

Chapter 5 Evidencing/Validating Payments

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Introduction

1. This chapter is an overview of the standard validation model applied to the majority of Contracted Health & Employment Services (CHES) contracts. Details of specific processes are included in programme specific guidance.

High Level Provider Requirements

2. You are required to satisfy yourselves that you only submit accurate claims for payments that you are entitled to. DWP will utilise its own systems to satisfy itself that the claims are valid. This will include a series of checks to confirm that claims for payment meet the required definitions.
3. You are required to maintain a robust system of internal control that needs to be sufficient not only to support any claims but also allow you to undertake internal management checks and independent testing and validation, by DWP and HMRC systems. The records maintained should document how and when the appropriate supporting evidence was obtained. You must keep information to support your claims and submit it to DWP when requested and as part of the claim process. This can include information about the participant, their employer/host organisation and details of the job(s) held.

Customer consent

4. A Designation Order has been put in place to allow the Department and Providers to contact the participant's employer/host organisation directly, to validate employment details for the employee without requiring the consent from participants. You may also share this information with the Department for Work and Pensions, however [Please Note] *the Designation Order only applies to voluntary and mandatory provision and to claimants or ex-claimants who are or were in receipt of Universal Credit [UC], Employment and Support Allowance [ESA], Incapacity Benefit [where also in receipt of Income Support] or Jobseekers Allowance [JSA]. This means the Order does not cover non-claimants [and persons who have never claimed] therefore consent must be obtained from these participants to allow Providers/DWP to contact employer/host organisations in connection with their claim processes.* (See annex 2). Specific guidance should be checked for more information.
5. So that customers are aware that Designation Order Activity will take place, Providers will need to present all new participants and those participants who have previously not provided/withdrawn consent (prior to or at the point of a claim being made) with a Fair Processing Notice explaining the Departmental position in respect of consent to contact a participant's employer/host organisation. See Annex 3.

General Data Protection Regulation (GDPR)

6. From 25 May 2018 the General Data Protection Regulation (GDPR) will replace the UK Data Protection Act 1998 (DPA) and it is important that providers make themselves aware of the changes and understand the differences between the two.
7. Although the underlying principles of the two pieces of legislation are similar, the change introduces several new requirements for UK organisations that are likely to necessitate new business processes to accommodate the change.
8. DWP contracts will be updated to include the GDPR changes and responsibilities so it is essential that each organisation understands what is required under GDPR within each of their contracts, and should seek DWP advice from their Performance Manager if they are unsure.

Before submitting claims for payment

9. Before submitting any claim for payment you must satisfy yourself that you are entitled to do so; you will be expected to make a declaration to this effect on submission of the claim. Your systems need to show the tracking of participants and employment details that meet the outcome definition as specified for the provision being delivered.

10. You are required 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 a claim for the outcome, but also to allow internal management checks, scrutiny from other external bodies and DWP assurance activity and validation checks. The records maintained should document how and when the employment information was obtained.
11. The Provider Assurance Team will also review your systems to ensure that they are effective and manage risk to DWP expenditure and data (see Generic Guidance Chapter 6 - Provider Assurance for more information).
12. DWP does not prescribe the way in which you should track participants or record information about their employment activity; see [Generic Guidance Chapter 8 - Information Security](#) regarding use of Social Media. There is however specific information that you are required to input to the Job Details Screen within the Provider Referral and Payment System (PRaP) when you submit claims. The information required to be input varies by provision please check provision specific guidance for this detail prior to submitting claims.
13. The Job Details Screen also includes an 'other information box' which is a free text box where you can record any additional information to assist validation. Please note: some provision requires certain detail to be recorded here – please see provision specific guidance for more detail.
14. It is requested that you don't use any Carriage Returns within the Other Information box. A Carriage Return is the use of the Return/Enter key on a user's keyboard to start a new line or paragraph. The use of this key within the Other Information box may cause important details to be omitted from the information made available to validators. If you are listing anything within the Other Information box, please use a continuous line and commas only.
15. Where job details are required, information for every job the participant has held within the claim period is required. Failure to provide all or part of this information may result in the payment being recorded as an error and will be used to calculate the error rate for extrapolation.
16. Providers remain accountable for making sure that all outcomes are checked prior to claim and that all claims must be valid at the point of submission for payment. As such you should not need an extensive checking regime in place that validates your outcomes after the claim has been submitted to DWP.

After submitting claims for payment

17. If you require a claim for any payment type to be removed from PRaP at the post payment stage, before a sample has been drawn, you need to notify the PRaP Operational Support Team (POST).
 - For Work Programme – follow the PPVT1 process and send completed forms to: PPVT1.REQUEST@DWP.GOV.UK

- For all other programmes – follow the PRaP 14 process and send completed forms to: PRAP.support@dwp.gov.uk

18. All Provider requests to back out claims should be minimal as providers are expected to check that all claims are valid at the point of submission. The Department will monitor volumes of backed out cases as these can be evidence of poor systems of internal control. All cases that are likely to be invalid due to potential fraud should be notified to DWP immediately (see section on Irregularities/Potential Fraud).

19. If you identify an error after the sample has been drawn the Department would not normally expect a request to back out a claim as the error will be dealt with through extrapolation. In such circumstances the records/entry on your system(s) should be annotated by cross referencing WPLRM 201. You should also annotate the claim on PRaP using the “Other Information” box previously mentioned in paragraph 11.

Match Funded Provision

20. If the programme is match funded, all information relating to claims you have submitted along with the requirements as described in paragraph 10 must be kept as part of the European Social Fund (ESF) document retention requirement. Please refer to Generic Guidance Chapter 11 & 11b – ESF Requirements.

DWP Pre payment validation

21. Where pre-payment validation applies every claim submitted will be subject to pre-payment checks on the claim dates submitted by providers utilising a number of different systems before being released for payment. These checks are to determine whether the required definition has been met. More detail on how these checks operate can be found in provision specific guidance.

Universal Credit

22. The table below contains links to provision guidance where Universal Credit (UC) guidance is available. The table will also indicate where UC is either not applicable to that provision or if guidance has not yet been published.

Provision	Guidance Link or Information
Access to Work	Not applicable to this provision
ESF2014-20	https://www.gov.uk/government/publications/esf-2014-to-2020-provider-guidance
New Enterprise Allowance (NEA)	https://www.gov.uk/government/publications/new-enterprise-allowance-phase-2-provider-guidance

Specialist Employability Support (SES)	https://www.gov.uk/government/publications/specialist-employability-support-provider-guidance-effective-from-september-2017
Work Choice	Not applicable to this provision
Work Programme (Generic)	https://www.gov.uk/government/publications/work-programme-dwp-provider-guidance
Work Programme (CPA18 Only)	https://www.gov.uk/government/publications/work-programme-provider-guidance-for-contract-package-area-18
Work Programme (Universal Credit)	https://www.gov.uk/government/publications/work-programme-universal-credit-provider-guidance
Work and Health Programme	https://www.gov.uk/government/publications/work-and-health-programme-provider-guidance

DWP Post payment validation

23. Where Post Payment validation applies DWP will select a random sample of paid claims. Where paid claims within the period do not total enough to draw a valid sample all claims will be validated. The error rates derived from these samples will be extrapolated against the total population meaning that the correct level of payment and performance will be attributed to providers.
24. Random sampling ensures that the claims selected are representative of the population of claims from which it is drawn. This process guards against isolated errors leading to DWP significantly over or under-estimating the amount overpaid. Please note, DWP reserves the right to sample additional claims at any point.
25. The Provider reports available in the reporting functionality within i-supplier, showing which cases have been selected for sample, are not available to view until the sample has been uploaded to PRaP a few days after it has been drawn. DWP will not accept any Post Payment Validation requests from providers to back-out claims that appear in the sample.
26. Where appropriate the sample is matched against HMRC data. This automated process is checking for tax records against the participants for the required period. If a record confirms that someone was in employment for the required period, then the claim is deemed valid. For clarification on which provision this applies to please check programme specific guidance.
27. Any claims that fail the HMRC check will then be subject to further validation by DWP. DWP will contact the employer/host organisation (and/or the participant) using the information supplied by you at the point of submitting the claim, to check the participant has been in work for the required period. Where it has not been possible to make contact with the employer; DWP will contact the participant in the attempt to validate an outcome claim. Please note that for self-

employed participants DWP will only contact the participant. In cases where the participant is a self-employed sub-contractor DWP may also contact the sub-contractor.

28. There are five possible validation results

(Please Note: Possible validation results will vary by programme. More detail can be found in programme specific guidance)

- **Pass** – An employer/host organisation/participant confirms the condition for payment, as set out in the relevant definition, has been met.
- **Technical Pass** – at the manual validation stage there are two scenarios:
 1. An employer/host organisation/participant confirms that there is a valid claim however the employer details recorded in PRaP differ. PPVT will inform you of the correct information and you are required to make the changes in PRaP. The payment will not be recovered and will not contribute to the error rate for extrapolation.
 2. If PPVT establishes that a participant has not been in work for a sufficient time within the claim period to meet the requirement but at the point of validation they have (and meet all other requirements), the claim will be treated as a Technical Pass. The payment will not be recovered and will not contribute to the error rate for extrapolation.
- **Technical Fail:** At the manual validation stage there are two scenarios:
 1. Employer/host organisation or the participant confirms that there is a valid Job Outcome payment however the employer details recorded in PRaP differs. The participant payment (plus any related invalid payments) and performance are recovered.
 2. If PPVT establishes that a participant has not been in work for a sufficient time within the claim period to meet the requirement but at the point of validation they have (and meet all other requirements), the claim will be treated as a 'technical fail.'

As a technical failure the claim will be backed out of PRaP. You will be able to resubmit the outcome should you establish a subsequent valid outcome for the same participant. Technical failures are not taken into consideration when the failure rates are extrapolated across untested claims

- **Unable to Validate** – PPVT has either not been able to contact the employer/host organisation/participant, or they are unable/unwilling to provide the information required to validate the claim.

- **Fail** – An employer/host organisation/ participant provides information which means the condition for payment, as set out in the relevant definition, has not been met. The claim is recorded as an error. Providers should ensure they check programme specific guidance for Fail Rulings in case there are limitations on the number of submissions through PRaP.
29. In cases where PPVT is experiencing difficulty making contact with the employer/host organisation and/or participant, we may contact you to confirm the details you have supplied in PRaP. PPVT will also contact you where you have submitted incorrect or incomplete information (e.g. unobtainable telephone numbers). You are required to establish the correct information and supply PPVT within the specified timescale. If you do not provide the detail that enables PPVT an attempt at validation, the claim may fail validation as Insufficient Information Supplied.
30. Providers must not remove job details from the mandatory fields in PRaP. Should you identify an invalid claim, you can request for it to be removed. PPVT will, at post-payment validation, fail claims where the job details have been removed.
31. PPVT will keep management information about claims that have been submitted inaccurately, and claims that they have been unable to validate. This will be used to inform other activities that may take place, for instance, consistently submitting poor quality claims could indicate a weakness in providers' systems and feedback of this nature may therefore inform Provider Assurance Team activities (see Generic Guidance Chapter 6 - Provider Assurance for more information).
32. Claims that PPVT have genuinely not been able to validate, will be apportioned across the other validation results. Before any of these claims are apportioned, you will have the opportunity to seek review by submitting additional information that will allow DWP to have another attempt at validation.

Review Process

33. Following the completion of each post-payment validation exercise, you will receive a Validation Report detailing the claims classified as Fails or Unable to Validate (UTVs). This report will also give you the information that informed the original validation decision.
34. Before any of these claims are used to calculate the error rate for extrapolation you will have 10 working days to consider and respond to this information. Where you are able to supply additional, relevant supporting information, you may request that DWP revisit the case.
35. Requests for review must be submitted electronically to the relevant DWP Review Team Mailbox. Supporting documents should (where possible) also be submitted electronically. Supporting documents will be used in an attempt to revalidate the claim; this information cannot however be used to validate the outcome without independent confirmation. You are required to submit any documentation to the Review Team in line with Departmental security guidelines.

36. All requests for review, together with any supporting information (including hard copy information) must be received by the Review Team within 10 working days of the validation report having been issued. Nil returns are required to confirm that no additional review activity is to be undertaken. Late review requests or supporting information will not be accepted.
37. If no formal request has been received by the Review Team by close of business on the 10th working day, an Extrapolation Report and invoice (if applicable) will be raised at the end of the validation round. Where no formal request has been received by the DWP Review Team, the original validation decision will be applied i.e. Fail or UTV.
38. Requests for review should only be made where you have identified additional, relevant information that was not available when you made the original submission. If the additional information supplied allows DWP's Review Team to go back to an employer, host organisation or participant, attempts will be made to re-validate the outcome.
39. All additional, relevant information will need to be updated on the Validation Report (i.e. Decision Log) supplied by the DWP Review Team. An example of this form can be found at Annex 4. In order to satisfy our internal audit control, all requests for review must be recorded on this template.
40. Requests for review will initially be assessed by the DWP Review Team before these are managed through the Review Process. Where no new or relevant information is identified, these cases will be treated as 'Out of Scope' and no additional review activity will be undertaken; in these instances, the original validation decision will be applied i.e. Fail or UTV.
41. Where the original validation result failed (i.e. an employer or host organisation confirmed the outcome definition has not been met) the Review Team will not attempt to revalidate the claim with the participant.
42. Each case will be different and the information provided by you in support of your request will vary. For that reason, it is not possible to provide a comprehensive list of every circumstance where you will make a request. There may be instances where you subsequently identify a different employer/host organisation contact, or that you have obtained additional/relevant information from the employer/host organisation that allows the Review Team to follow up an additional line of enquiry.
43. You are required to establish the correct information and supply the Review Team within the specified 10 day timescale. If you do not provide the detail that enables the Review Team an attempt to validate, the original decision will stand.
44. Any decision to overturn the original result needs to stand up to scrutiny by DWP Internal Audit (IA) and the National Audit Office (NAO). It is not sufficient to say

that you have contacted the same employer, host organisation or participant again and have been given different information.

45. There are six possible review outcome results: For clarification on which provisions these apply to please check programme specific guidance.

- **Pass** – As per paragraph 28.
Technical Pass – As per paragraph 28.
Technical Fail - As per paragraph 28.
- **Unable to Validate** – As per paragraph 28.
- **Fail** – As per paragraph 28.
- **Out of Scope** - Where no new or relevant information is identified, these cases will be treated as 'Out of Scope' and no additional review activity will be undertaken; in these instances, the original validation decision will be applied i.e. Fail or UTV.

Please note that a claim found to be Unable to Validate at the Review Stage cannot overturn a claim which PPVT have already Failed.

46. Once the cases have been reviewed, the DWP Review Team will present their recommendations for cases classified as Fail or Unable to Validate, to a Review Board. This Board includes DWP representatives from Controls, Policy, Commercial and Performance Management Teams. The purpose of the Board is twofold; to be satisfied that any reviewed decisions will stand up to scrutiny by DWP Internal Audit and the NAO, and to approve the original validation decision if it remains unchanged. The Board may also direct the Review Team to progress additional lines of enquiry before finalising their decisions.

47. Following approval from the Review Board, the DWP Review Team will notify you of the results and issue you with an Extrapolation Report and Validation Report (outlining the rationale for the Board decisions). These decisions will have gone through a rigorous and robust review process signed-off by senior DWP representatives to ensure that all valid claims are recognised. Board decisions are therefore final and no further challenge will be accepted.

Extrapolation

48. The number of Passes, Technical Passes, Unable to Validate and Fails will be totalled for each sample in the period. Each validation result impacts on the overall fail rate either by reducing it in the case of passes and technical passes or increasing it in the case of fails. A number of claims assessed to be Unable to Validate will be apportioned as fails in line with the fail rate. For details of calculations please see specific provision guidance. The Department will use the results of validation as part of their engagement with you.

49. Once all the checks have been completed, including those that have been reviewed, you will receive an extrapolation report that details the validation decisions against the sample to enable you to reconcile against your claims. The report includes the error rate and the total amount of money to be recovered (if applicable). The report will be sent before any invoice is raised.

Invoicing Arrangements

50. DWP will request an invoice to be raised for the amount to be recovered as detailed in your extrapolation report. You are expected to pay this amount within 30 days of the receipt of the invoice. This adjustment will be at contract level as it cannot be attributed to participant claims.

Irregularities/Potential Fraud

51. You have a responsibility to minimise the risk of fraud within the programmes delivered. Funding should be safeguarded against fraud and serious irregularity on the part of directors, employees or subcontractors. Such abuse would include false or misleading claims for payments, whether designed to gain immediate financial advantage or overstate performance.
52. Deliberate and/or persistent non-compliance with prescribed standards of delivery would also be subject to investigation if a possible financial impact was identified.
53. In such instances DWP may contact you to pursue enquiries relating to potential abuses of funding. Their remit will be, primarily, to investigate fraud and financial irregularity but it can in certain circumstances extend to non-compliance with contract and guidance.
54. 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 participant programme could lead to the termination of all contracts held as well as civil or criminal proceedings against those implicated.

Special Customer Records

55. Where you have a claim for a participant who is granted Special Customer Records (SCR) status (as determined by HMRC Special Section D (SSD)), you are required to submit the claim on the relevant form(s) which can be found in programme specific provider guidance. You must only submit claims on these forms on the rare occasions that SCR status is granted.
56. Where possible, the validation checks of an SCR claim will mirror the process of a standard PRaP claim. For example, if the validation process requires a durational check or an earning threshold check to ensure the outcome definition has been met then the same process will apply to SCR/clerical claims.

European Social Fund (ESF) requirements

57. For programmes where ESF is applicable please refer to programme specific guidance for evidence retention requirements.



Annex 1: Links to Specific Programme Guidance

ESF2014-20	https://www.gov.uk/government/publications/esf-2014-to-2020-provider-guidance
NEA	https://www.gov.uk/government/publications/new-enterprise-allowance-dwp-provider-guidance
SES	https://www.gov.uk/government/publications/specialist-employability-support-provider-guidance-effective-from-september-2017
UC (Work Programme)	https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/457507/uc-work-programme-dwp-provider-guidance.pdf
Work & Health Programme	https://www.gov.uk/government/publications/work-and-health-programme-provider-guidance
Work Choice	https://www.gov.uk/government/publications/work-choice-dwp-provider-guidance
Work Programme	https://www.gov.uk/government/publications/work-programme-dwp-provider-guidance

Annex 2: Consent to share information for voluntary employment provisions.

[Name of Provider] is working with Jobcentre Plus programme participants on behalf of the Department for Work and Pensions (DWP) to help these participants to increase their skills to help them find and keep work. [Provider] may claim a payment from DWP for every Jobcentre Plus participant who finds work while or after participating in a programme.

To claim a payment from DWP [Provider] may need to confirm details of your employment

To validate these claims DWP may need to confirm details of your employment. Where appropriate, this may involve confirming details with each of your employers.

To achieve this, [Provider], DWP and your future employers need your consent to share information about you as follows:

Stage 1: [Provider] will give your name and national insurance number to your future employer.

Stage 2: Your employers will use your name and national insurance number to identify you, so that they can confirm to [Provider] some or all of the following information:

- The date you began each period of your employment;
- whether your employment is continuing;
- if not continuing, the date each period of your employment ended;
- whether you were employed during a specific period;
- the number of hours you worked each week;
- the amount of your earnings each week;
- your employee number or other unique identifier. This information can only be provided where company payroll/structures exist, and therefore if no payroll numbers or detail is present, this information cannot be supplied.

Stage 3: To validate payment claims from [Provider], DWP may contact your employer using your name and national insurance number to ask for the information listed at stage 2. It will use this information to:

- check if the information given to it by the [Provider] is correct; and
- evaluate the programme.

DWP will store your information securely for audit purposes.

If you do not give consent, this will not affect your entitlement to participate in the programme, or any job offer or employment obtained. You can write to [Provider] at



any time to withdraw your consent and this will not affect your placement on the programme or any employment or offer of employment made.

Participant name..... (Please print name in full)

I give consent for [Provider], my future employer and DWP to share information as described in stages 1 to 3 above.

I confirm that:

I have read the information above and understand why this information sharing is needed and how this information will be used.

I understand that:

If I am in receipt of any benefits, my entitlement to these benefits will not depend on whether I choose to give consent or not.

My placement on any programme with [Provider] and any employment or future offer of employment will not depend on whether I choose to give consent or not.

I can withdraw my consent at any time by writing to [Provider]

Signature

Date.....

Annex 3: Fair Processing Notice

We, the Department for Work and Pensions (DWP), need to record and share information about your employment activity. The information shared will be between DWP, employers and our contracted service providers.

This Information will be used by DWP (and, where relevant, those contracted to provide auditing services to DWP):

- to validate and audit payment claims from employers and service providers, for the running of the Work Programme and the Wage Incentive Scheme; and
- in relation to job interview performance.

To corroborate details of your employment activity, where appropriate, we will need to confirm details with each of your employers.

For validating and auditing payment claims, the process is as follows:

Stage 1: DWP or our contracted service provider will give your name and national insurance number to your past or current employer as appropriate;

Stage 2: The employer will use your name and national insurance number to identify you, so they can confirm to DWP, or our contracted service provider, some or all of the following information:

- the date you began each period of your employment;
- whether your employment is continuing;
- if not continuing, the date each period of your employment ended;
- whether you were employed during a specific period;
- your work pattern/shift;
- the amount of your earnings each week;
- average earnings; and
- your employee number or other unique identifier.

DWP will store your information securely for audit purposes.

Annex 4: Validation Report/Decision Log

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/635844/dwp-provider-guidance-chapter-5-annex-4.ods