

**Preparing for funding audit**  
22 July 2015

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**LSECT**  
LEARNING & SKILLS  
EVENTS, CONSULTANCY & TRAINING

## Agenda

- 10.30 Welcome and introductions
- 10.40 Introduction to Funding Assurance Review process
- 11.10 The audit programme for EFA funded Study Programme provision (including Traineeships and subcontracting)
- 12.00 Break for refreshments
- 12.20 Making best use of DSAT EFA reports before audit
- 13.00 Break for lunch
- 13.50 The audit programme for SFA funded provision
- 14.30 Making best use of DSAT SFA reports before audit



## Funding Audit Arrangements for 14/15

- Circa 60 providers have been selected for audit in 2014/15
- The selection of providers for audit is a mixture of those considered as a 'risk' and those that have been selected at random. Some providers who were 'risk' last year have been selected again as part of the random sample
- Audit work is completed by either one of three appointed audit firms or by the SFA's own PFA audit teams

3



## Top Tips on surviving audit

So you've been picked for audit...

- Don't panic – you're not the first and you won't be the last
- Identify key players at your organisation, it's not all about MIS
- Make sure you know where the subcontracting, bursary and Apprenticeship people are before, during and after the audit
- Ensure your ILR is clean and as up to date as possible (including achievements) – no errors!!!
- Confirm your funding starting point with the auditors – send FIS reports with ILR to confirm

4



## Getting ready for Audit

- Start planning now, you have c. 3-5 weeks to prepare your ILR before it's submitted to the auditors
- Once you have you agreed audit date work backwards
- ILR submitted at least three weeks prior to the audit date
- Audit date of 1 September requires an ILR on 11 August
- 1 week with the auditors to run samples and review DSATs, two weeks for you to collate evidence
- Samples and DSAT review will be sent to you usually 10 working days before the audit. If you need longer due to types of provision discuss with the auditor ASAP

5



## Getting ready for Audit

- Please check your DSATs including those that you may not have control over (especially if you 'stitch' files')
- Work closely across all departments including subcontracting and Apprenticeship teams
- For ESF match funding ensure that any self-assessment documentation is available. If possible send this and all associated documents (document retention policy etc.) prior to the audit
- Subcontracting Declaration should also be supplied, especially if new partners have been taken on and are not on the last submission made to the SFA, consider adding EFA ones on at the bottom

6



## Simple rules on looking after auditors...

Day one of the audit



Day Five of the audit



7



## Remember the rules from Gremlins?

- Don't put them in a pokey room
- Check on them at least twice a day
- Let them get natural sunlight
- Keep them topped up with tea and coffee if possible
- Wi-fi access is appreciated
- Providing biscuits doesn't contravene any ethical standards either

8



## Funding Audit Arrangements for 14/15

What do we cover during a funding audit?

- D2 EFA (16-18 classroom) – Maximum sample size 80
- D1 SFA (ASB) – Maximum sample size 80
- D3 Subcontracting – All subcontractors (including EFA)
- D10 24+ Advanced Learning Loan audit – Maximum sample size 30

9



## Funding Audit Arrangements for 14/15

- D7 16-19 Bursary – 20 providers being audited based on a sample of 15 learners. Covers both vulnerable and discretionary bursary. Residential or other bursaries are not covered as part of this audit
- Free meals in FE - 20 providers being audited based on a sample of 15 learners (new for 2014/15)

10



## Other areas of Audit

- **DSATs (C1) – Review the C1 and clear queries. Demonstrate this at the audit by showing updated reports. If you believe your data is correct present your evidence to the auditor**
- **DSAT samples (C2) – Evidence requirements will be explained. These will tend to be:**
  - ❖ Withdrawn learners – confirm start and end dates
  - ❖ High study programme hours – Hours are supported by timetables
  - ❖ Early Completers – learner did actually complete the syllabus

11



## Other areas of Audit

- **D5 ESF Match Funding – Range of areas covered under this. Ensure appropriate procedures on document retention, equal opportunities and sustainable development are in place for you and your subcontractors. ESF logos are on documents and websites and that plaques are up where required**
- **D9 Completeness – Reverse testing going from source documentation to the ILR sample sizes are 10 Apprentices and 10 classroom registers that cover both SFA and EFA provision**
- **D8 Other funding streams – send the lists with the ILR. This testing can be done off site before the audit starts**

12



## EFA - What does it actually mean?

- Hard to be ineligible for EFA funded provision
- All activity is on the learning agreement and is signed by both parties
- Evidence of IAG, assessment, learning plan etc.
- Core aim – makes sense, transfer implications and new study programme considerations

13



## EFA - What does it actually mean?

### Condition of funding for maths and English

- Flagged as having maths/English and not studying – valid evidence of exemption (can include PLR information)
- Exempt for other reason – signed off but it must make sense
- Condition does not apply – confirm start in 2013/14
- Where maths and English are delivered need to see evidence of delivery
- Where learners have withdrawn extra check on days in learning, did they pass 42 days?
- Enrolled but did not start as already had exemption – late evidence/PLR update

14



## EFA - What does it actually mean?

- Planned study hours are deliverable – register **MUST** tally to the plan i.e. you plan 35 weeks, the register must have 35 weeks
- If you can total up your timetable that would make the auditor very happy!
- Is all activity on the timetable? If not how will you demonstrate the plan and if it took place?
- Accurate recording of work placement – start and planned end dates
- Alternative evidence of workplace ‘cost’
- Not a detailed reconciliation between timetable and register

15



## EFA - What does it actually mean?

- Registers still required to confirm start dates for all activity and withdrawal dates
- If you have work experience make sure information is included in the learner file e.g. who provided the placement and for how long
- Is a withdrawal a real withdrawal or transfer and vice versa?
- Hours adjusted for withdrawal prior to 42 days?
- Learning Support is for those in excess of £6,000 and is agreement/EHCP only. Evidence of actual delivery is not required
- Subcontracted provision – check of wider contractual and monitoring arrangements. Possibly done for all subcontractors in the same way SFA is audited

16





## EFA – Key DSAT reports

DSATs play a key role in the funding audit approach:

- 15E-160 Full time learners on short study programmes
- 15E-170 Learners with high weekly study hours
- 15E-180 Learners with high planned hours in-year
- 15E-220 Learners on study programmes of no more than 4 weeks
- 15E-230 Funded hours thresholds
- 15E-240 Withdrawals on long and short programmes
- 15E-460 Core aims
- 15E-490 Funding by subcontractor

17



## EFA – Key DSAT reports

DSATs play a key role in the funding audit approach:

- 15E-520 Traineeship maximum duration exceptions
- 15E-520 Traineeship eligibility
- 15E-550 Traineeship with incorrect or no work placement aims

18



## EFA – Useful resources

In March 2015 the EFA published a document to explain the audit requirements of evidencing a study programme.

The example timetables in this short note in respect of producing a timetable that should simplify funding audits.

It is available from Funding regulations publication page at:

<https://www.gov.uk/government/publications/advice-funding-regulations-for-post-16-provision>

The document itself is at:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/420966/Funding\\_Guidance\\_2014-15-Planned\\_hours\\_summary\\_examples-v1a.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/420966/Funding_Guidance_2014-15-Planned_hours_summary_examples-v1a.pdf)

19



## SFA – Stratified Sampling

Funding Body & Funding Stream	Population Value*	Learner Numbers**	Sample Size
<b>Education Funding Agency</b>			
16-19 Provision:	£12,716,783.00	2,634	
<b>Skills Funding Agency</b>			
16-18 Apprenticeships:	£991,461.00	342	16
Adult Apprenticeships:	£731,639.00	637	12
Other Workplace Learning:	£27,891.00	43	5
Classroom Learning:	£3,132,100.00	1,946	42
Traineeships (FM35):	£7,616.00	8	5
Traineeships (FM25):	£1,209.00	1	0
OLASS:	£0.00	0	
24+ Advanced Learning Loans:	£358,200.00	190	

20



## SFA - What does it really mean?

- Confirmation of residency or alternative evidence
- Funding stream/line are correctly recorded (35 & 16-18 Apprentice etc.) and age recorded correctly
- Apprentices – confirmation of employment and hours worked to assess eligibility and duration
- Apprenticeship minimum duration – returning from break
- Traineeship eligibility – Duration and content
- Maths and English – Learners enrolled on aims that are higher than the level they are assessed at – funding error if not compliant

21



## SFA - What does it really mean?

- Maths and English in Apprenticeships – New rules for 2014/15.
  - Level 2 participation where they have level 1
  - Offer of level 2 where level 1 completed early must be documented
  - Removal of SASE requirement from April 2015

22



## SFA - What does it really mean?

### Full and co-funding –

- Evidence/Declaration in place
- Discretionary waiver – does it make sense?
- Data fields – Employment status/Date Employment started/Benefit status indicator
- Missing data
- Odd combinations
- A lot of this will also be covered in depth under DSAT review

23



## SFA - What does it really mean?

- ESOL – Top up codes for new aims that started in January – rationale for extra hours and are hours deliverable?
- Early Years Educator rules for Apprentices and non-Apprentices – GCSE already held or being studied as part of Apprenticeship
- 24+ learners on level 3 aims and funding stream 35 – do they meet exemption criteria?

24



## SFA - What does it really mean?

- Have adjustments been made for prior qualifications? Where proxies/relaxations are given evidence must be valid and available – Usage of PLR? Apprentices progressing from level 2 to 3?
- Apprenticeship AGE Grants – Evidence to support claim (usually completed form)
- If breaks in learning are taking place ensure that adjustments in funding have been completed, restart indicator flagged and enhanced funding indicator used if required
- If learning support has been claimed ensure you have the assessment of need, a plan of how the need will be supported and evidence of support being provided to the learner

25



## SFA - What does it really mean?

- Start and planned end dates still need to be accurate
- Withdrawals – looking for even higher levels of accuracy due to funding implications
- Achievement – 20% of funding, make sure you can prove it especially non-regulated aims
- Framework claims – have you got the certificate within three months of claim? If not remove achievement (do it before you send the ILR)
- Job outcomes – self declaration
- ESF logos and declaration are present on all enrolment forms

26



## SFA – Key DSAT reports

DSATs will be a big focus this year due to National Monitoring

New and amended reports to respond to data issues

All reports must be reviewed and cleared preferably prior to audit

- 15S-080 Apprentices with prior attainment at level 4 and above
- 15S-090 16-18 learners with co-funding
- 15S-100 19+ learners with full funding claimed
- 15S-110 19+ learners with enhanced funding
- 15S-130 16-18 Apprenticeship minimum duration exceptions
- 15S-140 19+ Apprenticeship minimum duration exceptions
- 15S-150 Prior attainment and full funding for learners aged 19-23
- 15S-190 Learning aims where the annual funding cap has been applied

27



## SFA – Key DSAT reports

- 15S-240 Withdrawals on long and short programmes
- 15S-280 Resuming learners
- 15S-290 Apprenticeship achievers
- 15S-300 Early completions
- 15S-360 National Insurance Numbers temporary or missing
- 15S-380 Employment status exceptions
- 15S-390 European Social Fund match funding data
- 15S-500 24+ Advance Learning Loan and Loans Bursary learners
- 15S-510 Level 3/4 Advanced Learning Loans exceptions

28



## SFA – Key DSAT reports

- 15S-520 Traineeship maximum duration exceptions
- 15S-530 Traineeship Eligibility
- 15S-540 Traineeship classification
- 15S-550 Traineeships with incorrect or no work placement aims
- 15S-560 24+ learners with full funding claimed
- 15S-580 Traineeships with no work preparation aims
- 15S-590 Apprentices with non-mandatory English and/or maths aims
- 15S-600 Level 3 Early Years Educator (non Apprenticeships)
- 15S-610 Level 3 Early Years Educator learning aims in Apprenticeships
- 15S-620 Use of work experience aims outside Traineeships

29



## D10 24+ Advanced Learning Loans

- Does learner between ILR, register, loan letter and loan portal reconcile? This includes:
  - ❖ Learner details
  - ❖ Learning aim reference
  - ❖ Start date
  - ❖ Actual end date if withdrawn
  - ❖ Planned end date
- When checking registers is it clear that the learner is still active over the duration the loan was claimed?

30



## D3 Subcontracting

- Where provision is subcontracted additional testing is required
- UKPRN on declaration reconciles to ILR
- Name of organisation reconciles to UKRLP website
- Legally binding in contract in place
- All SFA required clauses are in the contract
- Procedures for monitoring subcontractors
- Second tier subcontracting – Approval from SFA

31



## B3 – Query Matrix

- Lists all queries across the various areas of testing, each area will have a separate tab
- Check the query, more than one query may appear on a line
- When providing additional evidence please note the query number on the evidence so we can look them up on the B3
- Try to respond to queries in a timely way – more dealt with onsite the better
- Outstanding B3 queries will be followed up. Can be done either onsite or evidence can be sent to auditor directly

32





## Auditors word is not final

- You may not agree with everything we say – we may take a different view based on what we see across the sector as a whole
- If you believe you are correct present your case to the lead auditor and if necessary their line manager
- If you're still unhappy ask for a ruling from the EFA or SFA respectively
- You will supply evidence to the auditors who pass through to the agency with their comments (don't worry you get to see everything) on why they believe it is an error
- Once the agency has ruled whatever action (if required) must be followed through

33



## Follow up work

- Some errors may require a 100% check of a population, including DSATs
- Once completed update the ILR accordingly
- Send updated ILR
- New sample(s) will be selected by auditor and sent back
- Date for follow up work will be agreed
- Worth also noting at this point any significant adjustments to the ILR e.g. achievement funding
- These can be sampled and tested at this point

34



## Audit Finalisation

- **Deadline for final ILR is 23 October and 27 October for signed claim forms**
- **Don't work to that date – auditors have to sign off by this date also**
- **Significant funding changes may require additional audit work e.g. large increase in achievement funding values**
- **Reconciliation – Detailed account of all movements between the ILR at start of the process and the final ILR recorded by category**
- **Don't forget we also need a scanned copy of the signed claim documents and the funding report from the Hub**

35

## Final Q&A

