

Lessons Learned from the Audit of EMA and ALG 2009/10 Payments

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i For information

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Purpose

1. This short paper is intended to share with providers the lessons learned from audit coverage of EMA and ALG payments made during 2009/10. These lessons will still be relevant during the 2011/12 academic year, when providers will have responsibility for administering over £100 million of transitional payments. Providers have a duty to protect public funds and so should ensure that administrative procedures are reviewed, and if necessary adapted, to avoid the controls issues highlighted by this paper.

Background

2. In the autumn of 2010, the YPLA's External Assurance Team commissioned, through the Skills Funding Agency, three external audit firms to carry out EMA and ALG audits at a sample of FE colleges, sixth form colleges and independent private providers (IPPs).
3. At each of the colleges and IPPs, the auditors were requested to test one month of weekly EMA and ALG payments for a sample of 30 learners, selected at random. For EMA, the auditors were also requested to test one bonus payment for each learner in the sample. The audit returns we have received from the auditors detailed the controls issues and actual funding errors identified.
4. In the interests of openness, the YPLA wishes to share knowledge of the issues raised. In this way, and in order to minimise risks to public funds, we hope to assist providers to avoid the types of issues commonly encountered. It should be noted that many of the issues referred to below have also been reported following audits of EMA and ALG in earlier years.
5. A similar audit exercise is being undertaken at a selection of providers this autumn in respect of 2010/11 EMA and ALG funding.

EMA - Issues Reported

6. The issues reported in respect of EMA are as follows:

Note The Guidance referred to below is the *Education Maintenance Allowance Provider Guidance 2009/10* (published in June 2009).

- Weekly payments not supported by records of attendance, including registers missing or not completed by tutors, missing learner files and payments made to learners who have left (see Guidance, p 21-22).

- Bonus payments not supported by signed paperwork/evidence from tutors (see Guidance, p 23-25).
- Learners entitled to bonus payments, but payments not made in error.
- Learning programmes invalid due to insufficient GLHs (see Guidance, p 18).
- EMA (attendance, behaviour and effort) and (bonus) agreements not in place or not signed (see Guidance, p 17-18).
- Providers have not informed the Learner Support Service following the identification of overpayments by the auditors (see Guidance, p 25).

ALG - Issues Reported

7. The issues reported in respect of ALG are as follows:

Note The Guidance referred to below is the *Adult Learning Grant Guidance 2009/10* (published in June 2009).

- Weekly payments not supported by records of attendance, including payments made to learners who have left and evidence not retained by providers to support an authorised or acceptable absence (see Guidance, p 17).
- Residency assessment not undertaken by providers on enrolment (see Guidance, p 13, 29 and 35).
- Learning programmes invalid due to insufficient GLHs or at Level 1 (see Guidance, p 6 -7 and 29).
- Learners ineligible (eg studying a Level 2 course when they already have a Level 2 qualification) (see Guidance, p 7 and 29).
- Learners ineligible as in receipt of Jobseeker's Allowance (see Guidance, p 20 and 29).
- Learners not paid, although attendance evidence held or because registers delivered late.

- ALG agreements not in place or not signed (see Guidance, p 29 and 32).
- Providers have not informed the Learner Support Service following the identification of overpayments by the auditors (see Guidance, p 19).

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