

Funding compliance audits explained

The local authority is required by the Department for Education (DfE) to undertake funding compliance audits to ensure that providers meet the requirements for the delivery of early years entitlement funding.

There are two different audits:

Funding Claim Audit - This audit enables us to support providers with the accuracy of their funding submissions on the provider portal.

Compliance Audit - This audit will include checks being undertaken with further documentation e.g., a setting's register/ arrival departure records, invoices, fee structure / admissions policy / information for parents.

Funding compliance audits help providers to ensure that:

- funding is being claimed in accordance with the Provider Agreement whilst also adhering to the [Early education and childcare- GOV.UK](https://www.gov.uk/early-education-and-childcare)
- there are fully funded places offered by providers.
- the fee/charging policy is clear and transparent for parents.
- parents' invoices are clear, transparent, and itemised.
(example invoices are included as an Appendix 3 of as part of the Provider Agreement)
- funded children attend for their claimed hours/session.
- the admissions policy is clear and transparent for parents.
- childminders have a separate bank account for their childminding business.

What happens during a funding claim audit?

The funding claim audits are undertaken remotely.

Providers will be contacted by a member of the early years finance team who will explain the funding claim audit process, and request that the provider email copies of documentation required to undertake the audit.

Documents to be requested include:

- copies of FE1 forms for children accessing funded hours.
- copy of a DLA letter for children in receipt of this.

Providers may be asked to submit additional documents or further information as required.

Will I be notified of the outcome of the funding claim audit?

Following completion of the funding claim audit, providers will receive a letter outlining their compliance with the provider agreement. Where areas of non-compliance have been identified, these will be explained in the letter and should be implemented by the next portal submission.

What happens during a compliance audit?

Most of the audits are undertaken remotely, however visits may also be undertaken in the setting.

Providers will be contacted by a member of the early years finance team who will explain the compliance audit process, and request that the provider email copies of documentation required to undertake the audit.

Documents usually requested include:

- compliance audit form – issued by the local authority; completed and signed by the provider.
- copies of FE1 forms for children accessing chargeable extras in addition to the funded hours.
- copies of invoices for the same children.
- a copy of the setting's fee structure / admissions policy / information for parents.
- copies of register/ arrival departure records for the same children, along with copies of any absences logs for the same children.
- copy of a DLA letter for children in receipt of this.

Providers may be asked to submit additional documents or further information as required.

Will I be notified of the outcome of the compliance audit?

Following completion of the compliance audit, providers will receive a report. Where actions have been identified, these will be explained in the report and should be implemented to meet the requirements of the signed Provider Agreement.

Need more support?

Can't find what you need in our guidance materials?

Then please contact the Early Years Finance Team who will be happy to help:

CS.enquiries.childminders@derbyshire.gov.uk

CS.enquiries.groupcare@derbyshire.gov.uk

CS.enquiries.schools@derbyshire.gov.uk

Please include your Ofsted registration number, name, and contact details.