guidance covering the operation of the Scottish Welfare Fund has been provided by the Scottish Government and is readily available to all staff on the shared area. No additional guidance and procedures are available covering areas such as appeals, budget monitoring and bank account verification and this should be put in place to ensure consistency of approach. Budget monitoring is undertaken on a monthly basis and where necessary adjustments are made to ensure funding is available.
2. A complete, accurate and secure record is in place containing all relevant details of all funding applications received, including those that were ultimately rejected.	Reasonable	A system was developed to manage the Scottish Welfare Fund and this securely holds a complete record of all applications received.
3. Adequate processes are in place to confirm the validity of funding applications, including appropriate evidence requirements.	Reasonable	Processes have been put in place to ensure that the validity of applications is confirmed and that evidence is obtained to confirm applicant's income. Currently any evidence received as part of an application is stored on a shared email folder, which will not allow them to be retained in accordance with the Council's retention policy.
4. Processes are in place to demonstrate proper consideration has been given to each application and that decisions are clearly documented, with appropriate segregation of duties in place prior to payment.	Reasonable	The Scottish Welfare Fund system contains adequate evidence to confirm the decision that has been made and the level and source of funding that was awarded. A spreadsheet is maintained to record all payments being made and this clearly indicates the member of staff who approved the application and the person who finally approved the payment. A process has been put in place to allow claimants to appeal against decisions made, however the appeals process is not documented.
5. Appropriate processes are in place to prevent the risk of fraud including validation of bank details.	Reasonable	Procedures are in place to ensure that multiple applications for Crisis Grants are only paid in exceptional situations and that applications made within 28 days of a previous Crisis Grant are also only paid in exceptional circumstances. The process allows claimants to use a third party bank account to receive their grant, however no pre-verification that this third party will pass funding on is indicated as part of the process. A change of process that allows for third party payment and includes verification is now to be implemented.
6. Appropriate guidance for applicants is widely available to ensure that eligible people are aware of the funding.	Substantial	Access to funding provided as part of the SWF is clearly advertised on the Council's website. On an annual basis a leaflet on financial hardship is produced and within this is reference to the SWF. These leaflets are distributed to appropriate groups including internally and third sector organisations who promote SWF to appropriate individuals. In addition this leaflet was also published in the local press.

Areas where expected controls are met/good practice

No.	Areas of Positive Assurance
1.	The Council Tax and Benefits page on the Council's website contains a direct link to the Scottish Welfare Fund, which contains basic information about the Crisis Grant and the Community Care Grant, together with details as to who can apply for this funding. A direct link to the application form is also shown on the same page.
2.	As part of the change to a fully statutory service the Scottish Government issued guidance for running the Scottish Welfare Fund, which has been updated on a regular basis. The Council has fully adopted the guidance issued by the Scottish Government.
3.	An appeals process is available and has been publicised on the Council's website to allow applicants to request a review of the funding decision made.
4.	Budget monitoring is carried out on a monthly basis and where necessary funds are transferred amongst the monthly profiles to ensure funds are available to meet demands. Escalations are made if demand for funds increases beyond expectations.

Recommendation Grading/Overall opinion definitions

Recommendation	Definition
High	Recommendations relating to factors fundamental to the success of the control objectives of the system. The weaknesses may give rise to significant financial loss/misstatement or failure of business processes.
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.

Levels of Assurance	Definition
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.
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.
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.
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.

Executive Summary: Risk Management

Conclusion: Reasonable Assurance

Risk management is conducted in a controlled and timely manner across all services within the Council. Some delays in updating actions or reviewing risks have been noted. The improvements in risk management systems that are currently being implemented will provide management with improved timely reminders and allow for enhanced monitoring of the nature of these updates. Governance structures for risk management are in place and operating effectively and should continue to focus on ensuring that Council risks remains within a tolerable risk appetite.

Background

The Council provides a wide range of services and these services bring with them strategic and operational risks. Each service has developed a separate risk register which covers risks that are appropriate to the activities undertaken by that service. The Corporate Risk Register highlights those risks that are considered to have the greatest impact on the way the Council carries out its objectives.

East Lothian Council regards risk as the threat that an event or action will adversely affect the Council's ability to achieve objectives and the successful execution of strategies. The Council has agreed that the Corporate Risk Management Group (chaired by the Head of Communities) is the lead Group overseeing the development, implementation and maintenance of risk management across all services. Risks will be recorded within the Corporate Risk Register, service risk registers or project risk registers.

Substantial work is underway to change the risk management system being operated, to allow for improved capabilities for timely reporting of up to date risk information.

Summary of findings & recommendations

The following key findings and recommendations are highlighted, which have all been **agreed by the Service Manager – Protective Services:**

- Updating of risk and timescales for control improvements is in a small number of cases not undertaken on as timely a basis as possible; the Risk Management team are implementing improved systems to facilitate this. *Management will ensure that planned systems improvements are monitored throughout the implementation commencing **in September 2022**.*
- *Continued monitoring and assurance that any very high risks remain within the Council risk appetite is required. Management have agreed that this **will continue to be monitored** through the current governance processes.*

Recommendation Summary

Recommendations Grade	High	Medium	Low	Total
Current Report	-	1	1	2
Prior report (November 2019)	-	6	-	6

Materiality

At the time of the audit the Council's service area risk registers had a total of 225 risks covering 9 service areas of which 62 were classified as a current very high or high risk, with 18 having a very high or high residual risk. The Corporate Risk Register contained 25 risks of which 16 had a current very high or high risk rating and 14 had a very high or high residual risk rating.

Headlines

Objectives	Conclusion	Comment
1. Adequately recorded updates are made to the risk registers of each service area on a timely basis, to ensure that risks are effectively identified and graded.	Reasonable	From a sample of three service area risk registers selected, all three risk registers had clear evidence that they been reviewed at least three times in the past year and in one case evidence indicated seven reviews had been completed within the year. However it was noted that in one risk register two risks had not been updated since July 2020 and August 2019 for medium/low risks. In both cases these risks had improved control elements targeted to deliver in the last year. The risk management system currently being implemented will introduce improved reminders to staff to update progress on control improvements and update the risk scoring on a more timely basis.
2. Adequate controls are recorded against each risk in line with the recorded risk appetite of the Council.	Reasonable	The Council has a clear risk appetite that is always communicated in Audit and Governance and Council reporting of risk registers, which identifies that a Very High risk is unacceptable and measures should be taken to reduce, transfer or treat the risk to a more tolerable position. The HSCP risk register which is maintained separately to the Corporate Risk Register on the NHS Datex system identifies one risk that has a residual Very High risk rating. The Audit and Governance Committee of the Council has confirmed that the HSCP risk remains within the risk appetite of the Council, however this will require regular review.
3. Evidence of continued operation of key controls is maintained within services when identified against key risks.	Significant	A sample of six risks was selected and evidence provided of the ongoing maintenance of the controls identified within the risk register in all cases. On a sample basis all key ongoing controls identified in the service risk registers are operating as described.
4. Adequate arrangements are in place to provide timescales for identified additional controls required to reduce risk levels, and implementation to these timescales is monitored appropriately.	Reasonable	From the sample of six risks selected, the additional controls identified to reduce risk scores were reviewed and in all cases the controls were well underway for implementation. In two cases, full implementation of the controls was not fully in place for the identified timescales as a result of either competing priorities or external partners not being in a position to finalise elements of work undertaken internally. The implementation of the new risk management software will assist in providing more up to date reporting when implementation timescales have to be extended.

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Areas where expected controls are met/good practice

No.	Areas of Positive Assurance
1.	Risk registers across all services and the Corporate Risk Register are regularly updated throughout the year and publicly presented to the Council's Audit and Governance Committee as part of the regular governance reviews that include Council management at all levels.
2.	Work is well underway to enhance the current risk reporting available with the implementation of new risk management software.
3.	Control risk measures identified as in place were found to be operating as described for all measures tested.

Recommendation Grading/Overall Opinion Definitions

Recommendation	Definition
High	Recommendations relating to factors fundamental to the success of the control objectives of the system. The weaknesses may give rise to significant financial loss/misstatement or failure of business processes.
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.

Levels of Assurance	Definition
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.
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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.
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.

East Lothian Council Assurance Review

From:	Duncan Stainbank, Service Manager – Internal Audit
	Stuart Allan, Senior Auditor
To:	Lesley Brown, Executive Director for Education and Children's Services
	Nicola McDowell, Head of Education
	Richard Parker, Service Manager – Education (Strategy and Operations)
	David Reid, Education Support Officer (Digital Learning)
Date:	June 2022

Digital Learning and Teaching Strategy

1. Introduction

In February 2022, Internal Audit reported the findings from an audit of IT Schools Procurement, which formed part of the 2021/22 Internal Audit Plan. One of the objectives of the audit was "an appropriate strategy is in place, which informs the procurement of ICT for schools and appropriate budgetary processes are in place in respect of the financial resources required for IT schools procurement". The audit report highlighted that "a Draft Education Service Digital Learning Strategy was presented to the Education Committee on 11 June 2019. The strategy is still to be finalised, however it is currently being reviewed to reflect the changes brought about by Covid-19, which necessitate a vital re-think of current engagement with learning and teaching, and of support for the health and wellbeing of young people and staff. The updated strategy will seek to build on the recent progress made with the delivery of digital learning and teaching, and will form part of a separate Internal Audit review later in 2022".

This assurance review seeks to provide an update on, and an assessment of, the processes undertaken, and the progress being made, in the development of the updated Digital Learning and Teaching Strategy. This will include a review of the progress to date, and the monitoring processes developed, in implementing the Key Strategy Actions that have been identified as part of the Draft Strategy.

2. Background

2.1 Scottish Government Context

The Scottish Government's Digital Learning and Teaching Strategy (Enhancing Learning and Teaching through the use of Digital Technology – September 2016) identified three key educational values from digital technology: enhancing learning and teaching, improving educational outcomes and building digital skills. It highlighted the importance of improving access to digital technology for all learners and of developing the skills and confidence of educators in the appropriate and effective use of digital technology to support learning and teaching. The Scottish Government's Strategy further stated that Local Authorities are asked to develop local strategies, which will take forward key actions, grouped around four themes:

- Develop the skills of our educators;

- Improve access;
- Enhance curriculum and assessment delivery; and
- Empower leaders.

Key actions identified for Local Authorities include to:

- Have an ambitious strategy regarding the use of digital technology in education and actively look for opportunities to continually invest in a sustainable digital infrastructure, including the procurement of appropriate digital devices;
- Ensure that digital technology is a key consideration in all Local Authority investment programmes pertaining to improvements in the education estate;
- Facilitate dialogue between Local Authority IT and Education departments to ensure that education establishments receive appropriate and effective digital access and that the future needs of learners are proactively and regularly considered;
- Support education establishments in identifying how digital technology can be used to enhance learning and teaching across all curriculum areas and in delivering digital access to all learners;
- Develop local strategies that will help educational leaders to ensure that all learners can benefit from an education enhanced by digital technology;
- Provide their educators with access to a range of career-long professional learning opportunities that will allow them to make the most effective use of digital technology to enrich learning and teaching and develop the digital skills of their learners; and
- Actively share knowledge and examples of how digital technology can enrich education and facilitate digital skills development across education establishments and Local Authority boundaries.

2.2 East Lothian Council Context

The outline of the East Lothian Council Plan 2022-27, as approved by Council on 29 March 2022, highlighted two of the priorities for the new Council Plan, as being to:

- Reduce the attainment gap, raise the attainment and achievement of our children and young people and help our children and young people achieve their potential.
- Improve the employability of East Lothian's workforce and develop our people and future ways of working.

Digital learning and teaching and the embedding of a digital culture within schools have an important role to play in seeking to address these priorities. It is acknowledged that when used appropriately, digital technologies can empower learners by giving them the skills required to contribute to the rapidly growing digital economy and can help learners acquire the skills, attributes and competencies important in life, learning and work.

In the period following the Draft Education Service Digital Learning Strategy being presented to the Education Committee on 11 June 2019, the Education Service has responded to the immediate priorities of a radically different learning environment caused by the Covid-19 pandemic and has sought to address the digital inclusion challenges faced by schools. The Council received specific Covid-19 funding from the Scottish Government for Education, and the Education Service sought to identify those children and young people who were digitally excluded. The Council used the funding provided to purchase 2,274 Chromebooks for use by those children with no access to a device, together with 400 annual unlimited filtered internet packages for pupils who required connectivity. In addition, as part of the Council's ongoing response to Covid-19, a Laptops for Teachers' project was initiated to provide a laptop for all teachers and assist in facilitating delivery of teaching and learning remotely.

It is recognised that both Education and IT reacted promptly to meet the needs of pupils and teachers in responding to the Covid-19 pandemic and there has been substantial advancement in the capacity to use digital technology for teaching and learning. The everyday use of digital technology has increased over the past two years and we are advised that this has resulted in staff improving their digital skill set, as well as their confidence in enabling digital technology to be a central consideration in all areas of curriculum delivery.

3.   Findings

3.1   Draft Digital Learning Strategy

The Draft Digital Learning Strategy was initially submitted to the Education Committee on 11 June 2019. The covering report advised that the purpose of the strategy was to formalise the Council's approaches to driving forward digital learning within and across East Lothian schools and that the delivery of the strategy would require considerable financial resource, which would be costed.

Key points highlighted in the Draft Digital Learning Strategy included:

- In East Lothian, Google Classroom is currently the preferred learning platform and this provides teachers and learners with a range of high quality applications.
- A key consideration for East Lothian is whether to remain with a singular learning platform as the basis for providing a significantly broad range of digital tools and resources for schools. Google Classroom is popular with teachers and school leaders and the additional use of Glow, Scotland's national intranet would increase the availability of resources for learning and teaching and promote better professional learning and collaboration.
- Whilst there are a small number of iPads within establishments, schools require access to a wider range of Apple technology, particularly in the early years and also to support secondary subjects such as Music, Technology, Art and Design, where Apple software is prevalent within the world of work. The use if iPads could also significantly enhance the support for children and young people with additional support needs.
- All East Lothian schools are equipped with desktop computers and many classrooms have an interactive board or panel. The capital budget enables a four-year refresh of desktop computers, and schools have a devolved budget, part of which they may use to acquire technology.
- There has been a significant increase in the use of mobile devices and the Council has invested heavily in Google Chromebooks as its principal mobile learning technology. This reflects the decision to implement Google Classroom as the principal digital learning platform.
- The growing demand for technology to support digital approaches to learning and teaching, together with the rapid changes in the nature of hardware and software, will place increasing demands on the Council's capital budget, and also revenue funding for ongoing technical support, licences and other technology related spend.
- The Council needs to establish clear and agreed priorities for capital and revenue spending over the next 3-5 years, taking account of the increased demand for learning technology in schools and the significant projected growth in pupil population.

3.2 Updated Draft Digital Learning and Teaching Strategy

The Draft Strategy is currently being reviewed and updated to reflect the changes brought about by Covid-19, and is seeking to build upon the experiences of Covid-19 on digital learning and practitioner professional learning.

The updated Draft Strategy (renamed Digital Learning and Teaching Strategy) is split into five sections:

- Section 1: Our Rationale for Change
- Section 2: Our Current Position
- Section 3: Our Digital Strategy Overview (Priorities)
- Section 4: Key Strategy Actions
- Section 5: Links to Online Resources and Documentation

In outlining the **rationale for change** (Section 1), the Education Service has acknowledged that it is imperative that they build on the skills that staff, learners, parents and carers have gained and that this will not happen without embedding a robust strategy that is communicated, agreed and supported by all parties. The Draft Strategy further recognises that there are shared challenges in addressing the impact of poverty, inequalities of access, disadvantage or disability and that the key strategies outlined have the potential to empower schools to rethink how they approach digital literacy and learning within each unique setting.

It is recognised that a robust strategy will support schools in providing an equal opportunity in learning for every pupil regardless of their needs or relative level of disadvantage. The Draft Strategy states that well planned digital teaching and learning, which takes account of the specific needs of learners, can:

- Provide equality of learning for all;
- Support the access to learning anywhere and anytime;
- Widen subject choices and support access to specialist learning;
- Bridge the gap with further education and employers, and allow for more partnership working;
- Create accessible learning and promote learner motivation and engagement;
- Support enhanced opportunities for learners with additional support needs;
- Improve educational outcomes and learning across a range of subjects;
- Facilitate learners to take control of their learning;
- Support ongoing, uninterrupted learning for young people; and
- Reduce workload for staff and facilitate higher impact for lower input.

The Council's **current position** (Section 2) includes consideration of:

- Infrastructure – increasing the bandwidth helps support the media rich content expected in today's digital learning environment. The Council's IT service is continually exploring ways in which to better our infrastructure and, aligning with the principles of East Lothian's Digital Strategy, when transforming existing services or designing new ones, they will be designed as digital by default.
- Digital Literacy of Staff – going forward the training model will be designed to encourage Digital Champions within each school, who will be provided with CPD opportunities. Digital Champions and other interested staff will be given the opportunity to enhance their knowledge by completing the Google Education courses and exams, as well as eventually the option of achieving their trainer status (Google Certified Trainer).
- Distance Learning – East Lothian pupils now have access to a wide range of study support sessions for students sitting National 5's, Highers and Advanced Highers and it is paramount that the offers through NeLO (National e-Learning Offer) are promoted and made available to East Lothian pupils.
- Digital Inclusion – the strategy will seek to address digital exclusion. A significant number of East Lothian children and young people live in areas of social and economic disadvantage and are unable to access the same levels of technology and online services as those in more affluent areas. Digital exclusion can impact negatively on wellbeing, educational attainment and employment opportunities.

- Supporting Additional Support Needs through Digital Technology – many pupils who require additional support receive a 1:1 device that offers the tools necessary to assist them in accessing the curriculum independently.
- Chromebook Accessibility Features – Chromebooks include accessibility "straight out of the box", unlocking learning experiences for students with diverse needs, abilities and learning styles.
- Digital Learning in the Early Years – an Early Years Digital Skills Progression document has been created (in line with the Draft Strategy) and is intended to support schools in using technology to enhance learning experiences and outcomes.

The Draft Strategy is split into four **priorities** (Section 3):

Priority 1 – Digital Literacy for Staff: Our staff have access to appropriate training to support digital learning and those opportunities are delivered through sustainable models.

Priority 2 – Digital Infrastructure: Our staff and learners have access to the appropriate digital tools and connectivity to improve learning.

Priority 3 – Digital Learning and Teaching: Our staff have support to use digital technology to improve learning across curriculum areas.

Priority 4 – Digital Distance Learning: Schools make best use of digital solutions to develop and deliver an equitable curriculum to learners, particularly in the senior phase.

We note that a total of 28 detailed **Key Strategy Actions** (Section 4) have been identified across the four priorities, each with identified Lead Responsibility; Measurable Impact for Learners and Timescale.

Section 5 of the Draft Strategy provides details of **related documents and policies** (East Lothian documents and National Resources) and the Draft Strategy also includes three **appendices**:

Appendix 1 – The engagement and positive impact Google Workspace has had on remote learning during the pandemic.

Appendix 2 – National platforms available to schools: glow, e-Sgoil and West OS.

Appendix 3 – A summary of the UN Convention on the Rights of the Child.

3.3 Progress to Date

As part of our audit we have sought to review the progress being made on each of the Key Strategy Actions. We note that progress has been made in a number of areas including:

- The launch of EduHub in February 2022, which has been developed to meet the needs of teachers and staff in schools and offers a large amount of professional learning, along with quick and easy access to documentation, policies and strategies in one easy to find site.
- To date 24 teachers have passed their Google Educator level 1, of whom 15 have subsequently passed their Google Educator level 2 and 11 teachers are currently working towards their Google Certified Trainer status.
- The roll-out of Chromebooks has continued with the aim of achieving a 1:3 device to pupil ratio – we are advised that there are currently over 7,000 Chromebooks in East Lothian schools, however we note that these are not evenly spread throughout schools. We are informed that Education currently works to a centrally financed 1:5 device to pupil ratio, although this does not include those Chromebooks purchased with Scottish Government funding during the Covid-19

pandemic or additional devices purchased for individual schools through devolved budgets. We note that Chromebooks purchased with Covid-19 funding were allocated to those pupils with no access to a device and deemed most at risk of digital exclusion and Education are currently looking at how to make best use of these devices and to bringing them back into school.

- Replacement promethean interactive panels have been installed in all primary classrooms and secondary maths classrooms as part of the refresh programme last year.
- In seeking to develop partnerships with Universities and Colleges, the Tutor programme with Queen Margaret University has been successfully delivered over the past two years.

There are a number of Key Strategy Actions where progress has been more limited and these include:

- Google Workspace licensing – the service area are currently exploring the benefits of upgrading current licences for staff and pupils (we are advised that many of the features that were made available for free during the Covid-19 pandemic have now been removed).
- Education are currently in discussions with IT on what an East Lothian digital classroom will look like. This will enable the service area to share expectations with schools and understand the technology available to all.
- A key action is the creation of an East Lothian Digital Development Group and an Oversight Group, ensuring that central Education staff, IT staff and school staff contribute to the delivery of the strategy. We note that these groups have yet to be established. We are advised that Education have worked closely with IT colleagues in the development of the strategy, in particular with regards to digital infrastructure and ensuring that staff and learners have access to the appropriate digital tools and connectivity to improve learning. The involvement of school staff has been more informal and we are advised that, due to Covid-19 related demands at school level over the last two years, it was decided not to formally involve school staff in the development of the strategy in this period. Going forward however it is the intention to involve Head Teachers, school leadership teams and pupils in the development and ongoing delivery of the strategy.
- Work is ongoing within the South East Improvement Collaborative (SEIC) to support the development of collaborative working between secondary schools and the use of the e-learning and online resources provided by e-Sgoil and West OS to make available a wider range of course choices for students in the senior phase, however there has been no further progress at ELC level.
- Following the pressure on schools during the pandemic there has been a delay in the launch of the 'Digital Leader Scotland' programme, which seeks to provide a framework that will foster digital leadership in children and young people. The service area aim to introduce this alongside the relaunch of the 'Digital Champions' programme providing staff with an outline of benefits to support them. Both programmes will support key action points outlined within the strategy.

We are advised that ongoing monitoring and evaluation of the Digital Learning and Teaching Strategy will identify approaches which are successful and those which require to be redefined or changed. The Draft Strategy details 12 ways for evaluating the impact of the strategy, including monitoring by the East Lothian Digital Development Group and the Oversight Group to identify trends and effective practice in digital learning, ensuring the implementation of the strategy in all East Lothian schools.

3.4 Next Steps

It is recognised that the Digital Learning and Teaching Strategy cannot be viewed in isolation. We are advised that the Education Service are currently awaiting confirmation from the Scottish Government regarding their commitment to the provision of 1:1 devices. In addition, there is a need to link in to the Council's Digital Strategy, which is currently being updated, with a view to being finalised by September 2022. We are further advised that it is the intention of the Education Service to bring the

updated Digital Learning and Teaching Strategy back to the Education Committee for approval at the earliest date, once the Council's updated Digital Strategy has been approved.

4. Conclusions

Digital learning and teaching and the embedding of a digital culture in schools have an important role to play in seeking to address the priorities identified in the East Lothian Council Plan.

In the period since the Draft Education Service Digital Learning Strategy was presented to the Education Committee on 11 June 2019, the Education Service has responded to the immediate priorities of a radically different learning environment caused by the Covid-19 pandemic and has sought to address the digital inclusion challenges faced by schools. This has led to substantial advancement in the use of digital technology for teaching and learning and has necessitated an important rethink of the Council's approach to digital learning and teaching, and to the development of a revised Draft Digital Learning and Teaching Strategy, which seeks to build on recent progress and developments.

The Education Service has recognised that a robust strategy will support schools in providing an equal opportunity in learning for every pupil regardless of their needs or relative level of disadvantage. This Internal Audit assurance review has sought to provide an update on, and an assessment of, the processes undertaken, and the progress being made, in the development of the updated Digital Learning and Teaching Strategy.

We note that the Draft Digital Learning and Teaching Strategy includes a rationale for change, clearly articulating the potential benefits of well planned digital teaching and learning. The Draft Strategy outlines the Council's current position and identifies four priority areas, with Key Strategy Actions identified for each priority. We further note that the Education Service has worked closely with IT colleagues in the development of the strategy, in particular in respect of digital infrastructure.

Based on the assurance work carried out and to further enhance the robustness of the strategy and ensure the embedding of a digital culture in East Lothian schools, it is Internal Audit's view that the strategy can be further enhanced by including consideration of the following:

- A clear rationale and option appraisal outlining the digital learning platform to be adopted by East Lothian schools. Google Classroom is currently the preferred learning platform, however the strategy should demonstrate clear consideration of all the options available and whether the Council is to remain with a singular learning platform. There should be evidence of consideration given to other options available, including the use of iPads within schools, which can give access to a wider range of Apple technology.
- The strategy should provide a clear insight into what an East Lothian digital classroom will look like. This will enable the service area to share expectations with schools and to understand the technology available to all.
- It is recognised that one of the key benefits of digital teaching and learning is in seeking to address the inequalities that exist in the life chances of young people due to the impact of poverty, inequalities of access, disadvantage or disability. The strategy requires to clearly articulate how digital teaching and learning can address social and economic disadvantage by promoting digital inclusion, reducing the attainment gap and raising the attainment and achievement of those children or young people from disadvantaged or vulnerable backgrounds.
- It is important that the strategy is aligned with the resources available, to ensure that it is deliverable and does not create unrealistic expectations. The demand for technology to support digital approaches to learning and teaching, together with the rapid changes in the nature of

hardware and software, will place increasing demands on the Council's capital budget, and also revenue funding for ongoing technical support, licences and other technology related spend. It is important that the financial implications of implementing the strategy are clearly identified, articulated and understood, that the resources required match the budget available and that planned expenditure is fully reflected in the Council's overall budgetary arrangements.

- The updated strategy should clearly reflect the feedback and lessons learned from the Council's response to the Covid-19 pandemic, to ensure that it takes full cognisance of the experiences of both pupils and staff in seeking to obtain the best possible outcomes. In this regards, it is important that there is effective input from schools in the development of the strategy.

- A range of Key Strategy Actions have been identified, which are fundamental to the effective implementation of the strategy and it is important that there is regular monitoring of, and reporting on, the implementation of all the required actions. For each of the identified action points, Management should ensure that measurable timescales are provided, while consideration should be given to the required resources (both financial and in terms of staff development) being clearly identified for each action point.

5.   Recommendations

Recommendation 1: The Draft Digital Learning and Teaching Strategy can be further enhanced by the inclusion of further information on the following areas:

- A rationale outlining the digital learning platform that is to be adopted by East Lothian schools.
- A clear articulation of how digital teaching and learning will seek to address the inequalities that exist in the life chances of young people due to the impact of poverty, inequalities of access, disadvantage or disability.
- Details of how feedback and lessons learned from the Council's response to the Covid-19 pandemic have been reflected in the updated strategy.
- An insight into what an East Lothian digital classroom will look like for both pupils and teachers.

Management Response and Timescale:

Agreed, the Draft Strategy will be updated to include appropriate consideration of each of these areas. There will be a clear articulation for Education's approach to the digital learning platform adopted by East Lothian schools and how digital technologies will support teaching and learning to reduce inequalities. Feedback and lessons learned from Covid-19 will be addressed by the East Lothian Digital Development Group (see recommendation 2 below), while Education and IT are currently working to create a visual representation of digital provisions in East Lothian classrooms. This will enable schools to plan and implement the use of technology to enhance learning experiences across the curriculum.

November 2022

Recommendation 2: Management should seek to move forward with implementation of the agreed Governance structure bringing together central Education, school staff, IT and Finance/Corporate staff to monitor the ongoing development and implementation of the strategy and of the actions in support of the outcomes.

Management Response and Timescale:

Agreed, this is already in progress. The Draft Strategy makes provision for an East Lothian Digital Development Group to drive forward the ongoing development and implementation of the strategy, and for an Oversight Group to monitor the delivery of the strategy. Both groups will have

representatives from central Education, school staff and IT, together with other Council services where appropriate. It is the intention that both groups will be fully established and operational in the first term of the 2022-23 school year.

December 2022

Recommendation 3: Management should ensure that target timescales are provided for all Key Strategy Actions and consideration should be given to the required resources (both financial and in terms of staff development) being clearly identified for each of the action points. Consideration should be given as to whether the action plan should remain as part of the strategy or if, given its ongoing evolving nature, it should be a separate entity.

Management Response and Timescale:

Agreed, target timescales will be included for all Key Strategy Actions, together with the resources required. The action plan will be a separate entity which will sit alongside the strategy, recognising that it is a working document which will be updated regularly.

November 2022

Recommendation 4: The strategy should be clearly aligned with the resources available. The financial implications of implementing the strategy require to be clearly identified, articulated and understood, to ensure that the resources required match the budget available, both capital and revenue, and that all planned expenditure is fully reflected in the Council's overall budgetary arrangements.

Management Response and Timescale:

Agreed, the financial implications of implementing the strategy will be costed out.

November 2022

Recommendation 5: Management should seek to obtain clarity on the Scottish Government's commitment to the provision of 1:1 devices, and of expectations and financial implications in this regard.

Management Response and Timescale:

Agreed, to date there has been no further information on the Scottish Government's 1:1 roll-out plans. Education are currently liaising with other authorities that have already implemented 1:1 devices and are engaging with the process on what this might look like for East Lothian.

November 2022

AUDIT REPORTS	SCOPE OF THE AUDIT	TARGET COMPLETION DATE	STATUS
Scottish Welfare Fund	We will examine the control processes in place over the last year and the changes in control processes implemented as a result of the Covid pandemic.	June 2022	Completed
Lower Value Purchasing	Focusing on purchasing and procurement below £50k, examining that appropriate authorisation and procurement routes are in place prior to making purchases. Reviewing that aggregated expenditure levels are monitored and appropriate action taken on a regular basis.	June 2022	Completed
Payroll Overtime Payments	We will review the processes for making overtime payments from authorisation to payment.	June 2021	Completed
Property Maintenance Stores	This audit was rolled forward from the 2019/20 Internal Audit Plan and will focus on the controls in place for managing and maintaining the stores assets and purchasing of stores materials to support property maintenance requirements.	June 2022	Completed
IT Schools Procurement	We will examine the strategy and compliance with processes around ICT purchases for schools.	February 2022	Completed
Digital Learning Strategy	We will review the Digital Learning Strategy progress and assess the governance and control environment in place to establish if this is robust to deliver the strategy.	June 2022	Completed

AUDIT REPORTS	SCOPE OF THE AUDIT	TARGET COMPLETION DATE	STATUS
Prevent & Return Strategy Children's Services	We will review the Governance and Control structures in place to support this strategy and examine if they provide an appropriate embedded framework for the future.	February 2022	Completed
COVID Support and Grants	We will review the processes in place for provision of COVID Support Grants and other support offered across the Council including reconciliation and recovery of support when required.	June 2022	Completed
Restart of Capital Projects	As Projects that have been delayed or progress paused as a result of the COVID pandemic recommence, risks will arise in relation to tendering, budget management, timescale delivery and clarity on continued appropriate specification. We will review the controls in place to manage these risks.	February 2022	Completed
Waste Management	We will review the policies, procedures and processes in place for provision of waste management services.	June 2022	Fieldwork Ongoing
General Data Protection Regulations (GDPR)	This audit was rolled forward from the 2019/20 Internal Audit Plan and will focus on the arrangements in place within the Council for ensuring compliance with the provisions of GDPR.	June 2022	Delayed to September 2022
Corporate Appointeeship	We will examine the implementation of a corporate appointeeship scheme for social work clients being taken into East Lothian Council responsibility during 2021.	November 2021	Completed

AUDIT REPORTS	SCOPE OF THE AUDIT	TARGET COMPLETION DATE	STATUS
ALEO East Lothian Mid-Market Homes LLP	We will review the governance and operational control processes in place within the Council in relation to the East Lothian Mid-Market Homes LLP.	November 2021	Completed
Risk Management	We will select a sample of High risks from both the Council's Corporate Risk Register and service area Risk Registers and will review the adequacy and effectiveness of the risk control measures in place.	June 2022	Completed
Scottish Housing Regulator (SHR) Annual Assurance Statement	Work required to provide assurance on the regulatory requirements set out in the Scottish Housing Regulator's Chapter 3 of the Regulatory Framework.	September 2021	Completed
Review of Performance Indicators	Internal Audit will continue to review the systems in place for the preparation and reporting of Performance Indicators.	June 2021	Completed