

**For Action: Responses to annex B and G are requested by 30 November 2001
Responses to annex C, D, E and I are requested by 4 February 2002**

Interim and Final Funding Unit Claims 2000/01

Summary

This circular provides all funding unit claim forms and external ISR auditor opinions for the year 2000/01. This supersedes Further Education Funding Council (FEFC) Circular 00/29 and FEFC Circular 99/43 Supplement B (2000), which continue to provide the necessary documentation for outstanding 1999/2000 claims. This circular is being distributed in hard copy together with a revised FEFC Circular 99/43 Supplement F, the LSC update on audit guidance for 2000/01.

In this document the word 'Council' is used to cover both FEFC and LSC as joint funding bodies for the year 2000/01.



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Further information

For further information, please contact the appropriate Learning and Skills Council local office, or write to:

Funding Eligibility Team
The Learning and Skills Council
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Coventry CV6 5SF
Telephone 024 7670 3290/1

Summary

This circular provides all funding unit claim forms and external ISR auditor opinions for the year 2000/01. This supersedes Further Education Funding Council (FEFC) Circular 00/29 and FEFC Circular 99/43 Supplement B (2000), which continue to provide the necessary documentation for outstanding 1999/2000 claims. This circular is being distributed in hard copy together with a revised FEFC Circular 99/43 Supplement F, the LSC update on audit guidance for 2000/01.

In this document the word 'Council' is used to cover both FEFC and LSC as joint funding bodies for the year 2000/01.

Interim and Final Funding Unit Claims 2000/01

Introduction

1 Institutions have been required to make final funding claims in the spring term following the end of the teaching year. From 2000/01 institutions are now also required to make new interim claims in the autumn following the end of the teaching year. This new claim will be used to calculate any likely recovery of funds that will be recovered for underperformance starting from February 2002. This should assist institutions in preparing their annual financial accounts and enable better management of cash flows during the Spring/Summer period for any institution subject to actual recovery of funds.

2 In this circular, the LSC requests a **new interim funding unit claim** no later than 30 November, and a final funding unit claim no later than 4 February 2002 of the total funding units generated by institutions with reference to the 2000/01 funding allocation. This includes additional funds allocated to institutions in respect of: University for Industry (Ufi), non-schedule 2 pilot projects (FEFC Circular 99/16) and provision of basic skills summer schools. It also provides guidance on how to make the returns.

3 The LSC will use this information to assess each institution's performance against its funding agreement and to determine whether any adjustments are required to the funding paid to the institution for 2000/01. These claims will form the basis for any recovery of funds to be carried out in February, March and

April 2002. Each institution's performance in 2000/01 may also be taken into account in the 2002/03 funding allocation process.

4 Final claims from colleges, higher education (HE) institutions and external institutions are requested by 4 February 2002 together with the audit report requested in this circular.

Table 1. Explanatory annexes in this circular

Annex	Description
A	Guidance on completing claim forms
B	Interim Claim 2001
C	Final Claim and Diff 2001
D	HEI & EI external auditor opinion
E	FE College external ISR auditor opinion
F	Example of Recovery and Tolerance statement 2000/01
G	FE College external ISR auditor interim claim opinion
H	Summary of Units by allocation type
I	Self assessment checklist

5 The various returns and example explanatory annexes in this circular are listed in Table 1.

College audit returns

6 For 2000/01 LSC appointed ISR external auditors are asked to use the audit opinion at annex E and self assessment checklist at annex I of this circular for the final return. For the interim return the auditors will use the audit opinion given in annex G.

HE and external institution audit returns

7 For 2000-01 external auditors of higher education institutions and LSC funded external institutions are asked to use the audit opinion in annex D and the self assessment checklist in annex I of this circular for the final claim. No audit opinion is required for the interim claim.

Background

8 The arrangements for making audited funding unit claims to the LSC in 2000/01 are set out in FEFC Circular 99/43. Each institution is required to provide the LSC with an audited final return of funding units for 2000/01 in the spring term after the end of the 2000/01 year. Institutions and external ISR auditors are reminded that FEFC Circular 99/43 asked institutions to write to the LSC if an audited final funding unit claim would not be received by 4 February 2002. This letter should explain the reasons for the delay, the action to be taken and a firm promise date, which should normally be within six weeks of the expected return date.

Arrangements

9 All institutions are asked to make interim and final claims of funding units for 2000/01, by completing forms **INTERIM CLAIM 2001** at annex B and **FINAL CLAIM 2001** at annex C to this circular. The interim claim will enable the LSC to issue an estimated recovery and

tolerance statement to all institutions.

FE Colleges and their financial statement auditors will be able to use this document to assist in completing the college's financial statements.

10 Guidance on completing the forms can be found at annex A. You should pass the final claim to your external ISR auditors and ask them to send it to the LSC with their report on the audit of the 2000/01 final funding unit claim and supporting data for 2000/01. In order to assist in completing the forms the LSC has provided a report Summary by Funding Allocation Type within the Learner Information Suite (LIS) that provides a breakdown of units to match the interim and final claim forms. Institutions are asked to send a copy of this report with their claims. An example of this report is shown in annex H. The interim claim should reach the LSC no later than 30 November 2001 and the final claim by 4 February 2002.

11 Colleges and external institutions are reminded that ISR22 (31 December 2001; 2000/01) data should be sent by them to the LSC for the institution concerned to arrive by 4 February 2002. The final funding unit claim for 2000/01 cannot be processed until ISR22 data have been received and validated by the LSC. HE institutions will be sent July HESA data, converted to ISR format by late January or early February 2002. This will enable them to process the data using version 8.05 of the Learner Information Suite (LIS).

12 Institutions should note the guidance on the audit of final funding unit claims set out in FEFC Circular 99/43, *Audit of 1998-99 Final Funding Unit Claim and of the 1998-99 Individualised Student Record Data* and the supplements to that circular. Particular attention should be paid to the checks regarding franchising and the guidance set out in FEFC Circulars 96/06 and 99/37.

13 The LSC will compare an institution's final funding unit claim with the number of units generated by processing the institution's ISR22 (31 December 2000; 2000/01) return, or equivalent data derived from the institution's HESA return, through version 8.05 of the LIS using release 14.3, or any updated version of it, of the qualification database. The qualification database is now regularly updated between releases. Institutions may use any updated version of release 14.3 of the qualification database when preparing their final funding unit claim for 2000/01. The LSC expects units generated from ISR22 to be consistent, after taking account of manual adjustments, with the final funding unit claim. To assist institutions, advice on manual adjustments which may be acceptable to the LSC are included in supplement F to FEFC Circular 99/43, which is available as an electronic document on the LSC's website (www.lsc.gov.uk).

14 Institutions wishing to make manual adjustments which are not included in the table at annex G supplement F to FEFC Circular 99/43 should contact the LSC's funding eligibility team by fax on 024 7670 3415. Any updates on manual adjustments will be placed on the LSC's website (www.lsc.gov.uk).

Adjustments to payments

15 ***For the purposes of calculating payments to institutions the LSC will calculate the performance of each institution in 2000/01 as described in Circular Monitoring Growth 2000/01, by:***

- ***comparing the institution's total funding units eligible for LSC funding with the funded units in its funding agreement***

- ***comparing the number of 16–18 year old full-time students against allocations in this category.***

16 ***These performance measures, moderated by any tolerance for underperformance against funding agreement as described in Circular Monitoring Growth 2000/01 will be used to calculate the final funding to be paid to the institution for 2000/01.***

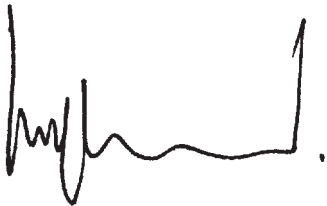
17 So that the LSC has sufficient available funds for institutions delivering expansion for both 16 to 18 year olds and adults in the current college year, the LSC intends to begin a phased recovery of funds for 2000/01 underachievement in 2001/02, starting from February 2002 on a similar basis to the approach adopted by the FEFC in its final year. The LSC will be calculating likely underachievement and any sums to be recovered on the basis of either data from the interim claims or where these are not submitted LSC generated estimates of activity from earlier ISR returns. Institutions will be sent recovery and tolerance statements based on these calculations between October and December 2001 and should plan for any recovery on these statements to take place in three equal instalments in February, March and April 2002.

18 Where institutions submit their final funding claim by 4 February 2002 their actual profiled recovery for February, March and April 2002 will be based on that return and this data will replace any previously notified interim data. The final recovery of funds for underperformance in 2000/01 will always be determined using ISR22, the final funding claim 2000/01 (taking account of any audit qualifications) and in exceptional circumstances the results of any separate LSC investigation.

FE College ISR auditor form G2

19 For FE colleges whose ISR and funding claims are being audited under the new LSC audit contract their interim claim and interim audit opinion should be returned with ISR auditor form G2. This form has been separately provided to the ISR audit firms by the LSC and is intended to assist institutions in agreeing their financial statements with their external financial statements auditor.

20 The G2 will be returned to the college after submission of the interim claim return with a recovery and tolerance statement by the relevant LSC local office. This will confirm the likely level of over or underperformance against funding targets for the 2000/01 teaching year.

A handwritten signature in black ink, appearing to read 'John Harwood', with a period at the end.

John Harwood, Chief Executive

Annex A: Guidance on Completing Claim Forms

Calculation of units

1 Guidance on the calculation of funding units for the 2000/01 funding allocation is given in Circular 00/03, *Funding Guidance 2000/01*. The returns **INTERIM CLAIM 2001** and **FINAL CLAIM 2001** are attached at annexes B and C to this circular. Further guidance is provided in supplement F to FEFC Circular 99/43, *Audit of 2000-01 final Funding Unit Claim and of the 2000-01: Individualised Student Record Data*.

2 To assist in completing the forms the LSC has provided a report Summary by Funding Allocation Type within the LIS that provides a breakdown of units to match the final claim form, and an example report is shown in annex H. Institutions are asked to send a copy of this report with their final claim. If an institution has no claim in a category then the programme will not show that element within the report and on the claim form itself an entry of '0' should be recorded.

Allocations

3 The final funding claims should be completed so that the LSC can monitor performance against each type of allocation. As in previous years any fundable units that fall outside the earmarked boxes should be claimed in the main allocation box. Claims for additional types of allocation should comply with the additional guidance given by the LSC for each type of allocation and relevant

circulars for additional allocations have been quoted on the claim form. Further guidance on these additional types of allocation is also available in supplement F to FEFC Circular 99/43.

Completing the form

4 All institutions are asked to indicate on forms **INTERIM** and **FINAL CLAIM 2001** the total funding units that they are claiming for the teaching year 2000/01.

5 Institutions should provide summary numerical information on the final claim diff form relating to manual adjustments. For the interim claim a separate note would be helpful detailing how the entry has been made up.

6 Institutions are asked to contact the LSC's funding eligibility team by fax on (024) 7670 3415 before making a manual adjustment for a matter which does not appear on the list included in annex F to supplement F to FEFC Circular 99/43. They will be given an adjustment number if the manual adjustment is agreed. Information on any agreed additional manual adjustments is shown on the LSC's website (www.lsc.gov.uk). Supplement F to FEFC Circular 99/43 indicates that the LSC expects ISR external auditors to pay particular attention to any such manual adjustments made by institutions.

Learner information suite

7 The LSC provided version 8.02, 8.03 and 8.05 of the LIS to help institutions make their in-year and final claims for funding units in 2000/01.

8 All institutions returning the ISR data for 2000/01 are asked to use these data with version 8.05 of the LIS using release 14.3, or any updated version of the qualification database to calculate their final total of funding units. External ISR auditors have been asked to use the same versions of the software when checking institutions' final funding unit returns.

9 For all colleges and external institutions, the 2000/01 audit of student numbers is based on the individualised student record (ISR). All HE institutions make a similar return of student records to HESA, from which a return equivalent to ISR is derived and given to the LSC and to the HE institutions. The HE institutions can use version 8.05 of the LIS to calculate their final total of funding units.

Declaration

10 All claim forms should be signed by the principal or the head of the institution. In the case of HE institutions, claim forms should be signed by the person with equivalent responsibility for further education in the institution. Institutions and external auditors are reminded that the claim forms returned by the external auditor to the LSC should contain an original signature, not a photocopy or facsimile.

(Reference Circular 01/16)

All institutions receiving funding from the LSC for 2000/01 are asked to photocopy, and then complete and forward this form to the relevant LSC local office no later than 30 November 2001. For FE colleges only the form should be submitted to the LSC ISR external audit contractor for return to the LSC with the interim audit opinion and ISR auditor return G2.

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Learning+Skills Council

Name of Council-funded institution
LSC code

All institutions are asked to complete this section. The report *Summary by Funding Allocation Type* from the Learner Information Suite (LIS) provides the necessary information for the total ISR unit claim in the table. Institutions are encouraged to send a copy of this report with their final claim.

Type of allocation	Estimated Unit out-turn
ISR total units as per report "Summary by Funding Allocation Type"	
Manual Adjustment (including an estimate for achievement units and audit adjustments)*	
Overall estimated total	

Colleges with LSC appointed ISR audit contractors should also complete the section below.

The number of 16–18 students that meet the LSC definition of a full time Council funded 16–18 year old student as set out in our Monitoring Growth Circulars (for FE Colleges the ISR student number auditor will provide a CAAT programme that will calculate this number). The number returned should be agreed with the auditor and this is reflected in their audit opinion.

Full time Council funded 16–18 year olds:

Purpose of Interim Claim

The purpose of this claim is to enable the LSC and the Institution to determine whether any funds paid for 2000/01 will be recovered for underperformance. The LSC expects the overall total of units claimed to be consistent with any financial provision being made by the Institution for recovery of funds in their financial statements. This is an interim claim, which includes estimates for achievements, final ISR adjustments and an estimated manual adjustment and should be signed off as being materially accurate. As stated in paragraph 13 of this circular the recovery of funds will be finally determined using ISR22, the final funding claim 2000/01 taking account of any audit qualifications and in exceptional circumstances the results of any separate LSC investigation.

This form must be signed by the head of the institution

Signature (<i>head of institution</i>)
Name (<i>please print</i>)
Position
Date

Guidance on signing claim

The funding units claimed above should be calculated correctly from the institution's records, which accurately reflect enrolments during 2000/01, in accordance with the guidance and definitions set out in the booklet *Guidance on the Tariff 2000/01* and other relevant guidance. The LSC expects the interim funding unit claim to be free from **material misstatement** and to comply with the audit guidance given in FEFC Circular 99/43 and its supplements.

Final Claim 2001 (part 1)

(Reference Circular 01/16)

All institutions receiving funding from the LSC for 2000/01 are asked to complete and forward this form to their external ISR auditors with a request that the auditors return it in its original form, together with their audit report, to the relevant local office no later than 4 February 2002.

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Name of Council-funded institution
LSC code

All institutions are asked to complete this section. The report *Summary by Funding Allocation Type* from the Learner Information Suite (LIS) provides the necessary information to complete the table. Institutions are asked to send a copy of this report with their final claim.

Type of allocation	ISR Total Units as per <i>Summary by Funding Allocation Type</i>	Manual Adjustments Total (from FINAL DIFF)	Total Unit Claim
Main allocation (Supported by Council funding)			
University for Industry (Ufi) Claimed by recipient college only			
Basic Skills School 2000			
Non-schedule 2 project funding (FEFC Circular 99/16)			
ILA pilot 1999-2000 (FEFC Circular 99/38) Claimed by recipient college only			
Total overall claim			

Colleges with LSC appointed ISR audit contractors should also complete the section below:

The number of 16-18 students that meet the Council definition of a Council funded full time 16-18 year old student as set out in our Monitoring Growth Circulars (for FE Colleges the ISR student number auditor will provide a CAAT programme that will calculate this number: The number returned should be agreed with the auditor.

Council funded full time 16-18 year olds:

Note to completion of part 1

ISR unit claim (2000/01)	Total should match ISR total in box 2 on FINAL DIFF 2001
Manual adjustment unit claim	Total should match manual adjustment total in box 1 on FINAL DIFF 2001
Total Unit Claim	Total should match total units claimed in box 3 in FINAL DIFF 2001

Purpose of final claim

The purpose of this claim is to enable the LSC and the Institution to determine whether any funds paid for 2000/01 will be recovered for underperformance. As stated in paragraph 15 of this circular the recovery of funds will be finally determined using ISR22, the final funding claim 2000/01 taking account of any audit qualifications and in exceptional circumstances the results of any separate LSC investigation.

This declaration must be made by the head of the institution (or in the case of HE institutions, the person with responsibility for further education in the institution).

Declaration

I certify that, to the best of my knowledge, the funding units claimed above have been calculated from data correctly extracted from the institution’s records, which accurately reflect enrolments during 2000/01, in accordance with the guidance and definitions set out in the FEFC booklet *Guidance on the tariff 2000/01*, FEFC Circular 99/07, FEFC *Funding Guidance 2000/01* and other relevant guidance.

I also certify that to the best of my knowledge, the funding unit claim is free from misstatement, whether caused by fraud or other irregularity or error and also complies with the audit guidance given in FEFC Circular 99/43 and its supplements.

This form must be signed by the head of the institution.

Signature (<i>head of institution</i>)
Name (<i>please print</i>)
Position
Date

The Claim form and the Diff form are now treated as a single return and must be returned to the LSC local office together.

Final Diff 2001 (part 2)

(Reference Circular 01/16)

All institutions receiving funding from the Council for 2000/01 are asked to complete and forward this form to their external auditors with a request that the auditors return it in its original form, together with the rest of form FINAL CLAIM 2001 and their audit report, to the local LSC office by 4 February 2002. Institutions should use this form to record the reason(s) for the difference between the final claim and the units generated by processing the December 2001 ISR (ISR22) return through version 8.05 of the LIS using release 14.3, or any updated version of the qualifications database. A list of acceptable manual adjustments, and their numbers, is given in supplement F annex G to FEFC Circular 99/43, which is available as an electronic document on the LSC's website (www.lsc.gov.uk).

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Learning+Skills Council

Name of Council-funded institution
LSC code
Name of sponsoring college (for external institutions)

Manual adjustment number (see supplement F, annex G to Circular 99/43)*	Description	Students affected (No.)	Difference (Funding units)
1	Total unit difference arising from manual adjustments		
2	Total units calculated using version 8.05 of the LIS, ISR22 (31 December 2001; 2000/01) and release 14.3, or any updated version of the Qualifications database		
3	Total units shown on form FINAL CLAIM 2001 (total of entries at 1 and 2)		

* available as an electronic document on the LSC website (www.lsc.gov.uk)

Audit Report on Student Data Returns 2000/01

HEI and EI External Auditor Opinion

(Reference Circular 01/16)

External auditors of higher education institutions and external institutions are requested to photocopy, and then complete and return this form to the relevant local LSC's office no later than 4 February 2002.

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Annex D
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Learning+Skills Council

Name of Council-funded institution in 2000/01

LSC code of institution in 2000/01

Name of sponsoring college in 2000/01
(external institutions only)

LSC code of sponsoring college in 2000/01
(external institutions only)

The Statement of Responsibilities and the Basis of the Opinion apply to all Sections of the Audit Report (all sections should be completed)

1

This section of the audit report should be completed by external auditors for all institutions.

Statement of responsibilities

The head of the institution certifies that the funding units claimed have been calculated from data correctly extracted from the institution's records, which accurately reflect enrolments during 2000/01, in accordance with the guidance and definitions set out in *Guidance on the Tariff 2000/01* and other relevant guidance. The external auditor's responsibility is to form an independent opinion, based on our audit of the funding claim, and to report our opinion.

Basis of our opinion

We conducted our audit in accordance with relevant auditing standards issued by the Auditing Practices Board, and with the guidelines for institutions and their external auditors set out in Circular 99/43 and its supplements. An audit includes examination on a sample test basis of evidence relevant to the funding unit claim returned by the institution to the LSC, and of the individualised student record (ISR22) that supports it. We planned and performed our audit in order to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the funding unit claim is free from material misstatement, whether caused by fraud or other irregularity or error.

Risk of provision

Delete one of subparagraphs (a) or (b) below:

In accordance with FEFC Circular 99/43 and the self-assessment checklist at annex I of this circular completed by the institution and signed by the head of institution on (date)....., the institution has assessed its provision as risk;

- a. Nothing has come to our attention during the audit which gives us cause to question the institution's self-assessment;
- b. *We disagree with the institution's self-assessment for the reasons set out in the management letter. Our assessment of the provision is that, in accordance with FEFC Circular 99/43 and the self-assessment checklist at annex I of this circular, it is risk.

Opinion

We have examined the entries in the attached claim for funding units, form FINAL CLAIM 2001 and form FINAL DIFF 2001, returned by the above institution, and the individualised student record ISR22 (31 December 2001; 2000/01) return which supports it, and have carried out a programme of tests on a sample basis that includes those specified in the Further Education Funding Council's guidelines for institutions and their external auditors, Circular 99/43 and its supplements.

Delete all but one of subparagraphs (c) to (g) below:

- c. We have no comments on the audit, and . . .
- d. to the amendments shown in red on the attached copies of returns and/or printouts of ISR records, and . . .
- e. *Subject to the comments in the attached report dated ____/____/____, and . . .
- f. *Subject to the amendments shown in red on the attached copies of returns and/or printouts of ISR records, and subject to the comments in the attached report dated ____/____/____, and . . .
- g. *As explained in the attached report dated ____/____/____, we cannot confirm that . . .

. . . in our opinion in all material respects the institution's ISR19 return is properly compiled in accordance with relevant guidance issued by the Council and in particular have been properly extracted from the records of the institution, and the institution's final claim for funding units for 2000/01 is consistent with the ISR22 return and has been properly compiled in accordance with relevant guidance issued by the Council. The relevant guidance is specified in FEFC Circular 99/43 and its supplements.

2

This section should be completed by external auditors for all institutions that have been part of a learning hub in receipt of Council funds through a recipient institution. For 2000/01 these will either be FE pathfinder projects or UFI provision. Auditors should be aware that some institutions might have provision in both categories and some in neither.

Delete all but one of subparagraphs (a) to (c), or all but one of (d) to (f). Delete also the non-relevant paragraph.

Please complete or delete the appropriate sub-paragraphs below. For Council funded learning centres forming part of Council funded learning hubs.

- a. We have no comments on the audit, and . . .
- b. Subject to the comments in the attached report dated ___/___/___, and . . .
- c. As explained in the report dated ___/___/___, we cannot confirm that . . .

. . . we have carried out the audit work set out in Supplements E and F to FEFC Circular 99/43 and in our opinion the claim has been properly compiled in accordance with this guidance.

For recipient institutions in receipt of direct Council funding on behalf of their learning hubs

- d. We have no comments on the audit, and . . .
- e. Subject to the comments in the attached report dated ___/___/___, and . . .
- f. As explained in the report dated ___/___/___, we cannot confirm that . . .

. . . we have carried out the audit work set out in Supplement E and F to FEFC Circular 99/43 and in our opinion the claim has been properly compiled in accordance with this guidance.

3

This section must be completed by all external auditors.

Signature
Audit firm <i>(please print)</i>
Date
Contact name <i>(please print)</i>
Contact telephone no

*Note: Auditors proposing to qualify their report by selecting any of the subparagraphs marked * above should contact the relevant local LSC office or, for LEA maintained institutions, the Audit Commission, as set out in paragraph 105 of supplement A to FEFC Circular 99/43.*

Attachments	Yes	No	N/A
	<input type="checkbox"/>	<input type="checkbox"/>	Original form FINAL CLAIM 2001
	<input type="checkbox"/>	<input type="checkbox"/>	Original form FINAL DIFF 2001
	<input type="checkbox"/>	<input type="checkbox"/>	Summary by Funding Allocation Type report
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			Copy of management letter

Please ensure that any amendments to forms, where made by the auditor, are written by hand in ink on the attached copies. Please ensure that all of the above documents are returned (including returns where applicable) and that any amendments to forms, where made by the auditor, are written by hand in red ink on the attached copies.

Management letter	Yes	No	
	<input type="checkbox"/>	<input type="checkbox"/>	Issues relevant to this report are included in the management letter with the financial statements
	<input type="checkbox"/>	<input type="checkbox"/>	Issues relevant to this report are included in a separate management letter and attached to this report
	<input type="checkbox"/>	<input type="checkbox"/>	A separate management letter will follow this report

Audit Report on Student Data Final Returns 2000/01

FE College ISR Audit Opinion for LSC Contractors

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Annex E
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(Reference Circular 01/16)

LSC Contracted external ISR auditors of FE colleges are requested to photocopy, and then complete and return this form to the relevant LSC local office no later than 4 February 2002.



Learning+Skills Council

Name of Council-funded institution in 2000/01

LSC code of institution in 2000/01

The Statement of Responsibilities and the Basis of the Opinion apply to all Sections of the Audit Report (all sections should be completed)

1

This section of the audit report should be completed by external ISR auditors for all institutions.

Statement of responsibilities

The principal or equivalent of the college certifies that the funding units claimed have been calculated from data correctly extracted from the college's records, which accurately reflect enrolments during 2000/01, in accordance with the guidance and definitions set out in *Guidance on the Tariff 2000-01* and other relevant guidance. Our responsibility, as the LSC's contracted auditor, is to form an independent opinion, based upon our audit of the funding claim, and to report our opinion.

Basis of our opinion

We conducted our audit in accordance with the Council's audit guidelines and programmes and with appropriate auditing standards issued by the Auditing Practices Board. The audit approach includes examination on a sample test basis of evidence relevant to the funding unit claim returned by the college to the LSC, and of the individualised student record (ISR22) that supports it. We planned and performed our audit in order to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the funding unit claim is free from material misstatement, whether caused by fraud or other irregularity or error.

Institutions self-assessment of risk associated with the profile of its provision

Delete one of subparagraphs (a) or (b) below:

In accordance with FEFC Circular 99/43 and the self-assessment checklist provided by the LSC in annex I of this circular and completed by the college and signed by the principal on *(date)*....., the college has assessed its provision as risk;

- a. Nothing has come to our attention during the audit that gives us cause to question the college's self-assessment of risk based solely on the profile of its provision.
- b. *We disagree with the college's self-assessment for the reasons set out in the management letter. Our assessment of the provision is that, in accordance with FEFC Circular 99/43 and the self-assessment checklist provided by the LSC it is risk.

We have reviewed the attached claim for funding units, form INTERIM/FINAL CLAIM 2001 and form FINAL DIFF 2001, returned by the above college to the LSC, and those data fields within the individualised student record ISR22 (31 December 2001; 2000/01) return which supports it, and have carried out a programme of tests on a sample basis in accordance with the Council's audit approach and guidelines.

Delete all but one of subparagraphs (c) to (g) below:

- c. We have no comments on the audit, and . . .
- d. Subject to the amendments shown in red on the attached copies of returns and/or printouts of ISR records, and . . .
- e. *Subject to the comments in the attached report dated ____/____/____, and . . .
- f. *Subject to the amendments shown in red on the attached copies of returns and/or printouts of ISR records, and subject to the comments in the attached report dated ____/____/____, and . . .
- g. *As explained in the attached report dated ____/____/____, we cannot confirm that . . .

. . . in our opinion, in all material respects, the student data within the college's December ISR22 return, together with any manual adjustments that impact upon the funding units claimed by the college, has been properly compiled in accordance with relevant guidance issued by the Council. The relevant guidance is specified in FEFC Circular 99/43 and its supplements.

2

This section should be completed by external ISR auditors for all colleges that have been part of a learning hub in receipt of Council funds through a recipient college. For 2000/01 these will either be FE pathfinder projects or UFI provision. Auditors should be aware that some colleges might have provision in both categories and some in neither.

Delete all but one of subparagraphs (a) to (c), or all but one of (d) to (f). Delete also the non-relevant paragraph.

Please complete or delete the appropriate sub-paragraphs below. For Council funded learning centres forming part of Council funded learning hubs.

- a. We have no comments on the audit, and . . .
- b. Subject to the comments in the attached report dated ___/___/___, and . . .
- c. As explained in the report dated ___/___/___, we cannot confirm that . . .

. . . we have carried out the audit work set out in Supplements E and F to FEFC Circular 99/43 and in our opinion the claim has been properly compiled in accordance with this guidance.

For recipient colleges in receipt of direct Council funding on behalf of their learning hubs

- d. We have no comments on the audit, and . . .
- e. Subject to the comments in the attached report dated ___/___/___, and . . .
- f. As explained in the report dated ___/___/___, we cannot confirm that

. . . we have carried out the audit work set out in Supplement E and F to FEFC Circular 99/43 and in our opinion the claim has been properly compiled in accordance with this guidance.

3

This section must be completed by all auditors.

Signature
Audit firm <i>(please print)</i>
Date
Contact name <i>(please print)</i>
Contact telephone no

*Note: Auditors proposing to qualify their report by selecting any of the subparagraphs marked * above should contact the relevant LSC local office, as set out in paragraph 105 of supplement A to FEFC Circular 99/43.*

Attachments	Yes	No	N/A
	<input type="checkbox"/>	<input type="checkbox"/>	Original form FINAL CLAIM 2001
	<input type="checkbox"/>	<input type="checkbox"/>	Original form FINAL DIFF 2001
	<input type="checkbox"/>	<input type="checkbox"/>	Summary by Funding Allocation Type report
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Copy of management letter

Please ensure that any amendments to forms, where made by the auditor, are written by hand in ink on the attached copies. Please ensure that all of the above documents are returned (including returns where applicable) and that any amendments to forms, where made by the auditor, are written by hand or red ink on the attached copies.

Management letter	Yes	No	
	<input type="checkbox"/>	<input type="checkbox"/>	Issues relevant to this report are included in a separate management letter and attached to this report
	<input type="checkbox"/>	<input type="checkbox"/>	A separate management letter will follow this report

Annex F: Recovery and Tolerance Account Statement for 2000/01

Institution name: Casterbridge College
Institution code: CASTE **Date:** 30 Nov 01
LLSC Code: Local Office LSC
ISR Auditor: CON **Financial Auditor:** KPMG

The LSC databases show the following tolerance account positions and recovery of funds for the year 2000-01.

Table 1: Unit position 2000-01

1.1	Academic year 2000-01	Units
1.2	Main allocation	425,813
1.3	Additional allocation	0
1.4	University for Industry	0
1.5	Basic Skills School 2000	0
1.6	ILA Pilots	0
1.7	Non-schedule 2 project funding	4,842
1.8	Total allocation	430,655
1.9	Out-turn units	392,620
1.10	Variance	-38,035
1.11	Tolerance b/f (from 1999-00)	0

Table 2: Recovery units 2000-01

2.1	Type of Units	Units
2.2	Main allocation (including basic skill schools)	-38,035
2.3	Additional allocation	0
2.4	Student number before tolerance applied	0
2.5	Other specific grant recovery	
2.6	Total unit variance	-38,035
2.7	Tolerance b/f (from 1999/00)	0
2.8	Actual units for recovery	-29,422
2.9	Tolerance c/f (2001/02)	-8,613

Table 3: Cash recovery 2000/01

3.1	3.2	3.3	3.4	3.5
Academic year	Recovery Rate	Cash Recovery	Cash already received	Cash to be adjusted
2000/01	17.4	-504,293	-555,610	51,317

Table 4: Audit status

4.1	Academic Year	2000/01
4.2	Audit Status	Interim Claim
4.3	London Weighting Factor	1.00

Please see explanation in Circular Interim and Final Funding Unit Claim Circular. If any further clarification is needed please contact your local LSC office.

Explanation of the 'Recovery and tolerance account statement for 2000-01'

Table 1: Unit Position 2000-01

- 1.2 Main unit allocation for 2000-01 (including child care units)
- 1.3 Additional unit allocation
- 1.4 University for Industry allocation
- 1.5 Basic Skills school allocation for 2000
- 1.6 ILA Pilots
- 1.7 Non-schedule 2 pilot
- 1.8 Total of 1.2 + 1.3 + 1.4 + 1.5 + 1.6 + 1.7
- 1.9 Expected out-turn units for 2000/01 (currently based on ISR20)
- 1.10 Variance of above (ie, 1.9 – 1.8)
- 1.11 Brought forward tolerance account from 1999-2000.

Table 2: Recovery Units 2000-01

- 2.2 The main and basic skills school units for recovery for 2000-01. This will vary from 1.11 where cash protection at 90 per cent of previous years funding has been applied to an institution
- 2.3 The additional units underachieved for recovery for 2000-01
- 2.4 Any recovery units associated with shortfalls against student number targets not included in 2.2
- 2.5 Any recovery for shortfall against specific grants (in most cases these will be rolled up with the main allocation)
- 2.6 Total of 2.2 + 2.3 + 2.4 + 2.5
- 2.7 Tolerance units brought forward from 1999-2000
- 2.8 Any units subject to cash recovery for 2000-01. **In most cases this can be calculated as: 2.6 + 2.7 – 2.9.** In some cases institutions who failed to meet student number targets but exceeded their overall unit target the following formula will apply: 2.6 + 2.7–2.9 + 1.11
- 2.9 Units carried forward as the tolerance to 2001-02. This figure should be used as the starting point in calculating any potential cash recovery for any underperformance in 2001-02.

Table 3: Cash Recovery 2000-01

- 3.2 Recovery rate for 2000-01, being the institution ALF
- 3.3 Total cash recovery calculated for 2000-01. This should only be regarded as a final figure if box 4.2 shows 'FLPAID'. Any cash recovery shown will be recovered in three equal instalments from the February, March and April 2002 payments sent to institutions by the LSC. Where any debt exceeds the payment due the balance will be applied to the following month's payment
- 3.4 Cash already recovered. This box refers to recoveries already posted to your payment account within the LSC's accounting system
- 3.5 Difference of above, ie, 3.3 – 3.4.

Table 4: Audit status

- 4.2 Status of the validation of audit and funding claim returns for 2000-01. The codes and their meanings are shown below.

Interim Claim Comments

Interim Claim	LSC has received the interim funding claim
Interim FLPAID external auditor	LSC has received the interim funding claim and an unqualified ISR opinion on the claim
ISR??	Statement based on the ISR return, where ?? is ISR return number.

Final Claim Comments

NTRDY	Audit claim not yet received or not yet processed by LSC
PTRDY	Audit claim requires further information prior to validation
FLRDY	Audit claim requires internal LSC sign off
FLPAID	LSC validated audit claim
Final Claim	LSC has received the final funding claim
ISR??	Statement based on the ISR return, where ?? is ISR return number.

- 4.3 London weighting factor

The codes shown can be translated to the following comments:

If any further clarification is needed please contact the funding claims team at the LSC Coventry office on telephone number 024 7670 3290 or by fax on 024 7670 3415.

Alternatively, our e-mail addresses are:

keith.standing@lsc.gov.uk
jerry.oshea@lsc.gov.uk
susan.parker@lsc.gov.uk
lee.wilson@lsc.gov.uk
mary.mulligan@lsc.gov.uk

Audit Report on Student Data Interim Returns 2000/01

College External ISR Interim Audit Opinion

Annex G

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CV6 5SF
T 024 7670 3241
F 024 7670 3334

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info@lsc.gov.uk

(Reference Circular 01/16)

LSC contracted external ISR auditors of FE colleges are requested to photocopy, and then complete and return this form to the relevant LSC local office no later than 30 November 2001.



Learning+Skills Council

Name of Council-funded institution in 2000/01

LSC code of institution in 2000/01

The Statement of Responsibilities and the Basis of the Opinion apply to all Sections of the Audit Report (all sections should be completed)

1

This section of the audit report should be completed by external auditors for all institutions.

Respective responsibilities

The principal, or equivalent, of the college certifies that the funding units claimed in the final claim have been calculated correctly from data extracted from the college's records, which accurately reflect enrolments during 2000/01, in accordance with guidance and definitions set out in FEFC booklet *Guidance on the Tariff 2000/01* and other relevant guidance. Our responsibility as the LSC's contracted auditor, is to form an independent opinion, based upon our audit of the final funding unit claim and individualised student record and to report our opinion.

In addition, the college makes an interim claim of the estimated total units for 2000/01 and the estimated number of full time 16–18 year old students. Our responsibility as the LSC's contracted auditor is to report on that estimate, based upon our interim audit.

Purpose of interim opinion

The purpose of this report is to provide the LSC with an interim opinion on the college's estimated funding unit entitlement for 2000/01 to enable the LSC to give an assurance to the college and their financial statements auditor on the expected final funding unit claim for the year 2000/01 by providing an estimated recovery and tolerance account statement.

Basis of our report

We conducted our audit in accordance with the Council's audit guidelines and programmes and with appropriate auditing standards issued by the Auditing Practices Board. This is the report on the interim audit.

Report

We have reviewed the attached INTERIM CLAIM prepared by the above college and sent to the LSC, and those data fields within the individualised student record ISR20 (31 July 2001; 2000/01) return which support it, and have carried out a programme of tests on a sample basis in accordance with the Council's audit approach and guidelines.

Delete one of subparagraphs (a) or (b) below:

- a. We have no comments on the audit, and in our opinion, in all material respects, the information provided in the college's interim return and set out on the LSC's ISR return G2, is consistent with data included in the college's individualised student record ISR20 (31 July 2001; 2000/01) and interim audit adjustments, and has been properly compiled in accordance with relevant guidance issued by the Council. The relevant guidance is specified in FEFC Circular 99/43 and its supplements;
- b. We are unable to issue an opinion. Our findings have been separately reported to the LSC.

2

This section must be completed by all auditors.

Signature
Audit firm <i>(please print)</i>
Date
Contact name <i>(please print)</i>
Contact telephone no

Note: Auditors unable to issue an opinion, as covered in (b) above, should contact the relevant local LSC office, who may seek appropriate guidance from either the national funding eligibility team or ISR audit contract management team.

Attachments

Yes No

* Original form INTERIM CLAIM 2001 and ISR auditor analysis G2

 Summary by Funding Allocation Type report

(* inclusion of a copy of the INTERIM CLAIM 2001 & ISR G2 analysis is mandatory.

Please ensure that any amendments to forms, where made by the auditor, are written by hand in ink on the attached copies. Please ensure that all of the above documents are returned (including returns where applicable) and that any amendments to forms, where made by the auditor, are written by hand or red ink on the attached copies.

Annex H: Summary by Allocation Type

Institution: CASBR Casterbridge College **Academic Year:** 2000/01
ISR Survey: 020
Allocation Type: Non-schedule 2 Project Funding

Period	Entry	On- Programme	Achievement	Fee Remission	Widening Participation	Additional Support	Total Units
1	10,595.11	29,060.92	11.09	4,107.73	844.96	3,039.83	47,659.65
2	40.00	25,794.35	0.00	3,752.50	515.6	3,005.61	33,108.07
3	0.00	24,617.59	0.00	3,617.63	490.48	2,799.44	31,525.15
	10,635.11	79,472.86	11.09	11,477.86	1,851.04	8,844.88	112,292.84

Allocation Type: Supported by Council funding

Period	Entry	On- Programme	Achievement	Fee Remission	Widening Participation	Additional Support	Total Units
1	14,813.31	49,692.64	26.32	8,035.25	1,264.95	5,110.89	78,943.36
2	50.00	44,279.26	7.80	7,346.32	806.64	4,981.67	57,471.69
3	0.00	42,526.40	0.00	7,182.33	771.05	4,743.13	55,222.90
	14,863.31	136,498.30	34.12	22,563.90	2,842.64	14,835.69	191,637.96

Allocation Type: Supported by Council funding: Basic Skills Summer Schools 2000

Period	Entry	On- Programme	Achievement	Fee Remission	Widening Participation	Additional Support	Total Units
1	1,334.46	4,138.67	1.22	640.87	125.59	282.53	6,523.36
2	16.00	3,481.17	0.00	568.54	80.32	282.53	4,428.57
3	0.00	3,317.42	0.00	555.14	76.90	282.53	4,231.99
	1,350.46	10,937.26	1.22	1,764.55	282.81	847.59	15,183.89

Allocation Type: Supported by Council funding: ILA pilot 1999-2000

Period	Entry	On- Programme	Achievement	Fee Remission	Widening Participation	Additional Support	Total Units
1	1,297.18	4,019.86	2.83	539.31	117.12	746.39	6,722.69
2	18.00	3,518.86	0.00	513.54	82.84	753.72	4,886.96
3	0.00	3,384.13	0.00	491.38	77.16	741.39	4,694.06
	1,315.18	10,922.85	2.83	1,544.23	277.12	2,241.50	16,303.71

Allocation Type: Supported by Council funding: University for Industry (Ufi)

Period	Entry	On- Programme	Achievement	Fee Remission	Widening Participation	Additional Support	Total Units
1	1,491.67	4,249.24	4.97	586.13	136.12	279.85	6,747.98
2	4.00	3,707.91	0.00	546.15	93.06	230.96	4,582.08
3	0.00	3,497.32	0.00	517.08	90.73	185.51	4,290.63
	1,495.67	11,454.47	4.97	1,649.36	319.91	696.32	15,620.69
Report Total:	29,659.73	249,285.74	54.23	38,999.90	5,573.52	27,465.98	351,039.09

Self-assessment Checklist

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 Coventry
 CV6 5SF
 T 024 7670 3241
 F 024 7670 3334

www.lsc.gov.uk
 info@lsc.gov.uk

Reference Circular 01/16 (previously in FEFC Circular 99/43 Supplement B)

Please complete and share with your external auditor. This checklist should then be returned by the ISR external auditor with the audit report to the relevant local LSC office no later than 4 February 2002.

Name of Council-funded institution in 2000/01
Contact at institution
Telephone number



Learning+Skills Council

	<i>Risk factor</i>	<i>Benchmark</i>	<i>Yes</i>	<i>No</i>	<i>Comments</i>
<i>Guidance for use</i>	<i>Check the relevant box to identify the particular factor. Then check the benchmark's column. If this feature of the institution's provision exceeds the benchmark value, then identify this as a risk. The more risk factors identified, the higher the risk to the provision, and the more audit checks you and your external auditors should undertake.</i>	<i>These benchmarks identify colleges that are in the top 10% of the sector within each factor.</i>			
Factor 1	A rapid percentage growth in units between 1996-97 and 1999-2000	A growth between these years of more than 75% (measured in units)	<input type="checkbox"/>	<input type="checkbox"/>	
Factor 2	The percentage of units franchised to other providers	More than 15% of the total provision (measured in units)	<input type="checkbox"/>	<input type="checkbox"/>	

	<i>Risk factor</i>	<i>Benchmark</i>	<i>Yes</i>	<i>No</i>	<i>Comments</i>
Factor 3	The number of districts (defined as a local authority) from which the institution recruits	More than 150 districts in total from which the institution recruits	<input type="checkbox"/>	<input type="checkbox"/>	
Factor 4	The percentage of recruitment from outside the institution's wider recruitment area in terms of students numbers	More than 10% of students are recruited from outside the institution's wider recruitment area	<input type="checkbox"/>	<input type="checkbox"/>	
Factor 5	The percentage of provision, measured in units, delivered as one-day courses	More than 10% of units are delivered as one-day courses	<input type="checkbox"/>	<input type="checkbox"/>	
Factor 6	Any provision delivered via accreditation of prior learning (APL) places this provision in the higher risk category	More than 1% of all units are delivered by APL in 1999-2000 places this provision in the higher risk category	<input type="checkbox"/>	<input type="checkbox"/>	
Factor 7	The percentage of provision measured in units undertaken via open and distance learning	More than 5% of all units are attributable to this activity	<input type="checkbox"/>	<input type="checkbox"/>	
Factor 9	The percentage of enrolments on qualifications delivered via loadbanded qualifications	More than 50% of all the enrolments on qualifications delivered by the institutions are loadbanded	<input type="checkbox"/>	<input type="checkbox"/>	

	Risk factor	Benchmark	Yes	No	Comments
Factor 10	The percentage of provision measured in guided learning hours delivered as NVQs	More than 25% of total provision, measured in guided learning hours, is delivered from NVQs	<input type="checkbox"/>	<input type="checkbox"/>	
Factor 11	The total number of students with non-English postcodes	More than 100 students with non-English postcodes, that is from Wales, Scotland or Northern Ireland	<input type="checkbox"/>	<input type="checkbox"/>	
Factor 12	The percentage of direct provision measured in units delivered using facility management or by service level agreements	More than 5% of all units attributable to this activity	<input type="checkbox"/>	<input type="checkbox"/>	

Institutions should consider their provision against each of the above factors. The level of risk incurred by the provision should be evaluated as follows:

6 or more factors = higher risk provision

4 or 5 factors = medium risk provision

0 to 3 factors = low risk provision

I confirm that, on the basis of the criteria set out above, the provision made by:

(name of institution)

is:

risk

Signature
Principal/Head of Institution

Name
(please print)

Date

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Reference CIRC/0113/01