Funding Audit 2016/17 A Survival Guide…

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Agenda

- Background to audit

- Preparing for audit

- Overview of process
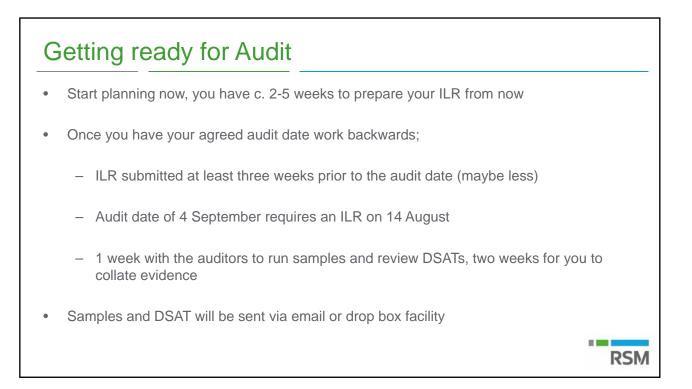
- Audit finalisation

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Background to Audit

- Circa 50 providers have been selected for audit in 2016/17

- 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 one of three appointed audit firms or by FAS2T (ESFA own auditors)

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Top Tips on surviving audit

So you've been picked for audit…

- Identify key players at your organisation, it's not all about MIS

- Make sure you know where the subcontracting, free meals, 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) – please try to resolve errors before submitting

- Confirm your funding starting point with the auditors – suggest you submit the ILR to the hub (where possible) and get PFR back and supply with ILR

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Getting ready for Audit

- Start planning now, you have c. 2-5 weeks to prepare your ILR from now

- Once you have your agreed audit date work backwards;

    - ILR submitted at least three weeks prior to the audit date (maybe less)

    - Audit date of 4 September requires an ILR on 14 August

    - 1 week with the auditors to run samples and review DSATs, two weeks for you to collate evidence

- Samples and DSAT will be sent via email or drop box facility

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Getting ready for Audit

- Please check your DSATs including those that you may not have control over (especially if you 'stitch' files')

- Please complete and return the questionnaire you're sent at the start of the process – drives other funding stream testing

- Work closely across all departments including subcontracting teams

- For ESF match funding ensure you have posters up (plaques don't meet publicity requirements for contracts from 2014), your subcontractors have updated marketing materials, put ESF logo on their websites and retention polices are updated to reflect deadline date

- Subcontracting Declaration should also be supplied along with ILR, especially if new partners have been taken on and are not on the last submission made to the SFA

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Looking after your auditors…..

- Day one of the audit…
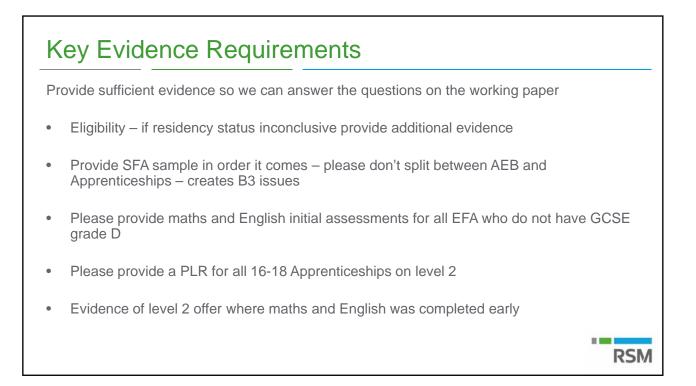
- Day five of the audit…

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Remember 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

- But most importantly… have all sample the evidence ready for our arrival

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Funding Audit for 16/17

- EFA (16-18 classroom) – Maximum sample size 50

- SFA (AEB and Apprenticeships pre May including Standards) – Maximum sample size 60 (includes SFA funded EFA activity)

- Apprenticeships post May 2017 – Maximum sample size is 60

- Subcontracting – EFA and SFA – single approach used. All subcontractors will be checked

- ESF matching funding – No sample

- Advanced Learning Loan audit – Maximum sample size 30

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Funding Audit for 16/17

- 16-19 Bursary and free meals in FE – 6 providers being audited based on a sample of 20 learners

- Other funding streams – Franchised HE, overseas etc. maximum sample size for each 20

- Completeness testing – source documentation back to ILR. Sample split between Apprenticeships and EFA/SFA Classroom activity. 10 Apprentices (5 withdrawn) and 10 registers – all learners tested

- DSAT – C1 review of reports, C2 is sample selection. Maximum sample size 20. More important than ever due to Funding Monitoring

- Funding Monitoring will be covered as part of the audit – following up concerns raised by ESFA

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Key Evidence Requirements

Provide sufficient evidence so we can answer the questions on the working paper

- Eligibility – if residency status inconclusive provide additional evidence

- Provide SFA sample in order it comes – please don't split between AEB and Apprenticeships – creates B3 issues

- Please provide maths and English initial assessments for all EFA who do not have GCSE grade D

- Please provide a PLR for all 16-18 Apprenticeships on level 2

- Evidence of level 2 offer where maths and English was completed early

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Key Evidence Requirements

- For EFA where element 3 funding has been claimed we only require local authority approval to pay

- PLR provided for all AEB learners where legal entitlement first level 2/3 being claimed

- For SFA Learning Support learners we require evidence of assessment, plan to support need and evidence of delivery of support – keep the confidential material away from us

- Where an aim is achieved please include supporting evidence with all other documents including non-regulated aims

- Where Age Grant has been claimed please provide the signed claim form with the other audit evidence

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EFA - What do we look for?

- 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

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EFA - What do we look for?

Condition of funding for maths and English

- Flagged as having maths/English and not studying – Evidence of meeting requirements (can include PLR information)

- Exempt for other reason – signed off but it must make sense and EHCP linked

- Roll over of records from prior years

- 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?

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EFA - What do we look for?

- 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 offer and that it took place?

- Alternative evidence of workplace 'cost'

- Not a detailed reconciliation between timetable and register

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EFA - What do we look for?

- 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, for how long and any agreements between college and employer if they are in place

- Is a withdrawal a real withdrawal or transfer and vice versa?

- Hours adjusted for withdrawal prior to 42 days?

- Learner 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.

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SFA - What do we look for?

- Confirmation of residency or alternative evidence

- Funding stream/line are correctly recorded (35 & 16-18 Apprentice etc.)

- Apprentices – confirmation of employment and hours worked to assess eligibility and duration

- Apprenticeship minimum duration – returning from break. Have 366 days been met when two durations are added together

- Traineeship eligibility – Duration and content

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SFA - What do we look for?

- Maths and English – Paragraph E25 to 27 requires learners to be enrolled on aims that are higher than the level they are assessed at – funding error if not compliant

Maths and English in Apprenticeships – New rules from 2014/15.
Framework funding rules C18 to C26:

- Level 2 participation where they have level 1
- Offer of level 2 where level 1 completed early
- Removal of SASE requirement from April 2015

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SFA - What do we look for?

Full and co-funding –

- Correct age for Apprenticeship full funding or coded correctly

- Evidence/Declaration in place

- Legal entitlement for level 2/3 – PLR evidence required if available

- 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

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SFA - What do we look for?

- 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 they are appropriate and when learners return that adjustments in funding have been completed, restart indicator flagged and enhanced funding indicator used if required

- If learner 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

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SFA - What do we look for?

- Start and planned end dates still need to be accurate. Evidence of learning activity on start date for Apprentices

- 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 – DSAT report implications, is data being collected?

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Post May Apprenticeship Starts

New audit approach – D14 for all starts posy May 1st 2017

Nine questions = 33 critical factors

Some over lap with existing audit arrangements

- Eligibility
- Age
- Employed status
- Employment Hours
- Apprenticeship Training Agencies
- AGE Grants

- Duration
- Delivery location
- Distance learning
- Breaks in learning
- Learning Support
- Start and end dates plus activity
- Achievement

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New areas for Apprenticeship Audit

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New areas for audit

- Negotiated Price
- English and maths
- Written agreement and commitment statement
- Payment of employer co-investment
- Payment of price over funding band maximum
- Additional payments for 16-18 or 19-24 with EHCP
- Small Employer – co-investment waiver
- Completion and end point assessment

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Advanced Learning Loans – what do we look for?

- Does learner information 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?

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Subcontracting

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- UKPRN on declaration reconciles to ILR

- Name of organisation reconciles to UKRLP website

- Subcontractor is on ROTO where contract value is greater than £100k (cumulative across all provders)

- Legally binding in contract in place

- All SFA required clauses are in the contract

- Procedures for monitoring subcontractors and evidence of visits taking place

- Second tier subcontracting – Approval from SFA

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Other areas of Audit - DSAT

- 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. Please have this done prior to the audit – we expect to see corrected reports to confirm data has been fixed

- DSAT samples (C2) – Evidence requirements will be explained. These will tend to be:

  - 16-18 Apprenticeship minimum duration exceptions
  - Withdrawn learners – confirm start and end dates and planned hours for EFA
  - High study programme/weekly hours – Hours are supported by timetables
  - Early Completers – learner did actually complete the syllabus

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Other areas of Audit - DSAT

- DSATs will continue to be a big focus this year due to Funding and Monitoring

- New and amended reports to respond to data issues

- All reports must be reviewed and cleared preferably prior to audit

- As a minimum check and clear reports related to:
  - Apprenticeship/Traineeship durations
  - Employment exceptions
  - Restarts/Resumers
  - Work experience aims
  - Study programme with planned learning hours but no s.96 learning aims

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Other areas of Audit

- 16-19 Bursary and free meals in FE – Not all providers will be audited on this. Bursary testing covers both vulnerable and discretionary bursary. Residential or other bursaries are not covered as part of this audit

- ESF Match Funding (D5) – 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 relevant posters are displayed 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

- Other funding streams – send the lists with the ILR. This testing can be done off site before the audit starts

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B3 – Query Matrix

- Lists all queries across the various areas of testing, each area will have a separate tab – you will be sent full working paper due to macros on linked spreadsheets

- 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 uploaded to Sharefile

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Follow up work

- Some errors may require a 100% check of a population, including DSATs

- Once completed update the ILR accordingly

- Send updated ILR via Sharefile

- New sample(s) will be selected by auditor and sent back via Sharefile

- Date for follow up work will be agreed usually at the end of the fieldwork

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Follow up work

If data has been added to the ILR after it was submitted for sampling additional work may be required if there has been a significant increase in funding. Areas traditionally covered are:

- SFA Achievement funding including framework achievement

- New enrolments

- Additional claims for SFA learning support

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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 Agency

- 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

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Audit Finalisation

- Deadline for final ILR is 19 October and for claims is 25 October

- Plan to be complete by 9am on 16 October to allow time for auditors to review ILR and agree all changes

- All ILR amendments need to be agreed before the hub closes on 19 October – any further change would be a manual adjustment

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Audit Finalisation

- Reconciliation – Detailed account of all movements between the ILR at start of the process and the final ILR recorded by category

- For each audit adjustment on the reconciliation a complete breakdown by learner and funding value will also be required

- Don't forget we also need a copy of the final claim documents and the funding report from the Hub

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Feedback and Reporting

- Daily feedback on queries – use this time to resolve queries onsite

- Formal feedback meeting at end of audit

- Management letter – initial draft issued following fieldwork but will be updated to reflect follow up work. Where possible we will finalise the management letter when the audit opinion is signed off

- Separate bursary and free meals document

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QUESTIONS
AND ANSWERS?

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