Certification of the Use of Funds: Funding of Adult and Community Learning in Local Authorities for 2005/06

This guidance is for local authorities (LAs) preparing use of funds statements for Learning and Skills Council (LSC) adult and community learning (ACL) funds for 2005/06. Only LAs receiving LSC ACL funds for 2005/06 need prepare a statement.

March 2006
Of interest to Local Authorities
Further information
For further information, please contact:

Stephen Kingman
East Midlands Region Provider Financial Management Team
Learning and Skills Council
17a Meridian East
Meridian Business Park
Leicester
LE19 1UU

Tel: 0791 7071418
Fax 0116 2281801
Email stephen.kingman@lsc.gov.uk

External auditors with enquiries regarding the certification instruction should contact the Audit Commission directly.

Email acts@audit-commission.gov.uk

www.lsc.gov.uk

For action

A response to the Annex is required by 31 December 2006.

A pre-certified version of Part 1 of the Annex should also be sent to the Learning and Skills Council (LSC) by 30 September 2006.

This document is of interest to LA chief education officers, LA chief finance officers, LA officers responsible for adult learning, heads of finance and ACL contract managers in local and regional LSCs and LAs’ external auditors.

This document supersedes Audit of the Use of Funds: Funding of Adult and Community Learning in Local Authorities for 2004/05 issued in June 2005.

Also of interest to External Auditors, Audit Commission, LSC staff
Contents

Executive Summary

Section 1: Introduction 1
Section 2: Local Authorities’ Spending Accountability 7
Scope of Learning and Skills Council funding 7
Form of statement for adult and community learning 10

Section 3: Statement on Spending of Learning and Skills Council Funds 12
Introduction 12
Completion of spending of funds statement 15
Responsible officers 20
Responsibilities of auditors appointed by the Audit Commission 24
Qualifications to statements 28
Learning and Skills Council direct assurance work 30
Support arrangements 32

Annex

Local Authorities’ Use of Funds Statements for Learning and Skills Council-funded Adult and Community Learning Provision

Part 1: Use of Funds Statement for Learning and Skills Council-funded Adult and Community Learning Provision Allocated for the Academic Year Ending 31 July 2006
Part 2: Use of Funds Statement for Learning and Skills Council Capital Funding for Adult and Community Learning Provision Allocated for the Financial Year Ending 31 March 2006
Part 3: Certificate of Auditor appointed by the Audit Commission

Appendix 1: Guidance on Completing Part 1 of the Annex
Appendix 2: Guidance on Completing Part 2 of the Annex
Executive Summary

Date: March 2006

This document provides guidance to local authorities (LAs) on the preparation of an auditor-certified statement showing their spending of Learning and Skills Council (LSC) allocations of funding for adult and community learning (ACL), for the allocation years ended 31 March 2006 and 31 July 2006. The statements are at Part 1 and Part 2 of the Annex to this document. Part 1 is for completion in response to this document; Part 2 is for completion under the LSC’s guidance Adult and Community Learning: Guidance notes on application for capital funds during 2003–04 (and onwards).

The LA’s officer responsible for adult learning and its chief finance officer must sign the statements at Part 1 and Part 2 of the Annex. The LA should then arrange for Part 1 of the statement to be sent, as a pre-audit version, to the LSC’s Regional Audit Manager, for their region, by 30 September 2006. The LA should also arrange for Part 1 and Part 2 of the statement to be forwarded by 30 September 2006 to its external auditor for certification at Part 3. The pre-audit version should be either a signed original or a copy with original signatures. The auditor should send their certified statement covering Part 1 and Part 2 to the LSC’s relevant Regional Audit Manager by 31 December 2006.

This document is of interest to LA chief education officers, LA chief finance officers, LA officers responsible for adult learning, heads of finance and ACL contract managers in local and regional LSCs and LAs’ external auditors.

The document does not apply to other organisations, including further education colleges, that are receiving direct LSC funding for ACL provision or those providers under contract to local authorities, including colleges. Different arrangements apply to these organisations.

Responses to this document: Local authorities should send a pre-audit version, as signed originals, of the statements at Part 1 of the Annex to the LSC’s Regional Audit Manager, for their region, by 30 September 2006.
Certification of the Use of Funds: Funding of Adult and Community Learning in Local Authorities for 2005/06

Section 1: Introduction

1. The Chief Executive of the Learning and Skills Council (LSC), as its accounting officer, has a duty to account to Parliament each year on the proper spending of the public funds that it provides to learning providers. Local authorities (LAs) act as learning providers for many areas of LSC funding of provision. To discharge this duty as the LSC’s accounting officer, the Chief Executive places requirements on LAs under their funding agreements with the LSC to comply with the LSC’s audit requirements given in this document and in other LSC funding requirements and guidance.

2. The requirement of this document is for local authorities to make statements to the LSC that LSC funds for adult and community learning (ACL) were spent on the purposes for which the funds are provided. This document further requires local authorities to validate their statement to the LSC through securing independent auditor certification of the spending statement.

3. The statements 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 financial statements.

4. The LSC last set out its requirements on auditors’ certification of local authorities’ spending of LSC ACL funds allocated for 2004/05 in June 2005. This document makes minor changes to the requirements for 2005/06 in respect of the scope of LSC funds covered by the document.

5. The following organisations are not covered by this document:
   - former external institutions that are commercial or voluntary sector learning providers
   - colleges incorporated under the Further and Higher Education Act 1992
   - other LSC-funded providers of further education that are not colleges such as learndirect provision now funded by UfI, or those other commercial or voluntary sector providers of ACL provision funded by the LSC direct.

6. The LSC has sent three copies of this document to each LA. One copy is for the local authority’s chief finance officer.
Section 2: Local Authorities’ Spending Accountability

Scope of Learning and Skills Council funding

7 The LSC requires appropriate assurance for all of its funding of local government, however applied. Following the LSC’s 2004–05 review of its assurance arrangements for local government, the requirement for a spending statement in respect of LSC funding of further education (FE) provision by local authority-maintained former external institutions was removed, as was the requirement for local authorities to self-certify their spending of LSC funding of schools with sixth forms.

8 The requirement for an auditor-certified statement of spending of LSC funding of ACL provision continues for 2005–06. This statement is the subject of this document. The LSC will also perform a limited programme of its own reviews of ACL provision in early 2006.

9 Other direct assurance work by the LSC’s in-house Provider Financial Management teams into other LSC funding of local government will continue. This work will be extended as necessary to other LSC funding of LAs that has commenced in respect of 2005–06. The main LSC funding for 2005–06 to be covered by this approach will be learner support funds.

Form of statement for adult and community learning

10 The 2004/05 guidance included a return for LAs to complete covering all LSC allocations of ACL funding. This document includes a similar form of return for LSC ACL funding allocated for the year to 31 July 2006. This form is at the Annex, Part 1, Section A and should be certified by responsible officers at Part 1, Section B.

11 The LSC has already issued guidance to LAs on LSC ACL capital funding allocated to 31 March 2006. This guidance included use of funds statements for LAs to complete and their external auditors to certify in line with the guidance. The LSC does not wish to ask LAs to repeat completion of these use of funds statements. Part 2 to the Annex therefore replicates the use of funds statements already issued under the LSC’s guidance, as pro formas for information. LAs do not need to complete these use of funds statements again.

Section 3: Statement on Spending of Learning and Skills Council Funds

Introduction

12 This section of the document sets out the LSC’s requirements for LAs to make an auditor-certified statement of their spending of LSC funding for ACL provision allocated to LAs for the years to 31 March 2006 and 31 July 2006.

13 The LSC has allocated the following ACL funds for the year to 31 July 2006. LAs’ spending of these funds should be disclosed in the Annex, Part 1, Section A:

- Revenue - main ACL grant
- Revenue - family literacy, language and numeracy
- Revenue - family learning
- Revenue - neighbourhood learning in deprived communities
- Capital – neighbourhood learning in deprived communities.

14 The LSC has allocated the following funds for the year to 31 March 2006. LAs’ spending of these funds should be disclosed in the Annex, Part 2, Sections A to D:

- Capital – Challenge Fund (major) capital works funding.

LAs and their external auditors are required to review the LAs’ receipt of LSC ACL funding allocations in respect of the years to 31 March 2006 and 31 July 2006 and to confirm the use of these funds is properly recorded in the forms provided at the Annex to this document. Nil returns are not required so where a LA has not received LSC ACL funding, the forms need not be completed.

Completion of spending of funds statement

15 Where a LA has received LSC ACL funds in the years to 31 March 2006 or 31 July 2006, the LA should complete the Annex. The Annex includes three parts, 1 to 3.
Part 1 of the Annex includes two sections, A and B. Part 1, Section A covers LSC allocations of ACL funds for the academic year 1 August 2005 to 31 July 2006. Section A comprises a table for LAs to complete from their accounting records. This table includes columns to record:

- where applicable, balances of unspent funds brought forward as at 1 August 2005
- LSC allocations during the year to 31 July 2006
- where applicable, any recoveries agreed with the LSC for past under-performance
- spending against LSC allocations during the year to 31 July 2006
- where applicable, balances carried forward as at 31 July 2006.

Part 1, Section B is the certificate by officers responsible for the allocations disclosed in Section A.

Part 2 shows pro formas of use of funds statements previously issued to LAs with their ACL capital allocations for the financial year to 31 March 2006. LAs in receipt of these allocations have been requested to complete these use of funds statements and send them to the LSC by 31 May 2006. The pre-certified versions of these use of funds statements are to have been signed by the LA officer responsible for adult learning, and by the chief finance officer. For the purposes of Section B, LAs should include copies of their pre-certified statements, with original signatures, to the LSC as part of their response to this document.

Part 3 is the certificate of the LA's external auditor, appointed by the Audit Commission. The certificate covers the use of funds statement provided at Part 1 of the Annex and, where appropriate, capital statements as shown in Part 2 of the Annex. Statements passed to the auditor should be either signed originals or copies bearing an original signature.

**Responsibilities of auditors appointed by the Audit Commission**

The LSC has consulted the Audit Commission on the guidance contained in this document. Later in 2006 the Audit Commission will make a certification instruction (CI EDU02) available for the use of the LA's appointed external auditors to provide guidance on the certification of ACL funding paid to the authority.

The Audit Commission makes certification arrangements for claims and returns that are proportionate to the amount of grant involved. When considering ACL use of funds statements, auditors will apply the specified de minimis and threshold limits 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).

The authority's appointed auditor will certify these ACL statements in accordance with the Audit Commission's certification instruction CI EDU02, completing the certificate at Part 3 of the Annex. The completed auditor's certificate (Part 3) accompanied by the Part 1 and Part 2, statements which it covers must be submitted to the relevant Regional Audit Manager by no later than 31 December 2006.

LAs need to agree a timetable with their external auditors which will ensure that the auditor-certified statement reaches the LSC by 31 December 2006. Any LA unable to meet this deadline is asked to inform the relevant Regional Audit Manager in writing, setting out the reasons for delay, by 31 December 2006, and to provide a date when the statement will be available.
Qualifications to statements

28 LAs 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 statements, the LSC cannot assure Parliament that its funds were applied properly.

29 Where an auditor’s certification covering the statement is qualified, the LSC may, following consultation with the LA:

- seek to secure other provision for the learners
- require satisfactory assurances and action by the LA. Such an agreement will also be supported by restrictions on the funding provided, and will be copied to the Audit Commission
- recover funds due in respect of a failure to deliver satisfactorily the agreed development plan as set out in the LSC’s Conditions of Funding (Grant) Schedule for Adult and Community Learning.

Learning and Skills Council direct assurance work

30 During late 2005 and early 2006, the LSC will perform a limited programme of its own assurance work in respect of the LSC’s 2005–06 funding of ACL provision. The work will be performed by the LSC’s Provider Financial Management Team at a sample of LAs. This work continues to be needed as the auditor-certified statement, even under the earlier deadlines set out in this document, will not be submitted to the LSC in time for the preparation of the LSC’s annual financial statements.

31 The LSC will also continue to perform direct assurance work on other areas of its funding of LAs. These areas include funding such as work-based learning, which has been covered by LSC direct assurance work in the past. The LSC will also extend its coverage to other funds, such as learner support funds and the existence and eligibility of learners in FE at local authority-maintained external institutions.

Support arrangements

32 LA chief finance officers with enquiries about this section of the document and the Annex, may contact:

Stephen Kingman
East Midlands Region Provider Financial Management Team
Learning and Skills Council
17a Meridian East
Meridian Business Park
Leicester
LE19 1UU

Tel: 0791 7071418
Fax 0116 2281801
Email stephen.kingman@lsc.gov.uk

External auditors with enquiries regarding the certification instruction should contact the Audit Commission directly.

Email acts@audit-commission.gov.uk

Mark Haysom, Chief Executive, LSC
Annex: Local Authorities’ Use of Funds Statements for Learning and Skills Council-funded Adult and Community Learning Provision

Local authorities (LAs) should complete Part 1, Section A of this statement where the LA has been allocated Learning and Skills Council (LSC) adult and community learning (ACL) funding for the year ending 31 July 2006. The LA officer responsible for adult learning and its chief finance officer should sign the authority’s certificate at Part 1, Section B in respect of entries made at Part 1, Section A of the statement.

LAs allocated LSC ACL capital funding for the year ending 31 March 2006 will complete Part 2 of the Annex under the LSC’s guidance Adult and Community Learning: Guidance notes on application for capital funds during 2003–04 (and onwards) for separate submission to the LSC. This completion will have included the chief finance officer’s and responsible officer’s certification. **Part 2 is therefore for information only and need not be completed again.** Instead, LAs should include either a signed original version, or a copy with original signature, of the returns they have already made under Part 2 when submitting Part 1 and Part 2 to their external auditor for certification.

LAs should send by 30 September 2006 a pre-certified version of Part 1 and (where appropriate) Part 2 to their external auditor and signed copies to the LSC’s Regional Audit Manager, for their region.

The LA’s appointed auditor should complete the auditor’s certificate at Part 3 of the statement covering Part 1 and (where appropriate) Part 2 and send all three parts to the LSC’s Regional Audit Manager, as above, to arrive by no later than 31 December 2006.

For enquiries about completing the Annex please contact:

Stephen Kingman
East Midlands Region Provider Financial Management Team
Learning and Skills Council
17a Meridian East
Meridian Business Park
Leicester
LE19 1UU

Tel: 0791 7071418
Fax 0116 2281801
Email stephen.kingman@lsc.gov.uk
Local Authorities’ Use of Funds Statement for Learning and Skills Council-funded Adult and Community Learning Provision

The following parts of this form have been completed (please delete items marked * if not relevant):

**Part 1: Local Authorities’ Use of Funds Statement for LSC-funded Adult and Community Learning Provision Allocated for the Academic Year Ending 31 July 2006:**

- Section A: Spending of Learning and Skills Council adult and community learning funds allocated for the academic year to 31 July 2006
- Section B: Certificates by responsible officers for Part 1, Section A.

**Part 2: Use of Funds Statement for LSC Capital Funding for Adult and Community Learning Provision Allocated for the Financial Year Ending 31 March 2006 (pro formas for information only).***

**Part 3: Certificate of auditor appointed by the Audit Commission.***

Please complete this Annex clearly in black ink.
### Section A: Spending of Learning and Skills Council adult and community learning funds allocated for the academic year to 31 July 2006

<table>
<thead>
<tr>
<th>Line number</th>
<th>Column 1</th>
<th>Column 2</th>
<th>Column 3</th>
<th>Column 4</th>
<th>Column 5</th>
<th>Column 6</th>
<th>Column 7</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Grant</td>
<td>Balance brought forward as at 1/8/2005</td>
<td>LSC’s 2005/06 allocation for the year to 31/7/2006</td>
<td>Repayments agreed with the LSC for under-performance in the years to 31/7/2005</td>
<td>Total funds available for the year to 31/7/2006</td>
<td>Expenditure funded by the LSC in year to 31/7/2006</td>
<td>Balance carried forward at 31/7/2006</td>
</tr>
<tr>
<td></td>
<td>£</td>
<td>£</td>
<td>£</td>
<td>£</td>
<td>£</td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>1</td>
<td>Main ACL grant</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Family language, literacy and numeracy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Family learning</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Neighbourhood learning in deprived communities (NLDC) recurrent funding*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Total revenue grants</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Neighbourhood learning in deprived communities capital grant.*</td>
<td>Not applicable</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Not applicable</td>
</tr>
</tbody>
</table>

* where applicable
Section B: Certificates by responsible officers for Part 1, Section A

Officers responsible for adult learning and chief finance officers of local authorities in receipt of relevant LSC funds, as disclosed in Part 1, Section A above, should complete this certificate.

Local authority name *(please print):*

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

- the information in Part 1, Section A of the statement is correct and has been accurately extracted from the local authority’s records
- the Learning and Skills Council’s funds have been spent solely for the purposes intended by the Learning and Skills Council and in accordance with the Learning and Skills Council’s terms and conditions of funding
- the local authority has exercised proper control over those funds that it has received from the LSC as set out in the local authority’s funding agreement with the local LSC.

**Responsible officer**

Signature:

Name *(please print):*

Date:

Job title:
Chief finance officer

<table>
<thead>
<tr>
<th>Signature:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name <em>(please print)</em>:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Date:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Job title:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

Where the chief finance officer has delegated authority for their signature, the evidence for this delegation should be stated here.
Part 2: Use of Funds Statement for Learning and Skills Council Capital Funding for Adult and Community Learning Provision Allocated for the Financial Year Ending 31 March 2006

This Part 2 of the Annex contains two sections, each of which is a statement of the use of LSC funds for the period 1 April 2005 to 31 March 2006:

- Section A is for capital funding in respect of compliance with the Disability Discrimination Act 1995 as amended by the Special Educational Needs and Disability Act 2001
- Section B is for Challenge Fund (major) capital works funding.

Both of these sections is a pro forma for information of returns that local authorities are required to make in respect of LSC adult and community learning capital funding allocated for the year to 31 March 2006.

Under the LSC’s guidance: Adult and Community Learning: Guidance notes on application for capital funds during 2003–04 (and onwards), the LSC requested that local authorities return Sections A and B to the local LSC and to the LSC national property team by 31 May 2006. Local authorities do not need to complete Sections A and B again in response to this document. Instead, local authorities should provide to their external auditors, by 30 September 2006, either signed originals or copies with original signatures of Sections A and B that they have already completed and submitted to the LSC.

This section is included as a pro forma for information. Local authorities have already been requested to return this section to the local LSC and to the LSC national property team by 31 May 2006 under the LSC’s guidance Adult and Community Learning: Guidance notes on application for capital funds during 2003–04 (and onwards). Local authorities should send either signed originals or copies of the version of the return they have already completed, with original signatures, to their external auditor by 30 September 2006, along with Part 1 of the Annex.

Disability Discrimination Act 1995 and Special Educational Needs and Disability Act 2001 use of funds statement for adult and community learning for the period 1 April 2005 to 31 March 2006

Cheylesmore House
Quinton Road
Coventry
CV1 2WT

Tel: 024 7682 3254
Fax: 024 7682 3440
Website: www.lsc.gov.uk

This form should be completed, certified by the chief finance officer of the local authority (or main provider) in receipt of funds and the officer designated with responsibility for adult learning, and countersigned by the local authority’s chief finance officer (or main provider’s chief finance officer).

Adult and community learning provision 1 April 2005 to 31 March 2006

<table>
<thead>
<tr>
<th>Local authority (or main provider) name (please print):</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contact officer for queries:</td>
</tr>
<tr>
<td>Name:</td>
</tr>
<tr>
<td>Telephone:</td>
</tr>
</tbody>
</table>
1. Local authority’s (or main provider’s) total agreed DDA/SEND Act allocation from LSC from 1 April 2005 to 31 March 2006
2. Total cash received by local authority (or main provider) from LSC from 1 April 2005 to 31 March 2006
3. Local authority’s (or main provider’s) total adult and community learning expenditure on DDA/SEND Act in 2005–06 funded by LSC

Certificate of chief finance officer and responsible officer

Local authority (or main provider) name:

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

• the information in lines 1 to 3 has been correctly extracted from the local authority’s (or main provider’s) records
• the Learning and Skills Council’s funds have been solely used to meet the costs of delivering the agreed DDA/SEND Act capital expenditure
• the local authority (or main provider) has exercised proper control over those funds that it has received from the Learning and Skills Council as set out in the local authority’s (or main provider’s) funding letter with the Learning and Skills Council.

Chief finance officer

Signature:

Name (please print):

Job title: Date:

Responsible officer

Signature:

Name (please print):

Job title: Date:

Auditor certification requirement for adult and community learning

This use of funds statement shall be certified by the local authority’s (or main provider’s) external auditors as part of the audit of adult and community learning programme funds within the guidance published by the Learning and Skills Council.

Auditor certification will take place later in 2006–07.
Section B: Pro forma for information: Challenge Fund (major) capital works

This section is included as a pro forma for information. Local authorities have already been requested to return this section to the local LSC and to the LSC national property team by 31 May 2006 under the LSC’s guidance Adult and Community Learning: Guidance notes on application for capital funds during 2003–04 (and onwards). Local authorities should send either signed originals or copies of the version of the return they have already completed, with original signatures, to their external auditor by 30 September 2006, along with Part 1 of the Annex.

ACL Challenge Fund (major) capital works - use of funds statement for adult and community learning for the period 1 April 2005 to 31 March 2006

Cheylesmore House
Quinton Road
Coventry
CV1 2WT

Tel: 024 7682 3254
Fax: 024 7682 3440
Website: www.lsc.gov.uk

This form should be completed, certified by the chief finance officer of the local authority (or main provider) in receipt of funds and the officer designated with responsibility for adult learning, and countersigned by the local authority’s (or main provider’s) chief finance officer.

Adult and community learning provision 1 April 2005 to 31 March 2006

<table>
<thead>
<tr>
<th>Local authority name (please print):</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Contact officer for queries:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name:</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Telephone:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>
### Certification of the Use of Funds: Funding of Adult and Community Learning in Local Authorities for 2005/06

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total project cost (as per the LSC funding letter)</td>
<td>[ ]</td>
</tr>
<tr>
<td>Total LSC grant support (as per the LSC funding letter)</td>
<td>[ ]</td>
</tr>
<tr>
<td>Estimated project spend (as per the LSC funding letter)</td>
<td>[ ]</td>
</tr>
</tbody>
</table>

1. Local authority’s total agreed Challenge Fund capital works allocation from LSC from 1 April 2005 to 31 March 2006
2. Total cash payable to local authority from LSC from 1 April 2005 to 31 March 2006 based on the ACL capital grant support expenditure
3. Local authority’s total actual expenditure on Challenge Fund capital works in 2005–06

### Certificate of chief finance officer and responsible officer

**Local authority name (please print):**

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

- the information in lines 1 to 3 has been correctly extracted from the local authority’s records
- the Learning and Skills Council’s funds have been solely used to meet the costs of delivering the agreed Challenge Fund capital works bid
- the local authority has exercised proper control over those funds that it has received from the Learning and Skills Council as set out in the local authority’s funding letter with the Learning and Skills Council.

**Chief finance officer**

**Signature:**

**Name (please print):**

**Job title:**

**Date:**
# Responsible officer

<table>
<thead>
<tr>
<th>Signature:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name (please print):</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Job title:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Date:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

## Auditor certification requirement for adult and community learning

This use of funds statement shall be certified by the local authority’s external auditors as part of the audit of adult and community learning programme funds within the guidance published by the Learning and Skills Council.

Auditor certification will take place later in 2006–07 following the publication of the guidance above.
Part 3: Certificate of 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 Parts 1 and 2 of this form (which replaces or amends the originals 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
Appendix 1: Guidance on Completing Part 1 of the Annex

Eligibility of expenditure

1 The table at Section A is for Learning and Skills Council (LSC) adult and community learning (ACL) revenue and capital allocations for the academic year ending 31 July 2006. The following notes are on eligibility of expenditure against these allocations.

Main adult and community learning grant

2 The funding allocation is made in accordance with the requirements set out in the LSC’s publication, Guidance for Local Learning and Skills Councils and Local Authorities on Planning, Funding and Allocations for Adult and Community Learning 2005/06 in conjunction with Community Learning Plans (ALP) 2003/04 which is still relevant, and in the Conditions of Funding (grant) agreement which is signed by the local authority and the LSC.

Family literacy, language and numeracy and family learning grant

3 Guidance on eligible expenditure continues to be set out in the Annex to the Adult and Community Learning Plans (ALP) 2003/04.

Adult ethnic minority achievement grant

4 In 2005/06 allocations for the adult ethnic minority achievement grant (AEMAG) were rolled up into main ACL allocations.

Neighbourhood learning in deprived communities

5 The background and funding criteria for both revenue and capital neighbourhood learning in deprived communities (NLDC) projects continues to be set out in the LSC’s Funding Guidance for Neighbourhood Learning in Deprived Communities 2005/06. This guidance was circulated to local LSCs and providers.

Copies are available to download from the LSC intranet site or on request to Joanne Bratby (email joanne.bratby@lsc.gov.uk).

Unspent balances

6 For all adult and community learning revenue funding, the balance of any unspent grant may be repayable to the LSC as set out in the LSC’s funding agreement with the local authority. The method of any recovery will be agreed by negotiation and may be through a reduction in the LSC’s allocation to the local authority during a funding year or by a repayment in cash.

7 In all circumstances the LSC will seek a recovery of funds where:
   • the three-year development 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.

Column descriptions in Part 1, Section A

8 Column 1 shows the individual LSC grant lines for ACL provision.

9 Column 2 is the balance of unspent grant, if any, brought forward from the local authority’s previous return to the LSC for that activity as at 1 August 2005. This column is not applicable for line 6 neighbourhood learning in deprived communities – capital.

10 Column 3 is the LSC’s gross allocation due for the year ending 31 July 2006 and invoiced by the local
authority to the LSC for that year. The allocation represents funds payable to the authority for the year and should include any amounts in respect of the 2005/06 academic year due from the LSC but not yet received by the local authority.

11 **Column 4** is the value of any repayments, if any, agreed with the LSC for under-performance in the 2002/03, 2003/04 and 2004/05 allocation years.

12 **Column 5** is the sum of columns 2 and 3 less column 4. It represents the total LSC funds available to the local authority for adult and community learning provision for the year to 31 July 2006.

13 **Column 6** is the local authority’s accrued expenditure on the adult and community learning activity funded by the LSC in the year to 31 July 2005. The expenditure shown should only include expenditure funded by the LSC. Expenditure funded from tuition fees and other income generated by local authorities’ adult and community learning activity should not be shown in this column.

14 **Column 7** is column 5 less column 6. This is the balance of funds available to the local authority for the financial year to 31 July 2006 that have not been spent by that date, if any. Only zero or positive balances, (that is, under-spending by the local authority) should be entered. This column is not applicable for line 6, neighbourhood learning in deprived communities - capital.
Appendix 2: Guidance on Completing Part 2 of the Annex

1. The LSC’s broad guidelines for eligibility of its capital funding covered by Part 2 of the Annex are given in Adult and Community Learning: Guidance notes on application for capital funds during 2003–04 (and onwards). Key sections of this guidance are reproduced below. Local authorities and their external auditors should also refer to the LSC’s funding letters to local authorities for details of the LSC’s specific conditions and purposes of each grant. The funding letters are supported by the local authority’s costed proposal for each grant applied for.

2. Local authorities are responsible for the submission of auditor-certified returns to the LSC under Part 2, Sections A and B only in respect of LSC funding paid to the local authority or its operations. This includes external institutions that the local authority maintains. Where the ‘main provider’ is not part of the local authority, for example a further education (FE) college, this funding is outside the scope of this Annex.


3. LSC Disability Discrimination Act 1995 and Special Educational Needs and Disability (DDA/SEND) Act 2001 funding is a contribution towards local authorities’ compliance with the requirements of these Acts. One way of achieving this compliance is for local authorities to implement the outcomes of their access audits.

4. Section A requires local authorities to complete three boxes, as described below.

5. Box 1 is for the total agreed allocation from the LSC. This should be as notified by the LSC in its funding letter.

6. Box 2 is for the cash received by the local authority in respect of the year to 31 March 2006.

7. Box 3 is for the local authority’s actual capital expenditure incurred on the adult and community learning activity funded by the LSC in the year to 31 March 2006. The expenditure shown should only include expenditure funded by the LSC.

Section B: Challenge Fund (major) capital works

5. Section B requires local authorities to write down the project costs, total LSC grant support and estimated project spend as given in their funding letter with the LSC.

6. Section B requires local authorities to complete three boxes as described below.

7. Box 1 is for the total agreed allocation from the LSC. This should be as notified by the LSC in its funding letter.

8. Box 2 is for the cash received by the local authority in respect of the year to 31 March 2006.

9. Box 3 is for the local authority’s actual capital expenditure incurred on the adult and community learning activity funded by the LSC in the year to 31 March 2006.
Projects eligible for LSC Challenge Fund (major) capital works funding could include proposals that would address:

- health-and-safety-related building repairs
- innovation or re-modelling of the curriculum
- growth to enable the provision of increased learner places
- widening participation
- improved facilities for learner support
- work to reduce running costs and increase the effective use of buildings
- schemes that develop effective and efficient dual use of premises for ACL and other educational purposes.