

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.

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 \(www.gov.uk\)](http://www.gov.uk)
- there are fully funded places offered by providers.
- the fee/charging policy is clear for parents.
- parents' invoices are clear, transparent, and itemised.
(example invoices are available via Appendix ii of the Provider Agreement)
- funded children attend for their claimed hours/session.
- the admissions policy is clear for parents.
- childminders have a separate bank account for their childminding business.

What happens during a funding compliance audit?

Most of the funding 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 funding compliance audit process, and request that the provider email copies of documentation required to undertake the audit.

Documents usually requested include:

- funding audit form – issued by the local authority; completed and signed by the provider.
- copies of FE1 forms for children accessing fee paying hours 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 funding compliance audit?

Following completion of the funding 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.