

# **Guidance notes for external auditors of higher education funding data 2008/09**

## **Introduction**

- 1 The Higher Education Funding Council for Wales (HEFCW) circular W07/17HE described the new process by which data used to calculate funding allocations and the systems and processes used to produce the data, are to be audited. More reliance is being placed on annual internal audits, with an external audit, carried out by auditors appointed by HEFCW, being required at each institution at least once every five years. Institutions will be externally audited on a sample basis, with additional external audits required where there is considered to be an increased risk of error.
- 2 This Circular sets out the scope of the external audit and the reporting requirements of the external auditor.

## **Scope of the external audit**

- 3 The audit will have the following components:
  - An evaluation of the systems and processes used to generate data used in calculating funding allocations, though, where satisfactory, the auditor will be able to place reliance on the internal audit work and report;
  - Substantive testing of the underlying records to ensure the accuracy of data returned.
- 4 The audit will cover all data returns described in this document that are relevant to the institution, even if past audits have given no cause for concern.

## **Preliminary work**

- 5 The auditor should familiarise themselves with guidance issued by HEFCW: the 2008/09 End of Year Monitoring of Higher Education (EYM) survey (HEFCW circular W09/17HE); and Part B of the 2006 Higher Education Business and Community Interaction (HEBCI) survey (HEFCW circular letter W06/50HE together with definitions and guidelines for returning data for 2005/06 available on the HEFCE website at [www.hefce.ac.uk/faq/hebci.htm](http://www.hefce.ac.uk/faq/hebci.htm)), which provide detailed instructions on the return of data. All HEFCW circulars are available on the HEFCW website [www.hefcw.ac.uk](http://www.hefcw.ac.uk).

- 6 In addition, the auditor should familiarise themselves with coding manuals and guidance relating to Higher Education Statistics Agency (HESA) student and staff records (available on the HESA website – [www.hesa.ac.uk](http://www.hesa.ac.uk)); and coding manuals and guidance relating to the Lifelong Learning Wales Record (LLWR) (available on the Welsh Assembly website [www.wales.gov.uk](http://www.wales.gov.uk)). The fields and criteria used to extract data to use in teaching and PGR training funding allocations from HESA/LLWR records are described in the Higher Education Data Requirements circular 2008/09 (HEFCW circular W09/12HE). The fields and criteria used to extract data from HESA records to use in Third Mission funding allocations are described in Annex C.
- 7 The auditor should pay particular attention to any changes made to the data collected or the definitions used since the previous year. However, the auditor should note that there are no changes to the data used in Third Mission funding (including to the academic year the data relate to) as funding for 2007/08 to 2009/10 was calculated using data from 2005/06. Auditors should also note that the Research Activity Survey (RAS) was not carried out in 2008/09 as data were instead taken from the Research Assessment Exercise (RAE) 2008. Therefore, data used to calculate QR funding are not subject to audit in 2009. An RAS survey will be carried out in 2009 and data used to calculate QR funding will be included in the scope of of the 2010 audit.
- 8 The auditor will make arrangements with institutions in advance of their visits to ensure that the information they require will be available. At the same time, copies of the 2008/09 EYM return and Part B of the 2005/06 HEBCI survey return should be obtained from institutional management to ensure that the data accord with the information held by HEFCW. The auditor should also request copies of the full-time and part-time prospectuses for 2008/09.
- 9 Copies of verification reports confirming EYM data sent to HEFCW by institutions will be supplied by HEFCW to the auditor as will copies of HEBCI survey data held by HEFCW; HESA data used in premium, per capita, PGR and Third Mission funding allocations; lists of postcodes eligible for the low affluence and Community First elements of the widening access premium; and lists of student identifiers for students included in the calculation of per capita and premium funding allocations.
- 10 The auditor will request in advance of their visit, reports from the institution's management information systems (MIS), together with any appropriate code translations, showing:
  - Courses for the 2008/09 academic year. As a minimum this should include details such as:
    - number of enrolments (see EYM Annex G) both within the institution and franchised out;

- number of credit values (see EYM Annex H), for all provision except postgraduate research provision, both within the institution and franchised out;
- course number;
- course title;
- Academic Subject Category (ASC) and JACS code (see EYM Annex D);
- fundability status (see EYM Annex C);
- mode of study (see EYM Annex E);
- level of study (see EYM Annex F);
- Students - giving details of payment of fees, changes in courses; start date and date of leaving; and examinations taken;
- Postgraduate research enrolments for the 2007/08 academic year;
- Enrolments out on an industrial placement in the 2005/06 academic year;
- ERASMUS/SOCRATES outgoing exchange enrolments for the 2005/06 academic year;
- FTE of managerial, academic, professional, technical and administrative staff with active contracts in the 2005/06 academic year (excluding atypical staff).

- 11 The auditor will liaise with a senior member of the institutional management team to assist them in obtaining the documents they require. These will include enrolment forms and any other documentation necessary, for example, module choice forms, for the auditor to verify the details of individual enrolments. Other documents might include a copy of the audited accounts for 2005/06 to allow cross checking of income data used to calculate funding allocations returned on the HEBCI survey.
- 12 Institutions should provide the auditor with the latest internal and external audit reports and any follow up correspondence. The auditor will be expected to follow up on any recommendations made in those reports, provide commentary on any action that has taken place and make further recommendations where appropriate.

## **Review of systems and processes**

- 13 The internal audit, required each year at all institutions, will focus on the systems and processes used to collate data. Guidance for internal auditors is contained in HEFCW circular W08/29HE and should be used when carrying out a review of systems and processes. In assessing the systems and processes used, the auditor will also take account of any reviews carried out at the institution in addition to the internal audit.
- 14 In reviewing the systems and processes, and in following up on recommendations from previous reports, it may be necessary for the auditor to repeat some of the work carried out by the internal auditors.

## Records testing

15 Paragraphs 16 to 39 below describe the data to be audited. The auditor will report to HEFCW on their quality, accuracy and reliability.

### Data used in teaching funding allocations

16 Teaching funding comprises:

- Funding allocated through the teaching funding method;
- Per capita funding;
- Widening access premium funding;
- Disability premium funding;
- Welsh medium premium funding.

17 The audit will include checks on the following data:

- a) 2008/09 EYM fundable undergraduate and postgraduate taught credit values, after withdrawal, on which adjustments to the 2008/09 teaching grant are made:
  - full-time provision (EYM Table 1a, column 4);
  - sandwich year out provision (EYM Table 1b, column 4);
  - and
  - part-time provision (EYM Table 1c, columns 4 and 5).
- b) 2008/09 EYM fundable full-time initial teacher training (ITT) enrolments leading to qualified teacher status (QTS) registered between 1 August 2008 and 1 November 2008 (EYM Table 2a column 1); and 2008/09 EYM fundable part-time ITT enrolments leading to QTS registered between 1 August 2008 and 31 July 2009 (EYM Table 2b columns 1 and 2, registrations and credit values);
- c) 2007/08 HESA/LLWR data that determined the per capita and premium elements of 2009/10 funding:
  - per capita data;
  - postcode and qualifications on entry data on which the widening access premium is based;
  - Disabled Students' Allowance (DSA) data on which the disability premium is based; and
  - Welsh medium credit data.

Data relating to students in receipt of DSA or taking modules through the medium of Welsh are returned directly to HEFCW by FECs as they are not available from the LLWR.

**Note** that data in columns 1 to 3 of EYM tables 1a to 1c are not directly used in funding. However, column 4 is the sum of columns 1 and 2 minus column 3 and therefore confirming figures in column 4 will also require some testing on columns 1 to 3. Enrolments returned for undergraduate,

postgraduate taught and postgraduate research provision in EYM Tables 3 and 4 are not used to monitor 2008/09 funding and are outside the scope of the audit but may be used to confirm credit value data.

- 18 It is essential that institutions are able to present to the auditor a verifiable trail from the entries in the EYM to the report of courses and enrolments/credit values referred to in paragraph 10 above, or to similar reports.
- 19 The auditor will test the derivation of entries in the EYM verification reports, as specified in paragraphs 17a) and 17b) from the courses and enrolment reports (see paragraph 10 above) and other institutional working papers. The auditor will review a selection of any manual adjustments to ensure that they are reasonable and follow up any discrepancies as appropriate.
- 20 There are some areas where institutions may have to return estimates on the EYM return, where actual data are not known at the return date. In these cases, it is not expected that the EYM figures will be a wholly accurate picture of the end of year position. These areas are:
  - Modules spanning two academic years. It will not be known at the time of the return whether such modules have been completed by students, therefore, the number of completed credits for such modules will be an estimate.
  - Examination board reports not yet available. If examination board reports are not available at the return date, then institutions may not be able to determine the completion status of modules.
  - Modules that will be completed after the end of the academic year. This will be, for example, where an examination for a module taking place in June was not sat by a student, but the student will be attending the resit examination in August, therefore, completion status for that module will not be known at the return date of the EYM.
- 21 In these cases, the auditor will determine if any estimates included in the return were made on a reasonable basis and that the methods used are properly documented and were correctly applied. Examples of methods used to determine the number of completions include using completion rates from previous years for the same or similar modules or completion rates for similar modules already taken within the year, applied to the number of students taking a particular module, though institutions may use other methods. It is not expected that estimated data will match exactly with actual figures collated using information available after the return date of the EYM and the auditor is not expected to test whether the EYM data match the actual data.
- 22 By reference to hard copies of student enrolment or registration forms, the auditor will select a sample of enrolments and check that their details have been processed correctly and allocated to the correct course and mode of

study, and are correctly included in the report from the MIS (see paragraph 10). Where the auditor has confirmed that effective controls are present, the extent of this testing may be reduced.

- 23 The auditor will select a sample of records from the reports in paragraph 10 and perform substantive tests to check the accuracy of course, mode of study and other classifications back to appropriate source documentation (e.g. enrolment and module choice forms). Appropriate sample sizes depend on the size of the institution, the evaluation of the control environment and the associated compliance or transactions testing, but the exact number is left to the judgement of the auditor.
- 24 The auditor will discuss the interpretation of HEFCW's definitions with institutional management to ascertain their application of these definitions and the auditor will structure their samples in paragraph 22 above to ensure that they are able to test whether the Council's definitions have been correctly applied by institutions.
- 25 When institutions enter into a franchise arrangement with another institution, generally an FEC, there is a risk that students will be reported as enrolments by both institutions. The auditor will obtain details of any franchising arrangements and ensure that students are recorded in accordance with the guidelines set out in Circular W09/17HE, Annex A paragraphs 8 and 9. This includes determining that, where provision is returned as HEFCW fundable, the institution that the course is franchised to is within Wales, or if outside Wales, that the franchisor institution has had permission from HEFCW to include each course at that franchisee institution, and is able to produce evidence of HEFCW's agreement.
- 26 Where an institution has distance learning students, the auditor will confirm that they are not actually part of a franchise arrangement. Distance learning students are those that are students of the reporting institution, where staff employed by the reporting institution are responsible for providing teaching, but who are located away from the reporting institution and are not part of a franchising arrangement with another institution or organisation. In addition, the auditor will determine if the fundability status of distance learning students has been assessed by the institution and is correct.
- 27 The reconfiguration of ITT in Wales means that, for 2009/10 EYM returns onwards, some institutions will no longer return ITT (QTS) provision for students registered at their institution directly to HEFCW. Instead, for each of the ITT centres created out of the reconfiguration, a lead institution will return provision relating to all constituent partners. In these circumstances, during audit at the lead institution, the auditor will determine if the lead institution has appropriately incorporated the partner institution's data into the return and that the partner institution has confirmed to the lead institution that the data they are providing are correct. During audit at the

partner institution, auditors will determine if correct data have been provided to the lead institution for incorporation into the EYM return.

- 28 The auditor will check that data included in the calculation of the per capita, disability premium and Welsh medium premium funding (based on 2007/08 HESA data for HEIs or LLWR data or HEFCW returns for FECs) are consistent with enrolment records for that year and do not contain errors; and therefore meet HEFCW criteria for inclusion in funding allocations. Details of criteria for inclusion are given in Annex C.
- 29 A sample of records for students meeting the eligibility criteria for the widening access premium (drawn from 2007/08 HESA/LLWR data) will be checked against registration forms to ensure that postcodes have been correctly transcribed and highest qualification on entry has been correctly recorded.
- 30 Audits for previous years have highlighted some problems in the audit of data extracted from the HESA and LLWR records. For such data, the auditor will not be verifying whether HEFCW have extracted data correctly. Instead, they will be verifying that students included as eligible in the calculations have been correctly returned on the records and therefore fit the criteria to be included. In addition, for data used in the calculation of the Welsh medium premium, the auditor will not be judging whether 2 credits or more of a module are delivered through the medium of Welsh, rather that the criteria used by institutions in calculating the percentage of a module delivered through the medium of Welsh is properly documented and was correctly applied.

### **Data used in PGR, QR and Third Mission Funding allocations**

- 31 PGR training funding is allocated only to those HEIs with Units of Assessment (UoAs) included in the calculation of QR funding. These are UoAs submitted to the 2008 RAE where the UoA has 3 or more classified FTE Category A staff (see Annex A). It is allocated using data relating to PGR training enrolments taken from the 2007/08 HESA student record.
- 32 The auditor will check that data included in the calculation of the PGR training funding, based on 2007/08 HESA data, are consistent with enrolment records for that year and do not contain errors, and therefore meet HEFCW criteria for inclusion in funding allocations. Details of criteria for inclusion are given in Annex C.
- 33 QR funding is allocated only to those HEIs with UoAs with 3 or more classified FTE Category A staff in the 2008 RAE. For 2009/10, funding was allocated using data taken solely from the 2008 RAE, which is subject to separate audit arrangements, and so data used to calculate QR funding are not included in the scope of the audit for this year.

- 34 Third Mission funding is allocated to HEIs only and is allocated using data returned on the 2005/06 HESA staff and student records, the 2005/06 HEBCI survey and data from other sources. Only data taken from HESA records and the HEBCI survey are subject to audit.
- 35 A sample of records included in the definition of an industrial placement or an ERASMUS/SOCRATES outgoing exchange, taken from the 2005/06 HESA student record, will be checked to ensure enrolments are on a placement or are part of an ERASMUS/SOCRATES exchange programme. Details of criteria for inclusion are given in Annex C.
- 36 A sample of staff included in the staff FTE count used in the calculation of the Third Mission funding allocation, taken from the 2005/06 HESA staff record, will be checked back to personnel records to ensure they come within the definition of managerial, academic, professional, technical or administrative staff and have an active contract in 2005/06. Details of criteria for inclusion are given in Annex C.
- 37 The following elements of the 2005/06 HEBCI survey return were included in the calculation of Third Mission funding allocations:
- Contract research income (total value of contracts, Table 1b);
  - Income from intellectual property rights (total revenues (including sale of shares in spin-offs), Table 4c);
  - Income for regeneration (total income, Table 3);
  - Income from collaborative research activity (total income, Table 1a);
  - Number of graduate start-ups (total number of active firms, Table 4d);
  - Number of licences (total number of non-software and software licences, Table 4b);
  - Number of active spinouts (total number of active firms including spinouts with some HEI ownership, formal spinouts not HEI owned and staff start-ups, Table 4d);
  - Number of consultancy contracts (total number, Table 2a);
  - Number of facilities and equipment related services contracts (total number, Table 2b);
  - Total learner days for CPD/CE courses (total learner days, Table 2c).
- 38 The audit will include checks on the elements listed above. The auditors will check that the data relating to income are consistent with income shown in the institution's audited accounts. A sample of data relating to the non-income elements will be checked to ensure they satisfy the criteria to be included in the return.
- 39 In some circumstances, institutions may have used estimation methods to calculate the figures returned to the HEBCI survey, if allowed by HEBCI survey definitions and guidelines. In these cases, the auditor will check

that the methods used are reasonable, properly documented and correctly applied.

## **Annexes**

40 The contents of the annexes are as follows:

- Annex A HEFCW recurrent funding
- Annex B Adherence to specified definitions – Summary of EYM guidance
- Annex C Eligibility criteria for HESA/LLWR based data
- Annex D Recommendations from previous audits
- Annex E Error rate table

## **Reporting requirements**

- 41 The report submitted to HEFCW will set out the work carried out and all matters identified with details of how they will be addressed. The report will contain a clear expression of opinion, based on review and assessment of the conclusions drawn from evidence obtained during the course of the audit.
- 42 Details of sample sizes taken must be recorded in an error rate table included in the report. Where significant errors are detected within a sample, evidence should be provided and reported to indicate that the sample has been extended. The number of errors and the size of the extended sample taken should be recorded in the error rate table. An example is shown in Annex E.
- 43 The report will include:
- An introductory paragraph identifying the funding data that were audited;
  - A statement that the audit has been carried out in accordance with these notes for guidance specifying any additional work that the auditors have considered necessary;
  - An error rate table detailing any samples taken and errors found;
  - The auditor's opinion on the funding data returns;
  - A follow up of any recommendations from previous internal or external audit reports; and
  - Recommendations arising from the audit including agreed timescales for implementation and any response to the recommendations.
- 44 The opinion must clearly indicate whether the institution's funding data returns have been prepared in accordance with HEFCW guidance (including HEBCI survey definitions and guidelines), and whether the data

extracted from HESA/LLWR records meet the eligibility criteria to be included in funding.

- 45 Where the findings indicate that significant errors exist in the returns the auditor will issue an adverse opinion and provide an explanatory paragraph setting out the nature of the errors and the expected impact on the returns. Where required amendments to the tables are simple and have been agreed with the institution, the amendments will be made to the tables in red ink. The audit report will then include 'subject to the amendments in red'.
- 46 Where significant weaknesses in systems or controls are identified, even if returns are found to be substantially correct, these will be brought to the attention of the institution in the form of a management letter. A copy of this letter will be forwarded to HEFCW with the auditor's report. Where the auditor's recommendations and the institution's reply comprise separate documents, both will be provided to HEFCW.
- 47 Auditors will seek to agree all amendments and findings with the institution as the basis for corrective action, prior to reporting to HEFCW. Where uncertainties or disagreements exist, the reasons for concern and any disputed matters will be set out in the auditor's report or management letter as appropriate.
- 48 Copies of the final report will be sent to the governing body of the institution concerned, and also to institutional officers involved in the audit, at the same time that it is submitted to HEFCW.
- 49 The auditor's report and any associated correspondence will be returned to HEFCW no later than **8 January 2010**, to:

Rachael Gray  
Statistics  
HEFCW  
Linden Court  
The Orchards  
Ilex Close  
Llanishen  
Cardiff CF14 5DZ

- 50 HEFCW's Audit Service may inspect the papers relating to the external audits during their routine audit of institutions.

## **Further information**

- 51 The audit process will follow the timetable below:

July 2009	Meeting between HEFCW and external auditors
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Early September 2009	EYM verifications return deadline
Mid September 2009	Verification/confirmation reports for EYM, HESA/LLWR data and data used in Third Mission allocations sent to auditors
September-December 2009	Audit of institutions
8 January 2010	Audit reports return deadline
February 2010	Meeting between HEFCW and external auditors to discuss audit reports

52 Further guidance and information is available from Hannah Falvey (029 2968 2240, [hestats@hefcw.ac.uk](mailto:hestats@hefcw.ac.uk)) or Rachael Gray (029 2068 2243 [hestats@hefcw.ac.uk](mailto:hestats@hefcw.ac.uk)).

### HEFCW recurrent funding

#### Funding for Teaching 2008/09

- 1 The current HEFCW funding methodology is based on a standard Unit of Funding (UoF) for each subject area. The majority of funding for teaching, other than for quota provision (i.e. provision other than full-time ITT leading to QTS, or full-time undergraduate medicine and dentistry), is allocated by means of a formula which consists of three elements – core, addition and recovery. Funded credit values associated with core funding are based on the number of fundable credit values after adjustment for non-completions and the number of funded credit values, for the previous year. Core numbers in each institution are maximised by making adjustments as far as possible in line with the pattern of the current year's enrolment; addition numbers are based on policy priorities; and recovery numbers offset occasional dips in enrolment.
- 2 In order to calculate UoFs, the UoFs for the previous year are adjusted by an efficiency gain and increased by GDP.
- 3 The Council makes two other types of payments: per capita and premium. Both are based on the numbers of enrolments achieved the previous year. Details of criteria for inclusion are given in Annex C.
- 4 Per capita payments recognise the fixed costs attached to all students, those of enrolment, records etc. They are made pro rata from a pre-determined fund, subject to a minimum study requirement of 10 credit values.
- 5 Premium payments operate in three areas: widening access, disability and Welsh medium provision.
- 6 The widening access premium is an amount per undergraduate enrolment for students from low affluence areas, plus an amount per undergraduate enrolment for students from community first areas that are equivalent to the 100 most deprived electoral divisions, plus a pro rata allocation based on students with non-traditional qualifications, subject to a minimum 10 credit value study requirement. Non-traditional qualifications comprise Access courses, ONC, OND, BTEC, SCOTVEC, GCSE or O level qualifications, other non-advanced qualifications, foundation courses, Accreditation of Prior (Experiential) Learning (APL/APEL), mature students admitted on the basis of previous experience and no qualifications.
- 7 The disability premium is an amount per enrolment for students in receipt of DSA, subject to a minimum 10 credit value study requirement; and the Welsh medium premium is a weighting on the funding attracted by modules undertaken through the medium of Welsh.

### Funding for Postgraduate Research Training 2009/10

- 8 The Council introduced its current PGR training funding allocation method in 2000/01. Grants are calculated using the institution's confirmed postgraduate research enrolment figures from the previous year. Grants to institutions are calculated by applying a UoF to postgraduate research enrolments for particular groups of subjects. Qualifying enrolments are those in UoAs submitted to the 2008 RAE where the UoA has 3 or more classified FTE Category A staff, within prescribed time limits for study: 3 and 2 years for a full-time PhD and MPhil respectively; 6 and 4 years for a part-time PhD and MPhil respectively.

### Funding for Research 2009/10

- 9 The method of allocating QR funding changed for 2009/10. QR funding is allocated to institutions with UoAs submitted to the 2008 RAE where the UoA has 3 or more classified FTE Category A staff. For 2009/10 funding, data taken from the 2008 RAE were used in allocating funds. For 2010/11 funding, data will be taken from the 2008 RAE and from the 2009/10 RAS.
- 10 QR funding has three elements: a main allocation; a charity income allocation; and a rewarding excellence allocation. The main allocation is allocated by apportioning the available funding in proportion to research volume weighted for quality and subject. Previously calculated relativities between research costs are used for different subject areas. The parts of the volume measure relating to research students (RS), research assistants (RA), research fellows (RF) and charity income (CI) are weighted in the volume measure (weights: RS=0.15; RA=0.1; RF=0.1; CI=0.25/25,000). Research active staff (RAE category A) have a weighting of 1.0. The charity income element is allocated pro rata to charity income. The rewarding excellence element is allocated pro rata to subject weighted volume in the 4\* quality level. Total funding is calculated as the sum of the three elements.

### Third Mission Funding 2007/08 – 2009/10

- 11 A new method for allocating Third Mission funding was introduced for 2007/08 to 2009/10. Allocations comprised foundation funding (a set amount per institution) and formula funding.
- 12 Funding allocated through formula is broken down into three elements. The first element is allocated in relation to Potential and Capacity Building, allocated on the basis of staff FTE taken from the HESA staff record. The second relates to Rewarding Performance (income related), allocated on the basis of data taken from the HEBCI survey relating to contract research income; income from intellectual property rights; income for regeneration; and income from collaborative research activity. The third element relates to Rewarding Performance (non-income related), allocated on the basis of data taken from the HEBCI survey relating to number of

graduate start-ups; number of licences; number of active spinouts; number of consultancy contracts; number of facilities and equipment related services contracts; and total learner days for CPD/CE courses; data taken from the HESA student record relating to the number of industrial placements and the number of outgoing exchange students; and data relating to the number of engagements with the Knowledge Exploitation Fund (KEF), beneficiaries of the GO Wales 2 scheme and businesses engaged with GO Wales. However, data relating to KEF and GO Wales are outside of the scope of this audit.

### Adherence to Specified Definitions – Summary of EYM Guidance

- 1 Guidance for completing the EYM survey is contained in the 2008/09 EYM circular, HEFCW W09/17HE. Below is a summary of the guidance. The summary is intended as an aid to understanding the EYM definitions and should be used in conjunction with the publication.
- 2 EYM data collected relate to the whole of the academic year, 1 August to 31 July. However, the return date for the 2008/09 survey is 4 August 2009. This means that institutions may have used some element of estimation in their data returns where whole year data were not available by the return date, for example, where examination results are not finalised by exam boards until August, or resit examinations have not yet taken place. In these situations, there may legitimately be small discrepancies between the actual number of completed enrolments/credit values at the institution for 2008/09 and those returned on the EYM survey.
- 3 For taught provision, credit values form the basis of the calculation of recurrent teaching funding. However, as credit values are associated with the enrolments returned, guidance relating to student enrolments is also included.

#### Recognised HE qualifications

- 4 Recognised HE qualifications include any postgraduate or undergraduate degree, including foundation degrees, accredited HE diploma or HE certificate, including HND and HNC. Other professional or vocational qualifications are included provided they are generally recognised as HE qualifications. Courses, modules or units which enable credit to be obtained towards recognised HE qualifications also fall within the definition.

#### Fundability Status

- 5 Students eligible for mainstream funding are those that are home or EC domiciled, or who are otherwise entitled to pay home fees, and whose places are not considered ineligible for funding. A place would be considered ineligible for funding if it was being funded from another public source or a private source. See EYM Annex C.

#### ASCs

- 6 Enrolments/credit values should be assigned to the correct ASC (after apportionment if necessary for combined and modular courses), using JACS subject codes, in accordance with the rules set out in EYM Annex D. Undergraduate and postgraduate taught credit values should be assigned according to the subject of the course, module or unit and **not** the subject of the overall qualification aim.

### Mode of Study

- 7 There are three modes of study, full-time, sandwich year out and part-time. Students are full-time if they are normally required to attend for periods of a minimum of 24 weeks and a whole full-time fee is chargeable for the current year of programme of study. An exception to this is if they attend for less than 24 weeks but are in the final year of a full-time course and have not changed mode of study.
- 8 Students are sandwich year out if their course falls within the definition of sandwich provided in Regulation 2(9) of the Education (Student Support) Regulations 2008 (SI 2008 No. 529) or they are full-time on a language year abroad, and the fees are approximately half the whole full-time fee.
- 9 Part-time students are those who do not fit the criteria to be either full-time or sandwich year out. Continuing education students are included as part-time. See EYM Annex E for fuller definitions of each mode of study.

### Level of Study

- 10 Students are categorised as undergraduate or postgraduate. For full-time and sandwich year out, undergraduate is further split into undergraduate degree and undergraduate non-degree. Undergraduate degree includes students aiming for a first degree. Undergraduate non-degree includes those students aiming for undergraduate level qualifications other than a first degree, including foundation degrees. Postgraduate is split into postgraduate taught and postgraduate research. Postgraduate taught students are those attending courses which are mainly taught, postgraduate research students are those attending courses which are mainly through research.
- 11 Credit values are allocated to the level of study of the overall qualification aim of the student.

### Enrolments

- 12 Students must be registered, aiming to obtain a recognised HE qualification and studying at least 3 per cent of an FTE to be included on the EYM return. A registration is considered as a binding undertaking to pay a fee to an institution (unless the fee has been waived). Students should be counted once only for each period of up to 12 months of study. See EYM Annex G.
- 13 Where students repeat a full year on a full-time basis, and have not progressed to the next year of study, they should be counted as a full-time student. Where a student repeats a year or part of a year on a part-time basis, and there has been no progression to the next year of the course, the student should be returned as a part-time student. In both cases, the total length of their course will increase by one year.

- 14 Non-completions occur where students do not complete their studies due to withdrawal, dropout or failure to complete the course or take part in the required assessment procedures. Students who take examinations at the end of the course or year of study and fail them are deemed to be completed and should not be included as non-completions. See EYM Annex G, paragraphs 8 to 15.
- 15 Students who do not take part in all or some of the required assessment procedures for the year of study, can complete by being assessed after the end of the academic year in order to enable them to progress to the next year or graduate. However, information about the completion status of these students may not be known at the return date of the EYM survey. Therefore institutions can return an estimate of the number of students expected to complete in this way. This is explained in more detail in EYM Annex G, paragraphs 12 and 13.
- 16 Non-completions are excluded from Tables 3 and 4 of the return. Where full-time or sandwich year out students are counted as partial completions they are included in the calculation of the number of completions as 0.5. Partial completions are defined in EYM Annex G paragraph 15.

### **Credit Values**

- 17 Credit values associated with modules, units or courses relating to registrations that are eligible to be counted and are home and EC fundable are included in the return. All credit values associated with each module/unit are assigned to the year in which the module/unit started. In this way each credit value will only be counted once even if the module/unit spans two academic years. Each credit value is ascribed to the ASC of the subject taught in the module or unit. The level of study is that of the qualification aim of the student. Only modules essential for the award of the qualification are counted.
- 18 If a student's course is such that each year of study spans two academic years, and the student is in the final or only year of study, then, in the second academic year that the year of study spans, credit values may be returned where no registration is returned. For example, if a student starts a one year course in May 2008 and starts one module before 31 July 2008 and two modules after 31 July 2008, the student will be returned as a registration on EYM 2007/08, together with the credit values relating to the module started in the 2007/08 academic year. No registration will be returned on EYM 2008/09, but credit values relating to the two modules started in the 2008/09 academic year will be returned on EYM 2008/09.
- 19 Credit values associated with students repeating a full year on a full-time basis, where the student has not progressed to the next year of study, should be counted. Similarly, credit values associated with students repeating a semester or part of the year on a part-time basis who have not progressed to the next year of study and are not taking any modules relating to the next year of study, should be counted. However, credit values associated with repeat modules where the student has progressed

to the next year of study must **not** be counted, unless the credit values associated with the module were counted as not completed in the previous year. In such cases, where credit values associated with a repeat module are counted, the maximum number of credit values over the whole course should not exceed those listed in EYM Annex H, paragraph 13.

- 20 Credit values should be considered not completed if the student does not complete all assessment procedures associated with the module, unit or course. See EYM Annex H paragraphs 18 to 22.
- 21 Credit values associated with students who do not take part in all or some of the required assessment procedures for a module or unit for the year of study, can be counted as completed if the student is assessed after the end of the academic year in order to enable the student to progress to the next year or graduate. However, information about the completion status of these credits may not be known at the return date of the EYM survey. Therefore, institutions can return an estimate of the number of credit values they expect to be completed in this way. This is explained in more detail in EYM Annex H, paragraphs 20 and 21. Auditors should note that HEFCW no longer require that institutions have auditable evidence of the students intention to be assessed for the module or unit after the end of the academic year
- 22 Non-completed credit values are excluded from column 4 of Tables 1a to 1c and column 5 of Table 1c of the return. Credit values associated with full-time courses can be counted as partial completions, as defined in EYM Annex H paragraph 22.

### Franchised Students

- 23 A franchise is where an HE course is taught at a centre (the franchisee) which is not directly in receipt of HEFCW funding for that course and for which quality assurance is provided by a different Welsh HEI (the franchisor). Data are returned by the franchisor only. Credit values for students franchised to institutions outside Wales can only be counted if the HEFCW has agreed to their inclusion. Part-time undergraduate franchised out students are collected in a separate category on Tables 3 and 4 and credit values associated with home and EC fundable franchised out students are included in column 5 of Table 1c. See EYM Annex A, paragraphs 8 and 9.

### Tables

- 24 The EYM survey collects data on 9 tables in total. Tables 1a to 1c collect data relating to credit values, which are used for funding. The credit values collected on Tables 1a to 1c are associated with the home and EC fundable enrolments collected on Tables 3 and 4. Table 2a collects data relating to full-time ITT (QTS) enrolments by phase and subject specialism. Table 2b collects data relating to part-time ITT (QTS) enrolments and credit values by phase and subject specialism (and is returned only by the OU in Wales). Table 5 collects data relating to

performance element provision at University of Glamorgan and Table 6 collects data relating to credit value provision funded by the release of ITT (QTS) places.

- 25 Data to be audited (and which are included in the verification sheets sent to auditors at the end of August) are contained in column 4 of Tables 1a to 1c, column 5 of Table 1c, column 1 of Table 2a and columns 1 and 2 of Table 2b, for home and EC fundable students in all cases.

### Eligibility Criteria for HESA/LLWR based data

- 1 For all student based data, students should be active within the reporting period (1 August 2007 to 31 July 2008 for per capita, premium and PGR funding and 1 August 2005 to 31 July 2006 for Third Mission funding), and not studying the whole programme outside of the UK. In addition, for per capita, premium and PGR training funding allocations, students should be fundable by the Council.

#### Per capita funding criteria for inclusion

- Student is studying at least 10 credit values.
- Student is studying at undergraduate or postgraduate taught level.
- Each student counted only once irrespective of the number of courses the student is studying.

#### Widening access premium criteria for inclusion

- Student's postcode is in a low affluence area and/or a Community First area and/or their highest qualification on entry is considered non-traditional.
- Student studying at least 10 credit values.
- Student studying at undergraduate level.
- Each student should be counted only once irrespective of the number of courses the student is studying.

#### Disability premium criteria for inclusion

- Student is in receipt of DSA.
- Student studying at least 10 credit values, or 8.3% FTE for postgraduate research students.
- Student studying at undergraduate or postgraduate level.
- Each student should be counted only once irrespective of the number of courses the student is studying.

#### Welsh medium premium criteria for inclusion

- Student studying at undergraduate or postgraduate taught level.
- Student studying at least 2 credits of a module through the medium of Welsh.
- Student not studying on a Welsh language or literature module.

#### Postgraduate research training funding criteria for inclusion

- Students studying for postgraduate research qualification.
- Enrolments must be in UoAs submitted to the 2008 RAE where the UoA has 3 or more classified FTE Category A staff.

- Funding is limited to 3 years for a full-time programme of study leading to a PhD and 6 for a part-time programme. Limits for MPhil programmes are set pro-rata to those for PhDs. Funding against transfers from MPhil to PhD is available only for the balance of time up to the limits for PhD.
- Each student should be counted only once irrespective of the number of courses the student is studying.

### **Third Mission funding criteria for inclusion (students)**

- Students on an industrial placement for whole or part of the year (HESA student record field 71 LOCSDY = D or E).
- Students on an ERASMUS/SOCRATES outgoing exchange programme for whole or part of the year (HESA student record field 28 SPCSTU = 7).

### **Third Mission funding criteria for inclusion (staff)**

- Managerial, academic, professional, technical and administrative staff (HESA staff record contract FTE - field 09 CONFTE – counted where activity (fields 24, 27, 30, ACT1-ACT3) is coded 1 to 4a).
- Staff with an active contract in the academic year.
- Excludes atypical staff.

### Recommendations from previous audits

- 1 The following provides a summary of the recommendations made on the internal audit reports submitted to HEFCW in May 2009 and the external audits carried out in 2008. Where a recommendation relates to more than one stream of data, the recommendation has been included under all relevant streams. The same recommendation made at more than one institution is included only once. Findings for past audits can be found in previous versions of these notes.

### HESES/EYM returns

- Formal documentation of the system and processes for collecting data and compiling data returns should be prepared and made available to staff as soon as possible. This should include a formally agreed method of estimating non-completions to be included on the EYM.
- Procedures for statutory returns should be formally approved and referenced to the financial procedures manual as soon as possible.
- It would be best practice for the preparer of the returns to write a brief executive summary of any issues relating to the return.
- It would be worth enhancing the procedure notes so that they clearly describe the source of information used to arrive at each line in the calculation of the return figures.
- Officers compiling the EYM should request exam board reports and sample check that the students included on the EYM as having sat exams have actually done so.
- Non-completions should be shown in all relevant columns of the EYM return.
- The methodology for forecasting non-completion credits should be based on a trend analysis of actual non-completions.
- A copy of the calculations used to estimate the student withdrawal rate should be retained.
- The risk register should be reviewed to ensure that the risks associated with the compilation of accurate data returns are adequately addressed.
- Differences found between the EYM return and the supporting schedules should be resolved with the software supplier.
- Supporting schedules to support Table 2 of EYM should be retained.
- Summary reports of data returned should be presented to the Senior Management Team on a regular basis.

- The agenda and notes from meetings with senior managers to consider HEFCW data returns prior to submission should be retained
- The independent checking of the final HESES survey and EYM tables should be signed off.
- Continued training should be provided ensure a deputy is able to prepare HE data returns and is familiar with the required processes.
- Working papers for HESES should be signed and dated to confirm when and by whom the data have been checked.

### **HESA student record**

- Formal documentation of the system and processes for collecting data and compiling data returns should be prepared and made available to staff as soon as possible.
- Methods for compiling data relating to the proportion of a module taught through the medium of Welsh should be agreed centrally and supporting documentation showing how estimates have been completed should be collected centrally.
- Checks should be carried out on returns relating to Welsh medium data before they are submitted to ensure that the data contained in them are accurate.
- A documented exercise should be undertaken to assess the demands on IT staff time during August and September when the HESA return is prepared.
- Consideration should be given to whether the IT department has sufficient capacity to meet its operational demands.
- Data submitted to HESA should be formally reconciled to the EYM return.

### **RAS**

- Formal documentation of the system and processes for collecting data and compiling data returns should be prepared and made available to staff as soon as possible.
- RAS return procedures should be documented and approved, to include operational guidance for staff, as soon as possible and evidence should be sought to confirm that procedures have been approved before they are distributed to relevant staff.

- Summary reports of RAS data should be presented to the Senior Management Team on a regular basis.
- The comparison of data to RAS returns made in the previous academic year used as a credibility check should be formally evidenced.

### **HESA staff record**

- Formal documentation of the system and processes for collecting data and compiling data returns should be prepared and made available to staff as soon as possible.
- Summary reports of staff data returned should be presented to the Senior Management Team on a regular basis.
- A clear audit trail and supporting documentation should be retained for the completion of all data returns, especially where the data relate to previous financial years.
- Consideration should be given to the specific risks associated with the collation of staff data returns and identification of the controls in place to manage those risks.
- Consideration should be given to providing, for information, summary reports of the HESA staff data to the Human Resources Task Group.

### **HEBCI Survey**

- The method of extraction of data used to make the HEBCI return and the process of compiling the HEBCI return should be documented, including establishing clear lines of responsibility of officers involved in the process. The procedures should be approved and distributed as soon as possible.
- Risks relating to the compilation of accurate HEBCI returns should be considered. The controls in place to manage those risks need to be identified and should be documented together with, if appropriate, any action plans for strengthening controls together with the officer(s) responsible.
- A clear audit trail and supporting documentation should be retained for the completion of all data returns, especially where the data relate to previous financial years.
- A field should be used for analysing a project code by SME, non-SME or non-commercial organisation.
- The database should be modified so that licences granted can be indicated.

- Each department should keep a central record of each (public) event together with the academic staff times involved and the number of attendees. In order to ensure this occurs efficiently, a model register should be developed to submit to each department.
- HEBCI data should be presented to the Senior Management Team.

### Franchise

- The contract for collaborative provision should be signed as soon as possible.

### System

- Management should ensure that registers are completed accurately and in a timely manner and investigate whether it is possible to generate a report from the system highlighting absence marks that have been changed to present.
- Management should ensure that dates relating to receiving and inputting data from enrolment forms are documented and that all sections of the enrolment form are completed.
- Staff should be reminded of the importance of returning enrolments forms in a timely manner and forms should be processed in a timely manner. HE enrolment forms should be accurately input onto the student record system and a validation/quality check should be undertaken by a second member of staff to ensure division of duties.
- Lecturers and course tutors should communicate withdrawals and transfers at the earliest opportunity and return fully completed audit forms by the deadline indicated. Staff should be reminded of the importance of the timely recording of withdrawals. The last attendance date should be checked to ensure an accurate withdrawal date is recorded and the student is marked as withdrawn.
- Management should consider if it is appropriate to allow all staff access to student information via the intranet.
- The intranet site should be updated to accurately reflect the roles that staff are performing. The service level agreement (SLA) should be finalised and agreed as soon as possible to clearly define roles and responsibilities for staff.
- Key Performance Indicators should be developed and monitored to ensure compliance with the SLA.

## **Annex D**

- In the medium term, a duplicate record report should be developed and its priority reappraised. In the short term, a report should be provided listing students with more than one student number.
- Consideration should be given towards revisiting the progression process to ensure that more appropriate course results can be recorded.
- The planning group should be reviewed to ensure that it is up to date and authorisation process to add/delete users should be agreed. Consideration should also be given to moving files and data to a more restricted group.
- Existing procedures for the granting of access to the system should be enhanced to enforce authorisation of all user access.
- Consideration should be given to how user education regarding password security can be strengthened.

### **General**

- Job descriptions of staff should be updated.

## Error Rate Table

- 1 Auditors should provide HEFCW with an error rate table, as in the example shown below, as part of the report returned to HEFCW.

Data tested	Sample Size	Extended sample size (if applicable)	Total sample size	Number of Errors	Error rate
	<b>A</b>	<b>B</b>	<b>C = A + B</b>	<b>D</b>	<b>E = D / C</b>
e.g. FT UG degree	30	10	40	8	20%
e.g. PGR enrolments	20	0	20	0	0%