

## Audit of the Use of Funds:

Adult and Community Learning, Former External Institutions and  
Sixth Form Funding in Local Education Authorities for 2003/04

### Summary

This circular provides guidance to Local Education Authorities (LEAs) on preparing Use of Funds statements for their adult and community learning (ACL) and former external institutions (EI) funding allocations for 2003/04 and outlines early arrangements for 2004/05. Use of Funds statements should be signed by the chief finance officer of each LEA and, in the case of the ACL statement, by the officer responsible for adult learning. Each LEA's external auditor should certify the statements. Auditor certified statements should be returned to the head of finance at the local Learning and Skills Council (local LSC) by 4 February 2005. LEAs should self-certify schools' spending of LSC funds and return the statement to the LSC by 29 October 2004. External audit certification on the Use of Funds in school sixth forms is not required.

This circular is of interest to chief education officers, LEA chief finance officers, LEA officers responsible for adult learning, heads of LEA-maintained former EIs, heads of finance in local LSCs and LEAs' external auditors.

### Supersedes

This circular supersedes Circular 03/12.



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- A: Use of Funds Statement for Adult and Community Learning for 2003/04
- B: Use of Funds Statement for Former External Institutions for the Year Ended 31 July 2004
- C: Guidance on Completing Part 1 of Annex B

# Executive Summary

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This circular provides guidance to Local Education Authorities (LEAs) on the preparation of statements showing the use of adult and community learning (ACL), former external institutions (EIs) and school sixth form funding allocations for 2003/04.

Each of the statements must be signed by the LEA's chief finance officer. The ACL statement, Annex A, should also be signed by the officer responsible for adult learning. The LEA should then arrange for the statements to be forwarded to its external auditor for certification. The auditor-certified returns for Annexes A and B should be returned to the head of finance at the local Learning and Skills Council (local LSC) by 4 February 2005.

The Learning and Skills Council (LSC) requires LEAs to self-certify the propriety and regularity of schools' spending of LSC funds; it does not require any auditor certification of the Use of Funds in school sixth forms. The LSC will provide LEAs with self-certification to review, complete and return by 29 October 2004.

This circular is of interest to LEA chief education officers, LEA chief finance officers, LEA officers responsible for adult learning, LEA officers responsible for sixth form funding, heads of LEA-maintained former EIs, finance teams in local Learning and Skills Councils, other bodies intending to provide ACL for 2003/04 and the external auditors of LEAs.

The circular does not apply to independent former EIs, which are not LEA-maintained and for which different arrangements apply.

## **Further information**

For further information, please contact the following:

### **For enquiries about adult and community learning**

South West Region Provider Financial Assurance Service Centre  
Learning and Skills Council  
St Lawrence House  
29-31 Broad Street  
Bristol  
BS99 7HR  
Tel: 0117 372 6520  
Email: [chris.herbert@lsc.gov.uk](mailto:chris.herbert@lsc.gov.uk)

### **For enquiries about former external institutions**

London Region Provider Financial Assurance Service Centre  
Learning and Skills Council  
Centre Point  
103 New Oxford Street  
London  
WC1A 1DR  
Tel: 020 7904 0672.  
Email: [clive.gordon@lsc.gov.uk](mailto:clive.gordon@lsc.gov.uk)

### **For enquiries about sixth form funding**

National Provider Financial Assurance Service Centre  
Learning and Skills Council  
Cheylesmore House  
Quinton Road  
Coventry  
CV1 2WT  
Tel: 024 7682 3993  
Email: [ian.mason@lsc.gov.uk](mailto:ian.mason@lsc.gov.uk)

External auditors with enquiries should contact the Audit Commission directly.

Tel: 0117 975 6757  
Email: [apagtechsupport@audit-commission.gov.uk](mailto:apagtechsupport@audit-commission.gov.uk)

## **Responses to this Document**

A pre-audit copy of the ACL 2003/04 Use of Funds statement, Annex A, should be sent to the head of finance at the local Learning and Skills Council by 29 October 2004.

Auditor-certified returns for Annexes A and B should be sent to the head of Finance at the Local Learning and Skills Council by 4 February 2005.

# Audit of the Use of Funds: Adult and Community Learning, Former External Institutions and Sixth Form Funding in Local Education Authorities for 2003/04

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## Section 1: Adult and Community Learning

### Introduction

1 This part of the circular sets out the requirements of the Learning and Skills Council (LSC) for the audit of the use of LSC funds provided to Local Education Authorities (LEAs) to deliver adult and community learning (ACL) during 2003/04.

2 The LSC has allocated ACL funding to LEAs during 2003/04 through the funding streams shown in Table 1 overleaf. LEAs are asked to complete the Use of Funds statement in Annex A, by ACL activity, for the funding periods shown below. The dates covered by the ACL funding streams reflect the periods of time for which the LSC has received the funding from the Department for Education and Skills (DfES).

3 The LSC has a duty to account to Parliament each year on the proper use of the public funds that it provides to learning providers. To support this process the Chief Executive of the LSC, as the responsible accounting officer, requires LEAs to provide an annual auditor-certified Use of Funds

statement. The arrangements described in this circular will allow the Chief Executive of the LSC to discharge this responsibility with respect to funds used for ACL.

4 The LSC has consulted the Audit Commission on the guidance contained in this circular. Later in 2004 the Audit Commission will make a certification instruction (CI) available to those auditors appointed as LEA external auditors to provide guidance on the audit of ACL.

### Requirements: Use of Learning and Skills Council Funds

5 This circular also sets out the LSC's requirement for all LEAs to provide a statement of the use of LSC funds and an auditor certificate to provide assurance that they have been used for the purposes intended. The assurance arrangements are similar in principle to those for 2002/03.

**Table 1 ACL funding periods 2003/04**

ACL activity	Period of funding to LEAs
Main ACL grant	1 Aug 2003–31 Jul 2004
Family literacy, language and numeracy	1 Aug 2003–31 Jul 2004
Family learning	1 Aug 2003–31 Jul 2004
Adult ethnic minority achievement	1 Aug 2003–31 Jul 2004
Neighbourhood learning in deprived communities (recurrent funding)	1 Apr 2003–31 Jul 2004
Capital – major capital improvement schemes (challenge fund)	1 Apr 2003–31 Mar 2004
Capital – minor works	1 Apr 2003–31 Mar 2004
Capital – Special Educational Needs and Disability Act	1 Apr 2003–31 Mar 2004
Neighbourhood learning in deprived communities (capital)	1 Apr 2003–31 Aug 2004

6 The LEA’s chief finance officer (designated officer under Section 151 of the Local Government Act 1972) and the LEA’s officer responsible for LSC-funded ACL provision are named in the LEA’s funding agreement with the LSC. These officers are required to sign a declaration:

- that the information included on the statement of the use of LSC funds has been correctly extracted from the LEA’s records
- that the LSC’s funds have been used solely to meet the costs of delivering the agreed adult learning plan and other LSC-funded ACL projects; and
- that the LEA has exercised proper control over those funds it has received from the LSC.

The conditions under which the LSC provides the ACL revenue and capital grants are set out

in each LEA’s funding agreement with their local LSC.

## Eligibility of Expenditure

7 The eligibility of expenditure for the individual ACL funding streams is outlined below.

### Main adult and community learning grant

8 The funding allocation is made in accordance with the requirements set out in the LSC’s publication, *Community Learning Plans (ALP) 2003/04*, and in the Conditions of Funding (grant) agreement which is signed by the LEA and the LSC.



## Family learning, family literacy, language and numeracy, ethnic minority achievement grant

9 Guidance on eligible expenditure is set out in Annex A to the *Adult and Community Learning Plans (ALP) 2003/04*.

## Neighbourhood learning in deprived communities

10 The background and funding criteria for both revenue and capital neighbourhood learning in deprived communities (NLDC) projects is set out in the LSC's *Funding Guidance for Neighbourhood Learning in Deprived Communities 2003/04*.

## Capital: major projects (challenge fund), minor works and disability access

11 The basis of funding is set out in:

- the LSC's letter to LEAs, *Adult and Community Learning : guidance on application for capital funds 2003-04*; and
- *Adult and Community Learning: guidance notes on the application for capital funds during 2003-04 (and onwards)*.

12 The LSC's Guidance on Application for Capital Funds, including Annexes A to E, dated 12 December 2001, which was sent to LEAs and local LSCs, continues to apply.

## Completion of the Use of Funds Statement

13 Local authorities should complete the statement of the use of ACL funds in Annex A. The funding periods for each ACL activity are shown in Table 1 at paragraph 5 above. The Use of Funds statement should be completed on an accruals basis. For each ACL activity the figures on the Use of Funds statement should include all allocations and

transactions relating to the 2003/04 funding period.

14 Annex A requires LEAs to identify for each 2003/04 ACL activity:

- the level of grant that the LSC has allocated to the LEA for 2003/04
- the total grant income in respect of 2003/04 that the LEA has received from the LSC
- the total of the LEA's 2003/04 ACL expenditure which has been met from LSC funds
- the difference between the LEA's 2003/04 LSC funding allocation and its actual expenditure, if any.

15 Column and line descriptions:

- a **Column 1** is a memorandum column, which shows the amount of grant which the LSC has allocated to the LEA for each individual ACL activity for the relevant 2003/04 funding period.
- b **Column 2, lines 1 to 10** show the amount of grant income received from the LSC for the relevant period of each ACL activity (see Table 1, at paragraph 5 above) on an accruals basis. All LSC grant relating to the relevant funding period should be included.
- c **Column 2, lines 12 to 14** show the value of any LSC-funded ACL underspend which the LEA brought forward from 2002/03, if applicable.
- d **Column 3** shows the total expenditure by the LEA on LSC-funded ACL provision over the relevant period of each ACL activity (see Table 1 above) on an accruals basis.
- e **Column 4** shows the difference between:
  - on lines 1 to 10 the LEAs' 2003/04 grant income, or
  - on lines 12 to 14 funding brought forward from 2002/03; and

- actual expenditure in 2003/04.

**Columns 1 to 3, lines 7 to 9** show capital major works (challenge fund) capital minor works and *Disability Discrimination Act (DDA) Special Education Needs and Disability Act (SENDA)* compliance schemes. In spring 2004 the LSC collected information on LEAs' capital spending from 1 April 2003 to 31 March 2004. LEAs can use the figures from these capital returns when preparing the 2003/04 ACL Use of Funds statement.

16 The ACL activities of many LEAs generate tuition fees and other income. This additional income should **not** be offset against the total expenditure entered in column 3.

17 The period covered by the Use of Funds statement will not coincide with the financial reporting period of the LEA. However the LSC expects LEAs to have procedures in place for identifying 2003/04 income and expenditure for the individual ACL activities. LEAs should ensure that their accounting systems enable the preparation of the information required for the Use of Funds statement.

18 Both the chief finance officer and the officer responsible for ACL must complete the declarations on the Use of Funds statement before passing it to the LEA's external auditor.

19 The declarations confirm that the information on the return is correctly extracted from the LEA's records; that the funds received have been used solely to meet the costs of delivering the agreed adult learning plan and other LSC-funded projects; and that the LEA has exercised proper control over those funds. The conditions of funding are set out in the funding agreements made between individual LEAs and the local LSCs.

20 The signed return should be sent to the LEA's external auditor by 29 October 2004. A pre-audit copy of the return should also be sent to the head of finance at the local LSC by 29 October 2004.

## Action to be Taken on Auditor-certified Returns

21 The Use of Funds statement must be certified by the authority's external auditor in accordance with arrangements agreed between the LSC and the Audit Commission. The external auditors will refer to the Audit Commission's certification instruction (EDU 02) when certifying the ACL return.

**The certified statement must be submitted to the head of finance at the local LSC office by no later than 4 February 2005.**

22 For all ACL activities except capital major works (challenge fund) and NLDC capital, the balance of any unspent grant will be repayable to the LSC, except where the LSC has provided written agreement for funds to be carried forward for spending during the following funding year. The method of any recovery will be agreed by negotiation and may be through a reduction in the LSC's allocation to the LEA during a funding year or by a repayment in cash.

23 If the LEA's eligible expenditure in column 3 is greater than the grant income in column 2, but less than or equal to the grant allocation in column 1, the LEA is due to receive a balance of funding from the LSC.

24 In all circumstances the LSC will seek a recovery of funds where:

- the adult learning plan is not delivered satisfactorily; or
- there is evidence from audit or other review that LSC funds declared as having been applied to LSC purposes have not been so applied.

## Timetable for 2003/04 Assurance

25 For 2003/04, the LSC will put in place a programme of additional assurance work during the summer of 2004. This work will be performed by the LSC's provider financial assurance service centre at a sample of LEAs.

26 Other timetable issues are dealt with at the end of this circular as they are common to ACL and former EIs.

## Support Arrangements

27 LEA chief finance officers and responsible officers may make enquiries about the compilation and audit of the Use of Funds statements by contacting the LSC's South West Region Provider Financial Assurance Service Centre (tel: 0117 372 6520 ). External auditors should contact the Audit Commission (tel: 0117 975 6757).

## Section 2: Former External Institutions

### Introduction

28 This part of the circular sets out the requirements of the LSC for the submission by LEAs of an auditor-certified return on their former EIs' use of LSC funds for the year ended 31 July 2004. These paragraphs are intended to help former EIs and LEAs in making these returns and in briefing their external auditors in certifying the returns. The arrangements are similar to those for 2002/03. One return covering all institutions maintained by the LEA is required.

29 Former EIs are those providers of further education (FE) which are funded under a specific financial memorandum with the LSC. In a few cases, they are commercial or voluntary sector learning providers: such institutions are also required to submit a Use of Funds statement, and this is covered by a separate letter. Colleges incorporated under the *Further and Higher Education Act 1992* and other LSC-funded providers of FE which are not colleges, such as directly funded learndirect hubs, are not subject to the requirements of this circular.

30 The LSC's Chief Executive, as its accounting officer, has a duty to ensure the proper use and control of the public funds that the LSC allocates to learning providers. To discharge that duty, the Chief Executive requires former EIs, through their financial memorandum with the LSC, to:

- ensure that LSC funds received under the financial memorandum are used only for the purpose(s) provided; and
- provide annually an auditor-certified Use of Funds statement in relation to LSC funds received under the financial memorandum. It is this auditor-certified return that is the subject of this circular.

31 Former EIs may receive additional ring-fenced funds such as those to support access, childcare, childcare places and basic skills summer schools, or the standards fund. Former EIs must ensure that these additional funds are only used for their specified purposes and that unspent balances are repaid to the LSC.

32 The LSC also requires former EIs to submit an auditor-certified funding claim and individualised learner record (ILR) for 2003/04 to the LSC. Arrangements for this are set out elsewhere

## Requirements

### Use of Funds return 2003/04

33 LEA-maintained former EIs that received LSC FE funding under a financial memorandum for the year ended 31 July 2004 are required by the LSC to make a return in three parts (see Annex B).

34 All LEAs must:

- for each former EI they maintain, provide a statement of the use of LSC funds provided under their financial memorandum in Part I of the return (one copy of Part I for each institution); and
- arrange for their external auditors to provide the LSC with a report, including an audit opinion that LSC funds were used for the purpose(s) intended in Part III of the return. Only an overall opinion is required on a single Part III covering all of the LEA's former EIs.

35 The chief finance officer (designated officer under Section 151 of the *Local Government Act 1972*) must also complete the declaration at Part II of the return before the return is audited. Where the chief finance officer of the local authority has delegated authority under Section 151 to another officer to sign the declaration, this must be stated in

Part II of the return. LEA-maintained former EIs are required to provide evidence of any delegation of Section 151 authority to their external auditors.

36 The LSC has consulted the Audit Commission on its guidance as it relates to LEA-maintained former EIs. The Audit Commission will make available a certification instruction to auditors whom it has appointed as local authority external auditors.

## Cessation, mergers and transfers

37 The requirement to submit a return also applies in respect of any former EI that:

- was funded as a former EI for the year ended 31 July 2004, but is no longer so funded
- has inherited prime responsibility for the assets and liabilities of any former EI that received LSC funds under a financial memorandum for the year ended 31 July 2004; or
- was funded as a former EI for the year ended 31 July 2004 and has subsequently merged with another former EI. A separate Part I is required for each of the former institutions that have merged (where they each received a funding allocation). The newly merged institution is responsible for the completion and signing of these returns.

38 Where an LEA-maintained former EI has transferred from one LEA to another, the LEA responsible for the former EI at the date on which the return is required by the LSC must complete and sign the declaration in Part II of the return.

## Completion of Returns

### Part I and Part II

39 The return is attached to this circular at Annex B in three parts. Part I requires each former EI to declare:

- the former EI's entitlement to funds for the year ended 31 July 2004
- the value of funds received by the former EI during the year ended 31 July 2004; and
- that the former EI made proper use of public funds in providing eligible courses for the year ended 31 July 2004.

40 Part I requires additional analysis within line 1 in order to provide a breakdown of the different elements of funding allocated for the year ended 31 July 2004. Guidance notes for completing this analysis are set out in Annex C of this circular.

41 The head of each institution and the chief finance officer of the local authority must sign the declarations in Part I and Part II respectively before passing the Use of Funds return to the LEA's appointed auditor. The declarations confirm that the information included on the former EI's return is correctly extracted from the institution's accounts and records, and that the funds received from the LSC were applied in accordance with any conditions imposed by the LSC. Such conditions are set out in each former EI's financial memorandum with the LSC for the year ended 31 July 2004.

### Part III

42 The audit report must be completed by the auditors of the local authority appointed by the Audit Commission. The form of the audit report is that agreed between the LSC and the Audit Commission in the Audit Commission's CI (EDU 23) to its appointed auditors.

**43 Former EIs, LEAs and their auditors are reminded that the year covered by the former EI's return ended on 31 July 2004. This period will not necessarily coincide with the financial reporting period of the institution. However, the LSC requires institutions to have procedures in place**

**for identifying income and expenditure for the year ended 31 July 2004.**

## Eligibility of Expenditure

44 The only provision eligible for LSC funding is that which is specified in the funding agreement, letter or circular from the LSC notifying the institution of its allocation. A course is not eligible for LSC funding unless it has been approved under Section 98 of the *Learning and Skills Act 2000*. Sections 96 and 97 of the *Learning and Skills Act 2000* provide that courses for the further training of teachers or youth and community workers, postgraduate courses, first degree courses and courses for the Diploma of Higher Education or the Certificate in Education are **not** eligible for LSC funding.

45 Details of which qualifications have been approved can be found on the DfES website:

- [www.dfes.gov.uk/section96](http://www.dfes.gov.uk/section96) lists courses for learners under the age of 19; and
- [www.dfes.gov.uk/section97](http://www.dfes.gov.uk/section97) lists courses for learners aged 19 or over.

46 The funding allocation includes that for courses for students aged 16 or over who are pursuing courses of higher education (HE) falling within paragraph 1(g) or 1(h) of Schedule 6 to the *Education Reform Act 1988*. Paragraph 1(g) covers courses that prepare learners for a professional examination at a higher level than the standard of A-level or the examination for the National Certificate or the National Diploma of Edexcel. Paragraph 1(h) covers courses providing education at a higher level (whether or not in preparation for an examination) than the standard of A-level or the examination for the National Certificate or the National Diploma of Edexcel.

47 Former EIs must ensure that funds are only used for their specified purposes and that unspent balances are repaid to the LSC.



## Support Arrangements

48 Former EIs, Local Education Authority chief finance officers and the auditors of their financial statements may make enquiries about the compilation and audit of the return at Annex B by contacting the LSC's London Region Provider Financial Assurance Service Centre (tel: 020 7904 0672).

## Section 3: Common Issues for Adult and Community Learning and Former External Institutions' Returns

### Timetable for 2003/04 Returns

49 The LSC has sent five copies of this circular for each LEA. One copy is for the LEA's chief education officer, one copy is for the LEA's chief finance officer. The LSC requests that the LEA passes one copy to its external auditor. The LSC asks those LEAs that have delegated the LSC's funding to their former EIs to pass one copy of the circular to the heads of those institutions.

50 LEAs need to agree a timetable with the external auditors for the audit which will ensure that the certified statement of the Use of Funds reaches the local LSC by 4 February 2005. Any LEA unable to meet this deadline is asked to inform the head of finance at the local LSC in writing and provide a date when the return will be available.

51 Auditor-certified returns of the Use of Funds, using the forms provided at Annexes A and B to this circular, should be sent to the head of finance at the local LSC to arrive by 4 February 2005. The addresses of local LSCs can be obtained from the LSC's website ([www.lsc.gov.uk](http://www.lsc.gov.uk)).

52 The returns form a significant part of the LSC's evidence showing how providers have used LSC funds. The National Audit Office (NAO) will consider this evidence as part of its audit of, and reporting on, the LSC's own 2003/04 financial statements. The NAO has stressed to the LSC the importance of prompt submission of returns.

## Overdue Returns and Qualifications

53 LEAs are reminded that the LSC has a statutory duty to account to Parliament each year on the proper use and control of public funds. In the absence of auditor-certified returns, the LSC cannot assure Parliament that its funds were applied properly.

54 The LSC is looking at ways to improve the prompt return of auditor-certified returns. Where the Chief Executive of the LSC cannot secure timely assurance about the proper use and control of funds at an LEA, the LSC may, following consultation with the LEA:

- seek to secure other provision for the learners
- require satisfactory assurances and action by the LEA. Such an agreement will also be supported by restrictions on the funding provided, and will be copied to the Audit Commission
- recover funds.

55 Where a return is qualified, the LSC may impose similar sanctions to those set out above.

## Revised Audit Commission General Certification Instructions Arrangements from 2003/04

56 The Audit Commission has introduced revised certification arrangements for claims and returns which are proportionate to the amount of grant involved. These arrangements will apply to the 2003/04 Use of Funds statements for both ACL and former EIs. The de minimis financial limits apply to the total grant funding on the return, and not to individual funding streams. Full details are contained in the Audit Commission's Statement of Responsibilities in relation to claims and returns, which can be found on

the Audit Commission's website ([www.audit-commission.gov.uk](http://www.audit-commission.gov.uk)). Paragraph 7 of the Statement outlines the new certification arrangements.

## Assurance Arrangements for 2004/05

### Learning and Skills Council-funded provision in Local Education Authorities

57 The LSC will require LEAs to provide an audited opinion on the regularity of their spending on LSC-funded ACL provision for the eight-month period from 1 August 2004 to 31 March 2005.

58 In subsequent years LEAs will be subject to a regularity audit covering the financial year from 1 April to 31 March. The LSC is consulting with those bodies which provide adult learning about the arrangements for implementing the Skills Strategy, and will re-examine the need for Use of Funds statements as part of that consultation.

### Former external institutions

59 With effect from the funding year 2004/05 those former EIs chosen to participate in the plan-led funding initiative will no longer be subject to a funding audit. Those former EIs which did not meet the criteria for inclusion in plan-led funding for 2004/05 will continue to receive a funding audit for 2004/05. The majority of former EIs are expected to have moved to plan-led funding by 2005/06. Auditor certification of a Use of Funds statement will continue to be required for all institutions, as at present.

60 The LSC will publish further details of these arrangements later in 2004.

## Section 4: Sixth Form Funding

61 School sixth forms are funded by the LSC through LEAs. This circular does not request any assurance work on the Use of Funds in sixth forms, as the LSC will rely on the work of the Audit Commission and local authority internal auditors as regards schools generally. In the light of this control environment, the LSC will ask local authorities to self-certify the propriety and regularity of schools' spending of LSC funds.

62 The LSC will write to the chief finance officer of each LEA in September 2004. This letter will include:

- the allocations and payments made in respect of sixth form funding in the year ended 31 March 2004
- a declaration on the Use of Funds for the chief finance officer and chief education officer to sign.

63 The chief finance officer and the chief education officer must complete the declarations. The declarations confirm that the information in the return is correct; that the LEA has exercised proper control over the funds received from the LSC; that the funds have been disbursed in accordance with the Financing of Maintained Schools (England) Regulations; and that the LSC's funds for post-16 pupils with statements of special educational needs (SEN) have been used for their intended purpose.

64 The uses of the LSC allocation of funds by LEAs are set out in:

- the Financing of Maintained Schools (England) Regulations 2003, SI number 453, paragraphs 15 and 16
- the Financing of Maintained Schools (England) (No 2) Regulations 2003, SI number 3247, paragraphs 16 and 17.

65 The letter and the attached form should be completed and returned to the Learning and Skills Council, Cheylesmore House, Quinton Road, Coventry, CV1 2WT by 31 October 2004, marked for the attention of Ian Mason. There is no requirement for the return to be audited.

## Support Arrangements

66 Local authority chief finance officers and chief education officers may make enquiries regarding the signing of the declaration by contacting the LSC's Provider Financial Assurance Service Centre at Cheylesmore House, Quinton Road, Coventry, CV1 2WT (tel: 024 7682 3993).



Mark Haysom, Chief Executive



# Annex A: Use of Funds Statement for Adult and Community Learning for 2003/04

Cheylesmore House    www.lsc.gov.uk  
Quinton Road  
Coventry  
CV1 2WT

For enquiries about completing Annex A please contact:

Chris Herbert  
South West Region Provider Financial Assurance Service Centre  
The Learning and Skills Council  
St Lawrence House  
29-31 Broad Street  
Bristol  
BS99 7HR

Tel: 0117 372 6520 Fax 0117 372 6433  
Email address [chris.herbert@lsc.gov.uk](mailto:chris.herbert@lsc.gov.uk)



**Learning+Skills Council**

Reference: Circular 04/06

This form should be completed, certified by the chief finance officer of the Local Education Authority in receipt of funds and the officer designated with responsibility for adult and community learning, and countersigned by the local authority's external auditor.

## Adult and community learning provision 2003/04

Local authority name <i>(please print)</i>
Contact officer for queries
Name <i>(please print)</i>
Telephone number
Fax number

## Use of Funds Statement for Adult and Community Learning for 2003/04

Line number		Column 1  LSC's 2003/04 allocation (Memorandum item)  £	Column 2  Grant income received from LSC for 2003/04, or balance b/fwd from 2002/03  £	Column 3  LEA's total 2003/04 expenditure funded by the LSC  £	Column 4 (Column 2 minus Column 3)  Balance payable to/(by) LSC. For lines 7 & 10 only, balance c/fwd to 2004/05  £
Use of 2003/04 LSC grants					
<b>Revenue 1 August 2003 to 31 July 2004</b>					
1	Main ACL grant				
2	Family Language, Literacy and Numeracy				
3	Family Learning				
4	Ethnic Minority Achievement Grant				
<b>Revenue 1 April 2003 to 31 July 2004</b>					
5	NLDC recurrent funding				
6	Total 2003/04 revenue funding				
<b>Capital 1 April 2003 to 31 March 2004</b>					
7	Major works challenge fund				
8	Minor works				
9	DDA/SENDA				
<b>Capital 1 April 2003 to 31 July 2004</b>					
10	Neighbourhood Learning in Deprived Communities				
11	Total capital 2003/04				
<b>Use of 2002/03 LSC grants b/fwd (if applicable)</b>					
12	Use of 2003/03 main ACL grant underspend b/fwd				
13	Use of 2003/03 capital major works				
14	Use of other underspend b/fwd from 2002/03 (please specify)				
15	Total – all				

## Certificate of Chief Finance Officer and Responsible Officer

Local authority name

### I certify that to the best of my knowledge and belief that:

- the information in lines 1 to 15, columns 1 to 4, has been correctly extracted from the LEA's records
- the Learning and Skills Council's funds have been used solely for the purposes specified in the adult learning plan and in accordance with the conditions of funding
- the LEA has exercised proper control over those funds that it has received from the LSC as set out in the LEA's funding agreement with the local LSC; and
- I hereby undertake to repay any balances due to the Learning and Skills Council.

### Chief finance officer

Signature

Name (*please print*)

Date

Job title

### Responsible officer

Signature

Name (*please print*)

Date

Job title

**A pre-audit copy of Annex A should be sent to the head of finance at the local Learning and Skills Council by 29 October 2004.**

**Auditor-certified returns should be sent to the head of finance at the local LSC to arrive no later than 4 February 2005.**

## Certificate of Auditor Appointed by the Audit Commission



Certificate of the auditor appointed by the Audit Commission

The Statement of Responsibilities of grant-paying bodies, authorities, the Audit Commission and appointed auditors in relation to claims and returns, issued by the Audit Commission, sets out the respective responsibilities of these parties, and the limitations of our responsibilities as appointed auditors.

I/We have examined the entries in this form (which replaces or amends the original submitted to me/us by the authority dated \_\_\_\_\_)\* and the related accounts and records of the authority in accordance with Certification Instruction A01 and I/we have:

*For claims and returns above de minimis and up to the threshold#*

- carried out Part A tests in Certification Instruction number **EDU02** and obtained such evidence and explanations as I/we consider necessary.

(Except for the matters raised in the attached qualification letter dated \_\_\_\_\_)\*  
I/we have concluded that the claim or return is in accordance with the underlying records.

*For claims and returns over the threshold #*

- assessed the control environment for the preparation of this claim or return in accordance with Certification Instruction A01 and, on the basis of my/our assessment, carried out Part A/Parts A and B\* tests in Certification Instruction number **EDU02** and obtained such evidence and explanations as I/we consider necessary.

(Except for the matters raised in the attached qualification letter dated \_\_\_\_\_)\*  
I/we have concluded that the claim or return is:

- fairly stated; and
- in accordance with the relevant terms and conditions.

Signature \_\_\_\_\_

Name (block capitals) \_\_\_\_\_  
on behalf of the Audit Commission

Date \_\_\_\_\_

*\*Delete as necessary*

*# Delete non-applicable certificate*

# Annex B: Use of Funds Statement for Former External Institutions for the Year Ended 31 July 2004

Cheylesmore House    www.lsc.gov.uk  
Quinton Road  
Coventry  
CV1 2WT

For enquiries about completing Annex B please contact:

Provider Financial Assurance Service Centre  
Learning and Skills Council  
Centre Point  
103 New Oxford Street  
London  
WC1A 1DR

Tel: 020 7904 0672  
Fax: 020 7904 0810  
Email: [clive.gordon@lsc.gov.uk](mailto:clive.gordon@lsc.gov.uk)



**Learning+Skills Council**

Reference: Circular 04/06

## **Please complete this form clearly in ink.**

All former external institutions are asked to complete Parts I and II of this return, a separate Part I being completed for each institution. The chief finance officer of the Local Education Authority should sign Part II. The LEA should then pass the signed return to their external auditor for their report on it in Part III.

Once audited, all relevant parts of this form should be returned to the head of finance at the relevant local LSC to arrive on or before 4 February 2005. Auditors are asked to provide a copy of their report simultaneously to the LEA.

Name of funded external institution for the year ended 31 July 2004 ( <i>please print</i> )
LSC code for former external institution for the year ended 31 July 2004
Telephone number for queries
Name of LEA ( <i>please print</i> )
Contact name for queries ( <i>please print</i> )

**Part I. This must be completed before passing to the external auditor. The notes at Part III must be followed when completing the form.**

### LSC funding

1	<p>Funding allocation for the year ended 31 July 2004:</p> <ul style="list-style-type: none"> <li>• main allocation</li> <li>• access, childcare and other learner support funds</li> <li>• basic skills and ESOL</li> <li>• standards fund</li> <li>• local initiative fund</li> <li>• other – please specify</li> </ul> <p><b>Total</b></p>	
2	Net funds received during the year ended 31 July 2004	
3	Funds receivable in respect of the year ended 31 July 2004 based on level of activity*	
4	Add: Balance brought forward from the year ended 31 July 2003	
5	Plus or minus adjustments relating to previous years (if any)	
6	Less: Cost of providing eligible courses in the year ended 31 July 2004 (net of fee income), and eligible expenditure from other ring-fenced allocations	
7	Excess (+) /shortfall (–) of funds available for future eligible courses	
8	Balance carried forward to next year	

**\*The figure in line 3 should include the elements of funding listed in line 1.**

## Declaration

I certify that, to the best of my knowledge and belief, the information above has been correctly extracted from the institution's accounts and records, and that the amount of funding receivable in respect of the year ended 31 July 2004 was applied in accordance with the conditions under which it was received from the Learning and Skills Council.

### Declaration to be completed by the head of institution.

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

## Part II. Declaration to be completed by the chief finance officer of the local authority.

I certify that, to the best of my knowledge and belief, the information above has been correctly extracted from the institution(s)' accounts and records, and that the amount of funding receivable in respect of the year ended 31 July 2004 has been applied in accordance with the conditions under which it was received from the Learning and Skills Council.

I confirm that either (please tick one of the boxes below):

- I am the chief finance officer (designated officer under Section 151 of the *Local Government Act 1972*); or
- I have delegated authority to sign in place of the chief finance officer as designated officer under Section 151 of the *Local Government Act 1972*.

Signature	
Name ( <i>please print</i> )	
Position ( <i>chief finance officer</i> )	
LEA name	
Date	
Name of Audit Firm	
Address	
Telephone	Email
Name ( <i>please print</i> )	
Date	

**Please ensure that any amendments to Part I, where made by the auditor, are written by hand in red ink.**

### Part III. This must be completed by the auditor appointed by the Audit Commission.



Certificate of the auditor appointed by the Audit Commission

The Statement of Responsibilities of grant-paying bodies, authorities, the Audit Commission and appointed auditors in relation to claims and returns, issued by the Audit Commission, sets out the respective responsibilities of these parties, and the limitations of our responsibilities as appointed auditors.

I/We have examined the entries in this form (which replaces or amends the original submitted to me/us by the authority dated \_\_\_\_\_)\* and the related accounts and records of the authority in accordance with Certification Instruction A01 and I/we have:

*For claims and returns above de minimis and up to the threshold#*

- carried out Part A tests in Certification Instruction number **EDU23** and obtained such evidence and explanations as I/we consider necessary.

(Except for the matters raised in the attached qualification letter dated \_\_\_\_\_)\*  
I/we have concluded that the claim or return is in accordance with the underlying records.

*For claims and returns over the threshold #*

- assessed the control environment for the preparation of this claim or return in accordance with Certification Instruction A01 and, on the basis of my/our assessment, carried out Part A/Parts A and B\* tests in Certification Instruction number **EDU23** and obtained such evidence and explanations as I/we consider necessary.

(Except for the matters raised in the attached qualification letter dated \_\_\_\_\_)\*  
I/we have concluded that the claim or return is:

- fairly stated; and
- in accordance with the relevant terms and conditions.

Signature \_\_\_\_\_

Name (block capitals) \_\_\_\_\_  
on behalf of the Audit Commission

Date \_\_\_\_\_

*\*Delete as necessary*

*# Delete non-applicable certificate*



# Annex C: Guidance on Completing Part I of Annex B

---

1 Enter at line 1 the institution's funding allocation for the year ended 31 July 2004.

This will comprise:

- the institution's final funding allocation (given in the funding agreement for the year ended 31 July 2004)
- access, childcare and other learner support funds as agreed with the local LSC and shown on the Certificate of Acceptance issued by the LSC to the institution
- Basic skills and ESOL in local communities' – FE summer schools allocation as advised by letter from the local LSC
- allocations from the standards fund and the local initiative fund as advised by the local LSC; and
- any other LSC funding allocation for the year ended 31 July 2004, including ESF co-financing, under the former external institution's funding agreement/financial memorandum with the LSC. Adult and community learning funds should be excluded, as these will be covered by the ACL Use of Funds statement.

2 Calculate the total funding and enter this where indicated.

3 At line 2, enter the actual funds received from the LSC during the year ended 31 July 2004, **net** of funds recovered from the former external institution and **irrespective** of the period to which they relate. Recovery may have been achieved by a reduction in funding

or by repayments to the LSC. The line 2 entry may differ from the total shown at line 1 due to recoveries and/or to:

- timing differences; and/or
- in-year adjustments for over- or under-achievement of student activity.

4 Enter at line 3 the amount of funds that the institution is entitled to receive in respect of the year ended 31 July 2004 based on its level of activity. This figure should comprise cash allocations to the extent that the institution has satisfied the conditions of funding.

5 The above approach should treat basic skills summer school(s) (BSSS) funding consistently with the treatment of BSSS units in institutions' funding returns. Therefore, include only the following in institutions' Use of Funds returns for the year ended 31 July 2004:

- BSSS funding relating to learners who enrolled for a BSSS in 2004 and completed their courses by 31 July 2004; and
- BSSS funding relating to learners who enrolled for a BSSS in 2003 who had not completed their courses by 31 July 2003.

6 Enter at line 4 the balance brought forward. This represents funds which remained **unused** at the end of the last period. This entry should correspond with any positive balance carried forward at line 8 on the previous year's statement, which was compiled on an accruals basis to identify LSC funds held by institutions but not yet applied.

7 Enter at line 5 any adjustment(s) made since the previous return was completed in respect of prior years' funding, that is, any adjustments which affect the balance brought forward in line 4 above.

8 Enter at line 6 the net identified cost of providing courses eligible for LSC funding and for which LSC funding is claimed, after deducting any fee income earned from the courses.

9 Enter at line 7 the excess (+) or shortfall (-) of funds available to meet eligible costs. This should equal the amounts shown at line 3, plus line 4, plus or minus line 5, minus line 6.

10 The balance carried forward at line 8 represents the excess of funds made available as calculated at line 7. Enter 'nil' at line 8 if there is a shortfall of funds calculated at line 7.

11 Round all the amounts in Part I of the return to the nearest whole number.



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