Guidance on LSC Audit Arrangements for EMA In FE (excluding E2E and PLP)

This document is of interest to providers delivering FE provision to 16-19 year old learners, local LSCs and other institutions involved in delivering post-16 learning (excluding E2E and PLP).

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Background

1. This paper provides guidance to providers on the proposals for LSC audit arrangements of Education Maintenance Allowance (EMA) paid to learners enrolled on FE provision. Separate audit guidance regarding Entry to Employment (E2E) and Programme Led Pathways (PLP) is available.

Methodology

2. In recognition of the need to minimise the administrative burden on providers, it is proposed generally to carry out LSC audit of EMA as an integral part of the existing audits at providers. Therefore, EMA audits will usually take place at the same time as:

- Data Audits at School Sixth Forms
- Learner Eligibility and Existence audits at Further Education Colleges
- Funding audits at FE Colleges that remain outside plan led funding

3. A short EMA audit programme has been developed which will be applied consistently at all providers that administer EMA payments. The audit programme involves an overview of the key controls over the administration of the EMA payments and testing of a sample of learners’ weekly and bonus payments.

Controls Testing

4. Through discussions with appropriate members of staff, LSC auditors will identify and evaluate controls over the management and administration of EMA payments by completing a short questionnaire. This will help the auditors to establish what controls are in place and how effectively they are working. The following key areas will be reviewed:

- General management and administration arrangements for EMA, including details of any off-site provision such as sub-contracting and the recording, input, storage and security of data relating to EMA payments including the EMASYS system.

- Ensuring that only eligible learners are enrolled by the provider. (2006/07 Education Maintenance Allowance Guidance for Providers, Section 4)
• Agreement and completion of EMA document Contract Part 1. 
  (2006/07 Education Maintenance Allowance Guidance for Providers, 
  Section 4)

• Agreement and completion of EMA document Contract Part 2. 
  (2006/07 Education Maintenance Allowance Guidance for Providers, 
  Section 4)

• Recording and reporting of attendance data, including authorised and 
  unauthorised absence, notification of payment/non-payment decisions. 
  (2006/07 Education Maintenance Allowance Guidance for Providers, 
  Section 5)

• Authorisation of EMA bonus payments to qualifying learners. 
  (2006/07 Education Maintenance Allowance Guidance for Providers, 
  Section 5)

• Advising and reporting to the Assessment and Payment Body (APB) of 
  any factors that may influence EMA payments or corrective actions. 
  (2006/07 Education Maintenance Allowance Guidance for Providers, 
  Section 5)

Substantive Testing of Transactions

5. A sample of payment transactions extracted from EMASYS will be tested 
   for validity to evidence held by the provider. These tests will cover the 
   same generic areas as the controls work detailed above, that is:

- General management controls and sub-contracting
- Eligibility
- Contract part 1
- Attendance recording
- Bonus payments
- Adjustments/recoveries
- Accuracy and reliability of data

Feedback and Reporting

6. LSC auditors aim to discuss audit findings with the auditee as the work 
   progresses and usually hold a formal meeting at the end of the fieldwork. 
   As well as detailing any findings, auditors will endeavour to support 
   providers by giving recommendations for improvement to processes and 
   controls if necessary.

7. Part of the rationale for the controls work referred to at section 3 above, is 
   to enable auditors to gain an understanding of how providers control the 
   administration of EMA payments to learners. Where errors are found,
auditors will try and identify where controls have broken down or failed to operate as intended, so that meaningful and value added recommendations can be made.

8. A formal audit report will be issued that covers all the audit work carried out, including EMA payments.

LSC National Audit Team contacts:

John.green@lsc.gov.uk
Paul.towers@lsc.gov.uk
Tim.turner@lsc.gov.uk

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