

Provider Risk and Assurance (PRA)

Common Findings from Assurance Work – 2015-16

Introduction

1. On 1st April 2016 a new specialist service, the Funding Agencies Shared Services Team (FAS²T), was established supporting the Skills Funding Agency (SFA) and the Education Funding Agency (EFA). The establishment of FAS²T saw the SFA's Provider Financial Management and Assurance (PFMA) team merge with the EFA's Risk Analysis Division to form a single entity, the Provider Risk and Assurance (PRA) team.
2. This paper summarises the main issues arising from PFMA assurance work in 2015-16, setting out some common findings from their work. This paper does not set out a definitive list of every issue identified, it summarises the most frequently arising and the most significant issues identified during our assurance work. We are sharing these findings to assist providers in trying to improve compliance with the relevant guidance.
3. The PRA's Funding Assurance Strategy is designed to establish a reasonable estimate of the extent to which funds claimed from the SFA have been earned in accordance with the funding rules and applied in accordance with the funding agreements. PRA's direct assurance work at providers covers the whole of their Adult Skills Budget (ASB) and 16-18 Apprenticeships.

Key Findings

Testing to confirm the learner is eligible for funding

4. We identified learners ineligible for funding where providers did not carry out appropriate checks and controls when learners start their programme, specifically to ensure that they meet the eligibility criteria set out in the Funding Rules.

Testing to check the programme is eligible for funding and that the provider has claimed the correct funding

5. The main issue causing funding errors in this area relates to providers claiming funding without taking into account the learners' achievement and study of prior qualifications. This may mean that learners were exempt from part of their programme or should have had the funding reduced through the proportion of funding field on the Individualised Learner Record (ILR). Often, the achievement of prior qualifications relates to learners that hold GCSEs for which the provider is incorrectly claiming funding for functional skills. In other cases the proportion of funding had not been reduced to take into account learners achieving units and progressing onto other qualifications, returning from a break in learning, or re-starting a learning aim.

6. The Funding Rules in 2014 to 2015 required that all apprentices, starting an intermediate apprenticeship on or after 1st August 2014, must be offered level 2 functional skills or GCSEs in English and/or maths. Our reviews identified instances where this was not the case.
7. Similarly, learners studying programmes other than apprenticeships must be enrolled on a level of learning in English and/or maths that is beyond their assessed level. We found numerous examples where learners were studying levels at the same level as that at which they were assessed.
8. We also identified that funding was claimed incorrectly for learners who were aged 19 and over and not entitled to full funding. For these learners, providers should only claim co-funding.

Testing to check learners are eligible for learning support funding and there is evidence of delivery of learning support

9. One of the most significant findings from the audits undertaken was the level of funding error identified from testing of learning support funding. Under the Funding Rules 2014 to 2015, learners must be assessed to determine the support required and then there must be evidence of the delivery of the support taking place. Providers were unable to evidence both aspects of this funding, in particular the delivery of the support.

Testing to check the learner's programme and attendance as recorded in the ILR were consistent with underlying records

10. This is the most common type of error identified across nearly all PFMA audits. It relates to where funding claimed for learners continued participation could not be confirmed from evidence of learning activity either for periods of learning or even from a learner's start date. For learners who haven't achieved or are yet to achieve, this is a recurring issue found year on year and accounts for a significant proportion of funding error.
11. On a related point, where learners had not achieved, actual end dates recorded on the ILR were not supported by underlying records meaning that funding was claimed beyond the time when the learner had last participated in learning activity for each funded learning aim.

Testing to ensure that evidence exists to confirm that the learner has achieved completed their framework/learning aim

12. In the case of apprenticeships, we found that where claims had been made for completion of frameworks, either completion certificates were not held, or applications were also not held or were greater than three months old and ILR completion data had not been amended to remove the framework achievement.

Reviews of PDSATs

13. A number of findings relate to errors identified through Provider Data Self-Assessment Toolkit (PDSATs). We encourage all providers and colleges to use PDSATs on a regular basis. The reports which identified the main funding errors from the PDSAT suite related to reports 040 (Data errors), 060 (Duplicate aims), 100 (19+ learners with full funding), 150 (Prior attainment/Full Funding), 190 (Funding cap), 240 (Withdrawals), 250 (Learners beyond their planned end date), 260 (Learning actual end date), 280 (Resuming learners), 300 (Early completions) 19+ learners with full funding), 560 (24+ learners with full funding), and 600 (Level 3 early years).

14. Additional funding error relating to EFA funding was commonly found on reports 160 (Full time/short study programme), 170 (High weekly hours), and 240 (Withdrawals).

Testing on Subcontracting

15. As part of testing on subcontracting arrangements, we identified a number of issues.
- a. Subcontracts were not always in place or were signed after delivery had started.
 - b. Funding delivered under subcontracts exceeded the limits set out in the contracts.
 - c. Contracts do not contain all minimum clauses as required by the Funding Rules, including adequate document retention clauses.
 - d. The most common finding was that the details and subcontractors listed on the subcontractor declaration did not reconcile to the details recorded on the ILR.

Testing on European Social Fund (ESF) Match

16. Where providers' data is being used as ESF match funding, findings can be broken down into a number of issues.
- a. ESF logos were not present across learner documentation, provider and subcontractor websites and plaques not on display in premises.
 - b. ESF declarations were not present on learner documentation to confirm match funding and ESF fields on the ILR were not completed.
 - c. Document retention policies were not suitable for ESF requirements to confirm evidence being retained until 31 December 2022.

Testing on Advanced Learner Loans funding

17. The main issue relates to learners having different data and information when comparing the ILR, loans data, loans letters and learning agreements. This predominantly included learning start and planned end dates.
18. Where learners had withdrawn, actual end dates were not recorded on the loans portal.

Common issues identified specific to EFA funding

19. The most significant element of the funding error that we identified from classroom related to where planned hours recorded on the ILR did not agree to the planned hours actually on offer to students. Where the actual hours on offer fell into a different funding rate band, then we recovered funding accordingly.
20. Where learners had withdrawn from their programmes early, we found that they had not met the qualifying period for funding, when taking into account their withdrawal date from available evidence.

Further information

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