

Cylchlythyr

Circular

Guidance for Internal Auditors to use in their Annual Internal Audit of HE Data Systems and Processes

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Principals of directly-funded further education colleges in
Wales
Internal auditors of higher education institutions or directly
funded further education colleges in Wales
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This circular provides guidance for internal auditors to use in their annual internal audit of HE data systems and processes.

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Introduction

- 1 This Circular provides guidance to the internal auditors of higher education institutions (HEIs) and directly funded further education colleges (FECs) to use for their annual internal audit of the internal controls relating to the systems and processes in place to produce higher education (HE) funding data returns, and requests a copy of this internal audit report for each institution.
- 2 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. The new process replaced the annual audit of data returns by each institution's external auditors, with an external audit, commissioned by HEFCW, at each institution at least once every five years. In addition, in order to maintain an adequate level of annual assurance in respect of institution's data returns, HEFCW is relying on the assurance provided to institutions and their Audit Committees by their internal auditors in respect of the controls operating to manage the risks relating to the accuracy of data.
- 3 The internal audit will provide an opinion as to the adequacy and effectiveness of the controls in place to manage the risks relating to the accuracy of the data submitted by the institution to be used in calculations for the following funding streams:
 - Teaching funding (including per capita and premium funding);
 - Postgraduate research (PGR) training funding;
 - Quality research (QR) funding;
 - Innovation and Engagement (I&E) Fund (formerly Third Mission funding).
- 4 This document provides guidance to the internal auditors about the nature of the controls that their audit should address to assess whether the systems and processes are adequate to provide accurate data returns and also to ensure that internal audits taking place across the sector are carried out on a consistent basis.
- 5 If the internal audit report's overall conclusion, or the conclusions relating to the adequacy of the design of the methods of control and the application of those controls, provides a negative opinion (e.g. limited or no assurance, unsatisfactory or inadequate controls) and/or the report includes a significant number of recommendations, an external audit will be commissioned by HEFCW. This external audit will consider the accuracy of the data return for the current period and also consider the findings of the internal auditor and aim to assess the extent of potential errors in the data returns for prior periods up to the last external audit. The findings of the external audit may result in adjustments to funding.

Funding Methodology

- 6 Outlines of the methodology used to calculate the formula driven elements of funding for teaching, PGR training, QR funding and the I&E Fund, are given in Annex A. Annex B contains the criteria for inclusion of data in the allocations of per capita, premium and PGR training, and some elements of the I&E Fund. Annex C contains a summary of the recommendations of the most recent external and internal audits.

Scope of the Audit

- 7 The way in which internal audit work and controls testing is carried out at each institution will depend on the systems and controls in place and how information is shared within the institution. However, it is expected that the internal audit work will cover the elements highlighted in this document. Where previous internal audit work has found that the systems and controls in place are satisfactory, it may be considered appropriate by the institution's Audit Committee for subsequent audits to only cover areas of risk (see also paragraph 24).
- 8 Auditors should ascertain the processes by which data returns are compiled and document them to the extent necessary to enable an evaluation to be made of the adequacy of the existing controls used by the institution to ensure that they produce accurate data returns. Examples of the controls that the audit would normally be expected to assess are set out for all the funding streams and data returns in paragraphs 13 to 20. Many of the controls are common to the data returns for all of the funding streams. However, not all of the funding streams apply to all institutions, and auditors should refer to the relevant funding stream paragraphs.
- 9 Auditors should note that there are some areas where institutions may have to return estimates, where information is not known at the time of return or information is not available in the required form. Estimates can be made using methods suggested by HEFCW in its guidance, or if appropriate, institutions can use their own methods. Where estimates have been made, auditors should review the methods used to calculate them, confirm that they are properly documented, reasonable, consistently applied and tested for reliability.
- 10 If an institution is in the process of merging with one or more other institutions, the auditor should ascertain if procedures have been put in place to integrate their data systems or otherwise ensure that returns for the whole institution can be made post-merger.
- 11 In planning the audit, the Auditor should consider the findings and conclusions of the latest external and/or internal audit reports relating to systems and data returns for the institution and any follow up reports and correspondence with management to assess the extent of implementation

of the reports' recommendations. It is expected that the audit reports will make reference to and comment upon the extent that recommendations made by auditors in the previous internal or external audit reports have been effectively implemented.

- 12 All HEFCW circulars described below are available under 'publications' on the HEFCW website, www.hefcw.ac.uk.

Teaching funding

- 13 Teaching funding comprises:
- Funding allocated through the teaching funding method;
 - Per capita funding;
 - Widening access premium funding;
 - Disability premium funding;
 - Welsh medium premium funding.
- 14 Funding allocated through the teaching funding method is based on credit value data returned on the Higher Education Students Early Statistics (**HESES**) survey (latest version – HEFCW circular W09/33HE). Adjustments to funding are calculated using data taken from the End of Year Monitoring of Higher Education Enrolments (**EYM**) survey (latest version – HEFCW circular W10/20HE).
- 15 Testing of the systems and processes used to generate figures returned on the **HESES** and **EYM** surveys should aim to answer the following questions:
- Is the latest HEFCW guidance being utilised and adhered to, in particular, have changes from previous surveys been noted and appropriately implemented?
 - Are data on the records system validated (e.g. a comparison of a sample of enrolment forms with data on the system)?
 - Is the method of extraction of data used to make the returns documented?
 - Is there an adequate audit trail to confirm that the data extraction method is being applied as documented?
 - Are details of any manual amendments documented, with justification and/or appropriate authorisation of the changes?
 - Is a copy kept of the data taken from the system to make the return?
 - Is the final return checked against data on the system prior to submission and is there adequate evidence of this checking process?
 - Is the verification approved and signed off by an appropriate person?

- Are the staff resources available, taking into consideration experience and expertise, adequate to ensure that the data returns are accurately prepared?
- Is the documentation of the system and staff resource sufficient to ensure that accurate data returns could be prepared even in the absence of some key staff?
- Is there a risk register in place and are the risks relating to the compilation of accurate data returns, and related controls to manage these risks, adequately assessed and documented together with details of planned action to be taken, where relevant, to strengthen the existing controls?
- Are returns scrutinised before submission by suitably experienced members of staff other than those compiling the return?
- Is a summary report of the data returned presented to the institution's senior management team (e.g. the total numbers of credits and students by mode and level with comparisons to prior years and/or other returns)?
- Is there a suitable process in place to ensure that staff who provide information (e.g. in departments) and staff compiling the return liaise as necessary to ensure that the most up to date information available relating to the survey period is included in the return?
- Is there evidence that validation and credibility checks are completed before returning data (e.g. scrutinising the credibility checks provided by HEFCW on the Excel spreadsheets; comparing EYM returns against HESES returns made earlier in the academic year; use of control totals)?
- Are there procedures for determining the fundability status of students and are checks made on fundability status (e.g. for students on places funded through the Universities of the Heads of the Valleys Institute (UHOVI) initiative or foundation degree provision funded by the Wales European Funding Office (WEFO) which are non-fundable; or for modules taken through APEL)?
- Is the method for assigning JACS subject codes to modules and hence categorising credits into Academic Subject Categories (ASCs) documented and reasonable?
- Is there an adequate audit trail to confirm that the method for categorising credits into ASCs is being applied as documented?
- Are processes used to calculate estimates (e.g. non-completion rates) reasonable and documented, and is their reliability tested?
- Do processes ensure that evidence of enrolment and attendance available is complete and retained as part of the audit trail (e.g. enrolment forms, online enrolment records, module choice forms)?
- Are franchised out students correctly identified as such on the system, and not, for example, as distance learning students

(where 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)?

- Are arrangements with franchise partners documented and are there controls in place to ensure that only the franchisor institution returns the provision?
- If the institution is the lead institution of an ITT School, for the purpose of returning data to HEFCW about ITT (QTS) provision, is there a process in place to receive data about ITT (QTS) provision from the partner institution?
- If the institution is part of an ITT School but does not return data directly to HEFCW about ITT (QTS) provision, is there a process in place to provide correct data to the institution that returns data to HEFCW for the whole school?
- If the institution has recently been formed from a merger are the data systems in place sufficiently integrated to enable the institution to make HESES and EYM returns for the whole institution?

16 For HEIs, per capita and premium funding is based on data taken from the Higher Education Statistics Agency (**HESA**) student record (coding manuals and guidance are available on the HESA website – www.hesa.ac.uk). For FECs, funding is based on data taken from the Lifelong Learning Wales Record (**LLWR**) (coding manuals and guidance are available on the Welsh Assembly website www.wales.gov.uk) for per capita and widening access premium funding; funding for the Welsh medium premium and the disability premium is based on returns made directly to HEFCW.

17 The fields and criteria used to extract data from the records are detailed in the Higher Education Data Requirements circular (latest version - HEFCW circular W09/12HE). Testing of the systems and processes used to make these returns should aim to answer the following questions:

HESA returns:

- Do the controls include quality checks on individualised data prior to submission to HESA, in particular for data fields used in funding (e.g. checks that home postcodes have been correctly transcribed; fundability status is correct; highest qualification on entry is correct; those in receipt of disabled students' allowance (DSA) are recorded as such)?
- Where errors were identified in prior returns, by HEFCW, HESA or the institution, through audit or otherwise, particularly those which led to reductions in funding, have processes been implemented to address these data errors?

- Where errors have been identified in prior returns, are the relevant data checked prior to final submission of data to HESA to confirm that the error has not reoccurred?
- Are summaries of HESA data checked against EYM returns for consistency and credibility?
- Is there evidence that the check documentation, produced by the HESA data returns system after committing data, is scrutinised, and that any resulting issues are addressed?
- Is a copy kept of the final data submitted to HESA?
- Is the method used to calculate the proportion of a module taught through the medium of Welsh documented, reasonable and consistently applied?
- Are the staff resources available, taking into consideration experience and expertise, adequate to ensure that the data returns are accurately prepared?
- Is the documentation of the system and processes and the staff resource sufficient to ensure that accurate data returns could be prepared even in the absence of some key staff?
- Is there a risk register in place and are the risks relating to the compilation of accurate data returns, and related controls to manage these risks, adequately assessed and documented together with details of planned action to be taken, where relevant, to strengthen the existing controls?
- Are returns scrutinised before submission by suitably experienced members of staff other than those compiling the return?
- Is a summary report of the data submitted to HESA presented to the institution's senior management team (e.g. numbers of students by mode and level and/or course and subject with comparisons to prior years and/or other returns)?
- Are the HEFCW confirmation reports checked against data submitted to HESA to ensure that the HEFCW reports are accurate according to HEFCW criteria?
- If the institution has recently been formed from a merger are the data systems in place sufficiently integrated to enable the institution to make a HESA student record return for the whole institution?

LLWR returns:

- Do the controls include quality checks on individualised data submitted to the LLWR prior to extraction by HEFCW of data used for funding purposes, in particular for data fields used in funding (e.g. checks that home postcodes at the start of the learning programme have been correctly transcribed; level of study of learning programme is correct; highest qualification on entry is correct; mainstream funding for the learning activity is correct)?
- Where errors were identified in past data, by HEFCW, WAG or the institution, through audit or otherwise, particularly those

which led to reductions in funding, have processes been implemented to address these data errors?

- Where errors were identified in past data are the relevant data checked prior to submitting data to the LLWR which HEFCW will extract for funding purposes to confirm that the error has not reoccurred?
- Are summaries of the LLWR data checked against EYM returns for consistency and credibility?
- Is a copy kept of the data submitted to the LLWR, at the time that HEFCW will extract data used in funding?
- Are the methods used to extract data relating to modules available through the medium of Welsh and students in receipt of DSA documented and reliable?
- Are the staff resources available, taking into consideration experience and expertise, adequate to ensure that accurate HE data are submitted to the LLWR?
- Is the documentation of the system and processes and the staff resource sufficient to ensure that accurate HE data can be submitted to the LLWR even in the absence of some key staff?
- Is there a risk register in place and are the risks relating to the return of HE data on the LLWR, and related controls to manage these risks, adequately assessed and documented together with details of planned action to be taken, where relevant, to strengthen the existing controls?
- Is a summary report of HE data submitted to the LLWR presented to the institution's senior management team (e.g. numbers of students by mode and level and/or course and subject with comparisons to prior years and/or other returns)?
- Are the HEFCW confirmation reports checked against data submitted to the LLWR to ensure the HEFCW reports are accurate according to HEFCW criteria?
- Where, in addition to their directly funded provision, the FEC franchises provision in, are there controls in place to ensure that only the franchisor institution returns the provision and that the provision is not also returned on the LLWR?
- If the institution has recently been formed from a merger are the data systems in place sufficiently integrated to enable the institution to make a LLWR return for HE provision for the whole institution?

PGR, QR and I&E Funding

- 18 PGR training funding is allocated to HEIs with Units of Assessment (UoAs) submitted to the 2008 RAE where the UoA has 3 or more classified FTE Category A staff and is allocated using data from the HESA student record. The fields and criteria used to extract the data from the record are detailed in the Higher Education Data Requirements circular (latest version - HEFCW circular W09/12HE). Testing of the systems and processes used to record data relating to PGR students on the HESA return should aim to

answer the following questions (in addition to those listed in paragraph 17 for HESA returns):

HESA returns:

- Are quality checks carried out on individualised data for data fields used in calculating PGR funding (e.g. fundability status is correct; UoA is correct)?
- Are the HEFCW confirmation reports checked against data submitted to HESA to ensure the HEFCW reports are accurate according to HEFCW criteria?
- Where errors were identified in prior returns, by HEFCW, HESA or the institution, through audit or otherwise, particularly those which led to reductions in PGR funding, have processes been implemented to address these data errors?
- Where errors have previously been identified in PGR data, are the PGR data checked prior to final submission of data to HESA to confirm that the error has not reoccurred?

19 QR funding is allocated only to those HEIs with UoAs submitted to the 2008 RAE where the UoA has 3 or more classified FTE Category A staff. It is allocated using data from the 2008 RAE and the 2009/10 Research Activity Survey (**RAS**) (HEFCW circular W09/36HE). 2008 RAE data are not included in the scope of the audit. Testing of the systems and processes used to make the **RAS** return should aim to answer the following questions:

- Is the latest HEFCW guidance being utilised and adhered to, in particular, have changes from previous surveys been noted and appropriately implemented?
- Are data on the records system validated (e.g. a comparison of a sample of enrolment forms for research students with data on the student record system; a comparison of contracts for research assistants/fellows with data on the HR system)?
- Is the method of extraction of data used to make the returns documented?
- Is there an adequate audit trail to confirm that the data extraction method is being applied as documented?
- Are details of any manual amendments documented, with justification and/or appropriate authorisation of the changes?
- Is a copy kept of the data taken from the system to make the return?
- Is the verification approved and signed off by an appropriate person?
- Are the staff resources available, taking into consideration experience and expertise, adequate to ensure that the data returns are accurately prepared?
- Is the documentation of the system and processes and the staff resource sufficient to ensure that accurate data returns could be prepared even in the absence of some key staff?

- Is there a risk register in place and are the risks relating to the compilation of accurate data returns, and related controls to manage these risks, adequately assessed and documented together with details of planned action to be taken, where relevant, to strengthen the existing controls?
- Are returns scrutinised before submission by suitably experienced members of staff other than those compiling the return?
- Is a summary report of the data submitted presented to the institution's senior management team (e.g. numbers of students/assistants/fellows by UoA with comparisons to prior years and/or other returns)?
- Is there a suitable process in place to ensure that staff who provide information (e.g. in departments) and staff compiling the return liaise as necessary to ensure that accurate information is included in the return?
- Is there evidence that validation and credibility checks are completed before returning data (e.g. comparing data to returns made in the previous academic year)?
- Do the validation checks include a reconciliation of the charity income data with the information disclosed in the audited financial statements?
- If the institution has recently been formed from a merger are the data systems in place sufficiently integrated to enable the institution to make an RAS return for the whole institution?

20 I&E funding is allocated to HEIs only and is allocated using data returned on the **HESA staff record**, HESA student record (coding manuals available on the HESA website www.hesa.ac.uk), the HE Business and Community Interaction (**HEBCI**) survey (HEFCW circular letter W06/50HE together with definitions and guidelines for returning data on part B of the survey available from the statistics web pages of the HEFCW website for historic data used in the allocations; and the HESA website www.hesa.ac.uk for the latest survey guidance) and data from other sources. The data used in the allocation are described in more detail in Annex E of HEFCW circular 'Third Mission Funding Arrangements 2007/08 to 2009/10', W07/18HE. It should be noted that the same data (i.e. that were not updated each year) were used to calculate funding for 2007/08 to 2010/11 (Third Mission funding was renamed I&E funding for 2010/11) and that the method of calculating allocations of I&E funding is changing from 2011/12. The systems and processes used to make returns to HESA and the HEBCI survey for data used in funding are included in the scope of the audit. Testing of the systems and processes used to make these returns should aim to answer the following questions:

HESA staff record returns:

- Do the controls include quality checks on individualised staff data prior to submission to HESA?

- Is there evidence that the check documentation produced by the HESA data returns system after committing data is scrutinised, and that any resulting issues are addressed?
- Is a copy kept of the final data submitted to HESA?
- Where errors were identified in prior returns, by HEFCW, HESA or the institution, through audit or otherwise, have processes been implemented to address these data errors?
- Where errors have been identified in prior returns are the relevant data checked prior to final submission of data to HESA to confirm that the error has not reoccurred?
- Are the staff resources available, taking into consideration experience and expertise, adequate to ensure that the data return is accurately prepared?
- Is the documentation of the system and processes and the staff resource sufficient to ensure that accurate data returns could be prepared even in the absence of some key staff?
- Is there a risk register in place and are the risks relating to the compilation of accurate data returns, and related controls to manage these risks, adequately assessed and documented together with details of planned action to be taken, where relevant, to strengthen the existing controls?
- Are returns scrutinised before submission by suitably experienced members of staff other than those compiling the return?
- Is a summary report of the data returned to HESA presented to the institution's senior management team (e.g. numbers and FTE of staff by function, mode and terms of employment with comparisons to prior years and/or other returns)?
- If the institution has recently been formed from a merger are the data systems in place sufficiently integrated to enable the institution to make a HESA staff record return for the whole institution?

HEBCI survey returns:

- Are HEBCI survey definitions and guidelines utilised and adhered to?
- Are validation and credibility checks carried out before returning data (e.g. comparisons with previous year's data)?
- Do the validation checks include a reconciliation of the income data with the information disclosed in the audited financial statements?
- Are the methods and processes used to collate and extract data documented?
- Is there an adequate audit trail to confirm that data extraction methods are being applied as documented?
- Is a copy kept of the final data submitted?
- Are the staff resources available, taking into consideration experience and expertise, adequate to ensure that the data returns are accurately prepared?

- Is the documentation of the systems and processes and the staff resource sufficient to ensure that data returns could be prepared even in the absence of some key staff?
- Is there a risk register in place and are the risks relating to the compilation of data returns, and related controls to manage these risks, adequately assessed and documented together with details of planned action to be taken, where relevant, to strengthen the existing controls?
- Are returns scrutinised before submission by suitably experienced members of staff other than those compiling the return?
- Is a summary report of the data returned presented to the institution's senior management team (e.g. the items of data used in calculating the I&E funding with comparisons to prior years and/or other returns)?
- Is there a suitable process in place to ensure that staff who provide information (e.g. in departments) and staff compiling the return liaise as necessary to ensure that the most up to date information available relating to the survey period is included in the return?
- Are processes used to calculate estimates reasonable and documented, and is their reliability tested?
- If the institution has recently been formed from a merger are the systems in place sufficiently integrated to enable the institution to make a HEBCI survey return for the whole institution?

Interpretation and Guidance

- 21 Auditors should familiarise themselves with the latest, at the time of audit, HESES, EYM, RAS, HEBCI survey and HESA guidance. Some of the publications will be updated after publication of this circular and auditors should pay particular attention to any changes made to the data collected that imply changes to the way in which systems and processes work and assess whether institutions have made or intend to make appropriate adjustments. Between the publication of this circular and the deadline for submission of internal audit reports, the data requirements circular (autumn 2010), HESES (October 2010) and RAS (autumn 2010) will have been updated.
- 22 Any further clarification relating to the guidance for making HESES, EYM, RAS, HESA/LLWR and HEBCI survey returns can be obtained from HEFCW.

Open University in Wales

- 23 HEFCW has responsibility for funding relating to teaching at the Open University (OU) in Wales. Teaching funding allocated to the OU in Wales was ringfenced until 2009/10 but is now calculated using the same funding methodology as other HEIs. As in previous years the systems and

processes used to compile data returns to HESA and HEFCW that are used in the calculation of teaching funding are included in the scope of the internal audit. The OU in Wales does not currently receive PGR, QR or I&E funding from HEFCW. However, from 2011/12 onwards, the OU in Wales will be included in allocations for I&E funding and any data used in calculating the allocation for the OU in Wales will be included in the scope of the audit.

Reporting

- 24 The annual internal audit plan should include a review of the controls in place to manage the risks relating to the submission of accurate data returns. This review should include an assessment of the adequacy of the controls documented in paragraphs 13 to 20 above as relevant. However, the precise scope of the internal audit work completed will be determined by each institution's assessment of the risks relating to their institution's data return and it is expected that the internal audit work will focus on the higher risk aspects of the data return system, for example, issues identified in previous audits, or aspects not covered in previous audits.
- 25 The timing of the internal audit work should be arranged so that the internal audit report can be completed and presented to the institution's Audit Committee before a copy of the report is sent by the institution to HEFCW by 31 May 2011.
- 26 The internal audit report should include
- A description of the objectives of the audit and the risks and controls included within the scope of the audit;
 - Details of the audit work completed;
 - Details of issues identified during the audit and the recommendations made to address these;
 - A consideration of the recommendations made in previous audit reports and the extent to which these have been effectively implemented;
 - Management's responses to the report's recommendations and the agreed timescales for their implementation;
 - Details of any disagreements or recommendations which were not accepted by management;
 - A clear conclusion and overall opinion as to the adequacy and effectiveness of the controls in place to manage the risks relating to the accuracy of the data returns included within the scope of the audit.
- 27 If the internal audit report's overall conclusion, or the conclusions relating to the adequacy of the design of the system of control and the application of those controls, provides a negative opinion (e.g. limited or no assurance, unsatisfactory or inadequate controls) details of the significant exceptions giving rise to this opinion should be provided in the report. In

these circumstances the institution's Audit Committee and HEFCW should be informed of the relevant issues as soon as possible.

- 28 The institution's Audit Committee should include reference in its annual report to the reports and assurances that it has received during the year in respect of the controls in place to manage the quality of data returns made by the institution for funding purposes.
- 29 An electronic copy of the audit report and any associated correspondence should be sent **by the institution** to hestats@hefcw.ac.uk no later than **31 May 2011**. Note that we no longer require a paper copy to be sent to us.
- 30 Details of the internal audit work and reports completed since the last external audit of the funding data should be retained and be made available to the external auditors of the data returns during their visits. The HEFCW Audit Service may also wish to review these reports and related papers during their periodic visits to the institution.

Further Information

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

HEFCW Recurrent Funding

Funding for Teaching 2010/11

- 1 The current HEFCW funding methodology is based on a standard Unit of Funding (UoF) for each subject area. The majority of funding for teaching, other than for quota provision (i.e. provision other than full-time ITT (QTS), or full-time undergraduate medicine and dentistry), is allocated by means of a formula which consists of three elements – core, addition and recovery. Funded credit values associated with core funding are based on the number of fundable credit values after adjustment for non-completions and the number of funded credit values, for the previous year. Core numbers in each institution are maximised by making adjustments as far as possible in line with the pattern of the current year's enrolment; addition numbers are based on policy priorities; and recovery numbers offset occasional dips in enrolment.
- 2 In order to calculate UoFs, the UoFs for the previous year are adjusted by an efficiency gain and increased by GDP.
- 3 The Council makes two other types of payments: per capita and premium. Both are based on the numbers of enrolments achieved the previous year. Details of criteria for inclusion are given in Annex B.
- 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 2010/11

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

Funding for Research 2010/11

- 9 The method of allocating QR funding changed in 2009/10. QR funding is allocated to institutions with UoAs submitted to the 2008 RAE where the UoA has 3 or more classified FTE Category A staff. For 2009/10 funding, data taken from the 2008 RAE were used in allocating funds. For 2010/11 funding, data were taken from the 2008 RAE and from the 2009/10 RAS.
- 10 QR funding has three elements: a main allocation; a charity income allocation; and a rewarding excellence allocation. The main allocation is allocated by apportioning the available funding in proportion to research volume weighted for quality and subject. Previously calculated relativities between research costs are used for different subject areas. The parts of the volume measure relating to research students (RS), research assistants (RA), research fellows (RF) and charity income (CI) are weighted in the volume measure (weights: RS=0.15; RA=0.1; RF=0.1; CI=0.25/25,000) and are an average over two years of data taken from the 2008 RAE and from the RAS survey. Research active staff (RAE category A) have a weighting of 1.0. Figures for research active staff are taken from the 2008 RAE and are not updated each year. The charity income element is allocated pro rata to the average charity income. The rewarding excellence element is allocated pro rata to subject weighted volume in the 4* quality level. Total funding is calculated as the sum of the three elements.

I&E Funding 2010/11

- 11 A new method for allocating I&E funding was introduced for 2007/08 to 2009/10 (when the funding was named the Third Mission Fund) and also used for 2010/11. 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. Data relating to KEF and GO Wales are out of the scope of this audit.

Eligibility Criteria for HESA/LLWR based data

- 1 For all student based data, students should be active within the reporting period, and not studying the whole programme outside of the UK. In addition, for per capita, premium and PGR training funding allocations, students should be fundable by the Council.

Per capita funding criteria for inclusion

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

Widening access premium criteria for inclusion

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

Disability premium criteria for inclusion

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

Welsh medium premium criteria for inclusion

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

Postgraduate research training funding criteria for inclusion

- Students studying for postgraduate research qualification.
- Enrolments must be in UoAs submitted to the 2008 RAE where the UoA has 3 or more classified FTE Category A staff.
- Funding is limited to 3 years for a full-time programme of study leading to a PhD and 6 for a part-time programme. Limits for MPhil programmes are set pro-rata to those for PhDs. Funding against transfers from MPhil to PhD is available only for the balance of time up to the limits for PhD.

- Each student should be counted only once irrespective of the number of courses the student is studying.

I&E funding criteria for inclusion (students)

- Students on an industrial placement for whole or part of the year (HESA 2005/06 student record field 71 LOCSDY = D or E).
- Students on an ERASMUS/SOCRATES outgoing exchange programme for whole or part of the year (HESA 2005/06 student record field 28 SPCSTU = 7).

I&E funding criteria for inclusion (staff)

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

Recommendations from previous audits

- 1 The following provides a summary of the recommendations made on the internal audit reports submitted to HEFCW in May 2010 and the external audits carried out in 2009. Where a recommendation relates to more than one stream of data, the recommendation has been included under all relevant streams. The same recommendation made at more than one institution is included only once. Findings for past audits can be found in previous versions of these notes.

HESES/EYM returns

- The University should review the identified modules and determine whether the ASC assignment is correct in accordance with the HESES guidance. Modules identified as errors in relation to allocation of ASCs should be changed accordingly.
- JACS subject codes should be assigned at the validation stage of a new course to ensure coding is as accurate as possible.
- The University should consider adjusting the method for forecasting non-completed credit values and applying wastage rates from EYM in HESES at an ASC level.
- The University should include an estimated forecast in HESES of the number of credit values registered after 1 November (but before the end of the academic year).
- All data should be checked prior to submission by senior officials and management. Evidence of these checks should be retained and filed.
- Evidence should be retained of validation and credibility checks undertaken on the data prior to submission.
- Tutors should be reminded to complete and submit a withdrawal form to the registry department to inform them of a student withdrawal within three weeks of their last attendance.
- A comparison should be carried out of the EYM returns against HESES returns made earlier in the academic year and this check should be documented and retained for audit purposes.
- The College should ensure that another member of staff with suitable experience scrutinises the returns prior to submission. This check should be evidenced by printing the return and being signed off as checked.
- Summary reports of data returned should be presented to the Senior Management Team on a regular basis.

- Formal documentation of the system and processes for collecting and compiling data returns should be prepared and made available to staff as soon as possible for each return submitted to HEFCW by the University. In addition, the following procedures should be developed: processes to provide correct data to the institution that returns data to HEFCW for the whole school; processes to calculate estimates required in the returns; procedures regarding the method used to calculate the modules taught in the medium of Welsh.
- The University should ensure the issue relating to the emerging HEFCW policy for a cap on the recruitment of full-time undergraduate students is captured on the risk register.
- The head of section should undertake a final completeness check of the schedules associated with the preparation of the EYM and HESES returns to ensure all actions have been duly completed and certify that this check has been made. The HESES schedule should be extended to include the more detailed checks incorporated on the EYM schedule and more formal use of initials/job titles should be used.
- Processes in place for identifying non-completions should be reviewed and officers should ensure that there are documented procedures for identifying students who have not attended assessments.
- A system should be put in place to ensure only the student's original postcode and qualifications are picked up on successful completion of the application process.
- A separate backup of all data files used in the preparation of data returns should be made and retained by University staff and a clear audit trail and supporting documentation should be retained and checked for the completion of all data returns.
- The University should review its system for recording credits for courses run over a calendar year to eliminate anomalies which may arise when returning data to the EYM.
- The University should ensure that it keeps a clear audit trail from all data returns to support documentation and that it retains supporting documentation from which the data funding returns are compiled.
- Internal procedures should be reviewed to ensure that there is a clear system in place for identifying and recording students who have either withdrawn from the College or have not completed their full year of study and assessments so that credits are not counted on EYM returns.

HESA student record/LLWR

- Summary reports of LLWR/HESA data should be presented to the Senior Management Team on a regular basis.

Annex C

- Welsh medium learning activity forms should be completed every academic year in order to give accurate returns on the proportion of a module taught through the medium of Welsh.
- The departmental risk register should follow the same structure as the corporate risk register and explain/define the risks in detail.
- Data quality checks should be carried out at the start of each semester. Staff should also be reminded of the importance of the checking process and that errors noted are communicated to HESA.
- Staff should provide an audit trail of the scrutiny performed by them in agreeing the HESA check documentation.
- An annual assurance statement should be sought confirming that the framework for monitoring and reviewing data quality (to assure the quality of student registration data held on the student databases) has been working satisfactorily for the period of the return.
- To provide better assurance of the quality of data for teacher training students which requires manual addition, the section should consider (1) providing a template for data required, such as only students registered between particular dates and (2) requesting affirmation that the data have been checked prior to sending internally.
- It should be ensured that mainstream funding activity as stated in the student enrolment form is entered onto the LLWR.
- Evidence of the check of the LLWR data against the EYM returns should be formally documented and retained.
- The job description for the Analyst needs updating to reflect the current amount of students they are required to complete validation of data items for or this element of the job description should be removed.
- The College should introduce procedures to obtain evidence of an individual needs assessment for students who declare they are in receipt of DSA.

RAS

- The Research Office should produce a set of internal procedural documents to support the completion of the RAS. The documentation should be kept up to date with changes to the reporting requirements and be readily available to all relevant staff.
- The Research Office risk register should be updated to include a risk in relation to the compilation of accurate data returns as part of the RAS.

- The RAS return should be scrutinised prior to submission by a suitably experienced member of staff.
- A summary report of the data returned as part of the RAS should be presented to the Senior Management Team.
- A data field should be made available to identify research fellows returned for RAS purposes in the Personnel System. Reports generated by the Personnel System should be verified by the Head of the appropriate School.
- To assist in minimising error, the spreadsheet template used to compute RAS data should include analysis columns for full-time students, part-time students and students who are also members of staff.
- The procedures used to compute RAS students data returns should be expanded to clarify the treatment of staff who are also students.
- The responsibility for coordinating the RAS within the University should be more clearly defined.

HESA staff record

- Personnel files should be securely stored and maintained by the HR department.
- A set of internal procedural documents to support the completion of the HESA staff record should be produced. The documentation should be kept up to date with changes to the reporting requirements and be readily available to all relevant staff.
- The HESA staff record return should be scrutinised prior to submission by a suitable experienced member of staff. The return should be signed as evidence of the check.
- Minutes of the meeting held where the data submission of the HESA staff record is discussed should be taken and maintained as evidence of the process taking place.
- It is recommended that consideration be given to providing, for information, summary reports of the HESA data to the appropriate group.
- Quality checks on individualised staff data should be taken prior to submission to HESA.
- The procedural guidance in relation to the HESA staff record should be made available to relevant staff via the shared drive or intranet to ensure that data returns can be accurately prepared, particularly in the absence of key staff. It should be ensured that adequate staff resource is available for the preparation and submission of the next HESA staff record return.

- It should be ensured that a copy of the final staff record data submitted to HESA is retained and is readily available for review.
- It is recommended that the exercise carried out to confirm details held on staff employed by the University is carried out prior to submission to HESA. It is also recommended that staff are further encouraged to return the information to the personnel department as requested.
- It is recommended that a record is kept of previous errors identified and any checks performed in relation to these errors should be documented and retained as evidence for audit purposes.
- It is recommended that staff provide an audit trail of the scrutiny performed by them in agreeing the data prior to submission.
- We recommend that data returns are presented to the Senior Management Team and that evidence of this is maintained.
- Staff should provide an audit trail of the scrutiny performed by them in agreeing the HESA check documentation.

HEBCI Survey

- A job description for the head of section should be written as soon as possible and should include the responsibility for reviewing and approving the final submission of the HEBCI return.
- The HEBCI return should be reviewed and signed as approved for submission prior to the return being submitted by the head of section.
- Consideration should be given to formally reporting a summary report of the data returned within the HEBCI return to the Senior Management Team.
- Consideration should be given to another team member leading on the compilation of the return to provide further resilience and also experience so if the main compiler was absent the return could still be completed.
- It is recommended that the systems used for the capture of information in order to complete the HEBCI return are reviewed to ensure that the data are readily accessible.
- It is recommended that training is provided so that an additional officer would be able to prepare HEBCI data returns
- It is recommended that the risks relating to the compilation of accurate data returns are considered. The controls in place to manage those risks need to be identified and should be documented together with, if appropriate, any action plans for strengthening controls together with the officer(s) responsible.

- The importance of completing an accurate HEBCI return needs to be impressed upon Heads of Colleges and Senior Officers.
- To ensure that the HEBCI return can be completed accurately and timely there is a need to identify key contacts to be responsible for ensuring responses to requests for HEBCI data.
- Appropriate mechanisms need to be established to collect and record the data.
- Evidence of validation and credibility checks undertaken prior to submission of the return should be formally documented and retained.
- The methods and processes used to collate and extract data for the HEBCI survey return should be formally documented.
- The processes used to calculate estimates for returns should be documented and their reliability tested.
- It is recommended that a clear audit trail should be maintained to support credibility checks performed.
- The University should ensure that a clear audit trail and supporting documentation are retained and checked for the completion of all data returns, especially where the data relate to previous financial years.

Franchise

- The franchise contract should be revised to explicitly include the responsibilities of each of the parties surrounding the gathering and recording of information for the student data returns.

System

- All manual enrolment forms should be filed logically and properly. The feasibility of scanning enrolment forms and appending the facsimile to the relevant student record within the student records system should be assessed by the University.
- A further 'duplicate' check should be undertaken to assist Registry in the provision of accurate student data to external agencies.
- Registry should determine the recording methods used in each individual area of the University via the system consultation group. Sections which are proposing to introduce new or upgrade current databases should liaise with Registry to assess the merit of implementing the changes.
- Consideration, in liaison with Registry, should be given towards all sections operating the same Access database whilst the system is being developed ensuring that duplication of effort is minimised.

- Schools should endeavour to participate in the system consultation exercise in order to communicate specific student system needs.
- Schools/Directorates must ensure that any changes to student information are immediately updated on the system in order to provide assurance that information is current and correct.
- The enrolment form should be completed fully by the student prior to the form being signed off and the data being input on the student records system. It should also be ensured that the start date of the course for returning students is completed prior to re-enrolment.
- A comparison of a sample of enrolment forms to the system should be undertaken prior to submitting the data to ensure reoccurring inaccuracies found are addressed.
- System notes should be written for the HESES and HESA staff record returns.

Other

- The University should consider establishing a Statutory Returns Forum chaired by a senior manager, which should meet at least once a year. The University should nominate a senior manager to have responsibility and oversight of data returns and to act as Chair for the proposed forum.
- Formal training should be provided to the Management Accountant on compiling the HESA FSR return and the procedure for compiling the FSR should be fully documented.
- The FSR return should be independently reviewed prior to submission to check data appear accurate and reasonable and there is valid rationale for variations between current and previous years.