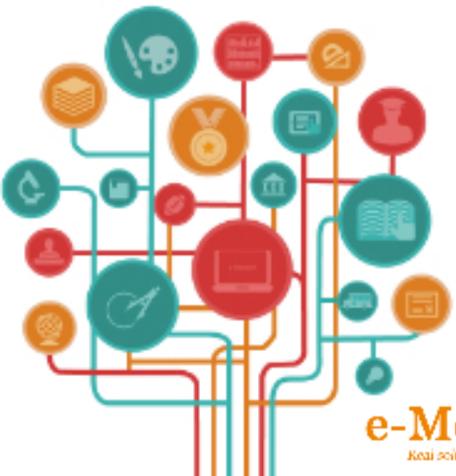


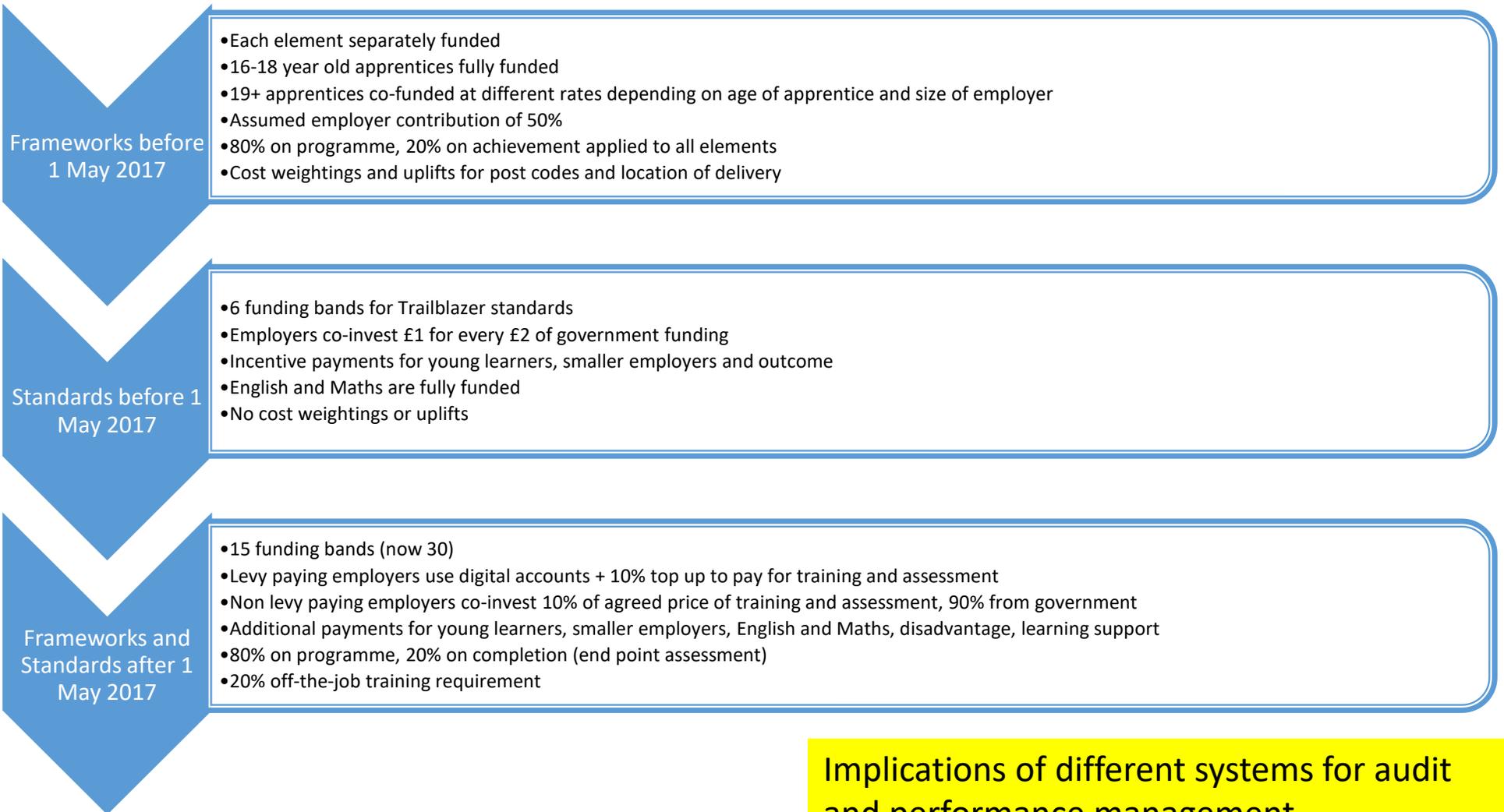
Audit of apprenticeship activity: an introductory look at the key aspects of the audit of apprenticeships.

Beej Kaczmarczyk

November 2018



Funding of apprenticeships

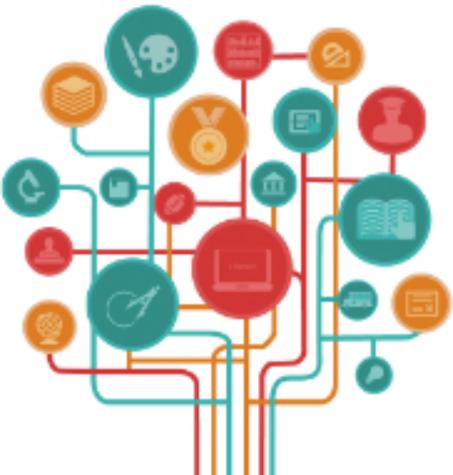


Implications of different systems for audit and performance management



Audit approach to apprenticeships

- ESFA publishes the parameters by which learning providers are audited
- All funded provision is in scope for audit:
 - AEB / Adult Learning Loans
 - 16-19 Study Programmes
 - Apprenticeships –
 - Pre and post May 17
 - Levy and non-levy



Apprenticeship funding rules for training providers

August 2018 to July 2019

Version 1

This document sets out the funding rules for all training providers delivering apprenticeships from 1 August 2018 to 31 July 2019.

July 2018

Of interest to colleges, training providers, higher education institutions and employers delivering training to staff outside of their organisation.

Apprenticeship performance-management rules for training providers

August 2018 to March 2019

Version 1

This document sets out the performance-management rules for all training providers with non-levy procured funding and apprenticeships carry-in funding.

August 2018

Of interest to colleges, training providers, higher education institutions and employer-providers.

Financial Assurance: Monitoring the funding rules for apprenticeships and adult skills for 2018 to 2019

Version 1

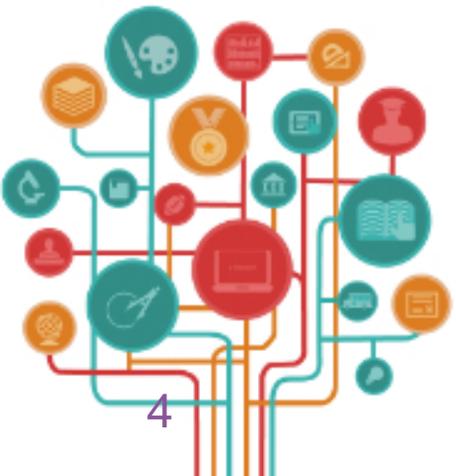
This document sets out the details of the monitoring work for providing financial assurance for the 2018 to 2019 funding system.

August 2018

Of interest to colleges, training organisations and employers.

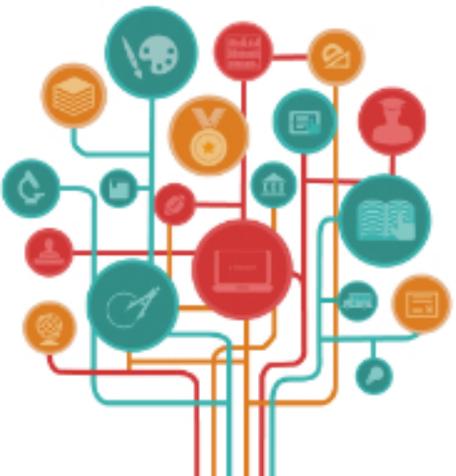
Apprenticeship training started before May 2017 – all employers

- Apprentices who were accepted on to an apprenticeship programme before May 2017 are funded for the full duration of the apprenticeship under the terms and conditions that were in place at the time the apprenticeship started.
- Existing contracts were to continue to conclusion
- This is the case for apprentices following programmes underpinned by both apprenticeship ‘frameworks’ and new ‘apprenticeship standards’. Where the apprenticeship requires the employer to make a payment to the provider or to the ESFA, this continues at the same rate.
- If the employer pays the apprenticeship levy they are NOT able to use the funds in their digital account to pay for these apprenticeships.



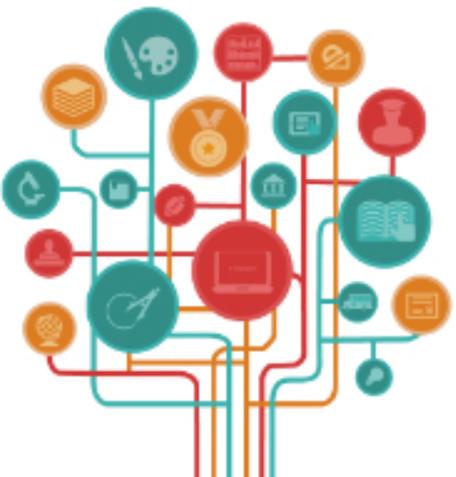
Earnings from apprenticeships

	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Apprenticeship Instalments	X	X	X	X	X	X	X	X	X	X	X	X	
Apprenticeship Completion													X
F'work uplift instalments	X	X	X	X	X	X	X	X	X	X	X	X	
F'work uplift completion													X
Additional payments			X									X	
English instalments			X	X	X	X							
Maths instalments							X	X	X	X			
Learning support													



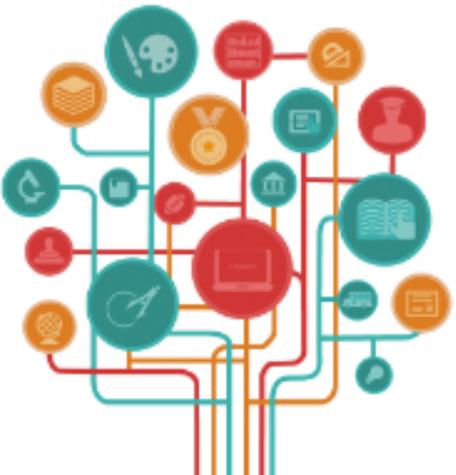
Compliance with regulations

- Compliance with funding rules and guidance
- Documentation for new starts – information in the evidence pack
- Contracts with employers, subcontractors and assessment organisations
- Clarification of ‘normal working hours’ and 20% off-the-job
- Changes to ILR for the information required and better links needed with finance and e-portfolio – single system approach
- Transparent information to employers, particularly on learner progress
- Timeliness of paperwork from assessors/workplace tutors
- Apprenticeship service data and payment – matching data with ILR, e.g. ULNs, UKPRNs, negotiated prices, framework or standard references



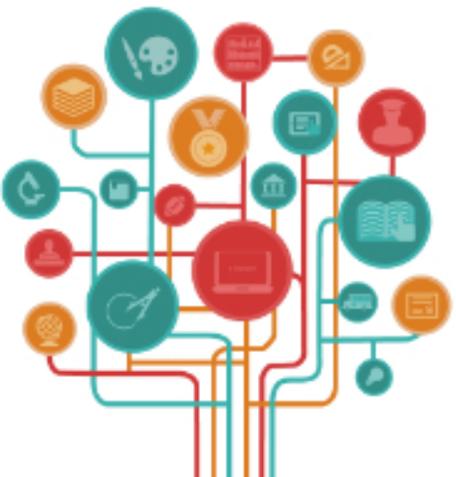
Essential audit rules

- Auditors are interested in evidence to support testing
 - Learner files, signatures, dates
 - Certificates, contracts of employment
- New to audit is evidence of employer contribution payments
- Selection of providers for audit is a mixture of those considered as a 'risk' and those that have been selected at random



What are auditors looking for?

- Adjustments for prior qualifications – progressing from level 2 to 3 (evidence must be valid and available for proxies/relaxations)
- Apprenticeship AGE Grants – evidence to support claim (completed form)
- If breaks in learning take place ensure they are appropriate and when learners return that adjustments in funding are completed, restart indicator flagged and enhanced funding indicator used if required
- If learning support is claimed ensure you have the assessment of need, plan of delivery of support and evidence that support is provided
- Start and end date need to be accurate – evidence of learning activity on start date
- Withdrawals must be accurately recorded due to funding implications



Post May 2017 starts

New audit approach for all starts post 1 May 2017

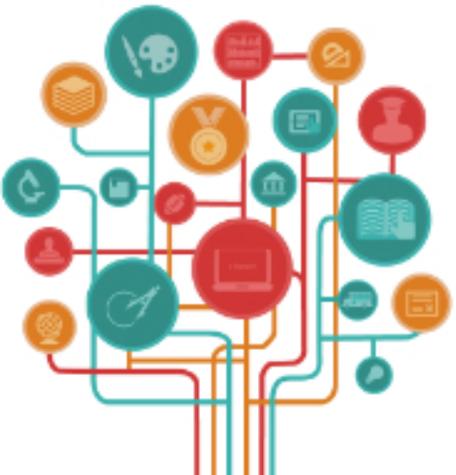
Some overlap with existing audit arrangements

- Eligibility
- Age
- Employed status
- Employment hours
- Apprenticeship Training Agencies
- Duration
- Delivery location
- Distance learning
- Breaks in learning
- Learning Support
- Start and end dates plus activity
- Achievement



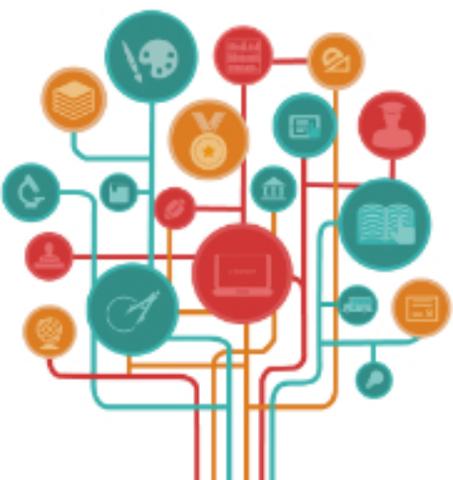
Changes to Audit of Apprenticeships

- **Negotiated price**
- English and Maths
- Written agreement and commitment statement
- **Payment of employer co-investment**
- Payment of price over funding band maximum
- **Additional payments for 16-18 or 19-24 with EHCP**
- **Small Employer – co-investment waiver**
- Completion and end point assessment



Monitoring apprenticeships from 1 May 2017

No.	Apprenticeships area	Policy rules	Changes from 2017 to 2018
11	Small Employer Waiver	<p>All references to an 'employer' are in relation to the whole organisation and not individual sites or locations, groups, and companies linked by directors.</p> <p>Before any apprenticeship starts, you must have evidence that the apprentice and employer are eligible for the waiving of the employer contribution. The employer must provide evidence that they employed an average of 49 or fewer employees in the 365 days before the employer recruited the apprentice and you must keep this in the evidence pack.</p>	No change
12	Recording co-investment payments	Where apprenticeship training is not funded from the employer's apprenticeship service account (for non-levy paying employers and levy paying employers with insufficient funds), employers must co-invest 10% of the total negotiated price up to the maximum value of the funding band and 100% where this is above the funding band. Where an employer becomes a levy-payer during an apprenticeship, which started as a non-levy apprenticeship, they will continue to pay co-investment.	No change
13	Learners undertaking English and/or maths within an apprenticeship when they have already achieved a level 2 in that subject	We will only fund an apprentice to achieve up to an approved level 2 qualification in English and maths where they do not already hold a suitable equivalent qualification.	No change
14	Apprentices studying level 1 English or maths	For level 2 apprenticeships, we will only fund apprentices to study towards and achieve level 1 qualifications if they do not already hold a level 1 or level 2 approved qualification and are diagnosed to be working below a level 1 standard by the main provider.	<p>Report now checks for prior attainment</p> <p>We will only review starts from 1 August 2018</p>
15	Apprenticeship standards with no end point assessment organisation	<p>You must contract with the end-point assessment organisation selected by the employer and lead the relationship with them including where you subcontract the delivery of apprenticeship training.</p> <p>You must ensure that the price you agree with the employer for the apprenticeship includes the amount the employer has negotiated with the end-point assessment organisation.</p>	New report



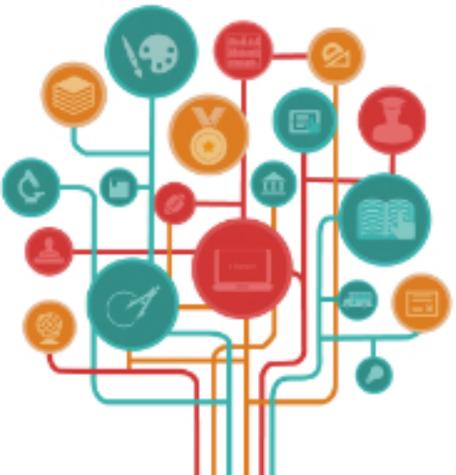
Outstanding audit issues

Employer co-investment

- Non-levy paying employer expected to pay 10% towards cost of training and assessment (with some exceptions) up to maximum funding band
- “Where the employer or training provider are required to make payments, does evidence exist that the payments have been made?”
- An employer payment must be “evidenced by a transfer of funding visible in the provider’s (or subcontractor’s) financial systems; this will typically be in the form of a provider invoice and corresponding employer payment for a provider. For employer-providers, they must evidence how the costs are calculated.”

20% off-the-job

- “20% off-the-job training should cover the planned duration of the training period within the apprenticeship, which for standards is the practical period (which ends at the gateway for end-point assessment (called the final day)).”
- “Statutory leave should be deducted when calculating the 20% off-the-job requirement for all apprentices who begin their programme from 1 August 2018.
- “Planned off-the-job training must be set out in the apprentice’s commitment statement and it should be clear which components have been used to calculate the 20% requirement. “

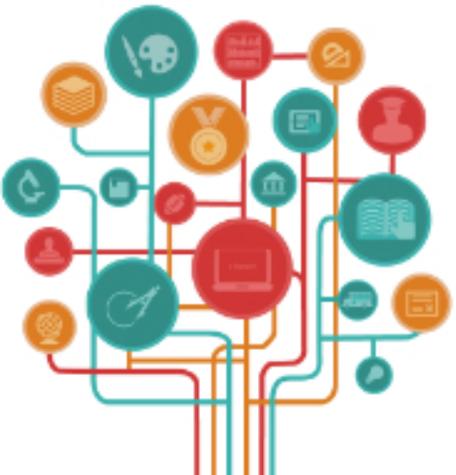


So how will we evidence these?

- 10% co-investment
 - Invoices and records of transfers between employers and providers
 - Report added to PDSAT
 - Quarterly reconciliation of payments vs expected co-investment
 - Balancing against payments to employers (for 16-18 uplift) not permitted

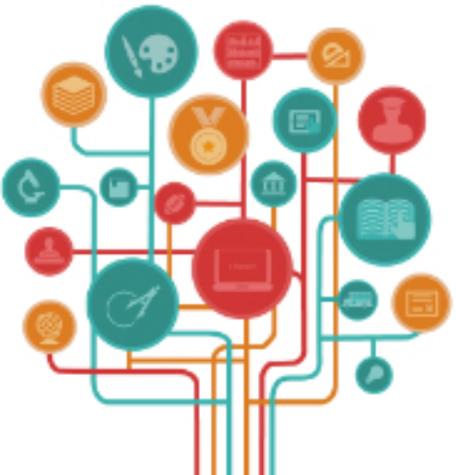
P218. We may withhold payments including the final completion payment until all the employer co-investment has been collected:
P218.1 you will need to invoice employers separately for any employer co-investment, including any VAT if applicable; and
P218.2 you may agree a schedule of co-investment payment with the employer which does not match monthly payments made by us, provided the employer has paid a matching 10% at our three monthly data-points as set out in paragraph P220.2.

P220. At least every three months you must:
P220.1 have collected the matching co-investment from employers; and
P220.2 report the cash value, on the ILR, of total employer contributions received from the beginning of the apprenticeship to the end of the quarter in June, September, December and March.



Off-the-job training - some clarifications

- Content must teach new knowledge, skills and behaviours required to reach competence in the apprenticeship framework or standard
- It cannot include time spent on English and maths, or on training to acquire skills, knowledge and behaviours that are not required in the standard or framework
- 20% off-the-job is the minimum expectation – depending on the apprenticeship, more than 20% may be necessary
- Off-the-job training must take place during **paid** hours
- Some clarifications of eligible costs are relevant here, e.g. self-directed distance learning, time spent by managers/employees mentoring the apprentice where linked directly to the apprenticeship and not line management

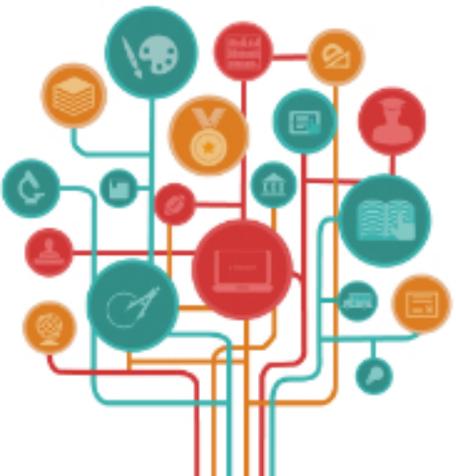


So how will we evidence these?

- 20% off-the-job

- Evidence pack to show how off-the-job is quantified and delivery plan
- Registers for day and block release
- Electronic time sheets and journals
- Web based records
- Employer and provider to work together to use 'naturally occurring evidence'

Activity	Employer	Provider	Total hrs
Boot camp (PDB&W)	70 hrs		70
Development workshops		70 hrs	140
Training classes		200 hrs	340
E-learning		36 hrs	376
Shadowing and project	48 hrs		424 (20.1%)



Subcontracting

- The rules for subcontracting are designed to increase the quality of subcontracted provision and to ensure that employers have a direct relationship with their main provider.
- Apprenticeship subcontracting rules are subject to constant review by the ESFA
- Providers can find further information in the document **“Using Subcontractors in the delivery of apprenticeships.”**
- This offers advice and examples to demonstrate the rules requiring main providers to deliver training and/or programme assessment of ‘some substance’
- Stresses the need to ensure government funds are not diverted away from training and assessment in the form of fees and other charges for subcontracting



Using subcontractors in the delivery of apprenticeships

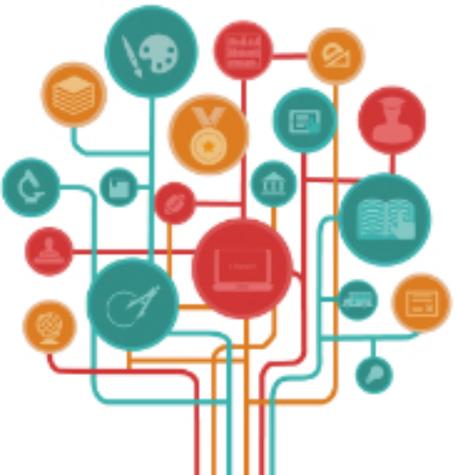
Policy background and examples

Of interest to apprenticeship training providers.

Subcontracting

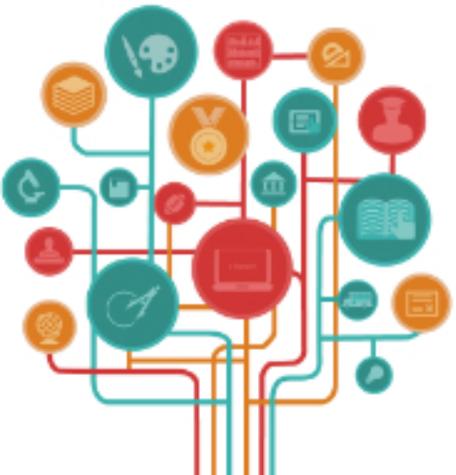
- UKPRN on declaration reconciles to ILR
- Name of organisation reconciles to UKRLP website
- Subcontractor is on the RoATP where contract value is greater than £100,000 (across all providers)
- Legally binding contract in place
- Written agreement with each employer to use subcontractors
- All ESFA required clauses are in the contract
- Procedures for monitoring subcontractors and evidence of visits taking place
- Special conditions for employer-providers, 'supporting' providers and providers not on the RoATP
- Reporting of subcontracting through the Skills Funding Service (at least twice yearly)
- Providers are required to update their subcontractor declaration if arrangements change during the year.

New evidence requirement: where subcontracting is taking place, the evidence pack must include an up to date written agreement with each **employer** that includes the information about the delivery of the apprenticeship programme.



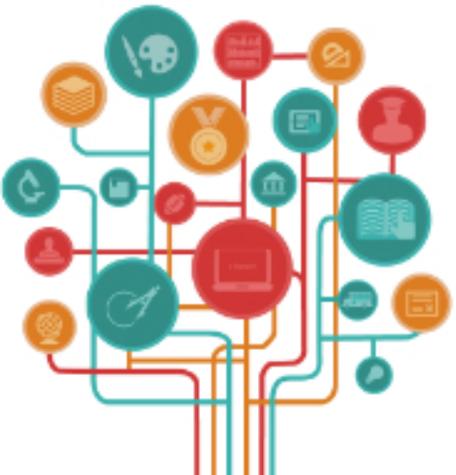
Subcontracting

- “At the outset of each apprenticeship, a main provider and employer will agree a plan for its delivery. You must directly deliver some of the apprenticeship training and/or on-programme assessment associated with each employer’s apprenticeship programme. By apprenticeship programme we mean the apprentices that are being trained for the employer that has chosen you. The volume of training and/or on-programme assessment that you directly deliver for each employer must have **some substance** and must not be a token amount to satisfy this rule. It must not be limited to a brief input at the start of each employer’s programme or involve delivery to just a few of a large number of apprentices. “
- ESFA does not define or quantify ‘some substance’ in absolute terms. They state this because an employer’s apprenticeship programme may evolve over time, with a varying nature and scale as apprentices start and finish their programmes.
- Delivery subcontractors can deliver **full** or **part** apprenticeship frameworks or standards
- The main provider must maintain the relationships with the employer at all times. The main provider must not allow a delivery subcontractor to lead that relationship.
- **ESFA does not expect auditors to determine compliance with this rule against an arbitrary quantification of ‘substance’.**



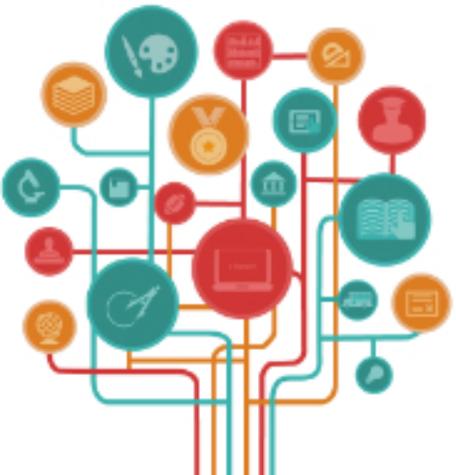
Things to watch out for

- Apprentices withdrawing within 14 days of an additional payment being earned (not a report but should be monitored internally)
- Apprentices withdrawing from existing frameworks or standards and restarting in funding model 36 (code for all starts from 1 May 2017)
- Recording co-investment payments correctly
- Eligibility for small employer waiver
- Apprentices who are also being funded for English and/or maths provision in Adult Education Budget
- Learners repeating an identical programme (no restarts, match framework, programme type and pathway) or repeating a learning aim already achieved
- Learners undertaking level 2 or below in English and maths within an apprenticeship when they have already achieved a level 2
- Accounting for prior learning – assessment of prior learning must be included in the evidence pack



Introduction to PDSAT

- PDSAT - Provider Data Self Assessment Toolkit
- Designed by auditors for audit testing
- The PDSAT software is used by the ESFA-appointed auditors to check the credibility of provider data, but providers are also expected to use it regularly
- Identifies potential audit issues with data
- Available to providers free of charge
- Five new reports were added to PDSAT for 2016/17, with a particular focus on the negotiated price, additional payments and co-investment.



Reports

COLLEGE

Current Return

FIS-10000000-1617-20170606-092011

Favourites Group

None

Run Reports

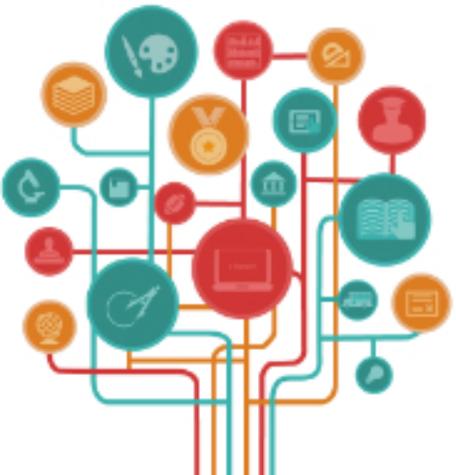
<input type="checkbox"/>	Report ID	Report Name	Record Count
<input type="checkbox"/>	17S-204	19+ apprenticeships minimum duration exceptions	0
<input type="checkbox"/>	17S-205	Apprentices and trainees with co-funding	0
<input type="checkbox"/>	17S-206	Employment status exceptions	0
<input type="checkbox"/>	17S-207	Withdrawals with no refunds	0
<input type="checkbox"/>	17S-208	Apprentices that commence a standard after a framework	0
<input type="checkbox"/>	17S-209	Apprentices undertaking level 1 or below in maths and/or English within an apprenticeship	0
<input checked="" type="checkbox"/>	17S-210	Negotiated prices as a proportion of funding band maxima	0
<input checked="" type="checkbox"/>	17S-211	Apprentices funded for English and/or maths within the adult education budget	0
<input checked="" type="checkbox"/>	17S-212	Apprentices withdrawing from the programme soon after attracting an additional payment	0
<input checked="" type="checkbox"/>	17S-213	Apprentices that withdraw from existing programmes and restart in funding model 36	0
<input checked="" type="checkbox"/>	17S-214	Recording co-investment payments	0
<input type="checkbox"/>	17S-301	Traineeships with incorrect or no work placement aims	0
<input type="checkbox"/>	17S-302	Traineeships with no work preparation aims	0
<input type="checkbox"/>	17S-303	Trainees that have already completed a traineeship or achieved an apprenticeship	0
<input type="checkbox"/>	17S-304	Traineeships with flexible elements but no core aims	0
<input type="checkbox"/>	17S-401	Employment outcome	0
<input type="checkbox"/>	17S-402	Enrolments on level 2 entitlement aims after achieving a full level 2 or higher	0
<input type="checkbox"/>	17S-403	Enrolments on level 3 entitlement aims after achieving a full level 3 or higher	0



What the ESFA say about PDSATs

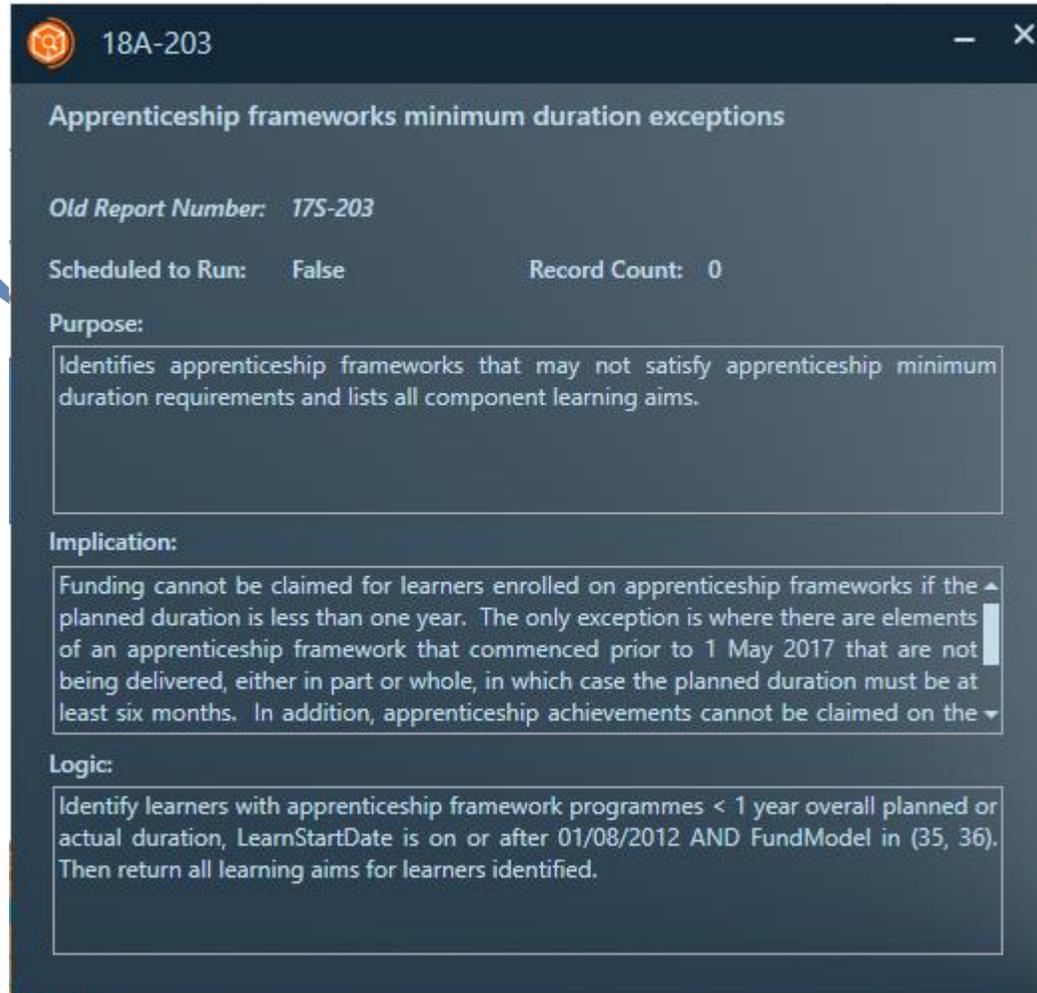
Provider data self-assessment toolkit

169. The [provider data self-assessment toolkit \(PDSAT\)](#) produces a suite of reports to test the integrity of ILR data in order to assist you with identifying potential anomalies or errors in your data.
170. Within the suite, the ESFA includes reports that enable providers to identify errors relating to its monitoring of the funding rules. The ESFA uses a similar set of reports to routinely monitor the ILR data, to identify potential errors, and for assurance that providers are complying with the funding rules.
171. We encourage you to use the PDSAT frequently throughout the year as part of your routine data cleansing, for identifying errors and preparing for financial assurance visits. PDSAT is designed to give you a toolkit to review your ILR data and to assist auditors in the audit of providers' data.
172. The current PDSAT download and guidance can be found through the link above.



Key Reports – Apprenticeship frameworks minimum duration exceptions

Identifies apprentice learners that are not on programme for the minimum duration



18A-203

Apprenticeship frameworks minimum duration exceptions

Old Report Number: 17S-203

Scheduled to Run: False Record Count: 0

Purpose:

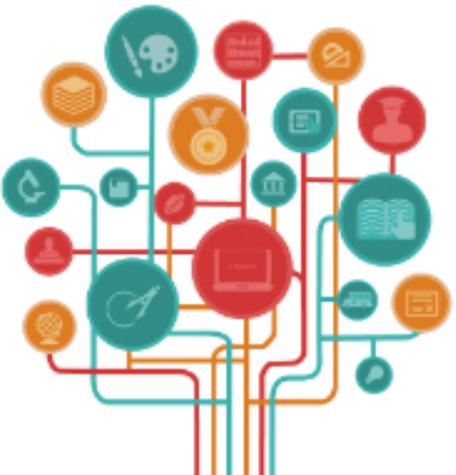
Identifies apprenticeship frameworks that may not satisfy apprenticeship minimum duration requirements and lists all component learning aims.

Implication:

Funding cannot be claimed for learners enrolled on apprenticeship frameworks if the planned duration is less than one year. The only exception is where there are elements of an apprenticeship framework that commenced prior to 1 May 2017 that are not being delivered, either in part or whole, in which case the planned duration must be at least six months. In addition, apprenticeship achievements cannot be claimed on the

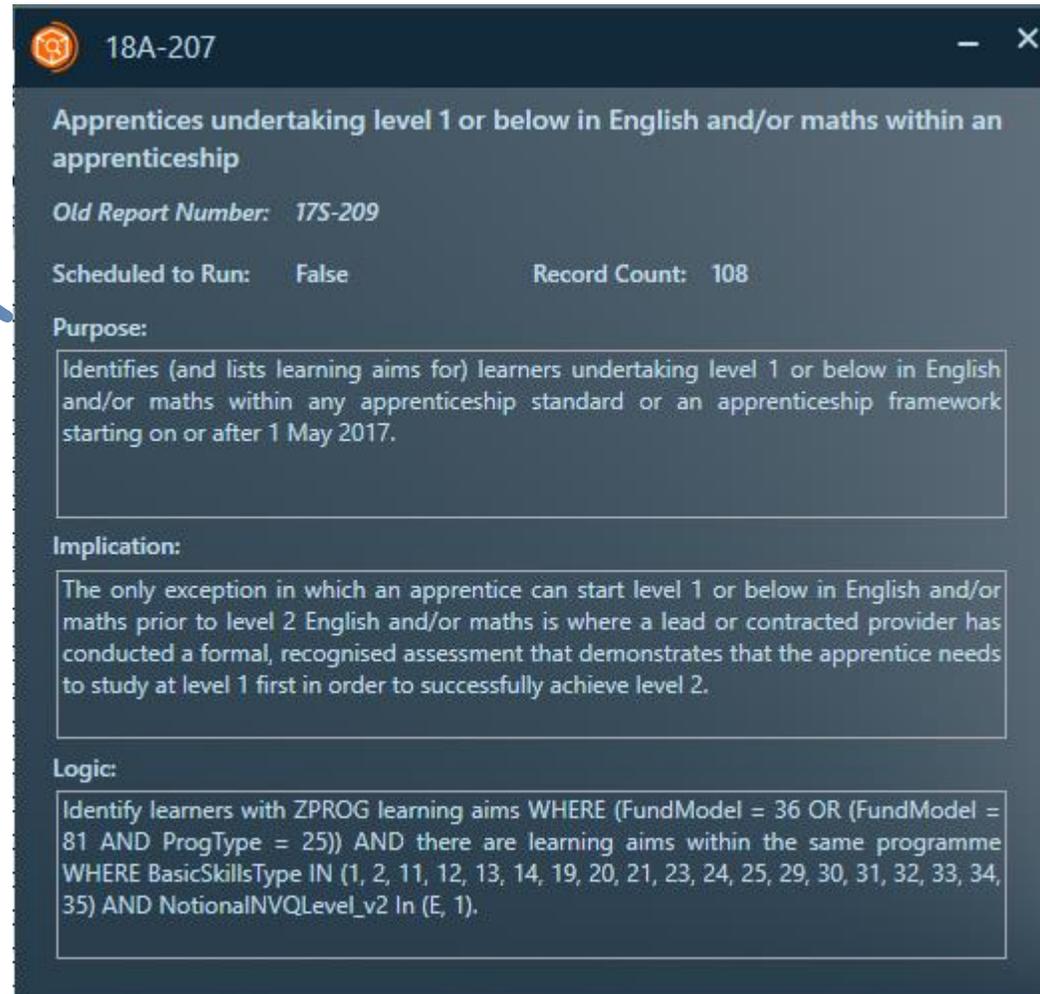
Logic:

Identify learners with apprenticeship framework programmes < 1 year overall planned or actual duration, LearnStartDate is on or after 01/08/2012 AND FundModel in (35, 36). Then return all learning aims for learners identified.



Key Reports – Apprentices undertaking level 1 or below in English and/or maths

Identifies apprentice learners that are following a level 1 or below math/English



18A-207

Apprentices undertaking level 1 or below in English and/or maths within an apprenticeship

Old Report Number: 175-209

Scheduled to Run: False Record Count: 108

Purpose:

Identifies (and lists learning aims for) learners undertaking level 1 or below in English and/or maths within any apprenticeship standard or an apprenticeship framework starting on or after 1 May 2017.

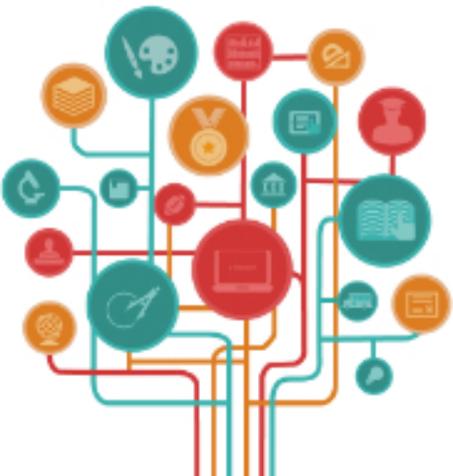
Implication:

The only exception in which an apprentice can start level 1 or below in English and/or maths prior to level 2 English and/or maths is where a lead or contracted provider has conducted a formal, recognised assessment that demonstrates that the apprentice needs to study at level 1 first in order to successfully achieve level 2.

Logic:

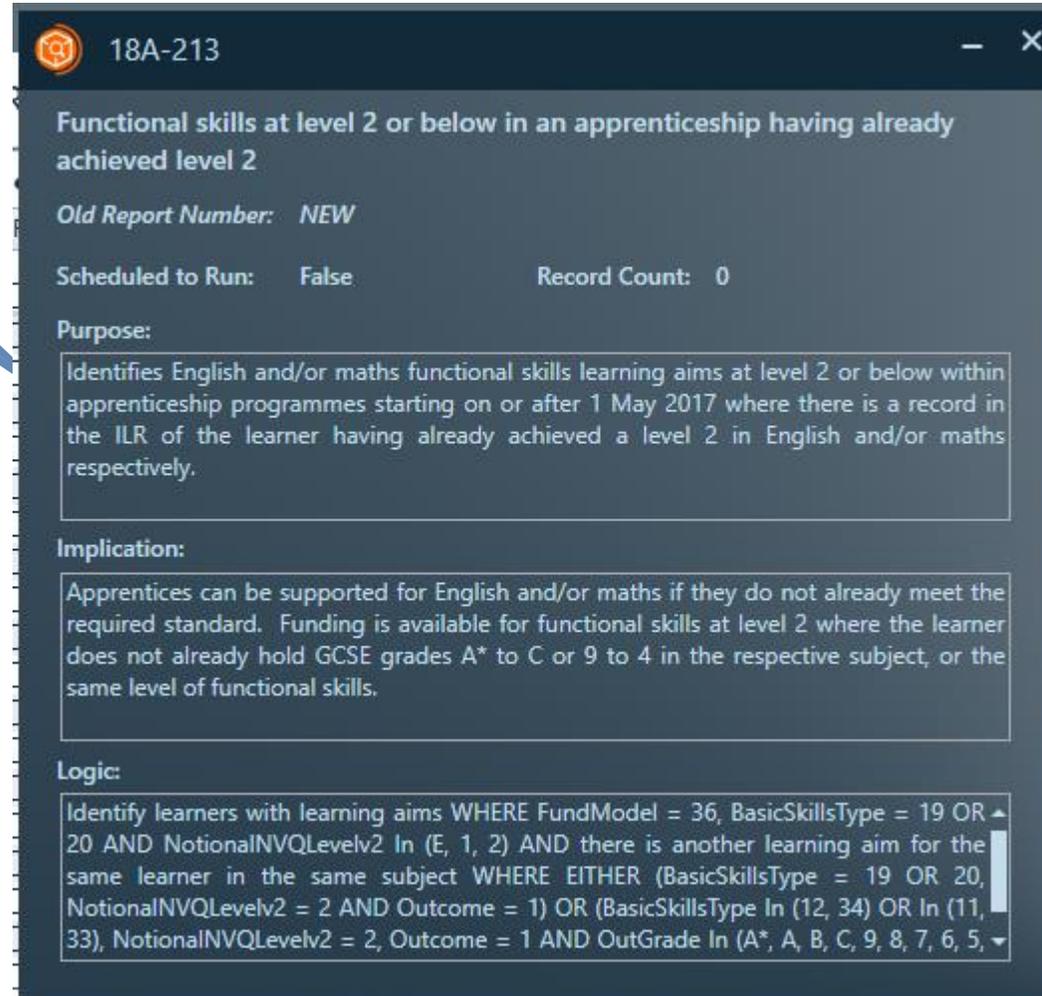
Identify learners with ZPROG learning aims WHERE (FundModel = 36 OR (FundModel = 81 AND ProgType = 25)) AND there are learning aims within the same programme WHERE BasicSkillsType IN (1, 2, 11, 12, 13, 14, 19, 20, 21, 23, 24, 25, 29, 30, 31, 32, 33, 34, 35) AND NotionalNVQLevel_v2 In (E, 1).

Apprentice learners should be enrolled to level 2 English and maths unless acceptable evidence exists to support the learner following qualifications below level 2



Key Reports – evidence of achievement at level 2 English and maths

Identifies learners that are recorded as already achieving a level 2 English or maths – ILR based



18A-213

Functional skills at level 2 or below in an apprenticeship having already achieved level 2

Old Report Number: NEW

Scheduled to Run: False Record Count: 0

Purpose:

Identifies English and/or maths functional skills learning aims at level 2 or below within apprenticeship programmes starting on or after 1 May 2017 where there is a record in the ILR of the learner having already achieved a level 2 in English and/or maths respectively.

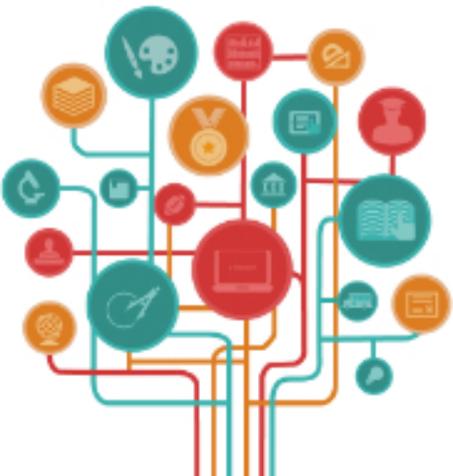
Implication:

Apprentices can be supported for English and/or maths if they do not already meet the required standard. Funding is available for functional skills at level 2 where the learner does not already hold GCSE grades A* to C or 9 to 4 in the respective subject, or the same level of functional skills.

Logic:

Identify learners with learning aims WHERE FundModel = 36, BasicSkillsType = 19 OR 20 AND NotionalNVQLevel2 In (E, 1, 2) AND there is another learning aim for the same learner in the same subject WHERE EITHER (BasicSkillsType = 19 OR 20, NotionalNVQLevel2 = 2 AND Outcome = 1) OR (BasicSkillsType In (12, 34) OR In (11, 33), NotionalNVQLevel2 = 2, Outcome = 1 AND OutGrade In (A*, A, B, C, 9, 8, 7, 6, 5,

There is also a funding and monitoring report that identifies if learners have achieved level 2 English and maths previously against any provider



Summary

- Identify the key people in apprenticeship delivery in your organisation, not just MIS, and make sure you include subcontracting teams
- Make sure you understand the funding and compliance rules
- Ensure your ILR is clean and as up to date as possible (including completions)
- PDSATs reports are useful credibility tools
- The reports should be run and reviewed regularly
- PDSAT reports do not only identify over claims, there are some that identify underclaims too

