

ILR Funding Claims and Audit Returns 2010/11

This document sets out details of the funding claims required from colleges and other providers receiving adult learner responsive funding

December 2010

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paragraph number

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Executive summary

This document provides guidance for providers and explains how to make Skills Funding Agency funding claims for 2010/11. The document references other Funding Guidance documents for 2010/11.

Every provider receiving adult learner responsive funding is required to return to the Skills Funding Agency through the Data Service individual learner record (ILR) data returns. These data are then summarised in three funding claims for the year. With the introduction of the single budget for 2010/11, colleges¹ will need to include their 19+ Apprenticeship and their Train to Gain provision in the funding claims. Other providers² need only complete the adult learner responsive funding sections of the funding claims, as their employer responsive provision has separate reconciliation arrangements.

The Agency expects all providers to return a Mid-year funding claim in February 2011, a Year-end funding claim in September 2011 and a Final funding claim in November 2011. These funding claims are used to support the national funding models that determine future funding allocations.

Some providers will be subject to an audit of their adult learner responsive provision for the Final funding claim. Requirements in respect of these adult learner responsive audits are outlined in this document. This document does not address requirements in respect of audits of employer responsive funding which may be undertaken separately.

All **funding claims** should be sent electronically to the appropriate Skills Funding Agency mailbox as shown in **annex A** on the website. An original signed copy of the **Final funding claim** should be posted to the appropriate Skills Funding Agency office.

Funding adjustment/reconciliation approaches

For colleges¹, there will be no in-year performance management or reconciliation of the single budget: all reconciliation will take place at the final funding claim stage. For other providers², their adult learner responsive allocations will also be reconciled at the final funding claim stage; their 19+ employer responsive single budget will be reconciled in-year as set out in the separate published guidance. It is at the Agency's discretion as to whether any provider's allocation/maximum contract value is increased in year. There is no automatic payment for over-delivery and the Agency will not pay for any over-delivery on Train to Gain for any provider; colleges¹ only are able to offset over-delivery of adult learner responsive provision against employer responsive provision.

Status

For action.

Date for action

Table 1 of this document provides the deadlines for the various returns required from providers for 2010/11.

¹ Any Local Authority, Specialist Designated Institution, GFE College, Sixth Form College or Higher Education Institution with both Adult Learner Responsive and Employer Responsive funding, and funded through the Financial Memorandum or Conditions of Grant. Please refer to Guidance Note 4 for clarification.

² Any Organisation or employer directly funded through a Contract for Services. Please refer to Guidance Note 4 for clarification.

ILR Funding Claims and Audit Returns

Introduction

1. Every provider receiving adult learner responsive (ALR) or employer responsive funding is required to return to the Agency through the Data Service individualised learner record (ILR) data with reference to the 2010/11 funding allocation/contract.
2. The Agency expects all providers receiving ALR funding to return three funding claims for the academic year 2010/11:
 - a Mid-year funding claim in February 2011
 - a Year-end funding claim in September 2011
 - a Final funding claim in November 2011.

This document explains how to make the funding claims: the required returns and the timetable for them are set out below in **Table 1**. The various annexes attached to this document are outlined below in **Table 2**.

3. The format of the funding claim form for 2010/11 has changed to reflect the single budget for colleges¹ (encompassing ALR and 19+ employer responsive funding). Other providers² need only complete the ALR funding sections of the funding claim forms. There are reports within the Learner Information Suite (LIS) and the on-line data collection website (OLDC) to assist with the funding claims and copies of reports should accompany the completed funding claim forms. The funding claim form (at **annex A**) is available on the Agency website in the form of an Excel workbook.
4. For providers with ALR provision subject to audit, the relevant audit report may also be required with their return(s). In order to meet the returns timetable set out in Table 1, providers must ensure that their funding claims and ILR data are shared with auditors in time for the auditors to meet the return timetable. Funding auditors have requested that final data should be shared with them at least one month before the final claim is due, that is by **21 October 2011**. The funding claim form and audit opinion should be returned to the Agency in accordance with the timetable agreed between the provider, its funding auditors and the Agency. The Agency welcomes early returns, but **any agreed timetable must comply with the deadline for all returns set out in Table 1**.
5. The Agency will use ILR data returns and/or Mid-year funding claims to assess provider performance against funding allocations/contracts in-year. For colleges¹, there will be no in-year performance management or reconciliation of the single budget: all reconciliation will take place at the final funding claim stage. For other providers², their ALR allocations will also be reconciled at the Final funding claim stage; their 19+ employer responsive single budget will be reconciled in-year as set out in the separate published guidance. The performance management and reconciliation arrangements for 16-18 Apprenticeships in all providers and for 19+ employer responsive provision delivered by other providers² is [published separately](#).
6. The Mid-year and Year-end funding claims enable providers to adjust their ILR data and/or training provider statements (TPS) manually with their own assessment of their likely final out-turn, taking account of any necessary manual adjustments and of learner activity not yet recorded on their ILR/TPS. This lets providers update the

Agency with the latest available data and assists the Agency in being more consistent with its own mid-year monitoring for 2010/11 and in reviewing agreed allocations for the year. The Mid-year funding claim will be used to inform the following year's ALR allocation (and for colleges¹, next year's employer responsive contract) as set out in Guidance Note 4 (June 2010).

7. The Mid-year and Year-end funding claims do not require a signature and may be sent to the Agency by email. All Final funding claims must be appropriately signed as they form part of the Agency's assurance arrangements to the National Audit Office and will be used by the Agency in monitoring performance by colleges¹ and other providers² for 2010/11. **All funding claims must be accompanied by the appropriate LIS/OLDC reports.**

Deadlines for returns

Table 1: Deadlines for ILR funding claims and audit returns 2010/11

Return due	Deadline (with associated ILR deadlines)
Annex A: Mid-year funding claim plus LIS/OLDC reports	14 February 2011 (The latest return date for LR02 is 14 February 2011 whilst for ER06 it is 4 February 2011.)
Annex A: Year-end funding claim plus LIS/OLDC reports	5 September 2011 (The latest return date for LR04 is 5 September 2011 whilst for ER12 it is 4 August 2011.)
Annex A: Final funding claim plus LIS/OLDC reports	21 November 2011 (The hard-close return date for LR05 is 21 November 2011 whilst for ER13 it is 11 November 2011.) (The Final funding claim must match ILR LR05 and, for colleges ¹ , ER13 return for 2010/11 and it must be signed by the Head of Institution. See also annex B paragraphs 18 to 21.) Providers with ALR funding subject to audit should also see paragraphs 4 and 8.
ALR provision: exceptional additional learner support cost forms for claims over £19,000	All final additional support cost claims above £19,000 must be returned to the Agency by no later than 21 November 2011. Providers intending to make such claims should first read paragraph 22 in this document.
Annex C: Report of auditors on adult learner responsive Final funding claims	As specified by the Skills Funding Agency on an individual provider basis. Where requested, all audit reports on individual funding claim returns must meet the claim return deadlines set out above.

Table 2: Explanatory annexes to this document

Annex	Description	Applies to...
A	ILR Funding Claim 2010/11: Mid-year Estimate / Year-end Estimate / Final funding claim	... all providers
B	Guidance on Completing ILR Funding Claims 2010/11	... all providers
C	Report of Auditors on ALR final returns 2010/11	... all relevant providers

8. Some providers with ALR funding will be subject to an audit of their Final funding claim for 2010/11. Those providers are reminded that their data should be ready for audit no later than **21 October 2011** and their auditors are reminded that their opinion should be returned with the provider's Final funding claim to the Agency by no later than **21 November 2011**. Providers should be aware that, if the auditors qualify their ALR claim, this may have a bearing on their Final funding claim and the recovery of funds.

Arrangements

9. All providers with ALR funding should use the claim form at **annex A**. Guidance on completing the forms is set out at **annex B** and providers should use the reports within the LIS/OLDC to assist in their completion. All providers should send copies of these LIS/OLDC reports with each funding claim. The Agency will issue estimated reconciliation statements to all providers on the basis of their Year-end funding claims and final reconciliation statements on the basis of the Final funding claims. These statements will advise any recovery of funds. Colleges¹ and their financial statement auditors will be able to use these documents to assist in completing the college's financial statements.
10. Providers are reminded that timely and accurate ILR data must be sent via the web portal to the Data Service. In completing the funding claims, providers must use the latest available version of the LIS and, for final claims, the Learning Aim Database (LAD) dated 1 October 2011 or later. Specific ILR data returns and training provider statements (TPS) form the basis for the three funding claims; the relationship between ILR/TPS returns and funding claims is shown in the table below.

Table 3: ILR returns and funding claims 2010/11

Funding claim	ILR returns which applies for...	
	... colleges ¹	... other providers ²
Mid-year funding claim	LR02 ER06 and T06	LR02
Year-end funding claim	LR04 ER12 and T12	LR04
Final funding claim	LR05 ER13 and T13	LR05

11. The Agency expects cash generated from ILR LR05 and/or ER13 and/or T13 to be consistent with the Final funding claim. Manual adjustments to the Final funding claim are only expected in exceptional circumstances. Providers are reminded that they should run the relevant data self-assessment toolkit (provider DSAT) reports that are relevant to their own provision and data to verify their own data during the year. For providers with ALR provision subject to audit, it is strongly recommended that the DSAT reports are run and errors cleared prior to data being provided for audit.

Report of auditors on ALR final returns

12. For 2010/11 ALR provision, Agency-contracted auditors are asked to use the 'audit opinion' supplied to them under their contract with the Skills Funding Agency. This will be similar to that shown at **annex C** but the exact wording will reflect the contract agreed between the Agency and the appointed audit firm.
13. The National Audit Office and the relevant Government Department(s) are closely monitoring the Agency over the timeliness of returns and it is essential that all providers and auditors meet the return deadlines.

Purpose of Mid-year and Year-end funding claims

14. The purpose of these funding claims is to assist the Agency in assessing providers' performance against their funding allocations/contracts and in managing the Agency's overall budget. Whilst ILR data forms the initial basis of these funding claims, providers may adjust their Mid-year and Year-end funding claims with their own assessments of their likely final out-turn, taking account of any necessary manual adjustments and learner activity not yet recorded on their ILR/TPS. This should ensure that the Agency is aware of the total funding likely to be generated in the year by providers and not just the activity already generated on early ILR/TPS returns. The reconciliation statements issued by the Agency after the Year-end and Final funding claims should assist providers in preparing their financial statements for 2010/11 and help the Agency in preparing its own accounts.

Purpose of Final funding claim

15. The purpose of the Final funding claim is to provide the Agency with an assurance statement by the relevant accounting officer over the regularity of the provider's funding claim and ILR/TPS data returns. The Final funding claim, which includes final ILR adjustments and may exceptionally include manual adjustments, should be signed off as being materially accurate. This also enables the Agency and the provider to have an agreed final out-turn that enables comparison of out-turn to allocation for providers individually and collectively. The Final funding claim replaces the Mid-year/Year-end funding claims.
16. The Final funding claim will also determine whether any funds paid for 2010/11 will be adjusted for retrospective clawback adjustments. (For colleges¹ this includes ALR funding and employer responsive provision within the single budget; for other providers² this will only cover their ALR funding as their 19+ employer responsive funding is subject to separate arrangements.) The Agency expects the overall total of funding claimed to be consistent with any financial provision being made by the provider in its financial statements.

Purpose of the report of auditors on the ALR final returns

17. The purpose of this 'audit opinion' is to provide the Agency with supplementary assurance over the ALR funding claimed by providers. It provides the Agency with the assurance it needs for its own accounts that the funding claimed by providers poses no risk to public funds. Where required, this 'audit opinion' also provides the Agency with a final opinion on a provider's ALR funding entitlement for 2010/11 to enable the Agency to give an assurance to the provider and its financial statements auditor on the expected final funding position for the year 2010/11.

Adjustments to payments

18. For the purposes of calculating payments to colleges¹ or other providers², the Agency will calculate the performance of each institution in 2010/11 as described in this document and in the other *Funding Guidance 2010/11* booklets and, in particular, by comparing the provider's eligible funding total with the funded cash in the provider's funding allocation and agreement. Additional learning support within ALR funding is not subject to reconciliation.
19. The Agency will not fund any growth for providers delivering more than their ALR funding allocation or their Train to Gain allocation. For colleges¹, under- or over-performance of the ALR provision may be offset against employer responsive provision within the single budget. For other providers², under-performance for Train to Gain may be offset against over-performance for employer responsive provision within the single budget but ALR provision is not included within the single budget and is therefore reconciled separately. The performance management and reconciliation arrangements for 16-18 Apprenticeships in all providers and for 19+ employer responsive provision delivered by other providers² is published separately:
20. For colleges¹, there is no tolerance for overall under-performance within the single budget at the Final funding claim stage. For other providers², there is no tolerance for ALR funding at the Final funding claim stage. Further advice is available in the Agency guidance notes on our [website](#).
21. The Final funding claim replaces the Mid-year/Year-end funding claims. The final adjustment of funds for underperformance in 2010/11 will usually be determined using ILR LR05 and, where appropriate, ER13/T13, the Final funding claim (taking account of any audit qualifications) and, in exceptional circumstances, the results of any separate audit or Agency investigation. Any recovery of funds due to under-performance will be profiled for adjustment in **December 2011**.

Exceptional additional learning support claims over £19,000

22. Providers wishing to claim for exceptional additional learning support (that is, claim more than £19,000) for ALR provision should read section 7 of the *Adult Learner Responsive Funding Requirements 2010/11* and note the requirement to apply in advance for approval-in-principle to the exceptional costs, the mechanism for doing so and for making a final claim. The final claim is due by 21 November 2011 as noted in Table 1 above.

ILR FUNDING CLAIM 2010/11:

Mid-year funding claim

Provider name	Casterbridge Community College
Provider type	College, local authority, etc (1)
UKPRN	98735432

Please read the covering document ILR Funding Claims and Audit Returns before completing this form. Include the relevant LIS LR Funding Claim Report and Provider Financial Report with this claim form.

		Actual delivery year to date (ILR, TPS)	Forecast delivery for remainder of year (3)	Audit or Agency adjustments not included in ILR/TPS (4)	Actual or forecast out-turn for the whole year
Colleges	A	19-24 Apprenticeships (4,5)	£0 £0 £0	£0 £0 £0	£0 £0 £0
		Total funding			
		Programme funding			
		ALS			
	B	25+ Apprenticeships (4, 5)	£0 £0 £0	£0 £0 £0	£0 £0 £0
		Total Funding			
	Programme funding				
	ALS				
C	19+ Apprenticeships (4, 5)	£0	£0	£0	£0
	Learner support				
D	Train to Gain (4, 5)	£0 £0 £0	£0 £0 £0	£0 £0 £0	£0 £0 £0
	Total funding				
	Programme funding				
	ALS				
	Learner support				
E	Adult learner responsive provision (excluding ALS) (6, 7)	£0	£0	£0	£0
All providers	Programme funding				
Single budget (ALR, ER) summary for colleges (1) [A + B + C + D + E]		£0	£0	£0	£0
All providers	Adult learner responsive provision	£0	£0	£0	£0
	ALS low cost formula funding				
	ALS (8, 9)	£0	£0	£0	£0
	ALS high cost				
	ALS total	£0	£0	£0	£0

See NOTES worksheet for footnotes and guidance

ILR FUNDING CLAIM 2010/11:

Mid-year funding claim

Provider name	Casterbridge Community College
Provider type	College, local authority, etc (1)
UKPRN	98735432

Mid-year estimate and/or year-end estimate

Estimates need not be signed and should be sent electronically to the notified email address for the appropriate email address for the appropriate Skills Funding Agency office.

Final claim

The head of the college or other provider (or in the case of HE institutions, the person with responsibility for Agency funded provision in the institution) must sign the declaration form below for all Final funding claims. A signed hard copy of the final claim, comprising BOTH parts, must be sent by post to the appropriate Skills Funding Agency office or, when an audit opinion is required, to the relevant auditor.

Declaration

I certify that, to the best of my knowledge, this funding claim has been calculated from data correctly extracted from the records of the college/other provider, which accurately reflect enrolments during 2010/11, in accordance with the guidance and definitions set out in the booklets that make up Skills Funding Agency Funding Guidance 2010/11 and any other relevant guidance.

I also certify that, to the best of my knowledge, the funding claim is free from misstatement, whether caused by fraud or by other irregularity or error, and also complies with the guidance given in the booklets that make up Skills Funding Agency Funding Guidance 2010/11.

The head of the college or other provider must sign below.

Signature (principal or head of college/provider):

Name (please print):

Position:

Date:

Annex B: Guidance on Completing ILR Funding Claims 2010/11

Introduction

1. The funding claim at **annex A** should be completed so that the Agency can monitor performance against each type of allocation. Providers are also able to adjust their claim where the data does not reflect the full year's activity. Funding claims for any additional types of allocation reconciled through the individualised learner record (ILR) should comply with the additional guidance given by the Agency. While none is known at the time of writing this document, any necessary guidance will be included in a later release of this document. As stated in paragraph 5 of the main part of this document, the funding claims will also be used as part of the discussions between the Agency and providers as to the possible impact if a similar allocation and out-turn took place in 2011/12.
2. All providers are asked to indicate, on **annex A**, the total cash that they have delivered for the academic year 2010/11 as recorded in their ILR data returns, with manual adjustments where appropriate, and for this reason all funding claims for 2010/11 must be returned as set out below.

Learner information suite, learning aims database and on-line data collection website

3. Providers must use the latest version of the learner information suite (LIS) provided by The Data Service: for 2010/11 this is series 18. If a later version than 18.02 is available on the website at the time of compiling the funding claim, then that most recent version should be used. This will have a suffix number .02 or greater. If the version to be used in Final funding claims is not 18.02, the Agency will notify the final version number on its website before the Final funding claims are due to be returned. The relevant report within LIS is the LR Funding Claim Report (for adult learner responsive provision).
4. Within the on-line data collection website, colleges¹ should request a provider financial report (PFR) based on the appropriate ER data collection and use that to complete the employer responsive sections of the funding claim.

On part 1 of the funding claim the column headed 'Actual delivery year to date (ILR/TPS)' must exactly match the LIS/PFR report. Every funding claim must be accompanied by a copy of the LIS/PFR report.

5. Providers must use the latest available version of the Learning Aim Database (LAD) for their Mid-year and Year-end funding claims. Final funding claims that use any LAD version dated from 1 October 2010 to 21 November 2011 will be valid, as no changes to existing records in the LAD for 2010/11 are expected between these dates. It is, however, possible that new records for 2010/11 may be added after 1 October 2011, where a permanent code has been requested. No version of LAD after 21 November 2011 may be used for the Final funding claim.
6. Funding auditors have been asked to use the same versions of the software when checking providers' adult learner responsive (ALR) Final funding claims. For all Agency funding audits the 2010/11 audit of learner numbers is based on their ILR data return.

Completing the funding claims

Part 1 Funding claim form

7. Colleges¹ should complete all sections of Part 1:

- A: 19-24 Apprenticeships
- B: 25+ Apprenticeships
- C: 19+ Apprenticeships learner support
- D: Train to Gain
- E: Adult learner responsive provision (excluding additional learning support)
- F: Adult learner responsive provision additional learning support (ALS).

For colleges¹, sections A to E form the single budget and a subtotal is included after section E. Where a college¹ has no provision in a particular budget line, the form should be completed with '0' (zero).

8. Other providers² should complete only sections E and F of Part 1:

- E: Adult learner responsive provision (excluding additional learning support)
- F: Adult learner responsive provision additional learning support (ALS).

Where a provider has no provision in a particular budget line, the form should be completed with '0' (zero).

Actual delivery year to date (ILR/TPS)

9. For all providers, the column headed 'Actual delivery year to date (ILR/TPS)' must exactly match the LIS/PFR report:

- LR Funding Claim Report (for ALR provision)
- WBL/ER Provider Financial Report (for employer responsive provision).

Forecast delivery for remainder of year

10. In this column providers should enter any manual adjustments to the actual delivery year to date. For example if the actual delivery year to date is £100,000 but the provider estimates its total out-turn for the year to be £150,000, then £50,000 should be entered in the 'Forecast delivery' column. Conversely if the provider considers the ILR/TPS overstates their current position then a negative value should be input in the 'Forecast delivery' column. Where a provider is not making a manual adjustment for a particular budget line, the form should be completed with '0' (zero). (See paragraphs 16 and 17 below for further guidance on ALS.)

11. Providers are not expected to input anything in the 'Forecast Delivery' column when completing their Final funding claim. The ILR/TPS should be complete and accurate at that point. The 'Forecast delivery' column should only be completed in exceptional circumstances at the Final funding claim stage.

12. Before contacting the Agency, providers with ALR funding subject to audit are asked to discuss with their funding auditor instances where they wish to make a manual adjustment in the Final funding claim. The Agency expects funding auditors to pay particular attention to any such manual adjustment requests made by providers.

Audit or Agency adjustments

13. Audit or Agency adjustments may be made to reduce ALR funding in the following circumstances:
 - a. to reflect errors in a provider's claim or the lack of an adequate audit trail;
 - b. to remove funding for ineligible learners or programmes;
 - c. to remove funding for learners duplicated either in other funding streams or other provider's claims.
14. It is appropriate to reduce ALR claims where the Agency agrees that the provider need not also amend the underlying ILR data, to save the provider unnecessary bureaucracy in reducing their funding claim. In some cases the adjustment may involve a number of separate calculations which must be itemised and described and agreed in advance with the Agency. For employer responsive provision, where an audit adjustment has already been entered via TPS, then it should not be replicated in this column (as that would double-count the reduction), but audit adjustments not yet entered on TPS may be included if that is appropriate.
15. All adjustments in this column must be negative figures. The Agency requires providers to amend their ILR/TPS for any positive adjustments.

Section F: Adult learner responsive provision (ALS) low cost formula and high value claims

16. As part of its ALR allocation, each provider has funding for programme delivery and for ALS. For each provider the low cost ALS funding will be generated using historic ALS funding per standard learner number (SLN), based on ILR data. In Part 1 of the funding claim form the following data should be entered into the ALS rows:
 - a. ALS low cost formula funding
this figure will be shown on the LIS LR Funding Claim Report. The 'Forecast delivery' column should only be completed if the out-turn SLNs are under- or over-stated in the LIS report, in which case the funding may be adjusted using the ALS per SLN figure;
 - b. ALS high cost
this figure is shown on LIS LR Funding Claim Report and is calculated from ILR field L31 and includes all ALS costs above £5,500 entered on the ILR. The 'Forecast delivery' column should only be completed if not all ALS costs are recorded in the ILR data. This information should assist both the Agency and providers in determining appropriate future negotiated ALS allocations.
17. The YPLA has funding responsibility for learners with learning difficulties and/or disabilities who are aged 19 to 24 and whose ALS costs are greater than £5,500 and these learners should not be included in claims to the Skills Funding Agency.

Part 2 Declaration

18. Mid-year and Year-end funding claims do not have to be signed and should be returned electronically to the Agency via the email addresses shown on the funding claim form.
19. **Final funding claims must be signed by the principal or head of the institution and the hard copy with original signature must be sent to the Agency.** In the case of higher education institutions, the person with equivalent responsibility for

further education in the institution should sign the Final funding claim form. Colleges¹ or other providers² and funding auditors are reminded that the Final funding claim forms returned by the funding auditor to the Agency should contain an original signature, not a photocopy or facsimile.

20. The principal or head of the institution is required to certify that, to the best of his or her knowledge, the funding claimed has been calculated from data correctly extracted from the institution's records, which accurately reflect enrolments during 2010/11, in accordance with the guidance and definitions set out in the various documents that make up *Funding Guidance 2010/11* and other relevant guidance.
21. They also certify that, to the best of their knowledge, the final funding claim is free from misstatement, whether caused by fraud or by other irregularity or error, and that it complies with all the relevant guidance provided by the Agency, including that given in this document. This statement is now particularly important for providers not subject to a funding audit as the Agency has no separate assurance from any independent audit opinion on its funding claim.

Annex C: Report of auditors on ALR final returns 2010/11

Reference: ILR Funding Claims 2010/11

Please return this form to the Skills Funding Agency.

This form is only for use by Agency-contracted Funding Auditors or Provider Financial Assurance.

This form must be returned to the Agency no later than 21 November 2011.

Name of provider in 2010/11 <i>(please print):</i>	
UKPRN code in 2010/11 <i>(please print):</i>	

The statement of responsibilities and the basis of our opinion apply to all sections of the audit report (all sections should be completed by the institution's external financial statements auditors).

This report is made solely to the Skills Funding Agency in accordance with the terms of our engagement. It has been released to the Skills Funding Agency on the basis that this report shall not be copied, referred to or disclosed, in whole (save for the Skills Funding Agency's own internal purposes) or in part, without our prior written consent. We acknowledge that the Agency will disclose this report to the Governing Body of the relevant Provider ('the Governing Body' and 'the Provider'), to enable the Governing Body to verify that an auditor's report to the Agency has been commissioned by the Skills Funding Agency and issued in accordance with the requirements of the Chief Executive and Skills Funding and the YPLA's *Joint Audit Code of Practice* issued in 2010 and to facilitate the discharge by the Skills Funding Agency of its functions in respect of the Provider.

During our work referable to this report, we may have communicated with the Governing Body but any such communications will have been made (i) without assuming or accepting any responsibility or accepting any liability to the Governing Body or the Provider in respect of our work for the Skills Funding Agency, and (ii) solely for the purposes of obtaining information relevant to our work for the Skills Funding Agency and not for the purpose of establishing any form of relationship with the Governing Body or the Provider that might give rise to duties and responsibilities in respect of our work for the Skills Funding Agency being extended to the Governing Body or the Provider.

Our work has been undertaken so that we might state to the Skills Funding Agency those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Skills Funding Agency for our work referable to this report, for this report, or for the opinions we have formed.

Statement of responsibilities

The Principal/head of the institution certifies that the funding claimed has been calculated from data correctly extracted from the Provider's records, which accurately reflect enrolments during 2010/11 in accordance with the guidance and definitions as set out in the booklets that make up the Skills Funding Agency's *Funding Guidance 2010/11*, together with other relevant guidance. Our responsibility, as the Skills Funding Agency's contracted funding auditors, is to form an independent opinion, based on our work on the funding claim, and to report our opinion to the Skills Funding Agency.

Basis of our opinion

We have performed those procedures, specified by the Skills Funding Agency on the LR04/LR05* ILR return (**delete as appropriate*) for (*insert name of provider*)

The specific procedures performed, which do not constitute either an audit or a review, are set out below.

Substantive testing on a sample of (*insert sample size*) learners selected from the Provider's LR04 data provided to us on (*insert date*) using the Skills Funding Agency's provider data self-assessment toolkit (PDSAT) software. The substantive tests undertaken were those prescribed in the audit programmes issued by the Skills Funding Agency for 2010/11.

We ran and examined PDSAT reports and requested management to provide sufficient evidence and explanations where necessary.

We did not undertake any risk assessment of the Provider's activity.

We did not consider the adequacy of controls necessary to secure propriety, economy, efficiency and effectiveness in the areas of the learner numbers system and did not seek to confirm that Provider management has taken the necessary steps to achieve these objectives and manage the associated risks.

We did not undertake any review or testing of the Provider's systems underlying the production and maintenance of the Provider's LR04/LR05.

Opinion

We have examined the adult learner responsive funding of £ (excluding additional learning support) recorded on the ILR Funding Claim: Final Claim 2010/11 returned by the above Provider to the Skills Funding Agency, and have carried out a programme of tests on a sample basis in accordance with the Skills Funding Agency's audit approach and guidelines.

Delete all but one of sub-paragraphs (a) to (e) below.

- a. The opinion has been submitted to the Agency by 21 November 2011, we have no comments on the audit, and . . .

- c. Subject to the amendments show in red on the attached copies of the ILR Funding Claim: Final Claim and/or LR Funding Claim Report, and subject to the comments in the attached report dated . . .

- e. As explained in the attached report dated we cannot confirm that . . .

. . . in our opinion, in all material respects, the Provider's ALR Final funding claim has been properly compiled in accordance with relevant guidance issued by the Skills Funding Agency. The relevant guidance is specified in the documents that make up the Skills Funding Agency's *Funding Guidance 2010/11*.

An authorised auditor must sign below and provide the relevant details requested.

Signature:

Audit firm (*please print*):

Contact name (*please print*):

Contact telephone number:

Date:

Attachments

	Yes	No	N/A
Original form <i>ILR Funding Claim 2010/11</i>			
Part 1 Funding claim form	<input type="checkbox"/>	<input type="checkbox"/>	
Part 2 Declaration	<input type="checkbox"/>	<input type="checkbox"/>	
LR Funding Claim Report	<input type="checkbox"/>	<input type="checkbox"/>	
WBL/ER Provider Financial Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Copy of management letter	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>Please ensure that all the above documents are returned (including returns where applicable) and that any amendments to forms, where made by the auditor, are written by hand in red ink on the attached copies.</p>			

Management letter

	Yes	No
Issues relevant to this report are included in a separate management letter and attached to this report.	<input type="checkbox"/>	<input type="checkbox"/>
A separate management letter will follow this report.	<input type="checkbox"/>	<input type="checkbox"/>

Skills Funding Agency

Cheylesmore House

Quinton Road

Coventry CV1 2WT

T 0845 377 5000

F 024 7682 3675

www.bis.gov.uk/skillsfundingagency



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