Audit Update – Preparing for 2025/2026

Summer 2025

Tammie Harwin, Associate, UVAC
Karl Bentley, Director, Validera

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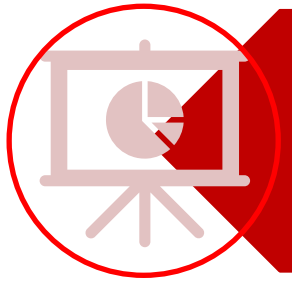
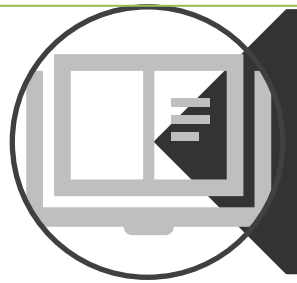
WELCOME !

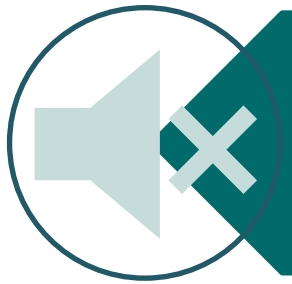


Slides and recording will made available after the session

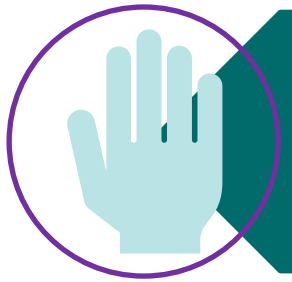


The session will be recorded

All materials can be accessed from the members portal page - see Resources Slide



All participants will be on mute for the session but can unmute



To ask a question just raise your hand or add to the chat

Please stay online for the evaluation survey at the end

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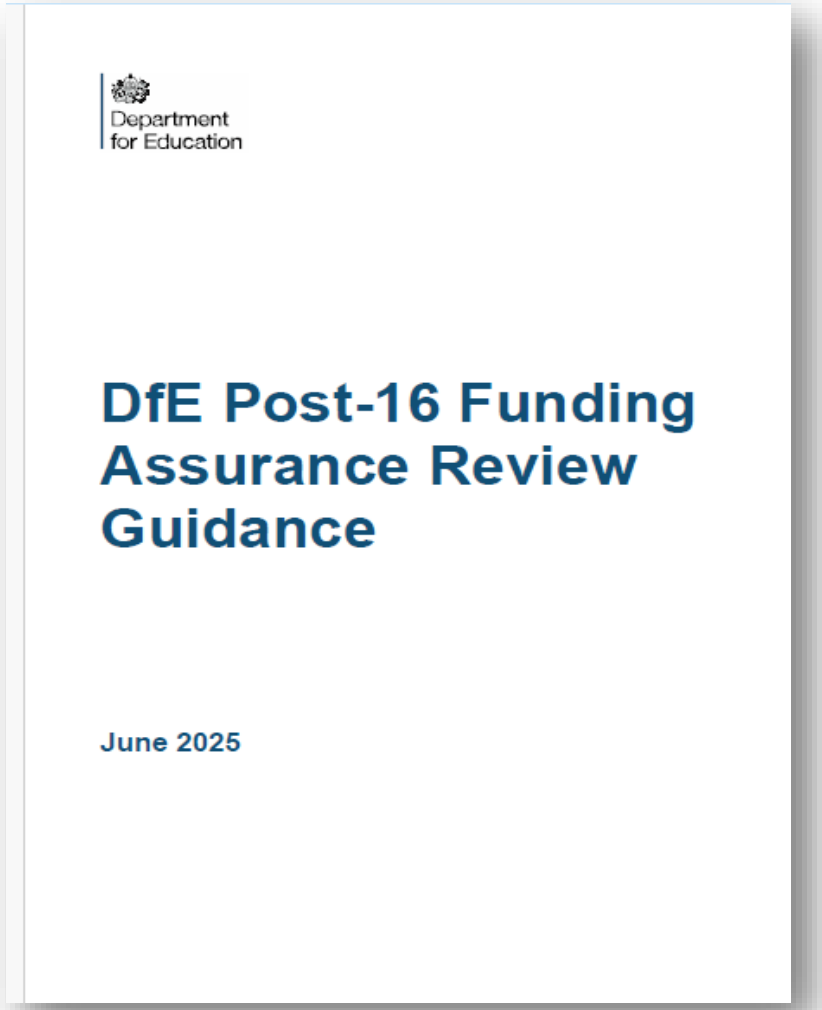
Resources

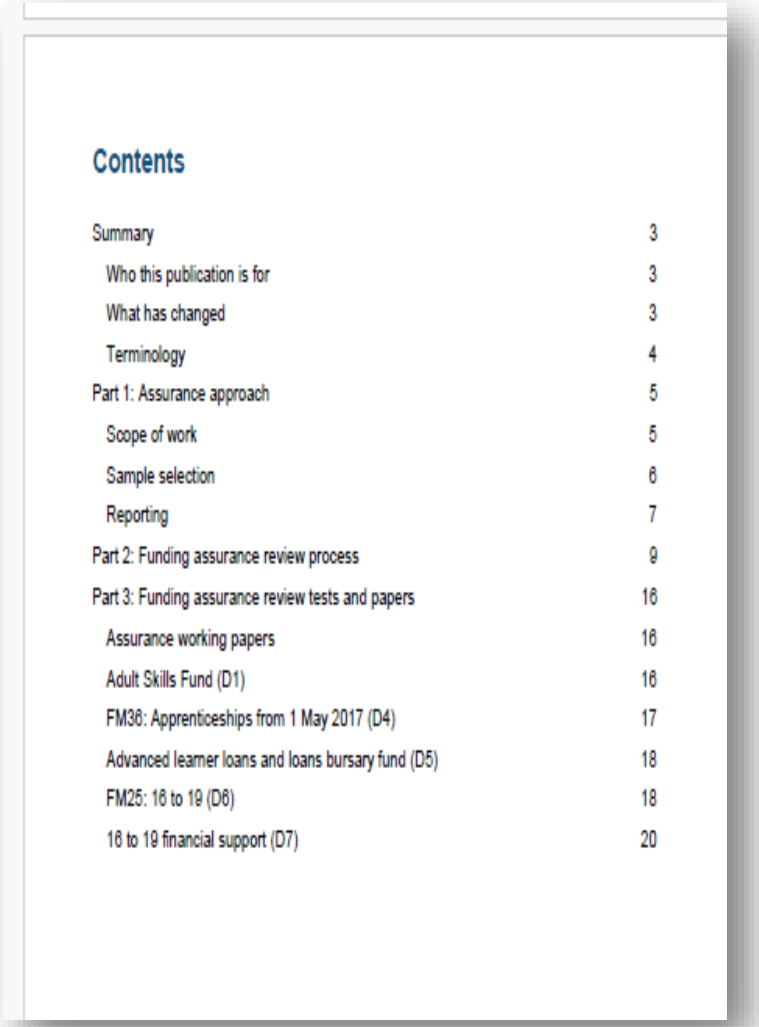
- DfE Post-16 Funding Assurance Review Guidance

- Access the latest audit test papers from within PDSAT


Department for Education

DfE Post-16 Funding Assurance Review Guidance

June 2025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Agenda

- Introduction
- Audit Themes and Lessons 2024/2025
- Future Focus 2025/2026
- Resources & Next Steps

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Audit Update

Karl Bentley,
Director, Validera

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FUNDING ASSURANCE

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Apprenticeships

Funding assurance common themes and changes for 2025/26

Karl Bentley

Director of Funding Assurance

Education and Skills

Independent Member Firm

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2024/25 headlines

The specter of funding assurance has finally risen its head for 2024/25

Funding assurance reviews are currently underway – delivered by DfE auditors only at the moment

Providers have been selected for lot 1 reviews for 2024/25

PDSATs are out and the sampler is working

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Timescales

	Lot 1	Lot 2
Notification by DFE	June/July	November to January
Audit briefing/planning meeting	July/August	December/January
Audit samples and PDSAT review	Two weeks prior to agreed audit date	Two weeks prior to agreed audit date
Fieldwork completed	Completed within week allocated	Completed within week allocated
Issue observations to provider	Throughout fieldwork/at end of fieldwork	Throughout fieldwork/at end of fieldwork
Additional evidence and finalization of audit issues	No later than five working days after end of fieldwork	No later than five working days after end of fieldwork
Completion of additional work	No later than 10 working days after end of fieldwork	No later than 10 working days after end of fieldwork
Audit completion deadline	By 23 October (R14 deadline date)	End of February 2026
Reporting Deadline	30 November 2025	31 March 2026

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NB Lot 2 audits will be post R14 so errors will be resolved via invoice/off setting and may require the production of a shadow ILR to confirm funding impact where funding errors are identified.

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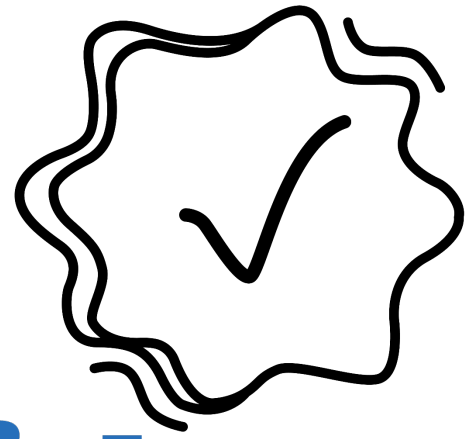
Sample sizes

Funding Source	Minimum	Maximum
FM36 Apprenticeships	Population (where less than 30 learners)	30
D9 subcontracting	All subcontractors - usually not required if all requirements of standard have previously been met	
C1 PDSATs	Sample size dependent on number of records in report – between five and 20 per report	



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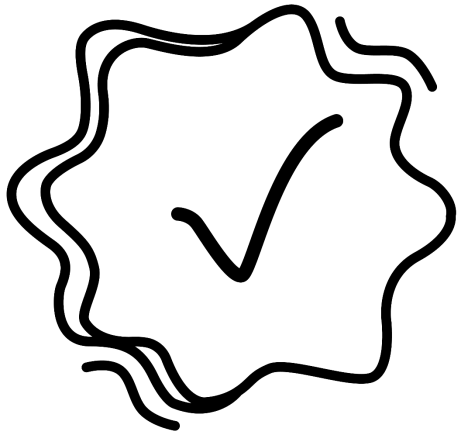
Myth busting

Extrapolation? No, there is no just straight to extrapolation if we find funding errors. Ring fencing and 100% reviews of subpopulations

Funding stream error rates are calculated from the sample value only – PDSAT and ringfenced funding errors are not included

Error rates are used to determine if the outcome is satisfactory or unsatisfactory

Funding stream rate over 5% would be unsatisfactory



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Myth busting – error rates

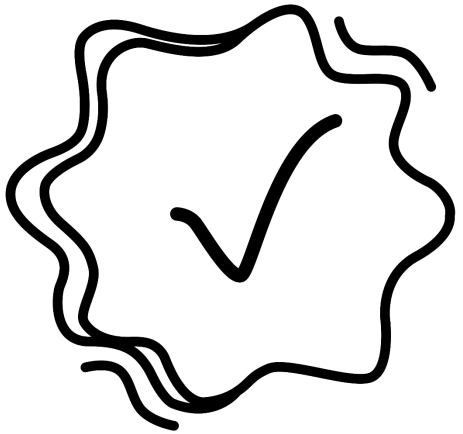
Funding stream conclusion
Population value = £2,000,000

Sample value = £100,000

Value of funding errors = £4,500 (additional errors found are part of 100% ring fenced testing are not included here)

Error rate 4500/100,000 X 100 = 4.5%

Satisfactory conclusion for funding stream



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Myth busting – error rates

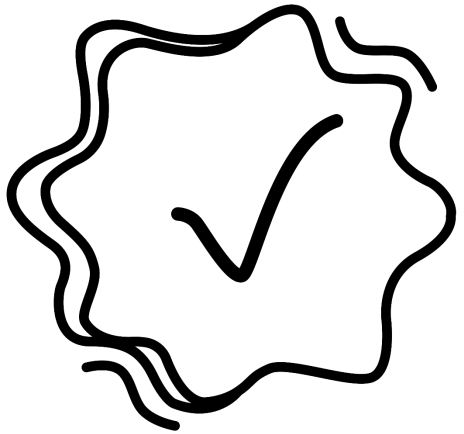
Overall conclusion
Based on all errors including non-sample errors across all funding streams

Population value = £2,000,000

Value of funding errors = £105,000 (sample errors, ringfence errors and PDSAT errors)

Error rate 105,000/2,000,000 X 100 = 5.25%

Unsatisfactory overall conclusion as errors are more than 5% of the population



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Anything else to consider?

- When do funding assurance reviews take place?
- Anything else big going on at the same time?
- State of the ILR data – is it up to date?
- Staff availability?
- Work pressures?
- Demands from the audit team?

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Assurance reviews and off the job hours

Usually where we find the most issues….

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The Four Tests of the ‘Off the job-alypse’

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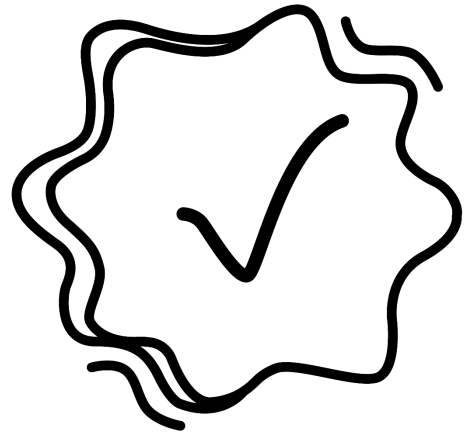
When completing a funding assurance review the auditor has to apply four key tests to evidence provided to ensure compliance with the funding rules and off the job guidance:

1) Is new knowledge, skills and behaviours

2) Learning is relevant to the standard

3) Learning takes place within learner’s contracted hours

4) Is not activity covered under paragraph 82 of the funding rules



Failure on any of these could have significant implications…

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Question 1
Is new knowledge, skills and behaviours

- Does your evidence demonstrate that it's new KSBs?

- Where the same wording has been used throughout the OTJ evidence has this been challenged with the learner to confirm if each instance was new learning?

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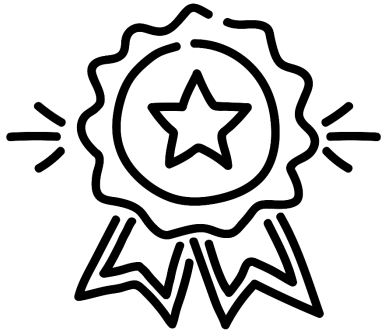
Question 2
Relevant to the standard

- Does your evidence demonstrate relevance to the standard?

❑ How does the activity link to the standard?

❑ Where employer led training is recorded as OTJ, has this has been checked against the standard

❑ Learner recording what they did rather than what they learnt – subtle but important difference in language



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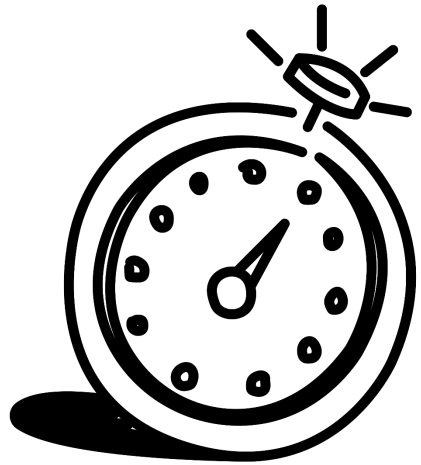
Question 3
Is completed within the learner's contracted hours

- Does evidence demonstrate when activity took place

❑ Confirmation of start and end times of activity and does the Training Plan record when learners will be working especially in sectors with shift patterns and 7-day working

❑ Confirmation from employer that where a learner has completed OTJ activity outside of contracted hours they have been paid or given time off in lieu

❑ Activity before the start date and after the actual end date are excluded



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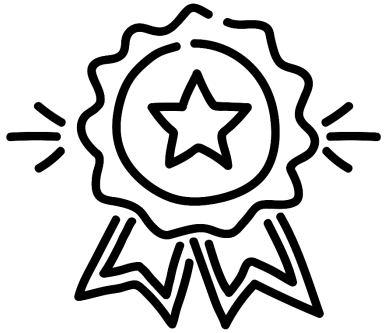
Question 4
Is not activity covered under paragraph 82 of the funding rules

- The funding rules are crystal clear that English and maths delivery cannot be used for the delivery of OTJ
- Induction, assessment, mock EPA do not count as OTJ
- Activity not related to the standard has been excluded



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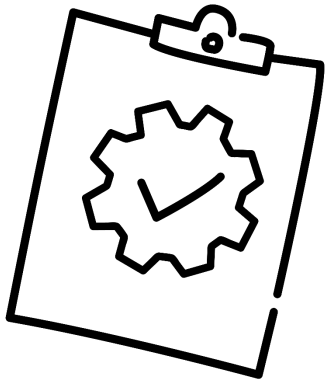
Things to consider:

- Who takes responsibility for the completion of OTJ evidence?
- Are hours tracked against planned expectations?
- Is evidence reviewed?
- Does a review of OTJ form part of the 12-week review process?
- Do you have ‘big data’ on OTJ? Do you know where the issues are?



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Common themes from assurance reviews

Apprenticeships

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Apprenticeships - common themes

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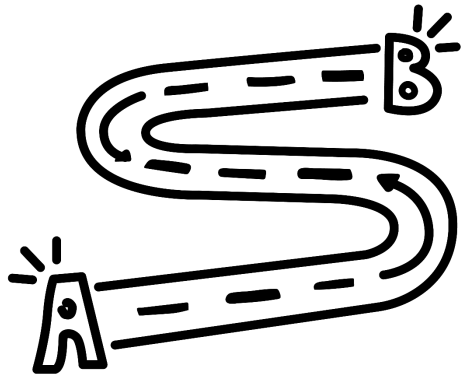
- Documentation not completed fully e.g. Agreements missing dates and hours
- No breakdown of TNP1 or breakdown doesn't reconcile
- TNP3 and 4 not being used correctly e.g. not used at all or TNP4 has been reduced
- Breakdown not agreed by employer
- EPA cost recorded in TNP2 not supported
- For integrated programmes – what is the cost of EPA? Lack of evidence to support the number in TNP2



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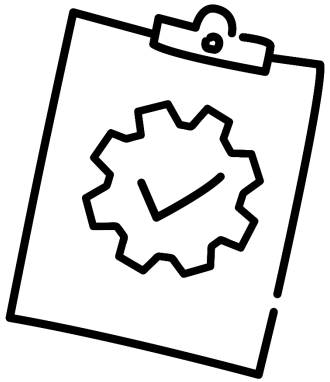
Apprenticeships - common themes

- Skills scan with high scores with no funding adjustment and no rationale to support why not
- RPL calculations not done correctly – hours to be removed as a percentage and halved to reflect fixed costs and EPA
- Changes to functional skills requirements for 19+ Apprentices not being recorded in the Training Plan – discussion on whether it will continue should be documented here (before April 2025)
- Training Plans not including summary of how programme will be delivered



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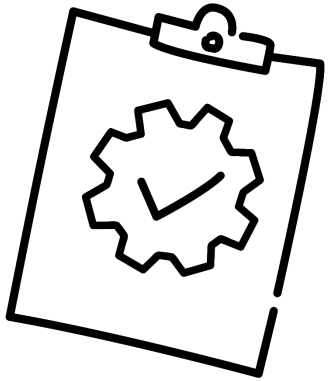
Apprenticeships - common themes

- OTJ plans not demonstrating how monthly activity will be met or how many hours a learner should have completed at any given point of the programme

- LSF assessment – unclear what barrier is or what reasonable adjustment is required

- LSF issues – support plan not in place when claim was started or lack of evidence to demonstrate support having been provided



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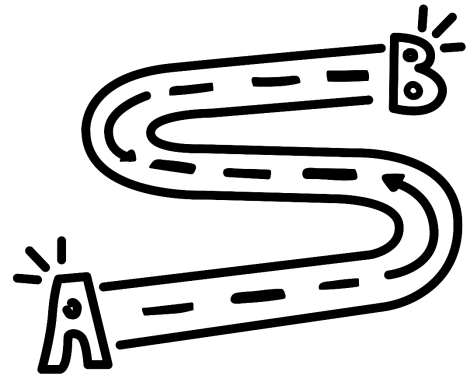
Apprenticeships – OTJ common themes

- Collation of evidence – single source vs multiple source/hybrid
- Inclusion of ineligible activity e.g. pre-start date, after end date, whilst on a break in learning or not relevant to the standard
- Registered hours vs hours on timesheet
- Bulk uploads with no narrative



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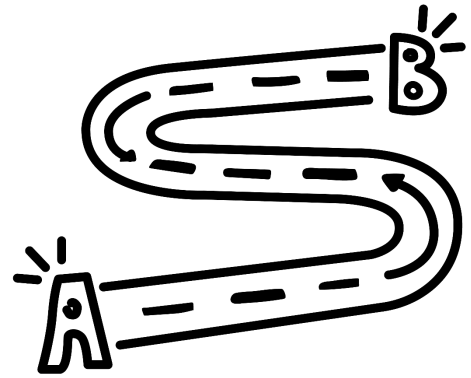
Apprenticeships – OTJ common themes

- Lack of information on OTJ log such as ’50 hours shadowing’ or ‘30 hours attending team meeting’

- OTJ statements where less than planned hours completed do not include enough information e.g. no commentary on why a learner completed less hours or no recalculation of minimum required hours for an early completion

- Actual hours recorded in ILR not reconciling to detailed records



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Key PDSAT reports

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How to get the most out of the PDSAT software

If you're only uploading XML files to PDSATs you're missing out!

By running the XML through FIS and uploading the FIS CSV file PDSAT reports will include funding data

Only by uploading the FIS CSV can the sampler function be used – giving access to a statistical sample and the current working papers

Upload annotations to the report to avoid repeating learners already reviewed

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How to get the most out of the PDSAT software

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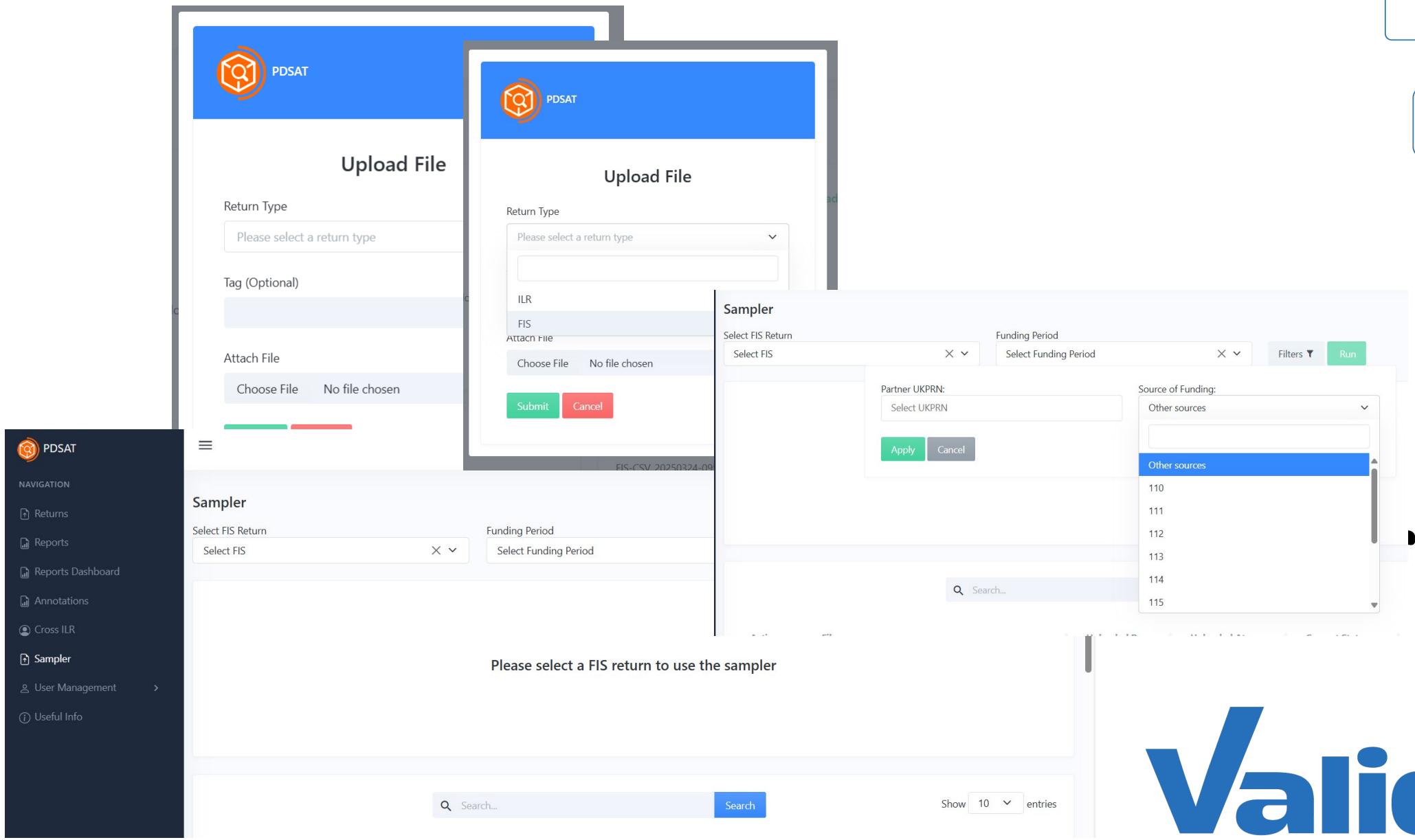

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How to get the most out of the PDSAT software

Population	Number of Learners	Sample Size
Adult Skills Fund	**1188**	**30**
Adult Skills Fund (FM38)	1114	29
Adult Skills Fund (FM35)	74	1
Apprenticeships (from May 2017)	**559**	**30**
Advanced Learner Loans & Loans Bursary Fund	**62**	**30**
16 to 19 provision	**2135**	**30**
16 to 19 study programmes	1992	27
T Level programmes	143	3

Adult Skills Fund (FM38) 1114 29

Population	Number of Learners	Sample Size
Adult Skills Fund	**1188**	**11**
Adult Skills Fund (FM38)	1114	10

Filters Run

Filters Run

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How to get the most out of the PDSAT software

No user manual for 24/25 yet, but 23/24 is still available here

https://assets.publishing.service.gov.uk/media/66d992d62bc43c72b08264d0/PDSAT_review_notes_2023_to_2024.pdf

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Education & Skills Funding Agency

Provider Data Self-Assessment Toolkit (PDSAT)

Reviewing PDSAT reports for the 2023 to 2024 funding year: user guide

September 2024

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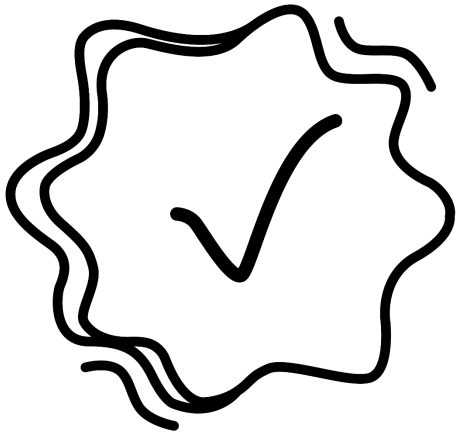
PDSATs and the funding assurance approach

- Key element of the DfE audit approach
- All relevant reports are reviewed as part of the approach
- Samples selected from relevant reports (sample sizes vary depending on number of records in the report)



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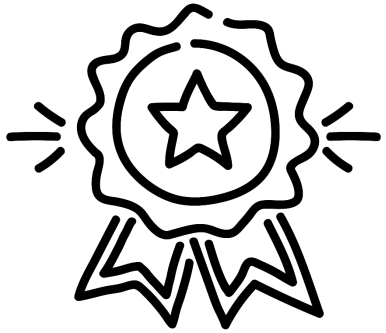
C1 and C2

C1 is the summary document (spreadsheet workbook) issued as part of the audit

Includes every report with report findings and auditor's comments

- ❑ Some reports may require answers to a query on the C1
- ❑ Some reports will have samples – these be under C2 tabs on the C1. The sample will have details on why the sample has been selected, learners/learning aims to be reviewed and what evidence is required – not a full evidence pack! Maximum sample size is 20
- ❑ Queries provided on B3



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C1 and C2

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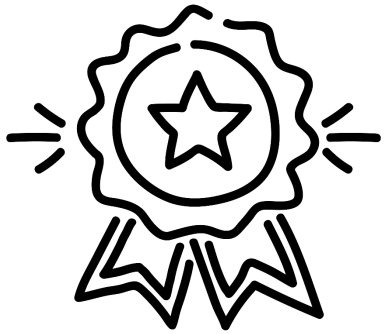
PDSAT review | Import current load count | Click for new C2 working paper

Provider:	Funding Audit Assurance Training Ltd	Return reviewed:	In this cell, select funding models relevant to PDSAT report review	Prepared by:	
				Date:	

Report no.	Report title	Purpose	Implications	Used to address the ESFA's funding monitoring plan for 2023/24	Current load	Findings from PDSAT report review	Action required by provider (include clear details of any samples and the specific documentary evidence required)
24B-002	Possible duplicate learners	Lists pairs of potentially duplicated learner records within the ILR, assessed according to 8 different matching criteria.	Where a learner record matches multiple other records, each matching pair is separately listed, meaning that learners may appear more than once in this report. Duplicate learners are not permitted and an adjustment to the ILR and to the funding claimed may be required. Note that twins may appear on this report as a potential duplicate and the Provider should be able to demonstrate that this is the case.	No			
24B-003	Possible duplicate or overlapping programmes and regulated learning aims	Lists potentially duplicated programmes and regulated learning delivery within the ILR.	Duplicated learning delivery is not permitted and an adjustment to the ILR and to the funding claim may be required.	No			
24B-004	Possible duplicate or overlapping non-regulated learning aims	Lists potentially duplicated non-regulated learning delivery within the ILR.	Duplicated learning delivery is not permitted and an adjustment to the ILR and to the funding claim may be required.	No			
24B-005	Transferring learners	Identifies learners and learning aims that have been recorded as having been transferred off where there is no	Inappropriate recording of transfers may lead to a mis-statement of the funding claimed and/or result in enhanced qualification achievement rates. Providers must be able to evidence that a	No			
			the apprenticeship's eligibility for funding.				
24A-216	Actual off-the-job training hours	Identifies apprenticeship programmes with actual off-the-job training hours that may not meet the minimum requirement.	Where the number of actual off-the-job training hours recorded in the ILR is lower than a notional calculated minimum requirement, using the apprenticeship programme's actual duration, statutory annual leave entitlement and the least possible employment hours derived from the employment intensity indicator, this means that an apprentice has not undertaken the required amount of off-the-job training, risking the apprenticeship's eligibility for funding.	***Yes FRM37***	1	One learner in report where actual hours recorded in the ILR appear to be below the minimum required based on the practical period in the ILR	Provider to review and provide OTJ evidence to confirm minimum hourshave been met
			It is quite feasible for the number of actual off-the-job training				

Report no.	Report title	Purpose	Implications	Used to address the ESFA's funding monitoring plan for 2023/24	Action taken by provider	Follow up by auditor (including C2 reference)
24B-002	Possible duplicate learners	Lists pairs of potentially duplicated learner records within the ILR, assessed according to 8 different matching criteria.	Where a learner record matches multiple other records, each matching pair is separately listed, meaning that learners may appear more than once in this report. Duplicate learners are not permitted and an adjustment to the ILR and to the funding claimed may be required. Note that twins may appear on this report as a potential duplicate and the Provider should be able to demonstrate that this is the case.	No		



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C1 and C2

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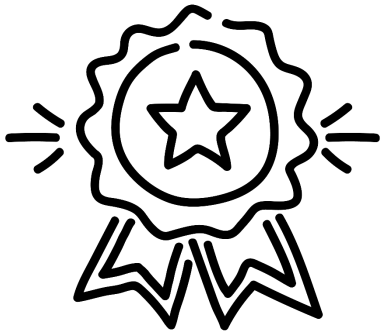
PDSAT testing: Substantive testing working paper | Click for new C2 working paper

Provider:	**Funding Audit Assurance Training Ltd**	Prepared by:	Reviewed by:
PDSAT report reference & details of test:	25A-215 Planned off-the-job training hours To confirm planned hours have been calculated and recorded accurately in the ILR Please provide OTJ calculation for learner listed below	Date:	Date:

	Learner name	Learner reference number	Planned hours per ILR	Start date	Planned learning end date	Field 4:	Field 5:	Field 6:	Test satisfied?	Value of funding error identified
1	Skywalker, Luke	1111	278	01/09/2023	01/11/2024					
2										



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Role of PDSATs

For the tracking of OTJ hours there are three core PDSAT reports that need to be considered

Report	Name	Use	Implication
25A-215	Planned off the job hours	Indicates where the planned hours recorded in the ILR are insufficient when compared to the planned practical period and employment intensity indicator	If insufficient hours have been planned funds may be at risk of recovery
25A-216	Actual off the job training hours	Indicates where the actual hours recorded in the ILR are insufficient to meet the minimum hours required based on the planned practical period and employment intensity indicator for a completed learner	If a learner has completed insufficient off the job hours to meet minimum required hours all funds for learner in report may be at risk
25A-217	Actual off the job hours compare to those planned	Identifies learners where the actual hours recorded in the ILR are lower than those planned	Checks that statements are in place to confirm why less hours were completed, minimum hours have been met for early achievers and learner/employer are satisfied with volume of training provided

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Changes for 2025/26

Apprenticeships – 25/26 and big change

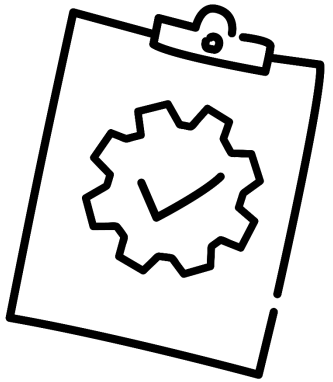
New starts from 1 August 2025

- New shorter durations – minimum is not 8 months/187 hours. Anything below this is ineligible

- New OTJ requirements – breaking the link between duration and volume of OTJ required with DfE setting minimum hours required for all standards

- Annex C sets out minimum hours for each standard

- Lookup table demonstrates weekly required hours if a programme is to be delivered over an accelerated period and minimum hours completed



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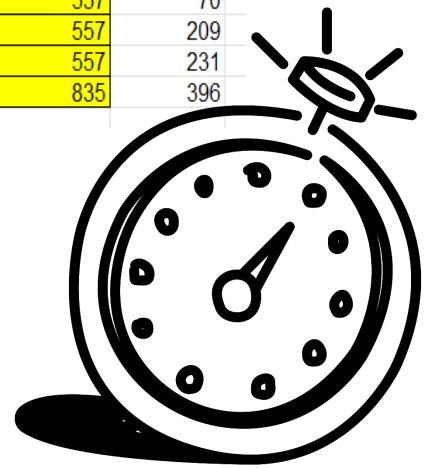
Type	Standard code	Apprenticeship name	Level	Version (at 08/07/25)	Status	Maximum funding (£)	Transition Agreed	OTJT Minimum Hours Aug-Dec 25	OTJT Minimum Hours From Jan 26+	Change from January 2026
Apprenticeship standard	ST0272	Chartered manager (degree)	6	1.1	Approved for delivery	£22,000	Yes	835	926	91
Apprenticeship standard	ST0087	Children, young people and families manager	5	1	Approved for delivery	£6,000	Yes	418	466	48
Apprenticeship standard	ST0782	Curator	7	1.1	Approved for delivery	£12,000	Yes	578	626	48
Apprenticeship standard	ST0119	Digital and technology solutions professional	6	1.2	Approved for delivery	£27,000	Yes	787	1022	235
Apprenticeship standard	ST0472	Financial services professional	6	1	Approved for delivery	£18,000	Yes	370	696	326
Apprenticeship standard	ST0830	Health and care intelligence specialist	7	1	Approved for delivery	£17,000	Yes	466	626	160
Apprenticeship standard	ST0563	Learning and development consultant business partner	5	1	Approved for delivery	£7,000	Yes	370	418	48
Apprenticeship standard	ST0149	Learning and skills teacher	5	1.4	Approved for delivery	£7,000	Yes	439	466	27
Apprenticeship standard	ST0385	Operations manager	5	1.4	Approved for delivery	£9,000	Yes	326	418	92
Apprenticeship standard	ST0238	People professional	5	1.3	Approved for delivery	£11,000	Yes	466	487	21
Apprenticeship standard	ST0363	Senior compliance and risk specialist	6	1.1	Approved for delivery	£23,000	Yes	487	557	70
Apprenticeship standard	ST0480	Senior leader	7	1.2	Approved for delivery	£14,000	Yes	348	557	209
Apprenticeship standard	ST0813	Senior people professional	7	1	Approved for delivery	£19,000	Yes	326	557	231
Apprenticeship standard	ST0597	Technician scientist	5	1.1	Approved for delivery	£21,000	Yes	439	835	396

Levels 5 through 7 standards where minimum OTJ hours will increase in January 2026



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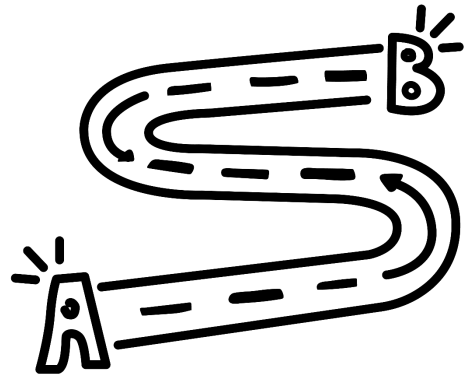
Apprenticeships – 25/26 and big change

Ending of level 7 programmes from January 2026 for learners aged 22 and over at start

- Funding guaranteed for all starts prior to this date
- Boom or bust – piling it high for a final push may not be a good idea
- Caseloads – do you have sufficient staff to cover an increased workload?
- Will quality suffer?
- If large volumes start dropping out what are the implications for AAF and QAR?



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Final Thoughts

Things to consider
Time for Questions!

Thank You

‘WE FOUND THEIR APPROACH FRESH & INNOVATIVE’

Chief Executive

‘INTERNAL AUDIT WITH A CONSULTANT'S EYE’

Contract Manager

‘A MUCH-VALUED CRITICAL FRIEND’

Director of Finance

Contact me at

Karl.Bentley@validera.co.uk

07800 617220

Karl Bentley | LinkedIn

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Resources

Questions & Further Information

Click HERE for Today's Listen Again Webcast

Resources – Click HERE:

- **DfE Funding Rules recording**
- **DfE Q & A/ Clarification Points Document**
- **PDSAT C1/C2 Review**

Queries and Questions to:
R.Rhodes@bolton.ac.uk

Summer Webinars & Events
Click HERE

Recording Timestamps	
Current Audit Lessons & Themes	**00:04:00**
2025/2026	**01:46:00**

BOOKINGS ARE NOW LIVE.
CONFERENCE REGISTRATION HERE.

UVAC
UNIVERSITY VOCATIONAL AWARDS COUNCIL

	MEMBERS EVENT PROGRAMME BY DATE		
	Topic	**Content**	**Registration Link**
1.	Funding Rules - 2025/2026 Impact and Implications	This session is for everyone involved in apprenticeship delivery from onboarding to EPA and those involved in implementing the ESFA Funding Rules in any aspect of their role. This session will set out the changes in the DfE 2025/ 2026 Apprenticeship Funding Rules and explore the implications of these changes on day-to-day practice, policy and procedures.	Wed 21 May 2.00 – 4.00
2.	A Guide to Audit and Risk Governance and Oversight	This deep dive session will set out a framework for apprenticeship audit and risk review over the 12-month cycle of apprenticeship delivery. The framework will consider the schedule activities to be included in risk assessments, the reporting and monitoring to underpin oversight of risk, and how to combine the activities taking place across a university year into a systematic risk assurance process for the apprenticeship programme.	Thur 12 June 9.30 – 11.30
3.	EQA Assessment & the EQA Visit	This session is aimed at teaching and learning, quality and apprenticeship teams involved in the preparation and execution of OfS external quality assurance frameworks and visits. You will hear from member speakers about learning over successive visits including visits from the last few months as we consider how the EQA process has changed policy and practice internally and consider the impact of possible future EPA changes on EQA.	Tue 19 June 9.30 - 11.30
4.	The Skills Coach – Successful models and the Future	This session is aimed at Apprenticeship Teams and Skills Coach leads - this most vital of roles in apprenticeship delivery. These are the people accountable for delivering the tri-partite progress review and evidence of compliance, and for ensuring that apprenticeship momentum, apprentice progression and employer engagement are maintained. This session is for everyone who leads a team of coaches and/or designs or manages the structures in their organisation. We will explore the latest and emerging structures and staffing levels within our delivery teams whether these are centralised, devolved or contracted out. With input from member speakers on effective models and how the coach role enables success we will explore the impact of current challenges in apprenticeships on these critical roles.	Thur 10 July 9.30 – 11.30
5.	Audit Update – Preparing for 2025/2026	This UVAC session explores the themes from 2024/25 audits and the impact of the 2025/2026 Funding Rules on the DfE's approach to future funding audits. Developed and run with Karl Bentley, this session will provide an early insight into possible changes to audit in response to the Funding Rules and will equip members with suggestions for some early adaptations to process, procedures and paperwork ahead of the release of the audit papers later in 2025/early 2026.	Wed 16 July 9.30 – 11.30
6.	Exploring the options for L7	This session will explore how Universities and providers delivering L7 provision are responding to the (by this point we hope final) position on Level 7 Funding. We will explore the latest DfE guidance and hear from guest speakers and members on their plans for 2025/2026.	Tue 22 July 9.30 – 11.30
7.	The future of EPA and the Impact of New Flexibilities on Curriculum	This session is for curriculum designers, quality teams, teaching and learning teams. Pending announcements about how the EPA flexibilities, which we hope will be clear by this point, will be implemented, this session will review of the impact that the flexibilities proposed will mean for apprenticeships, particularly in design, delivery and quality assurance. Hearing from some of our key End-point Assessment Organisations and from members on their plans to use the opportunities presented this session will enable members to prepare for implementation as this is rolled out from September 2025.	Tue 29 Jul 9.30 – 11.30
8.	ESFA Funding Rules – Final Rules	This session is a 'hold the date', pending announcements of any further changes to the Funding Rules ahead of the start of the 2025/26 funding year. We are anticipating a range of reissues of the Funding Rules this year as different aspects of the announced changes to the apprenticeship programme are implemented…… this session is likely to be the first of several short updates over 2025/2026.	Tue 5 August 9.30 – 11.00