



**Comhairle nan Eilean Siar
Internal Audit Review
Pre-School Education
Final Report –2025/26 - 09**

06 August 2025

**COMHAIRLE NAN EILEAN SIAR
INTERNAL AUDIT DRAFT REPORT**

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Management Response Received	05 August 2025
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Issued to:	
Chief Executive	Malcolm Burr
Director for Education, Skills and Children's Services	Donald Macleod
Senior Education Officer	Mary Clare Ferguson
External Audit	Martin Devenney

SECTION 1: EXECUTIVE SUMMARY

Introduction

1.1 The Report has been prepared following an internal audit review of Early Learning and Childcare (ELC) as part of the operational annual internal audit plan for 2025/26. The purpose of the Report is to provide an overview of the Comhairle's arrangements for the operation and management of Early Learning and Childcare (ELC). The scope of the audit included a review of the following objectives:

- Confirm that each establishment has a development plan/strategy and review budgeting, financial planning, and expenditure for delivering pre-school education;
- Confirm relevant policies and procedures are documented and operating as expected in relating to the management and operation of pre-school nurseries;
- Confirm all statutory inspection recommendations are actioned, timeously progressed and monitored regularly until fully completed;
- Confirm that staffing is at adequate levels and all staff are appropriately qualified or have ongoing professional development in child education and kept up to date with new developments as they arise;
- Confirm on a sample basis, that each pre-school establishment has appropriate Health & Safety procedures in accordance with statutory guidelines and best practice;
- Confirm that there are documented procedures in place for the operation and management of nursery funds;
- Confirm that each child has a development plan which is monitored regularly; and
- Confirm that there is up to date information on the Comhairle website relating to pre-school education.

Background Information

1.2 Early Learning and Childcare (ELC) describes the care and learning services that children receive before starting school. In line with the Scottish Government pledge from 2020 Comhairle nan Eilean Siar now offers the increased hours from 600 to 1140, This applies to children aged three or four, and two-year-olds whose parents or carers receive certain benefits, making them eligible under the Children & Young People's Act 2014. This has now successfully been implemented.

Currently, the demand for Early Years provision for all children with a statutory requirement is being met. However, there is a potential risk that demand may exceed supply. While the number of available hours for parents has increased, the budget for staffing enhancements has not seen a corresponding rise. Additionally, there has been a legislative change concerning deferred entry to Primary education.

The Comhairle currently run 19 pre-school nurseries with external provision supported by 2 external providers providing pre-school education to 446 children.

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Concluding Remarks

1.3 Our detailed findings are included in the body of the Report. We would point out that the most significant issue arising from our review which require management attention is:

- Ensuring the correct and accurate recording of training undertaken by Pre-School staff;
- Pursuit of outstanding debt; and
- Ensuring service plans, policies and procedures available to staff are up to date.

SECTION 2: RECOMMENDATIONS AND AUDIT OPINION

- 2.1 We have graded our detailed findings and recommendations, based on the likelihood of the identified weakness occurring and the impact on the Comhairle if it should occur.

The following table contains the definitions applied by Internal Audit in rating audit findings/actions and the number of recommendations in each rating.

Definition of recommendation	Grade	No.
Major weaknesses that could have a significant impact on the Comhairle if not addressed and contained urgently.	High	
Important issues relating to controls being absent, not operating as expected or could be improved.	Medium	2
The weakness is unlikely to have a material impact on the Comhairle. These are not critical but management should address.	Low	4

Where we have identified isolated exceptions in our sample testing, and we consider that they are unlikely to recur; and would have no significant impact if they should occur;

We have classified them as minor or trivial, discussed them with relevant officers and detailed them in Appendix C to the Report.

- 2.2 Based on the audit work carried out our overall opinion is that a Substantial level of assurance can be placed upon the control environment of the service/area under review.

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.

It should be noted that our findings and conclusions are based on the information made available to us at the time of our review.

Internal Audit
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06 August 2025

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SECTION 3 – FINDINGS, RECOMMENDATIONS AND ACTION PLAN

GRADE	FINDINGS & IMPLICATIONS	RECOMMENDATION	MANAGEMENT COMMENT	RESPONSIBLE OFFICER	TARGET DATE OF IMPLEMENTATION
M1	<p>The information for first aid training held by Early years has been cross checked with the information from the training department. There are a number of discrepancies within the information relating to review dates.</p> <p>Ensuring that first aid records are accurate and up to date is crucial for maintaining a safe and compliant nursery environment and ensuring regulatory compliance for the safety of the children attending the facilities.</p>	<p>Training databases to be reviewed to ensure accurate and up to date information is held. The use of conditional formatting could assist with identification training due to expire and the use of automated reminders could also be utilised.</p>	<p>Training databases will be reviewed to ensure accurate and up to date information is held. Conditional formatting will be used to assist with identification training due to expire and the use of automated reminders will be utilised.</p> <p>As part of the ELC QA programme first aid records will be checked to ensure regulatory compliance.</p>	<p>Deputy Early Years Manager</p> <p>Deputy Early Years Manager</p>	<p>September 2025</p> <p>September 2025 (monitored on a termly basis)</p>
M2	<p>The last audit carried out in 2022/23 showed an outstanding dept of £6.7k. The outstanding debt was £91.6k at the end of the 24/25 financial year. This increase is primarily due to the cyber-attack and established processes not being able to be undertaken. We note that work is now being undertaken for the debt recovery in this area.</p> <p>Delays in collecting outstanding debt in this area may lead to financial distress for parents if they fall behind on payment and extra work for staff chasing debt. There is also a risk of the Comhairle not collecting this aspect of an income stream.</p>	<p>Outstanding debts should be pursued in the same manner as prior to the cyber-attack for the service to return to the previous low levels of debt.</p>	<p>Debt recovery continues to be pursued by the Strategic Finance department.</p>	<p>Deputy Early Years Manager</p>	<p>May 2025</p>

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GRADE	FINDINGS & IMPLICATIONS	RECOMMENDATION	MANAGEMENT COMMENT	RESPONSIBLE OFFICER	TARGET DATE OF IMPLEMENTATION
L1	<p>There are currently 2 Integrated Children's Services Plans 2023-26. Having two documents with the same title can cause confusion and leave staff unsure about the current objectives of the area.</p> <p>It has been identified that the strategy, action and improvement plans for the early years services tend to use very generalised wording in relation to the outcomes that are looking to be achieved. Terminology such as increase/decrease in numbers is being used with no measure of what success would look like. Many objectives have no timeframes associated and frequently do not have identified individuals responsible for the attainment of the outcome.</p> <p>This can lead to lack of clarity, difficulty in measuring progress, misalignment of goals, reduced motivation, commitment and lack of accountability for the plans of the department.</p>	<p>Removal or renaming of the historic plan and ensuring all staff are aware of the latest version of the plan.</p> <p>Consideration should be given to the use of SMART objectives within plans and strategies as this will allow actions/objectives to be:</p> <ul style="list-style-type: none"> • Specific • Measurable • Achievable • Relevant • Time-bound <p>It is also important to identify persons responsible for outcomes as this will promote accountability and increase success in achieving desired outcomes.</p>	<p>The latest version of the Integrated Children's Services Plan 2023-26 has been uploaded to the Early Years Teams Sharepoint. This has also been shared with all Managers.</p> <p>The strategy, action and improvement plans for the early years services will be reviewed to utilise SMART objectives within plans and strategies. This will allow actions/objectives to be:</p> <ul style="list-style-type: none"> • Specific • Measurable • Achievable • Relevant • Time-bound <p>Identifying persons responsible for outcomes to promote accountability and increase success in achieving desired outcomes.</p>	<p>Deputy Early Years Manager</p> <p>Head of Education & Deputy Early Years Manager</p>	<p>August 2025</p> <p>May 2026</p>

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GRADE	FINDINGS & IMPLICATIONS	RECOMMENDATION	MANAGEMENT COMMENT	RESPONSIBLE OFFICER	TARGET DATE OF IMPLEMENTATION
L2	<p>Policies and procedures are reviewed by the service on an annual basis. The policy dates are often amended in the file name and the date is therefore not viewable when the document is printed by the early learning establishments.</p> <p>Corporate policies have been downloaded to a shared folder, these were not the most up to date versions. It is important that staff have access to current and most up to date policies and procedures set out by the Comhairle.</p>	<p>Policies to have a review date within the policy possibly in the header or footer.</p> <p>Link to be provided to original document / SharePoint to ensure that staff always have up to date information and are viewing the correct policy.</p>	<p>All policies will be clearly dated and will also include the review date within the policy.</p> <p>All policies will transfer to the new corporate template and be available on the Comhairle website and the ELC Sharepoint. A link to the policies will be shared to all settings.</p>	<p>Deputy Early Years Manager</p> <p>Deputy Early Years Manager</p>	<p>August 2025</p> <p>August 2025</p>
L3	<p>Out of the children files and Child Development Plans viewed not all had uniform information included. It is important to ensure information is complete, care plans are reviewed and signed by parents on a regular basis. Items such as children's pictures should be included within the file to ensure children can be identified by all staff.</p> <p>It is important to document discussions with parents regarding their child's progress and hold the Childs photographs in their file so relief staff can easily identify children or for emergencies i.e. in case of cases of missing children.</p>	<p>Ensure each child development plan contains a picture of the child. These development plans should also be reviewed on a regular basis with parents.</p>	<p>A file audit will take place to check that all development plans and other relevant information is up-to-date and include a picture of the child.</p> <p>The Development Plans will be reviewed by parents biannually during parent's evening or when appropriate.</p>	<p>Deputy Early Years Manager</p>	<p>October 2025</p>

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GRADE	FINDINGS & IMPLICATIONS	RECOMMENDATION	MANAGEMENT COMMENT	RESPONSIBLE OFFICER	TARGET DATE OF IMPLEMENTATION
L4	<p>The new Comhairle website provides very limited and insufficient information regarding Pre-school education. There is no information regarding the number of pre-school facilities or their locations.</p> <p>Lack of complete and detailed information being provided on the website will decrease parents/guardians' knowledge on services offered by the local authority which may lead to frustration for parents/guardians not being able to request the most suitable services.</p>	<p>Webpage to be updated to include full up to date details of all CNES run pre-school facilities and to include language, location, preferred contact details and whether the facility is open all year round or term time, allowing parents to make more informed decisions.</p>	<p>An agreed list of content will be uploaded on the Early Years Section within the Comhairle Website. This will include up to date details of all CNES ELC facilities and partner providers, including Gaidhlig/English provision, location, preferred contact details and whether the facility is open all year round or term time</p>	Deputy Early Years Manager	November 2025

RESPECTIVE RESPONSIBILITIES OF MANAGEMENT AND INTERNAL AUDIT

Responsibility in Relation to Internal Controls

It is the responsibility of the Comhairle's management to maintain adequate and effective financial systems and to arrange for a system of internal controls. Our responsibility as internal auditors is to evaluate the financial systems and associated internal controls. In practice, we cannot examine every financial implication and accounting procedure within an activity, and we cannot substitute for management's responsibility to maintain adequate systems of internal controls over financial systems. We therefore may not identify all weaknesses that exist in this regard.

It is the responsibility of the Comhairle's management to consider the detailed findings of this Report, where such findings have a specific impact on risk registers. This may include a risk that has not yet been identified, or current risk controls which may be required to be updated to reflect any changes as a result of the findings contained in this report.

Responsibilities in Relation to Fraud and Corruption

The prime responsibility for the prevention and detection of fraud and irregularities rests with management. They also have a duty to take reasonable steps to limit the opportunity for corrupt practices. It is our responsibility to review the adequacy of these arrangements, but our work does not remove the possibility that fraud, corruption or irregularity may have occurred and remained undetected.

We nevertheless endeavour to plan our internal audit work so that we have reasonable expectation of detecting material fraud, but our examination should not be relied upon to disclose all such material frauds that may exist.

DEFINITION OF AUDIT OPINIONS AND RATINGS

The standard definitions for internal audit assurance over an engagement are as follows:

Level of Assurance	Definition
Full Assurance	Internal control, governance and risk management are of a high standard. A sound system of control to achieve the system objectives exists and the controls are being consistently applied.
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.

ISOLATED EXCEPTIONS TO EXPECTED PROCEDURES AND CONTROLS

ITEM	ISOLATED EXCEPTION	RESPONSIBLE OFFICER	AGREED Y/N	DATE OF DISCUSSION
1	It was viewed at the Stornoway Primary Nursery that the First-Aid box check had not been undertaken in a number of months and old supplies were being stored.	Nursery Manager	Y	05 June 2025