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## **Audit of Higher Education Funding Data 2004/05 - Auditors' Notes for Guidance**

**01 August 2005**

**Ref: W05/43HE**

To: Heads of higher education institutions in Wales;  
Principals of directly funded further education colleges in Wales;  
External auditors appointed by higher education institutions or directly funded further education colleges in Wales

Summary: This circular provides guidance for external auditors to use during the annual audit of higher education funding data.

Response by: 18 October 2005

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## **INTRODUCTION**

- 1 This Circular provides guidance to the external auditors appointed by higher education institutions (HEIs) and directly funded further education institutions (FEIs) to use in the annual audit of higher education (HE) funding data, and requests the return of an audit report for each institution.
- 2 The Higher Education Funding Council for Wales (HEFCW) is responsible for funding HE provision in Wales. The Council's final teaching funding allocations for 2004/05 are based on returns made in 2004/05 by each of the 12 HEIs and 7 FEIs with HE provision directly funded by the Council. The Council's research funding allocations for 2005/06 were, in part, based on returns made in 2004/05 by the 8 HEIs with research provision. These two sources of data are subject to audit.
- 3 For 2005/06, postgraduate research (PGR) training funding, per capita funding and premium funding for widening access, disability and Welsh medium provision were given, all based on the latest available confirmed Higher Education Statistics Agency (HESA) student or module record data for HEIs, or Lifelong Learning Wales Record (LLWR) data for FEIs, those for 2003/04. These data are also included in this year's audit.
- 4 The Council needs to ensure that the funding data returned by institutions are reliable and accurate. External auditors appointed by each institution are therefore requested to audit:
  - the volume of taught provision in terms of credit values;
  - research activity data; and
  - HESA/LLWR related data submitted by institutions to the Council during the 2004/05 academic year.

They should report to the Council on their quality, accuracy and reliability.

- 5 This guidance to auditors sets out a programme of work to be performed in order to enable the Council to assess whether data returned by institutions are a reliable basis for making funding decisions. If auditors report errors in institutions' returns, which the Council believes to be significant, an adjustment of funding will be made.
- 6 Paragraphs 7 to 10 describe some changes to funding data to be audited which have taken place since last year, and some further clarifications and recommendations for the audit process.

## **MAIN CHANGES FOR 2004/05**

- 7 The main changes made to the funding data to be audited since the 2003/04 audit are:
  - a) There have been changes to the way in which institutions can estimate non-completions in the End of Year Monitoring of Higher Education Enrolments (EYM) survey (see Annex C, paragraphs 15 and 21). There is also further guidance relating to estimated data and the areas in which institutions may be making estimates in their EYM returns in paragraph 17.
  - b) Clarification has been provided in the EYM circular on the return of years or modules which are repeated (see Annex C, paragraphs 13 and 19).
  - c) Data used in quality related (QR) research funding allocations are now only those relating to units of assessment rated 4 or above in the 2001 Research Assessment Exercise (RAE). Previously, departments rated 3b or 3a were also included. (see Annex A, paragraphs 7 and 8).

- 8 Auditors are recommended to take account of any previous audit findings (see paragraphs 25 and 26);
- 9 An error rate table is now requested as part of the audit report (see Annex F);
- 10 The return date for the audit report has been moved to 18 October.

## **BACKGROUND**

- 11 Funding is comprised of three main elements:
  - funding for teaching (including per capita payments and premiums for widening access, disability and Welsh medium provision);
  - funding for PGR training; and
  - funding for research.

FEIs are eligible only for funding for teaching.
- 12 The audit should include checks on the following data:
  - i. 2004/05 EYM data (excluding postgraduate research enrolments) on which adjustments to the 2004/05 grant are made;
  - ii. 2004/05 Research Activity Survey (RAS) data that determined 2005/06 QR funding;
  - iii. 2003/04 HESA/LLWR data that determined the PGR training, premium and per capita elements of 2005/06 funding:
    - PGR training enrolments;
    - per capita data;
    - Welsh medium full-time equivalent (FTE) data;
    - postcode data on which widening access premium is based;
    - Disabled Students' Allowance (DSA) data on which the disability premium is based.
- 13 Outlines of the methodology used to calculate the formula driven elements of funding for teaching, PGR training and QR funding, are given in Annex A. Annex D contains the criteria for inclusion of HESA/LLWR derived data in the allocations of PGR training, premium and per capita funding.

## **SCOPE OF THE REVIEW**

- 14 The audit review at each institution will have the following components:
  - i. an evaluation of the systems used to generate:
    - the number of credit values ascribed to fundable full-time, sandwich year out and part-time enrolments in undergraduate and postgraduate taught provision, including those franchised out to FEIs, reported in the EYM return;
    - the number of research students, research assistants, research fellows and charity income reported in the RAS return;
  - ii. substantive testing of the underlying records to ensure the accuracy of:
    - numbers of fundable undergraduate and postgraduate taught credit values, after withdrawals, for 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);

- numbers of fundable full-time initial teacher training (ITT) enrolments leading to qualified teacher status (QTS) registered between 1 August 2004 and 1 November 2004 (EYM Table 2 column 1);
- number of fundable enrolments/credit values franchised out after withdrawals (EYM Table 5 columns 6 and 7);
- data relating to research students, research assistants and research fellows (RAS Form R1) and external research income from charities (RAS Form R2);
- data relating to PGR training enrolments based on the HESA Student Record for 2003/04;
- data relating to per capita numbers, Welsh medium FTEs, postcodes, and students in receipt of DSA, based on the HESA Student Record (or LLWR for FEIs) for 2003/04.

**Note** that enrolments returned for undergraduate, postgraduate taught and postgraduate research provision in EYM Tables 3 and 4 are not used to monitor 2003/04 funding and should not be audited unless used to confirm credit value data.

- 15 Audits for previous years have highlighted some problems in the audit of data extracted from the HESA and ISR (the individualised record collected from FEIs previous to the LLWR) records. For such data, auditors are not expected to verify whether HEFCW have extracted data correctly. Instead, they are expected to verify that the number of students included as eligible in the calculations fit the criteria to be included. In addition, for data used in the calculation of the Welsh medium premium, HEFCW would not expect auditors to judge whether more than 25% of a module is taught through the medium of Welsh, rather than the criteria used by institutions in calculating the percentage of a module taught through the medium of Welsh is properly documented and was correctly applied.

## INTERPRETATION AND GUIDANCE

- 16 Auditors should familiarise themselves with the 2004/05 EYM Circular W05/35HE, and the 2004/05 RAS Circular W04/73HE, which provide detailed instructions on the completion of the tables for the return of data; and the 2003/04 HESA Student Record/LLWR. Auditors should pay particular attention to any changes made to the data collected or the definitions used since the previous year as this will impact on the requirements of the audit.
- 17 In particular, auditors should note that 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. 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.

In these cases, auditors should 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. We would not expect estimated data to match exactly with actual figures collated using information available after the return date of the EYM and would not expect auditors to test whether the EYM data matched the actual data.

- 18 Any further clarification relating to the guidance for making EYM, RAS and HESA/LLWR returns can be obtained from HEFCW.

## **PRELIMINARY WORK**

- 19 Institutions have informed HEFCW of the external auditors of their choice.
- 20 Auditors should make arrangements with institutions in advance of their visits in order to ensure that the information they require will be available. At the same time, copies of the 2004/05 EYM return and the 2004/05 RAS return should be obtained from institutional management to ensure that the data accord with the information recorded by HEFCW; copies of verification reports confirming the data sent to the HEFCW will be supplied by HEFCW to auditors. Auditors should also request copies of the full-time and part-time prospectuses for 2004/05.
- 21 It is suggested that auditors should request in advance of their visits, reports from the institution's management information system (MIS), together with any appropriate code translations, showing:
- courses for the 2004/05 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 2003/04 academic year.
- 22 It is essential that institutions are able to present to the auditors a verifiable trail from the entries in the EYM to the report of courses and enrolments/credit values referred to above, or to similar reports.
- 23 Auditors will require access to a senior member of the institutional management team to assist them in quickly obtaining the documents they require. These will include enrolment forms and any other documentation necessary, for example, module choice forms, for auditors to verify the details of individual enrolments. Other documents might include a copy of the audited accounts for 2003/04 to allow cross checking of external research income from UK based charities.
- 24 In previous audits, auditors have reported that they have been unable to locate a list of eligible postcodes to use in their testing of the data used to calculate the widening access premium. A list was provided to institutions at the time of verification of the data and we would expect institutions to make this information available to auditors. However, if institutions no longer have this information at the time of audit, institutions or their auditors can contact HEFCW for a replacement list.

- 25 Institutions should provide auditors with the 2003/04 audit report and any follow up correspondence. In their report for 2004/05, auditors should comment on any recommendations made by auditors in the 2003/04 audit and any action that has taken place.
- 26 It is suggested that auditors concentrate on areas thought to be problematic, or for which little testing has been done in past audits. If testing in previous years has found there to be consistently good results in certain areas, then less time can be spent testing such areas.

## **SYSTEMS REVIEW**

- 27 Auditors should ascertain the bases by which enrolment/credit value statistics and income data are compiled and document them to the extent necessary to enable a preliminary evaluation to be made of the existing controls used by the institution to ensure that the system processes data accurately. Auditors should enquire whether any internal audit or other reviews have been made of the system and take account of these in their assessment. Particular attention should be paid to the system used in relation to students franchised out.
- 28 Auditors should ascertain whether there are controls over the preparation of returns and processing of data by the system and evaluate their effectiveness. Where auditors propose to rely on such controls, they should normally perform compliance tests on their operation. Examples of controls are listed in Annex B to these guidelines.

## **DETAILED TESTING**

- 29 Auditors should test the derivation of entries in the EYM verification reports, as specified in paragraph 11ii from the courses and enrolment reports (see paragraph 21 above) and other institutional working papers. They should review a selection of any manual adjustments to ensure that they are reasonable and follow up any discrepancies as appropriate.
- 30 Auditors are reminded that some entries may include estimated figures. In these cases, it is not expected that the EYM figures will be a wholly accurate picture of the end of year position. Instead, auditors should satisfy themselves that any estimates were made on a reasonable basis and that there is an audit trail to show how the figures were calculated. (See paragraph 17 above.)
- 31 By reference to hard copies of student enrolment or registration forms, auditors should 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 21). Where auditors have confirmed that effective controls are present, the extent of this testing may be reduced.
- 32 Auditors should then select a sample of records from the reports in paragraph 21 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.
- 33 Auditors should pay particular attention to the definitions highlighted in Annex C. The interpretation of HEFCW's definitions should be discussed with institutional management to ascertain their application of these definitions and auditors should structure their

samples in paragraph 31 above to ensure that they are able to test whether the Council's definitions have been correctly applied.

- 34 When institutions enter into a franchise arrangement with another institution, generally an FEI, there is a risk that students will be reported as enrolments by both institutions. Auditors should obtain details of any franchising arrangements and ensure that students are recorded in accordance with the guidelines set out in Circular W05/35HE, Annex A paragraphs 10 and 11, and are correctly shown in EYM Table 5. 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.
- 35 Where an institution has distance learning students, which are considered by the institution to be attending the institution rather than being franchised out, auditors should confirm that they are not actually part of a franchise arrangement. In addition, auditors should determine if the fundability status of distance learning students has been assessed by the institution and is correct.
- 36 Auditors should satisfy themselves that the data relating to income from charities in RAS Form R2 is consistent with income shown in the institution's accounts and data returned to HESA in the Finance Statistics Record.
- 37 A sample of data relating to research assistants and research fellows should be checked back to personnel records. Research student numbers should be checked against the HESA Student Record for 2003/04 and any significant differences reported.
- 38 Auditors should check that data returned regarding PGR training numbers, per capita numbers, disability premium numbers and Welsh medium premium FTEs (all based on 2003/04 HESA data or ISR data for FEIs) are consistent with HEFCW criteria for inclusion and enrolment records for that year. Details of criteria for inclusion are given in Annex D.
- 39 A sample of records for students meeting the eligibility criteria for the widening access premium (drawn from 2003/04 HESA/ISR data) should be checked against registration forms to ensure that postcodes have been correctly transcribed.

## **CONTENTS**

- 40 The contents of the annexes are as follows:

Annex A	HEFCW recurrent funding
Annex B	Controls
Annex C	Adherence to Specified Definitions – Summary of EYM Guidance
Annex D	Eligibility Criteria for HESA/ISR based data
Annex E	Findings of Previous Audits
Annex F	Error Rate Table

## **REPORTING**

- 41 Where the tests and procedures set out in paragraphs 29 to 39 have been applied and all matters identified have been satisfactorily addressed, auditors should provide a report on their audit of the institution's funding data containing a clear expression of opinion, based on review and assessment of the conclusions drawn from evidence obtained during the course of the audit.
- 42 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 sample taken should be recorded in an error rate table, an example of which is shown in Annex F.

- 43 The report should 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; and
  - the auditor's name and address with date and signature.
- 44 The auditor's opinion should clearly indicate whether the institution's funding data returns have been prepared in accordance with HEFCW guidance, and whether the eligibility criteria used in the extraction of data from HESA/LLWR records have been met.
- 45 Where the auditor's findings indicate that significant errors exist in the returns they should 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 should be made to the tables in red ink. The audit report should 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 should be brought to the attention of the institution in the form of a management letter. A copy of this letter should be forwarded to HEFCW with the auditor's report. Where the auditor's recommendations and the institution's reply comprise separate documents, both should be provided to HEFCW.
- 47 Auditors should seek to agree all amendments and findings with institutions as the basis for corrective action. Where uncertainties or disagreements exist, the reasons for concern and any disputed matters should be set out in the auditor's report or management letter as appropriate.
- 48 Copies of the final report should be sent to 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 management letters must be returned by the auditor to HEFCW no later than **18 October 2005**, to:
- Hannah Falvey  
Higher Education Statistics and Funding  
HEFCW  
Linden Court  
The Orchards  
Ilex Close  
Llanishen  
Cardiff CF14 5DZ
- 50 HEFCW's Audit Service may inspect the papers relating to the funding data audits during their routine audit of institutions.



## **FURTHER INFORMATION**

51 The audit process will follow the timetable below:

5 September 2005	EYM verifications return deadline
Beginning September 2005	Verification reports for EYM, RAS and HESA/LLWR data sent to auditors
18 October	Audit reports return deadline

52 Further guidance and information is available from Hannah Falvey (029 2968 2240, [hestats@hefcw.ac.uk](mailto:hestats@hefcw.ac.uk)) or Frances Good (029 2068 2244, [hestats@hefcw.ac.uk](mailto:hestats@hefcw.ac.uk)). In addition, if institutions and/or their auditors wish to meet with HEFCW, to discuss the audit, please contact Hannah Falvey.

## HEFCW Recurrent Funding

### Funding for Teaching 2004/05

- 1 For 2004/05 the HEFCW funding methodology was based on a Standard Unit of Resource (SUR) for each subject area. The majority of non-quota funding for teaching 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 assumed credit values after adjustment for non-completions. 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 SURs for the next year, the SURs for the current 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 D.
- 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. The widening access premium is an amount per undergraduate enrolment for students from low affluence areas, subject to a minimum 10 credit value study requirement; 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 a module undertaken through the medium of Welsh.

### Funding for Postgraduate Research Training 2005/06

- 6 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 SUR to postgraduate research enrolments for particular groups of subjects. Qualifying enrolments for 2005/06 funding 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 2005/06

- 7 There are two elements of funding for research for 2005/06, 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, however, data for units of assessment rated 3a or 3b in the 2001 RAE are no longer included in the calculation of QR funding and are therefore no longer collected on the RAS survey or subject to audit.
- 8 For 2005/06, QR funding was 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 updated with the relevant data collected through the annual RAS. 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.

**Controls**

- 1 Internal controls associated with the preparation of the returns and systems include but are not limited to:
  - management review of returns for reasonableness;
  - comparisons with data in other returns (e.g. HESA, Higher Education Students Early Statistics (HESES), EYM) and, for financial data, with the audited accounts;
  - review of working papers and spreadsheets linking student records database to the returns; use of control totals;
  - comparison of student number totals per returns to totals per database;
  - comparison of credit value totals per returns to totals per database;
  - review of specification of any database interrogations used;
  - receipt of fees each term checked and used to update database;
  - validation checks on input and processing of enrolment forms;
  - sequence checks on enrolment forms;
  - authorisation of amendments to standing data/masterfile information;
  - independent review of enrolment forms.

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

- 1 Guidance to completing the EYM survey is contained in the 2004/05 EYM circular, HEFCW W05/35HE. 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 2004/05 survey is 2 August 2005. 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 2004/05 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 or was fundable under phase 2 of the ITT New Innovative Provision Initiative. 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 5 of the Education (Student Support) Regulations 2002 (SI 2002 No. 3200) or they are full-time on a language year abroad, and the fees are as defined in the regulations or 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. Auditors should note that HEFCW no longer require that institutions have auditable evidence of the students intention to be assessed after the end of the academic year.
- 16 Non-completions are excluded from Tables 3, 4 and column 6 of Table 5 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 2004 and does one module before 31 July 2004 and two modules after 31 July 2004, the student will be returned as a registration on EYM 2003/04, together with the credit values relating to the module started in the 2003/04 academic year. No registration will be returned on EYM 2004/05, but credit values relating to the two modules started in the 2004/05 academic year will be returned on EYM 2004/05.
- 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 20.
- 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 18 and 19. 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, column 5 of Table 1c and column 7 of Table 5 of the return. Credit values associated with full-time courses can be counted as partial completions, as defined in EYM Annex H paragraph 20.

### 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. Data relating to all franchised out provision is collected separately on Table 5. See EYM Annex A, paragraphs 10 and 11.

### Tables

- 24 The EYM survey collects 10 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 2 collects data relating to ITT (QTS) enrolments by phase and subject specialism. Table 5 collects enrolments and credit values relating to franchised out students, by the

institution they are franchised to. The final three tables collect data relating to phase 2 of the ITT New Innovative Provision Initiative.

- 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 2 and columns 6 and 7 of Table 5, for home and EC fundable students in all cases.



### **Eligibility Criteria for HESA/ISR based data**

- 1 In all cases, the students should be fundable by the Council, active within the reporting period (1 August 2003 to 31 July 2004), and not studying the whole programme outside of the UK.

### **Per capita funding criteria for inclusion**

- Student is studying at least 10 credit values [or more than 75 taught hours for HE students in FEIs].
- 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 studying at least 10 credit values [or more than 75 taught hours for HE students in FEIs].
- 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 FEIs].
- 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 25% of module through the medium of Welsh.
- Student not studying on a Welsh language or literature course.

### **Postgraduate research training funding criteria for inclusion**

- Students studying for postgraduate research qualification(s).
- 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, the Arts and Humanities Research Board, 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.

### 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.

### Interpretation of Guidance/Reporting Systems

- 2 Findings relating to the EYM survey:

#### Pre 2003/04 audit

- Students were not returned against the correct mode of study on the EYM return. For example, students who changed mode of study from full-time to part-time were being returned as full-time even though they no longer fitted the criteria to be full-time.
- Credit values were assigned to the wrong level or mode of study.
- A number of full-time students were not recorded on the EYM return at all, despite fitting all the eligibility criteria.
- Credit values relating to continuing education students were recorded as completed on the EYM return when all assessments had not been completed or there was no evidence that the students had completed the assessments.
- Credit values were overstated on the EYM either because all assessment procedures had not been completed or because non-fundable credit values had been included as fundable.
- Part-time credit values were overstated on the EYM return because of problems such as late notification of withdrawn students by departments within institutions and students being enrolled/registered on modules which they subsequently did not take.
- Academic departments had not informed those completing the return of examination data in time for the return of the EYM.
- Credit values for modules from which students are exempt (for example where students had APL - assessment of prior learning) were included in the EYM return, even though the module had not been undertaken and the assessments had not been completed.
- System codes indicating that the student had failed the assessment (and was therefore a completion) were used for students who did not complete the assessment.

#### 2003/04 audit

- Credit values for students who had not completed all assessment procedures were overstated on the EYM as even though the students were eligible for resits shortly after the end of the academic year, there was no auditable evidence to show that they were intending to take the resit.
- Credit values associated with franchised out students were overstated on the EYM. However this was reported as being a result of errors in the reproduction of the system report and not in the EYM, though there was no evidence to show this was the case.
- Data from a particular department had not been updated on the MIS system, instead, data had been entered on the EYM from other records.
- Credit values were overstated in some ASCs, modes and levels.
- Students withdrawing from a module had been shown as completing.
- Credit values were understated on the EYM return.
- Modules run over two semesters, where a student withdraws in the second semester, were incorrectly returned as completions instead of partial completions.
- Where the subject of a module was different to the subject of the course, credit values were incorrectly returned against the ASC of the course.
- Partially completed credit values were returned as non-completions.

3 Findings relating to HESA/ISR data:

Pre 2003/04 audit

- Ineligible students were found to have been included in the PGR training funding allocation.
- Students in receipt of DSA were understated on the HESA student record because updates to data had not been made throughout the year.

2003/04 audit

- Students not eligible for the widening access premium (at a further education college) had been included as eligible on the verification report.
- There was supporting evidence for greater numbers of students in receipt of DSA than there were reported on the HESA record.

4 Findings relating to the RAS survey:

Pre 2003/04 audit

- A number of research fellows were double counted as postdoctoral research assistants.
- Some minor discrepancies were found involving small under or overstatements of FTE for research assistants and research students.

2003/04 audit

- The number of students was understated on the RAS.

**Lack of Evidence**

5 Findings relating to the EYM survey:

Pre 2003/04 audit

- No evidence had been kept of whether students had completed the course or module.
- There was no record of attendance for some students and enrolment forms could not be produced for others.
- Auditors were unable to confirm by reference to documentary evidence that the credit values allocated to modules undertaken by part-time students had been approved in accordance with the regulations of the institution.
- There was a lack of an audit trail between the MIS system and the EYM return.

2003/04 audit

- There was lack of evidence that modules on particular courses had been attended by students.
- Exam board reports were unavailable for some modules.
- There was lack of an audit trail between the EYM returns and the student database and a particular member of staff was relied upon to remember manual adjustments that had been made to the data.

6 Findings relating to HESA/ISR data:

Pre 2003/04 audit

- Auditors were unable to confirm that students recorded as being in receipt of DSA actually were, either because:
  - there were no records to show the student was in receipt of DSA, or
  - the only evidence that existed was the statement by the student on their enrolment form.
- Working papers were not available to use in the checking of verification reports for widening access and per capita data
- There was lack of evidence that students had chosen to study an element of their course through the medium of Welsh.

2003/04 audit

- Enrolment forms could not be found for some students counted in the calculation of the widening access premium or the per capita allocations.
- There was no evidence from local authorities that students were in receipt of Disabled Students' Allowance (DSA) even though they had been returned as such on the HESA record.
- Auditors were not able to obtain a list of postcodes eligible for the widening access premium from the institution.
- A breakdown of students with a disability was not available and therefore auditors were unable to trace students back to local authority documentation.

### 7 Findings relating to the RAS survey:

#### 2003/04 audit

- Enrolment forms could not be found for some students returned on the RAS.

**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. ASC 4 FT UG degree	30	10	40	8	20%