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## **SIGNIFICANT FAILINGS IN ILA SCHEME IN SCOTLAND**

**A report by the Auditor General for Scotland, Robert Black, has found there were serious and significant failings in the administration of the Individual Learning Accounts (ILAs) scheme in Scotland.**

“The ILA scheme was an innovative programme which proved popular with genuine learners and learning providers,” said Mr Black, “but it suffered from many administrative errors and failings. It was a complicated scheme introduced in a hurry and involved several – perhaps too many – public bodies in Scotland.”

Key findings of the report include:

- The Scottish Executive Enterprise and Lifelong Learning Department (ELLD) could have been more involved in the design and implementation of the scheme
- ELLD did not fully appreciate the risk of fraudulent activity
- There was an absence of robust systems of control, eg a lack of formal accreditation
- There was no clear guidance for the operation and administration of the scheme
- Responsibilities for monitoring were unclear

The report suggests that monitoring of high-risk learning providers was introduced too late. “Robust monitoring and audit arrangements at an earlier stage could have provided a real deterrent and a means of detecting improper activity,” said Mr Black.

The authorities involved in administering the scheme have now identified 28 learning providers with the highest risk of fraudulent activity. These providers have already received payments totalling £2.9 million and have further claims of £2.7 million. The police, under the direction of the Crown Office Fraud Unit, are investigating whether there is sufficient evidence to justify charging any individual with fraud.

Out of a total £18.8 million worth of claims, it is estimated that the amount of irregular or fraudulent activity could be in the region of £4.5 million. In total, £15 million has been paid out and £3.8 million of claims are still outstanding.

The Auditor General has made a series of recommendations to the Scottish Executive based on his findings. The ELLD is due to introduce a new scheme this year.

**For further information please contact Katie Fleming or James Gillies on 0131 624 9970/9971**

## Notes

1. ILAs were a UK-wide scheme aimed at increasing adult participation in education and training by offering an opportunity to receive discounts on the costs of a wide range of training courses.
2. The scheme opened in Scotland in July 2000 and the 100,000 target was exceeded by June 2001. In total, some 266,000 accounts were opened in Scotland.
3. A large number of bodies were responsible for the scheme including the UK government's Department of Education and Skills, the Scottish Executive Enterprise and Lifelong Learning Department, Scottish Enterprise, Highlands and Island Enterprise, Capita Business Services Ltd and the Scottish University for Industry. For a breakdown of responsibilities see Exhibit 1 of the Auditor General's report.
4. The report, *Individual Learning Accounts in Scotland*, was prepared by Audit Scotland for the Auditor General for Scotland.
5. Audit Scotland is a statutory body set up in April 2000, under the Public Finance and Accountability (Scotland) Act, 2000. It provides services to the Accounts Commission and the Auditor General for Scotland.
6. The Auditor General is responsible for securing the audit of the Scottish Executive and most other public bodies in Scotland, except local authorities. He investigates whether spending bodies achieve the best possible value for money and adhere to the highest standards of financial management. The Auditor General is independent and is not subject to the control of the Scottish Executive or the Scottish Parliament