Learner Existence and Eligibility

I write to inform you of the latest policy development for assurance arrangements. With the end of the funding audit for most colleges and introduction of regularity audit we were aware that there were still some residual risks of learner non-existence and ineligibility. The Audit Code of Practice (ACOP) published in December 2004 indicated that we would develop a programme of work to address these areas and the LSC gave further information at its seminars held in February and March this year. I am now writing to further inform you of these developments.

Approach

The Learner Existence and Eligibility (LEE) approach is being developed with a working group of colleges and auditors to address these residual risk areas. The main focus of this work will be to determine if learners are legally eligible for LSC funding and that they have actually participated on their learning programme. There will also be an element of spot visits to provision delivered off-site through partner providers.

I want to stress this is not a reinvention of the funding audit. Although as audit work it inevitably shares some similarities, the approach is at a far higher level than the previous audit arrangements and is not centred round the technicalities of the FE funding methodology. This work will not lead to automatic recovery of funds but will be concerned with the loss, if any, to the public purse, of ineligible or non-existent learners. The review work will also pick up on some new areas of LSC interest. For example the work may look at eligibility for the LSC’s contribution towards the administration cost of Education Maintenance Allowances (EMAs), and learners’ entitlements to EMAs, certain other learner support funds and to level 2 learning.

Cycle and Duration of Audit

As indicated in the ACOP, under plan-led funding those colleges that manage their provision well will only need minimal and infrequent coverage of residual risks to existence and eligibility. To this end we have developed a risk model, which draws on a mixture of sources to determine how frequently a college would be visited under the LEE approach. We are consulting our working group on the development of these risk indicators, which will use information that is already known to colleges.

Based on profile of provision, performance at inspection and the assessment of control made in the last year of funding audit a college can expect to be audited on either a cycle that will be between annually and every 7 years.

Due to the nature of the work it is highly likely that the amount of fieldwork required will be kept to a minimum. We are currently assessing the number of audit days required for this approach and we are aiming to perform no more than 15 days’ work in respect of a large FE college considered at risk. This time allocation will include planning, fieldwork and reporting and most visits will be considerably shorter than this. Spot visits on delivery of
devolved provision may require additional work where colleges devolve significant provision

**Pilot for LEE Approach**

We have developed draft audit programmes for this approach, and will be piloting the programmes during the summer term at nine colleges across the country. The pilot will be carried out jointly between PFA and three appointed audit firms. We are now finalising award of tenders for this work.

We will be looking to the three audit firms to assist in the evaluation of the pilot and also to assist in the further development of the approach for 2005-06, along with the working group. Once development is complete we will publish the audit programmes on the LSC’s website.

If you require any further information regarding the LEE approach at this stage please contact Daniel Canham at daniel.canham@lsc.gov.uk or Lee Moorhouse at lee.moorhouse@lsc.gov.uk.