

Guidance notes for external auditors of higher education funding data 2007/08

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 2007/08 End of Year Monitoring of Higher Education (EYM) survey (HEFCW circular W08/21HE); the 2007/08 Research Activity Survey (RAS) (HEFCW circular W07/46HE); 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), which provide detailed instructions on the return of data. All HEFCW circulars are available on the HEFCW website 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, module and staff records (available on the HESA website – 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). 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 2007/08 (HEFCW circular W07/39HE). 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.
- 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 2007/08 EYM return, the 2007/08 RAS 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 2007/08.
- 9 Copies of verification reports confirming EYM and RAS 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 2007/08 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;
 - Research assistants and research fellows with start and end dates of contracts;
 - Postgraduate research enrolments for the 2006/07 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 2006/07 and 2005/06 to allow cross checking of external research income from UK based charities returned on the RAS and 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. In their report, the auditor will comment on any recommendations made by auditors in previous reports and any action that has taken place.

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 W07/27HE 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.

Records testing

- 14 Paragraphs 15 to 40 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

- 15 Teaching funding comprises:
- Funding allocated through the teaching funding method;
 - Per capita funding;
 - Widening access premium funding;
 - Disability premium funding;
 - Welsh medium premium funding.
- 16 The audit will include checks on the following data:
- a) 2007/08 EYM fundable undergraduate and postgraduate taught credit values, after withdrawal, on which adjustments to the 2007/08 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) 2007/08 EYM fundable full-time initial teacher training (ITT) enrolments leading to qualified teacher status (QTS) registered between 1 August 2007 and 1 November 2007 (EYM Table 2a column 1); and 2007/08 EYM fundable part-time ITT enrolments leading to QTS registered between 1 August 2007 and 31 July 2008 (EYM Table 2b columns 1 and 2, registrations and credit values);
 - c) 2006/07 HESA/LLWR data that determined the per capita and premium elements of 2008/09 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 enrolments returned for undergraduate, postgraduate taught and postgraduate research provision in EYM Tables 3 and 4 are not used to monitor 2007/08 funding and are outside the scope of the audit but may be used to confirm credit value data.

- 17 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.

- 18 The auditor will test the derivation of entries in the EYM verification reports, as specified in paragraphs 16a) and 16b) 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.
- 19 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.
- 20 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.
- 21 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.
- 22 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.

- 23 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 21 above to ensure that they are able to test whether the Council's definitions have been correctly applied by institutions.
- 24 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 W08/21HE, 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.
- 25 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.
- 26 The auditor will check that data included in the calculation of the per capita, disability premium and Welsh medium premium funding (based on 2006/07 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.
- 27 A sample of records for students meeting the eligibility criteria for the widening access premium (drawn from 2006/07 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.
- 28 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

- 29 PGR training funding is allocated only to those HEIs with Units of Assessment (UoAs) rated 3b or above in the 2001 RAE or rated 2 where the department was in receipt of Research Council or British Academy studentships or grants and HEFCW has notified the HEI that it is eligible to receive funding in respect of those UoAs. It is allocated using data relating to PGR training enrolments taken from the 2006/07 HESA student record.
- 30 The auditor will check that data included in the calculation of the PGR training funding, based on 2006/07 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.
- 31 QR funding is allocated only to those HEIs with UoAs rated 4 or above in the 2001 RAE. It is allocated using data from the 2001 RAE and the RAS survey. 2001 RAE data is not included in the scope of the audit.
- 32 The audit will include checks on data relating to research students, research assistants and research fellows (RAS Form R1) and external research income from charities (RAS Form R2) returned on the 2007/08 RAS
- 33 The auditor will check that data relating to income from charities in RAS Form R2 are consistent with income shown in the institution's audited accounts and data returned to HESA on the Finance Statistics Record.
- 34 A sample of data relating to research assistants and research fellows will be checked back to personnel records. Research student numbers will be checked against the HESA Student Record for 2006/07 and any significant differences reported.
- 35 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.
- 36 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.

- 37 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.
- 38 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).
- 39 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.
- 40 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

- 41 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 Findings of Previous Audits
- Annex E Error Rate Table

Reporting requirements

- 42 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.
- 43 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.
- 44 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.
- 45 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.
- 46 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'.

- 47 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.
- 48 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.
- 49 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.
- 50 The auditor's report and any associated correspondence will be returned to HEFCW no later than **1 December 2008**, to:

Hannah Falvey
Statistics
HEFCW
Linden Court
The Orchards
Ilex Close
Llanishen
Cardiff CF14 5DZ

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

Further information

- 52 The audit process will follow the timetable below:

July 2008	Meeting between HEFCW and external auditors
Early September 2008	EYM verifications return deadline
Mid September 2008	Verification/confirmation reports for EYM, RAS and HESA/LLWR data and data used in Third Mission allocations sent to auditors
September-November 2008	Audit of institutions
1 December 2008	Audit reports return deadline
December 2008	Meeting between HEFCW and external auditors to discuss audit reports

53 Further guidance and information is available from Hannah Falvey (029 2968 2240, hestats@hefcw.ac.uk).

HEFCW Recurrent Funding

Funding for Teaching 2007/08

- 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 initial teacher training leading to qualified teacher status, 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 2008/09

- 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 Departments rated 3b or above in the 2001 RAE, or in Departments in receipt of Research Council Funding, and 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 2008/09

- 9 There are two elements of funding for research for 2008/09, QR funding, which is driven by formulae, and the Research Investment Fund (RIF). RIF funding was introduced for 2004/05 and is allocated based on data returned on the 2001 RAE and is therefore out of the scope of this audit. QR funding is included in the scope of this audit, and is allocated to institutions with units of assessment that were rated 4 or above in the 2001 RAE.
- 10 QR funding is allocated by apportioning the available funding in proportion to a measure of research activity volume, a measure of research quality, and the base rate of funding for each RAE unit of assessment. Most of the data used are drawn from the 2001 RAE and previously calculated relativities between research costs in different subject areas; these are not updated each year. The part of the volume measure relating to research students (RS), research assistants (RA), research fellows (RF) and charity income (CI) is an average over two years and is taken from the RAS survey. The weightings of these activities in the volume measure are relatively low (weights: RS=0.15; RA=0.1; RF=0.1; CI=0.25/25,000) compared with research active staff (RAE category A or incoming A*) who have a weighting of 1.0. In addition to the funding allocated in relation to research volume, an additional element of funding has been included from 2007/08 which relates to charity income. This element is allocated pro rata to the charity income reported on the RAS, averaged over two years.

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 2007/08 EYM circular, HEFCW W08/21HE. 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 2007/08 survey is 4 August 2008. 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 2007/08 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 2007 (SI 2007 No. 176) 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 2007 and starts one module before 31 July 2007 and two modules after 31 July 2007, the student will be returned as a registration on EYM 2006/07, together with the credit values relating to the module started in the 2006/07 academic year. No registration will be returned on EYM 2007/08, but credit values relating to the two modules started in the 2007/08 academic year will be returned on EYM 2007/08.
- 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 12.

- 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 17 to 21.
- 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 19 and 20. 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 21.

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 2006 to 31 July 2007 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 [or more than 75 taught hours for HE students in FECs].
- 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 [or more than 75 taught hours for HE students in FECs].
- 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 [or more than 75 taught hours for HE students in FECs].
- 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 ASCs associated with departments which were judged eligible for funding due to being rated 3b or above in the 2001

RAE; or that were rated 2 in the 2001 RAE and received grants or studentships from Research Councils or the British Academy.

- 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.

Findings of Previous Audits

- 1 Findings of audits carried out in previous years are summarised below. Some of the findings highlight problems with interpretation of guidance or reporting systems within the institution. Other points highlight that even where a course/module was completed, or a student was eligible to be counted for a funding allocation, there was lack of evidence to show that this was the case. Note that findings from 2004/05 to 2005/06 relate to external audits and findings for 2006/07 relate to 2006/07 external audits carried out under the new arrangements and internal audit reports returned in May 2008. Findings for audits prior to 2004/05 can be found in previous versions of these notes.

Interpretation of Guidance/Reporting Systems

- 2 Findings relating to the EYM survey:

2004/05 audit

- There were minor discrepancies in the number of credit values returned on the EYM.
- There was no overall reconciliation of the student records system and Access, which was used to extract information from the system.
- A significant proportion of part-time distance learning students taking modules that span more than one academic year had not completed assessment procedures for the modules, however, it had been assumed in the EYM return that all assessment procedures would be fulfilled in future.
- Non-completion rates had been calculated and applied to full-time credit values, however, the actual percentages were not substantiated by any detailed calculations.
- Credit values for repeat year students undertaking a particular course were unable to be verified due to significant restructuring of the courses.

2005/06 audit

- An undergraduate student had been recorded as a postgraduate student.
- Full-time postgraduate taught credit values were understated and full-time undergraduate non-degree credit values were overstated.
- Part-time undergraduate credit values were understated.
- A nil return was made for Table 4 (franchised out), however, the institution had a small number of franchised out courses.
- On the franchised out table (Table 4), a number of students had been attributed to the wrong institution.
- The number of enrolments was overstated on Table 3.

2006/07 audit

- Withdrawal forms were not forwarded to Academic Registry in a timely manner.
- Sufficient validation checks at the data entry stage of the system were not in place.

- Enrolment forms had not been filed according to the prescribed procedure.
- The student system development team had not completed a risk assessment of their specific tasks.
- Risks relating to the compilation of accurate returns were not included on the risk register.

3 Findings relating to HESA/LLWR student data:

2004/05 audit

- Several students returned as being in receipt of DSA were identified as not being in receipt of DSA. They were recorded as such as they had been in receipt of DSA in previous years.
- The HESA return showed a different number of students in receipt of DSA than the student services listing.
- One student was counted twice in the calculation of the per capita allocation.
- The records system showed that the number of students eligible to be included in the per capita allocation was greater than the number actually included in the allocation.
- Updated records indicated that additional students should have been included in the per capita and disability premium calculations.
- Supporting reports for the widening access premium differed to the number of students recorded as eligible to be included in the calculation of the premium.
- A small number of students included as eligible for the widening access premium were not eligible.
- The number of Welsh medium FTEs included as eligible in the calculation of the Welsh medium premium allocation differed to the supporting report.
- A small number of students included in the calculation of the PGR training allocation were found to be taught postgraduate students.

2005/06 audit

- Verified per capita numbers were understated.
- Verified per capita numbers were overstated.
- Verified figures for the widening access premium differed to supporting reports for some or all elements of the premium – low affluence areas, Community First areas and non-traditional qualifications.
- A student was found to have an updated postcode on the HESA record rather than their home postcode.
- The highest qualification on entry had been incorrectly coded for a number of students.
- The number of students in receipt of DSA was understated in the verified figures.
- A module was incorrectly included in the calculation of the Welsh medium premium.
- The number of students on modules included in the Welsh medium premium was understated.

2006/07 audit

- Risks relating to the compilation of accurate returns were not included on the risk register.
- Anomalies on the records system relating to date of birth and duplicate records were found.

4 Findings relating to HESA staff data:

2006/07 audit

- Risks relating to the compilation of accurate returns were not included on the risk register.

5 Findings relating to the RAS survey:

2004/05 audit

- A small number of staff included on the RAS as research assistants were not research assistants.
- A small number of people recorded as research fellows on the RAS had left the institution prior to the census date.
- The FTE of research students was understated on the RAS.

2006/07 audit

- Risks relating to the compilation of accurate RAS returns were not included on the risk register.

6 Findings relating to the HEBCI survey:

2006/07 audit

- An error was found in the income reported on the HEBCI survey return.
- Risks relating to the compilation of accurate returns were not included on the risk register.

Lack of Evidence/Other

7 Findings relating to the EYM survey:

2004/05 audit

- Enrolment forms could not be found for a small number of students.
- The extract of data taken from the system to compile the EYM return was not saved, therefore the EYM figures could only be compared to the live database and not the extract. This resulted in an apparent overstatement of credit values on the EYM.

2005/06 audit

- Enrolment forms could not be found for a small number of students. However, their existence and attendance was confirmed by class lists and exam board reports.
- Withdrawal forms or other supporting documentation could not be provided for students who had withdrawn.
- The number of credit values associated with students due to resit had been reduced to take account of non-completions. However, these

adjustments were not based on historical experience, as the institution had altered its recruitment and retention policies, so percentages used were not supported by auditable evidence.

- For a number of franchised courses, signed agreements were not in place.
- European summer school students did not have all modules that they were enrolled on reflected on their enrolment forms.

2006/07 audit

- Evidence that changes to guidance have been noted was not available.
- Processes and procedures for compiling returns were not documented.
- Signed evidence demonstrating that validation and credibility checks were undertaken prior to submission of the return was not retained.
- A copy of the returned data was not kept.
- Calculations of estimates and the testing of these estimates were not documented.
- Summary reports of data were not presented to the Senior Management Team.
- Evidence of approval of the final return by a senior official was not available.
- The contract with the software supplier was not available.
- The franchise contract did not explicitly include the responsibilities of the each of the parties with regard to gathering and recording of information for the student returns.

8 Findings relating to HESA/LLWR student data:

2004/05 audit

- For a proportion of students recorded as being in receipt of DSA there was no evidence that they were in receipt of DSA.
- Enrolment forms could not be found for a small number of students included in the per capita and premium allocations.
- Enrolment forms could not be found for a small number of students included in the PGR training allocation.
- A file could not be located for a student included in the PGR training allocation.

2005/06 audit

- Enrolments forms could not be found for students included in the verified per capita and widening access figures.
- There was no evidence available that a number of students included in the calculation of the disability premium were in receipt of DSA.
- Information relating to a number of PGR students could not be found and in addition, evidence of withdrawal could not be found for others.

2006/07 audit

- The method used to calculate the proportion of a module taught through the medium of Welsh was not documented.
- Evidence that changes to guidance have been noted was not available.
- Policies and procedures relating to the completion of the HESA student record were not documented.
- Evidence of qualifications obtained prior to enrolment was not on file.

- Evidence of the scrutiny performed on the HESA check documentation was not retained.
- Evidence that checks were performed in relation to errors identified in previous years was not retained.
- Summary reports of data were not presented to the Senior Management Team.
- Spot checks were not undertaken on the data on a periodic basis.
- Data were not formally reconciled to the EYM return.
- The job descriptions of staff in the MIS department were not up to date.

9 Findings relating to HESA staff data:

2006/07 audit

- Evidence that changes to guidance have been noted was not available.
- Policies and procedures relating to the return were not documented.
- Evidence that check documentation for the return is reviewed and issues addressed was not retained.
- Evidence of checks performed in relation to errors identified in previous years was not retained.
- Spot checks were not undertaken on the data on a periodic basis.
- Summary reports of data were not presented to the Senior Management Team.

10 Findings relating to the RAS survey:

2004/05 audit

- No contract of employment was found for one research assistant. However, payslips were available.
- Enrolment forms could not be found for some research students included in the RAS.

2006/07 audit

- The processes and procedures were not documented.
- The method of assignment of PGR students to UoAs was not clear.
- The job description of the person responsible for the RAS return was not up to date.

11 Findings relating to the HEBCI survey return:

2006/07 audit

- Policies and procedures for compiling the HEBCI return were not established.
- Policies and procedures for compiling the HEBCI return were not documented.
- Estimates were not reviewed for appropriateness prior to inclusion in the return.
- The calculation of estimates was not documented.
- The reliability of estimates was not tested.
- Summary reports of data were not presented to the Senior Management Team.

Annex E

- The job description of the person responsible for the HEBCI return did not include collation and submission of the return.

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
	A	B	C = A + B	D	E = D / C
e.g. FT UG degree	30	10	40	8	20%
e.g. PGR enrolments	20	0	20	0	0%