

Free Early Education Funding City of York Council Internal Audit Report 2014/15

Business Unit: Children, Education & Skills

Responsible Officer: Director of Children's Services, Education & Skills Service Manager: Head of Childcare Strategy & Business Management

Date Issued: 18/05/2015

Status: Final

Reference: 11140/006

	P1	P2	P3
Actions	0	0	4
Overall Audit Opinion	Substantial Assurance		



Summary and Overall Conclusions

Introduction

All 3 and 4 year olds are entitled to 15 hours of free early education funding per week. The full 15 hours have to be taken over a minimum of two days per week. Between 2.5 and 10 hours can be taken in one day and the hours can be split over two settings. The entitlement of 15 hours per week covers a 38 week school year but this can be stretched across 48 or 51 weeks of the year. This equates to 11 hours over 51 weeks and 11.75 hours over 48 weeks.

As of September 2014 the eligibility criteria for 2 year olds have been expanded to include those with disabilities or special educational needs, those who have been adopted and those who come from low income families (household income ≤£16,190). Eligible 2 year olds receive up to 15 hours per week over 38 weeks. This equates to 11 hours over 51 weeks.

The council awards providers funding based on the number of funded hours claimed by eligible children at their setting.

Objectives and Scope of the Audit

The purpose of this audit was to provide assurance to management that procedures and controls within the system ensure that:

- settings are claiming funding correctly;
- payments made to settings are effectively controlled and overpayments are minimised;
- national codes of practice are complied with;
- · data protection requirements are being met.

In order to test these procedures and controls ten settings were visited as part of the audit.

Key Findings

Overall, free early education funding is effectively and appropriately administered by the funding team. Weaknesses identified during the course of the audit mainly related to the neglect of central guidance by providers rather than a lack of communication on the part of the council.

A review of the information on the YorOK website identified that the latest version of the DfE's 'Early education and childcare: Statutory guidance for local authorities' had not been made available. This contains a number of important policy updates.



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While at, this stage, no major control weaknesses have been identified, it is not unreasonable to suggest that further weaknesses may develop without regular and effective contact and updates from the council, especially given the increasing complexity of the claiming process with the introduction of the Early Years Pupil Premium and the Early Years Inclusion Fund.

Overall Conclusions

It was found that the arrangements for managing risk were good with few weaknesses identified. An effective control environment is in operation, but there is scope for further improvement in the areas identified. Our overall opinion of the controls within the system at the time of the audit was that they provided Substantial Assurance



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Issue/Control Weakness	Risk	
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Findings		
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xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx	Priority	3
XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX	Responsible Officer	Policy and Planning Manager
	Timescale	30 June 2015



2 Provider awareness of quality criteria

Issue/Control Weakness	Risk
The YorOK website has not been updated to include the latest DfE statutory guidance.	Information made available on the YorOK website is not consistent with that communicated to providers through other channels.

Findings

The free early years funding section of the YorOK website includes links to various 'useful documents', one of which is the DfE's 'Early education and childcare: Statutory guidance for local authorities (September 2013)'. The DfE have since published a September 2014 version which supersedes the version held on the YorOK website. It includes newly introduced elements in respect of: the introduction of childminder agencies; discharging of duties in relation to securing early education places; information, advice and training provision to providers; the confirmation of Ofsted as the sole arbiter of quality and also the monitoring of providers to ensure the promotion of British values and established scientific and historical explanations.

The funding team had, however, informed providers of these changes in an email sent in September 2014 which invited them to information sessions being held to explain updates on the guidance. Information on the guidance was also circulated via the FIS and Early Years newsletters.

Agreed Action 2.1

The funding team will update the YorOK website to ensure that the latest DfE statutory guidance (as well as any other important information) is available to providers. It will also continue to publicise the website as a resource.

Priority	3
Responsible Officer	Policy and Planning Manager
Timescale	Implemented



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Risk
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Priority

Responsible Officer

Timescale

3

Policy and Planning Manager

30 September 2015



Issue/Control Weakness	Risk
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Findings	
XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX	
Agreed Action 4.1	
The xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx	xxxx Priority 3

Responsible Officer

Timescale



Policy and Planning Manager

30 September 2015

Audit Opinions and Priorities for Actions

Audit Opinions

Audit work is based on sampling transactions to test the operation of systems. It cannot guarantee the elimination of fraud or error. Our opinion is based on the risks we identify at the time of the audit.

Our overall audit opinion is based on 5 grades of opinion, as set out below.

Opinion	Assessment of internal control
High Assurance	Overall, very good management of risk. An effective control environment appears to be in operation.
Substantial Assurance	Overall, good management of risk with few weaknesses identified. An effective control environment is in operation but there is scope for further improvement in the areas identified.
Reasonable Assurance	Overall, satisfactory management of risk with a number of weaknesses identified. An acceptable control environment is in operation but there are a number of improvements that could be made.
Limited Assurance	Overall, poor management of risk with significant control weaknesses in key areas and major improvements required before an effective control environment will be in operation.
No Assurance	Overall, there is a fundamental failure in control and risks are not being effectively managed. A number of key areas require substantial improvement to protect the system from error and abuse.

Priorities for Actions	
Priority 1	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.
Priority 2	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Priority 3	The system objectives are not exposed to significant risk, but the issue merits attention by management.





