



Education
Funding
Agency

16 to 19 bursary fund audit guide for the 2014 to 2015 academic year

September 2014

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Summary

About this audit guide

This audit guide is from the Education Funding Agency (EFA). It is not mandatory and has been produced to help local authorities gain assurance that institutions are administering the 16 to 19 Bursary Fund correctly.

Review date

This guide will next be reviewed for the 2015 to 2016 academic year.

Who is this advice for?

This advice is for:

- local authorities

It will be of interest to local authority chief financial officers, directors of children's services, heads of children's services finance and heads of internal audit.

Key points

Although this guide is not mandatory, local authorities should familiarise themselves with **the revised error criteria** that are now in place for the 16 to 19 Bursary Fund for the 2014 to 2015 academic year (see pages 5 and 6 below).

To assist local authority auditors, a brief controls questionnaire is provided in section 1. In addition, a suggested substantive testing programme is included at section 2 below. Section 3 of the working papers may be used to record any actual payment errors which are identified at audit, and section 4 to record any audit findings and suggestions for improvement, together with the institution's comments.

For the 2014 to 2015 academic year the EFA's Risk Analysis division has determined that, when undertaking its own audits of Bursary funding, institutions will be given a 5 day grace period in which to resolve any errors identified during the audit. Local authorities may choose to offer institutions this same 5 day grace period.

Where an error is identified and recovery action has not been carried out by the institution, the auditor is requested to contact Matt Heselden (matthew.heselden@education.gsi.gov.uk) in the EFA's Student Support team with details of the error. The EFA will then decide what to recover and how.

Introduction

This document sets out the EFA's Audit Guide (the guide) for local authorities on gaining assurance over the funding paid to them in respect of the 16 to 19 Bursary Fund (the Bursary Fund) during the 2014 to 2015 academic year. It is addressed to all local authorities in receipt of EFA funding and will be of interest to local authority chief financial officers, directors of children's services, heads of children's services finance and heads of internal audit.

It is, however, important for local authorities to note that this guide is not mandatory on them. Local authorities must consider the risks to funding and the need for assurance in respect of their own direct provision, including local authority maintained schools with sixth forms, but it is for chief financial officers to determine whether and how any work should be undertaken to enable them to make their grant returns to the EFA. The use of all, part or none of this guide is entirely at their discretion.

Audit guide

The purpose of the proposed audit approach set out in this guide is to gain assurance that the institution has an appropriate system of controls in place to effectively administer Bursary Fund payments to students, thereby ensuring that these payments are made in accordance with EFA requirements set out in the [16-19 Bursary Fund Guide for 2014 to 2015 Academic Year](#) (the Bursary Guidance), published in April 2014. It is important that auditors fully familiarise themselves with this document, which is available on the DfE website.

It is suggested that, where possible, local authorities should consider an integrated approach to individual audits at institutions; that is, undertaking the audit of Bursary funding when they visit an institution to perform audit work in other areas, for example, the funding audit at maintained school sixth forms.

Assurance over Bursary funding may be obtained in a number of different ways, for example, controls review/evaluation with walkthrough/compliance testing and/or the substantive testing of individual students. It is entirely at the discretion of individual local authorities which type of audit testing, or combination of testing, they choose to undertake.

To assist local authority auditors, a brief controls questionnaire is provided in section 1 below; this may be completed through discussions with the institution. Identified control weaknesses and suggestions for improvement should be reported to the institution through the completion of section 4 below.

In addition, a suggested substantive testing programme is included at section 2 below, for use by local authorities which decide to undertake this type of testing as part of their

audit approach. The number of students to be included in the substantive testing sample should be determined by the local authority auditors.

The EFA's Risk Analysis division has determined that, when undertaking its own audits of 2014 to 2015 Bursary funding, institutions will be given a five day grace period in which to resolve any errors identified during the audit; for example, due to missing evidence/documentation. Local authorities may wish to adopt the same approach, but again it is emphasised that this is not compulsory.

Section 3 of the working papers may be used to record any actual payment errors which are identified, and the auditor should determine whether the institution has carried out any recovery action. Where recovery action has not been carried out, the auditor is requested to contact Matt Heselden (matthew.heselden@education.gsi.gov.uk) in the EFA's Student Support team with details of the error, who will then decide what to recover and how. EFA Student Support should be informed about potential recoveries preferably before institutions are given their final feedback or, if this is not practical, as soon as possible following the audit.

On 18 December 2013, the EFA published the error criteria which will lead to a recovery of funds if they are not met during an audit by its Risk Analysis division. These criteria, which will apply to all institutions administering the 16 to 19 Bursary Fund for the 2014 to 2015 academic year, are as follows:

- all individual students applying for a bursary (both a vulnerable student bursary and a discretionary bursary) must be assessed to determine their eligibility. Funds will be recovered if institutions are not able to demonstrate at audit how their students meet the eligibility criteria of the Bursary Fund (**see Note 1 below**)
- institutions must be able to demonstrate that bursary payments have not been claimed for duplicate students.

Note 1: In relation to the first bullet point above, the EFA believes that an institution should be able to demonstrate that its assessment of a student's eligibility has covered the following:

- the general eligibility criteria (see Bursary Guidance, pages 14-16), and Funding Guidance 2014 to 2015, section 3); that is age, residency (**see Note 2 below**) and type of provision
- where applicable, the specific criteria for receipt of a vulnerable bursary (see Bursary Guidance, pages 6-8 and 21)
- where applicable, the specific criteria for receipt of a discretionary bursary (see Bursary Guidance, pages 12, 13 and 21). These criteria are to be determined by the institution itself and may, for example, be based on the evidenced level of the student's household income.

Note 2: In the case of residency checks, where auditors find that these checks have not been carried out by an institution, or that these checks have not been evidenced, the EFA suggests that they should advise the institution in their feedback that they should be carrying out residency checks and that these checks should be evidenced; for the current audit, auditors are advised to treat this as a control issue and the EFA will not be recovering funding, but if the same issue reoccurs at future audits, funding will be recovered.

Lastly, further guidance may be obtained from the EFA's Risk Analysis division by sending an email to 1619bursaryfund.EFA@education.gsi.gov.uk.

Working papers

1. Controls questionnaire

	Describe actual procedures/control(s) in place	Satisfactory? Y/N
<p>Institution controls review</p>		
<p>Through discussion and observation determine the following:</p> <p>1. General Questions</p> <p>1.1 What management, staffing and organisational arrangements does the institution have in place for administering the 16 to19 Bursary Fund, including payment arrangements (See <i>Bursary Guidance 2014 to 2015, pages 20-25</i>)?</p> <p>1.2 In particular, what administrative procedures does the institution have in place to evidence (electronically, if preferred) Bursary applications and awards, for example:</p> <p>Vulnerable Bursary</p> <ul style="list-style-type: none"> i. student funding claim forms. ii. evidence to confirm eligibility to receive this type of Bursary. iii. evidence of payment received from the Student Support Service and payment issued to the student. <p>(See <i>Bursary Guidance 2014 to 2015, pages 6-11, 21, 24, 25 and 29-30</i>).</p> <p>Discretionary Bursary</p> <ul style="list-style-type: none"> i. copies of income/other evidence used to assess entitlement. ii. copies of assessments of students' actual financial need. iii. receipts for purchases made on behalf of students, such as equipment. <p>(See <i>Bursary Guidance 2014 to 2015, pages 12-14, 21-22, 24 and 25</i>)?</p> <p>1.3 Has the institution published a statement clearly setting out the arrangements for their use of the Bursary Fund, which is available to both young people and the EFA (this</p>		

	Describe actual procedures/control(s) in place	Satisfactory? Y/N
Institution controls review		
<p>should include criteria for eligibility for discretionary bursaries and for deciding the level of awards) (See <i>Bursary Guidance 2014 to 2015, pages 6, 12-13, 18-19, 21-22 and 25-26</i>)?</p> <p>1.4 Does the institution attempt to raise awareness of the Bursary fund amongst young people, eg by working in partnership with local authorities and its feeder schools? In particular, where provision is offered from more than one location, or through sub-contracts, does the institution ensure that any student attending such provision is able to apply for Bursary funding (See <i>Bursary Guidance 2014 to 2015, pages 25-26</i>)?</p> <p>1.5 What controls does the institution have in place for ensuring the accurate recording, storage and security of Bursary evidence and data?</p> <p>1.6 Does the institution keep under review the <i>Bursary Guidance 2014 to 2015</i> document on the DfE website, which will be updated when required during the year? (<i>when updates are made, alerts are published in the EFA e-bulletin</i>)</p> <p>2. Key Controls</p> <p>2.1 What controls does the institution have in place to ensure that the institution has checked that Bursary students satisfy the following general Bursary eligibility requirements:</p> <ul style="list-style-type: none"> i. To be eligible to receive a 16-19 Bursary in the 2014 to 2015 academic year, students are aged 16 to 18 on 31 August 2014 (note - only in exceptional circumstances should institutions pay bursaries to younger students, eg those following an accelerated programme) (See <i>Bursary Guidance 2014 to 2015, pages 15 and 18</i>). ii. Students satisfy the residency criteria in section 3 of the EFA document <i>Funding Guidance For Young People 2014 to 2015 – Funding Regulations</i>, published in June 2014 (See <i>Bursary Guidance 2014 to 2015, page 15</i>). iii. Students are participating in provision which is subject to inspection by a public body which assures quality (eg Ofsted) and is either funded by the EFA directly or via a local authority; or by the European Social Fund; or otherwise publicly funded, and leads to a qualification (up to level 3) either accredited by Ofqual or pursuant to Section 68 of the Learning and Skills Act 2000; or on the list of employers etc eligible to deliver the traineeship programme (See <i>Bursary Guidance 2014 to 2015, pages 16 and 22</i>)? <p>2.2 What controls does the institution have in place to ensure that it has sought appropriate evidence of eligibility from those students in receipt of the £1,200 Bursary for vulnerable groups (eg a letter from DWP setting out the benefit to which the young person is entitled or written confirmation from the relevant local authority of the student's current</p>		

	Describe actual procedures/control(s) in place	Satisfactory? Y/N
Institution controls review		
<p>or previous looked-after status) (See <i>Bursary Guidance 2014 to 2015, pages 6, 8 and 21</i>)?</p> <p>2.3 What controls does the institution have in place to ensure that vulnerable student payments have been drawn down correctly from the Learner Support Service, ie duplicate or non-existent students have not been claimed for (See <i>Bursary Guidance 2014 to 2015, pages 8, 24, 25, 29-30 and 32-33</i>)?</p> <p>2.4 What controls does the institution have in place to ensure that the discretionary element of Bursary funding is only paid to students facing financial barriers to participation (eg the costs of transport, meals, books and equipment, and other course-related items), that <i>actual</i> financial need has been appropriately assessed and documented (NB – institutions should not make ‘blanket’ or ‘flat-rate’ payments, ie payments of identical amounts to large numbers of students in receipt of a discretionary bursary) and any allowances or other sources of financial support have been taken into account (See <i>Bursary Guidance 2014 to 2015, pages 12, 13, 20, 21, 22 and 24</i>)?</p> <p>2.5 Is receipt of a Bursary conditional on students meeting agreed (preferably signed) standards set by the institution (eg relating to attendance and/or standards of behaviour) (See <i>Bursary Guidance 2014 to 2015, pages 12, 14 and 26</i>)?</p>		

2. Substantive testing schedule

See separate excel spreadsheet.

Error schedule: actual funding errors identified

Student name	Student reference number	Description of the error	Has the institution corrected the error?

3. Feedback and recommendations

Audit findings and suggestions for improvement	Agreed? Y/N	Institution's comments

Prepared By: (Name & Position)	Date:
Received By: (Name & Position)	Date:



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