



11 June 2010

Dear Colleague

**Joint Audit Code of Practice: Part 1**

The consultation on Part 1 of the Joint Audit Code of Practice (the Joint Code) closed on 12 March 2010 and the results have been evaluated. Eighty responses to the consultation were received, including from 13 local authorities, 47 further education colleges, 12 sixth form colleges, with the balance from other stakeholders including the Association of Colleges, CIPFA, the Audit Commission, the National Audit Office and audit firms.

The responses to the consultation (summarised at annex A to this letter) indicate that there is overwhelming support for the key elements of the proposed assurance arrangements. 98 per cent of respondents agreed to the need for a Joint Code, which covers all types of learning provider, based on the principle of one provider, one funding assurer.

We are therefore pleased to confirm that Part 1 of the Joint Code as published for consultation became effective from 1 April 2010.

We recognise that practical implementation of the high-level assurance arrangements set out in Part 1 of the Joint Code will be challenging. The arrangements represent an innovative and unique partnership for streamlining audit requirements between local and central government. This will require an unparalleled level of close and co-operative working between the Skills Funding Agency, the Young People's Learning Agency (YPLA) and local authorities. However, we believe that the benefits of successful implementation of the Joint Code are in the interests of all parties in the sector and we commit ourselves to working to ensure that this happens.

There is further work to do to define the more detailed audit arrangements which will need to be in operation to ensure that appropriate assurances can be provided by the new system. These will be set out in Part 2 of the Joint Code which will be developed and consulted upon later in 2010. Responses to the consultation on Part 1 provided a variety of viewpoints on what level of guidance should be issued to learning providers on assurance matters. We will look at this issue as Part 2 is developed.

In the meantime the arrangements for internal audit and financial statements audit for further education and sixth form colleges, together with arrangements for college audit committees, set out in the existing Audit Code of Practice will remain in force until Part 2 of the Joint Code is published. Regularity audit arrangements for colleges also remain in place, with the rights and obligations of the former Learning and Skills Council being transferred to the Skills Funding Agency and local authorities for further education and sixth form colleges respectively.

Please direct any queries you may have about the implementation of Part 1 of the Joint Code to [Pauline Tiller](#), Director of Provider Financial Assurance at the Skills Funding Agency or [Phil Eames](#), Head of Assurance at the YPLA.

Yours sincerely



John Freeman  
Local Government Association



Geoff Russell  
Chief Executive of Skills Funding  
Department for Business, Innovation and Skills



Peter Lauener  
Chief Executive  
Young People's Learning Agency

**Annex A**

**Summary of the responses received to the Joint Audit Code of Practice consultation**

Question 1: Should there be a Joint Audit Code of Practice for the SFA, YPLA and Local Authorities?	Yes 78 98%	No 0 0%	No opinion 2 2%	
Question 2: Should it cover all types of learning provider?	Yes 78 98%	No 0 0%	No opinion 2 2%	
Question 3: Do you agree with the principle of one provider, one funding assurer?	Yes 78 98%	No 1 1%	No opinion 1 1%	
Question 4: What level of guidance should the SFA, YPLA and Local Authorities issue to learning providers on assurance matters?	Detailed requirements 12 15%	Detailed guidance 26 32%	Outline guidance 14 18%	The minimum necessary 20 25%*
Question 5: Should assurance work be consistent for similar types of learning provider, and proportional in approach (that is, with lower risk providers receiving less assurance coverage)?	Yes 77 96%	No 2 3%	No opinion 1 1%	

\*

10% of the responses to Q4 expressed no clear opinion