

Chapter 9 – Financial Procedures

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Introduction

1. This section details what we expect of you in terms of financial procedures for CAP. It also outlines how you have a responsibility to minimise the risk of fraud within the provision delivered. CAP Contract definitions can be found in [Annex 3](#)
2. Please Note: For claimants who are designated as needing Special Customer Records (SCR), information that would normally be managed through the PRaP system will need to be managed and maintained clerically. In these circumstances you should follow the guidance contained within this section in conjunction with [Chapter 2 of the Generic Provider Guidance](#) and [Chapter 3 \(Referrals and initial engagement\)](#) of the CAP guidance.

Overview

3. The prices submitted in your successful bids forms the basis on which all subsequent payments will be calculated and paid.
4. The payment model for the Community Action Programme includes:
 - a Start Fee (if appropriate)
 - a Completion Fee (at 2 rates)
 - a Sustained Job Outcome Fee

5. The information detailed in the following paragraphs needs to be read in conjunction with Community Action Programme Guidance [Annex 3](#).

Start Fee

6. A start fee, if appropriate, will be paid at the point where the you and the participant complete the initial two-way face to face meeting which results in an action plan. This is referred to as the engagement activity.
7. When you have completed the engagement activity with the participant you will need to record the start date in the PRaP system, which will trigger payment of the Start Fee, if appropriate.
8. The actions needed to undertake recording a Start Fee in PRaP will be covered in the UPK Topic 'Advise Start Provision Date'.
9. 'Date 1' and 'Date 2' will be the date you have completed the engagement activity.
10. The start date you record in PRaP must always be the date the discussion took place.
11. You have a responsibility to ensure that the starts you report to DWP are valid. You are required to retain appropriate evidence to show that the engagement activity has taken place and that the requirements as detailed in the [CAP Guidance Annex 3 – CAP Definitions](#), has been fully met. It is essential that you retain robust evidence of the face to face meeting and action planning which supports the Start Fee. This evidence will be subject to validation and audit and the evidence must be retained.
12. Only one Start Fee, if appropriate, will be payable for each participant, per period of Allotted Time.

Completion Fee

13. A completion fee will be paid at the point a participant has reached the end of the allotted time or earlier if the participant has died.
14. At this point an assessment needs to be made on the number of weeks of work experience placement(s) or a combination of work experience placement(s) and employment (off benefits) the participant has completed.
15. Where a participant has completed 12 or more weeks, one completion fee at either 'Rate A' or 'Rate B' can be claimed after the end of the allotted time period.

16. Time spent in employment (off benefits) can count towards complete weeks where either:
 - the participant has been employed for periods during the allotted time period
 - the participant entered employment during the allotted time period which has continued after the end of the allotted time without a break
17. Before you can claim the completion fee you will need to input the end date which will always be the end of the allotted time unless a participant has died, then it will be the date of death.
18. Select the appropriate leaver reason in PRaP. You will see a number of leaver reasons in PRaP. Please ensure you only use one of the following two leaver reasons that are relevant to CAP:
 - no longer eligible
 - completed Provision
19. When you have established a completion fee is due you will need to record the qualifying date (which needs to be after the end date) in the PRaP system against the appropriate Rate, either Rate A or Rate B, which will trigger payment of the correct completion fee.
20. You must ensure you select the correct rate due relative to the number of weeks you have the evidence to support.

Rate A: 12 – 20 week completion fee

30% of completion fee will be payable where a participant has:

 - completed between 12 - 20 weeks on a full time work experience placement(s)
 - completed between 12 – 20 weeks on a combination of full time work experience placement(s) and employment (off benefits)

Rate B: 21 – 26 week completion fee

100% completion fee will be payable where a participant has:

 - completed between 21 - 26 weeks on a full time work experience placement(s)
 - completed between 21 – 26 weeks on a combination of full time work experience placement(s) and employment (off benefits)
21. The actions needed to undertake recording a Completion Fee in PRaP will be covered in the UPK Topic 'Advise Start Provision Date'.

22. You have a responsibility to ensure that the completion fee claims you report to DWP are valid. You are required to retain appropriate evidence to show that the participant has been working with the host organisation(s) and the number of week's activity has taken place in line with the definitions as detailed in the [CAP Guidance Annex 3 – CAP Definitions](#) has been met in full. It is essential that you retain robust evidence as this evidence will be subject to validation and audit.
23. Only one completion fee will be paid for each participant at either Rate A or Rate B

Consequence: If you incorrectly claim both completion fee Rate A and Rate B you will have been overpaid and will be required to refund the incorrect payment.

Sustained Job Outcome Fee

25. A sustained job outcome fee will be paid at the point a participant has been employed and off benefits for 26 out of 30 weeks.
26. This job outcome period begins to accrue from and including the job start date; and only one job outcome fee can be claimed for each claimant per period of allotted time.
27. The actions needed to undertake recording a sustained job outcome fee in PRaP will be covered in the UPK Topic 'Claiming sustained job outcome'.
28. You are required to retain appropriate evidence to show that the participant has been working and the numbers of weeks employment that have taken place in line with the definitions as detailed in the [CAP Guidance Annex 3 – CAP Definitions](#) has been met in full. It is essential that you retain robust evidence as this evidence will be subject to validation and audit. You have a responsibility to ensure that the outcomes you report to DWP are valid and can be supported by evidence. This should be read in conjunction with [Chapter 5 of the Generic Provider Guidance](#).

Self Employment

29. You cannot claim a job outcome payment unless a claimant is off benefits and trading independently. Once a participant has traded independently for 26 out of 30 weeks (and provided the job meets the relevant outcome definition) you will be entitled to claim a sustained job outcome fee.

Retention of Supporting Evidence

30. In order to do this, you will need to put in place whatever systems you deem appropriate in order to track participants and ensure that they have commenced and/or remained on their work placement and/or they have commenced and/or remained in employment that meets the definitions as specified at [Annex 3 – CAP Definitions](#)
31. You will also be expected to maintain a robust system of internal control which must include appropriate checks, monitoring arrangements and adequate records to demonstrate that you are entitled to make the claim. The records maintained need to be sufficient not only to support any claim for start, completion or job outcome fees but also to allow internal management checks and independent validation for example by DWP and other external bodies. The records maintained should document how and when the employment or host organisation information was obtained.
32. The information you will need to retain for each job or work placement must include:
 - whether the job is employment or self employment (if appropriate)
 - job or work placement title(s)
 - job or work placement start date(s) and if applicable end date(s)
 - working pattern/shift pattern (if appropriate)
 - employer/company or host organisation name and full address
 - employer or host organisation contact name
 - full business telephone number and e-mail address (if available) of employer or host organisation contact
 - participant contact details
 - participant consent to contact employer or host organisation (please see [Chapter 5 of the Generic Provider Guidance – Evidencing/ Validating Payments](#))
 - an employee or host organisation identifier such as work or payroll number (if available)
 - optionally, you may also include the employer or host organisation contacts full mobile telephone number
33. In order to support these processes and to comply with Data Protection legislation you will need to ensure that you have the participant's written, informed consent allowing DWP to contact their employer/s or host organisation/s directly. It is your responsibility to obtain this consent and to determine the optimum time for obtaining it. The participant consent form, which cannot be altered in any way because it contains the appropriate legal wording, can be found at Annex 1 of Chapter 5 of the Generic Provider Guidance – Evidencing / Validating Payments. The declaration should be completed and signed by the participant and kept on file in your premises.

34. This consent form has been designed to ensure DWP is compliant with DPA requirements for the purpose of contacting employers. This consent form will not entirely cover your responsibilities. Therefore to comply with Data Protection legislation, you must have a participant declaration which gives authority for you to collect process and share participant information. You must ensure that this declaration is included in the participant's induction pack which should be completed and signed by the participant and kept securely on file by you.

Validation of Claims

35. DWP will conduct a 100% automated pre-payment validation (off-benefit) check on all sustained job outcome claims when they are input to PRaP. For sustained job outcomes this is detailed in [Chapter 5 of the Generic Provider Guidance – Evidencing/Validating Payments](#) – Job Outcomes & Sustained Job Outcomes.

Pre payment validations (off-benefit check) for Sustained Job Outcomes Fees

36. Before a sustained job outcome fee is made, checks will be undertaken to confirm that a claimant is off benefit. This is in the form of an automated check with details held in PRaP to assess whether a claimant is off Jobseekers Allowance (JSA).
37. If the check does not confirm that the claimant is off-benefit further checks will be undertaken with the employer before payment can be released. If further checks do not confirm that the claimant is in employment the claim will be invalid and payment will not be made.

Pre payment validations for Completion Fees

38. DWP will conduct an appropriate percentage sample of all completion fees claimed to confirm that the individuals in the sample have been participating in work experience with the host organisation. Claims will be subject to verification by contacting the host organisation or the participant, using the information supplied by you in the claim.
39. There will be no limit placed on the number of times the PPVT will attempt to contact a host organisation or participant during the pre payment validation process. However, there will need to be time restrictions in that DWP will at some point have to draw a line. Failure to contact a host organisation or participant during this time will not be

classed as a fail and will not therefore impact the payment already made to you.

40. There are three possible outcomes; pass, fail or unable to validate:
- Pass: the host organisation and/or participant confirm the work experience details. No further action is taken
 - Unable to validate: PPVT have been unable to make contact with the host organisation or participant. No further action is taken
 - Fail: the host organisation or participant does not confirm the work experience details. We will recover the individual payment
41. If PPVT establish the completion fee check has failed, that payment will be recovered and 'backed-out' of PRaP. They will then become available for you to claim again at some point in the future should you find that you subsequently achieve a valid completion fee for the same individual. However, you should be aware that DWP will keep management information regarding this process (particularly claims that have failed the post payment validation and those it had been unable to validate) and this will be fed into performance managers and to inform other activities that may then take place, e.g. claims that are constantly rejected could indicate a weakness in providers' systems and feedback of this nature may therefore inform Provider Assurance Team activities ([see Chapter 6 of the Generic Provider Guidance – Provider Assurance for more information](#)).

Post payment validations of Sustained Job Outcomes Payments

42. For all claims that pass pre payment validation checks and are subsequently paid, a sample will be selected and further checks will be done to confirm that the individuals in the sample are also in employment. Claims will be subject to verification by contacting the employer or the participant, using the information supplied by you in the claim.
43. There will be no limit placed on the number of times the PPVT will attempt to contact an employer or participant during the post payment validation process. However, there will need to be time restrictions in that DWP will at some point have to draw a line. Failure to contact an employer/participant during this time will not be classed as a fail and will not therefore impact the payment already made to you.
44. There are three possible outcomes; pass, fail or unable to validate.
- Pass: the employer and/or participant confirm the employment details. No further action is taken

- Unable to validate: PPVT have been unable to make contact with the employer or participant. No further action is taken
 - Fail: the employer or participant does not confirm the employment details. We will recover the individual payment
45. If PPVT establish the sustained job outcome check has failed, that payment will be recovered and 'backed-out' of PRaP. They will then become available for you to claim again at some point in the future should you find that you subsequently achieve a valid sustained job outcome fee for the same individual. However, you should be aware that DWP will keep management information regarding this process (particularly claims that have failed the post payment validation and those it had been unable to validate) and this will be fed into performance managers and to inform other activities that may then take place, e.g. claims that are constantly rejected could indicate a weakness in providers' systems and feedback of this nature may therefore inform Provider Assurance Team activities ([see Chapter 6 of the Generic Provider Guidance – Provider Assurance for more information](#)).

Irregularities / potential fraud

46. You have responsibility to minimise the risk of fraud within the programmes you deliver. Funding should be safeguarded against fraud and serious irregularity on the part of your directors, employees or subcontractors. Such abuse would include false or misleading claims for attachment fees and outcome payments, whether designed to gain immediate financial advantage or overstate performance.
47. Deliberate and/or persistent non-compliance with prescribed standards of delivery would also be subject to investigation if a possible financial impact was identified.
48. In such instance DWP may contact you to pursue enquiries relating to potential abuses of funding. Their remit will be, primarily, to investigate fraud and financial irregularities but it can in certain circumstances extend to non-compliance with contract and guidance.
49. You should therefore ensure that all staff involved in the delivery and management of contracts are fully aware of the risks and consequences of any falsification, manipulation, deception or misrepresentation. Occurrence of fraud within any individual programme could lead to the termination of all contracts held by you as well as civil or criminal proceedings against those implicated.