

Paper 7 - Reducing the Paper Burden - progress update

Date of issue	30 September 2009
Audience	<i>The information authority</i> board
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Background and introduction

- 1 At its meeting in June, the board discussed a paper from the LSC responding to *the information authority* report on “Reduction of Learner Data Paper Records”. The board was clear about the desire of providers to see more significant progress from the LSC particularly in taking forward work on what electronic records would provide acceptable evidence to the LSC for audit purposes.

Purpose

- 2 The purpose of this paper is to provide *the information authority* board members with an update of progress on the work taken forward by the LSC in three areas: developing the funding guidance for 2010/11, the acceptance of electronic records as evidence for LSC audit purposes, and the approach to audit being developed for the SFA and the YPLA.

Recommendation

- 3 The board is invited to note progress in each of these areas and to offer their support.

Developing the Funding Guidance for 2010/11

- 4 Funding Policy colleagues (Colin Stronach for the YPLA designate and Gaynor Field for the SFA designate) are developing a process and timetable for the production of a new suite of funding and compliance guidance documents for the SFA and YPLA. The suite of documents will comprise:
 - Funding Guidance 2010/11 – Train to Gain [SFA]

- Funding Guidance 2010/11 – Apprenticeships all ages [joint SFA and YPLA]
 - Funding Guidance 2010/11 – Adult Learner Responsive [SFA]
 - Funding Guidance 2010/11 – 16-18 Learner Responsive [YPLA]
 - Funding Guidance 2010/11 – Learner Eligibility [joint - SFA and YPLA?]
 - Funding Guidance 2010/11 – SFA Compliance Advice
 - Funding Guidance 2010/11 – YPLA/LA Compliance Advice.
- 5 An important part of this process is the engagement with internal colleagues across the audit, contracting and account management functions to ensure that the documents are fit for purpose for internal users, as well as trying to structure the documents in a way that makes sense for external users.
 - 6 A workshop for internal and external stakeholders is being arranged on 6 November at which we want to agree the outline structure for each document i.e. what we put in and what we leave out, and be clear about how they are used by providers and LSC (SFA/YPLA) people.
 - 7 Following this, the funding team will populate the outline documents with their wording and then a group of expert users (internal and external) will check the clarity and consistency across the suite of documents. The aim is to have near final drafts by the beginning of January although some important details (e.g. funding rates) might not be agreed until after this point.
 - 8 *The information authority* board may wish to nominate a member to be part of the process, while noting that it is more helpful to have the people who use this guidance on a day-to-day basis (Finance or Operational Directors) rather than Principals or Chief Executives.

Electronic Records

- 9 The update note circulated to the board in August explained that the LSC National Employer Service working with consultants (PWC) has developed a Paperless Systems Framework to enable large employers to use electronic systems in place of paper-based systems for learner records. This includes placing reliance on employers' ability to access a stable database of their employees' HR records in order to verify learner identity. The Paperless Systems Framework was developed and tested with McDonalds and Sainsburys throughout 2008 with a final evaluation in January 2009.
- 10 In March 2009 the LSC Finance and Resources Board approved a proposal to develop and test a framework for the acceptable use of electronic records by providers, specifically in relation to audit requirements. Electronic Records in this instance include electronic methods for the verification of learner identity and for the collection and storage of learner data.

Electronic Records Project Progress to August 2009

Phase 1 – Development of framework and assessment tool

- 11 The LSC Provider Financial Assurance team have developed an Electronic Platform Control Risk Assessment (EPCRA) tool to enable the assessment of large employers' electronic systems in relation to the Paperless Systems Framework developed by PWC. We expect that a large part of the assessment tool can be used for providers who are not employers and this will be tested in phase 2 of the project.
- 12 The Paperless Systems Framework and EPCRA tool have been mapped against and are consistent with the BSI standard 10008 identified in *the information authority* Paper Data Burden report. Further work is being undertaken to ensure that specification and assessment of controls in relation to scanned documentation is also consistent with published British Standards.
- 13 Additional development work is required around the potential alternate controls for providers who do not have access to employee HR records to provide verification of learner identity. External consultants have been commissioned to provide expert advice and develop the framework in relation to learner verification. This will include consideration of electronic signatures of various kinds, biometric information, use of other identifiers etc. The assessment of the controls for acceptable methods will then be incorporated into the EPCRA for providers.

Phase 2 – Testing of framework and assessment tool with providers (pilot)

- 14 In order to test and further develop the framework and assessment tool a group of 12-15 providers (including at least 3 colleges and 9 independent training providers) will be selected to take part in a pilot. A set of criteria have been agreed to aid the selection of pilot providers including:
 - Previous audit results including consideration of:
 - For Colleges – (i) Financial Management and Governance Reviews
 - (ii) Internal controls opinions from funding assurance work/LEE audit
 - For Providers – (i) Internal controls opinions
 - (ii) Use of funds opinions
- Views of relevant audit managers, including assessment of risk
- Views of LSC relationship manager
- How prepared they are for the use of electronic records and how much investment they have already made

We will also take into account the size of the LSC contract and geographical location (of head office for multi-regional providers) to ensure a spread of provider involvement.

- 15 A list of approximately 35 providers to be considered for the pilot has been produced from a range of sources including: providers that have approached the LSC nationally with specific plans for the development of electronic records; providers identified by LSC regional audit managers that have expressed an interest in pursuing the development of electronic records; providers that have been made aware of the pilot through *the information authority* provider advisory groups; and providers that have held NES contracts and are aware of the work with employers.
- 16 All these providers are at different stages ranging from those that have used paper electronic records successfully alongside meeting LSC paper based requirements for audit, those who are content with paper-based systems but would like to use electronic scanning and storage of documents, and those who are seeking to purchase or develop systems that allow them to use electronic records and are looking for guidance on what would be acceptable. Work is progressing at an individual level with a number of providers to ascertain their current systems and their plans to move towards electronic records.
- 17 It is proposed that the criteria and the resulting list of pilot providers will be communicated through the LSC's website once the providers participating in the pilot have been formally notified in writing.

Project key milestones

- 1 October 2009 Pilot providers formally notified
 - 30 October 2009 Learner Verification added to EPCRA
 - November 2009 Training for Regional Audit teams
 - 23 December 2009 All pilot providers to have completed EPCRA Interim report published
 - 14 January 2010 Stakeholder engagement event
 - 1st Quarter 2010 Pilot providers to complete 3 month evaluation
 - 30 April 2010 Final report and recommendations for roll-out
- 18 The timescales of the project have been affected by providers' commitment and the time period involved in their response to completing the EPCRA and providing the relevant evidence required, and in some instances in their availability or the readiness of their systems.

Implications for the FE Sector

- 19 Although it is expected that overall the move to acceptance of electronic records will reduce the administrative burden on the sector it must be recognised that there will be implications for providers in terms of their own investment in appropriate systems. We hope through the project work with pilot providers to be able to demonstrate the potential return on this investment.

Approach to Audit for the SFA and YPLA

- 20 A proposal for a joint audit code of practice that will set out how SFA YPLA and LAs will take assurance from each other based on the principle of 'one provider one assurer' is being developed. The draft is at appendix A and was discussed at the Bureaucracy Reduction Group on 10 September.
- 21 The BRG recommendations were:
- That the principle of only having one assurance body per provider for all post 16 funding is accepted and this is taken forward through the provider accreditation process which will use Framework for Excellence information.
 - That the SFA should provide a shared service by managing all Financial Assurance mechanisms for all post 16 funding streams for all post 16 providers.
 - That consideration is given to post 16 funding assurance certificates being accepted directly by the NAO/ Audit Commission instead of for such assurance to be routed through each Local Authority.
 - That work begins immediately on writing Funding and Assurance Guidance so that Local Authorities in particular understand what they will have to and what they will not have to do once they inherit the hosting of SFCs.
- 22 The board is invited to note the work.

Author	Caroline Kempner Electronic Records: Debbie Watson Audit Approach: Peter Newson
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