

Cylchlythyr | Circular

Audit of Higher Education Data 2014/15 to 2017/18

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To: Heads of higher education institutions in Wales
Principals of directly-funded further education institutions
in Wales
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This circular provides information about the new process of audit for higher education data for 2014/15 to 2017/18 that starts in 2014.

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Audit of higher education data 2014/15 to 2017/18

1. This circular provides information about the process of audit of higher education data for 2014/15 to 2017/18 that starts in 2014.

Background

2. For the past six years, HEFCW has contracted external auditors to carry out external audits of higher education funding data at higher education institutions (HEIs) and directly funded further education institutions (FEIs). These audits were carried out primarily on a sample basis with three or four institutions being audited per year. For the first five years, all funding data at each institution being audited were covered by the audit, including data used in teaching funding, research funding and Innovation and Engagement funding. For the 2012/13 external audit, the audit covered only particular areas of interest.
3. In addition to the external audits carried out by the appointed external auditor, each year each institution has been required to submit an internal audit report relating to its annual audit of data systems and processes. The latest notes of guidance for internal auditors are published on the HEFCW website (W14/01HE): [Notes of guidance for internal auditors](#).

Purpose of audit

4. The purpose of the external audits of data is to enable HEFCW to assess whether data returned by institutions are a reliable basis for making funding and policy decisions and for monitoring progress towards WG and institutional targets and objectives.
5. In order to maintain an adequate level of annual assurance in respect of institution's data returns, HEFCW also relies on the assurance provided to institutions and their Audit Committees, informed by the work of their internal auditors, in respect of the controls operating to manage the risks relating to the accuracy of data.

New process for 2014

6. The external audit contract has ended and the last round of external audits took place in 2013. We are in the process of tendering for external auditors to carry out audits from 2014 for four years, with the intention of appointing auditors in May 2014 for audits to take place from July 2014.
7. The process and scope from July 2014 is:
 - Each institution to be externally audited at least once every four years, either on a sample basis or when there is perceived to be a higher risk.

- The annual request for the internal audit reports to continue.
 - The scope of the external audit will be dependent on the areas of interest at the time at the particular institutions being audited and will include a core set of data which would be any data used for funding calculations.
8. There might be perceived to be a higher risk where an institution has recently been formed from a merger or previous external or internal audits have found significant issues, or where there is a known problem at a particular institution.
9. The scope of the external audits will include:
- a) Substantive testing of the underlying records to ensure the accuracy of data. Depending on the areas of interest for the particular institution being audited, this could include:
 - The number of credit values associated with fundable enrolments, including credit values that are used in the calculation of premium funding;
 - Higher Education Statistics Agency (HESA) data, which includes data relating to courses (KIS data), students, staff, finance and the Higher Education Business and Community Interaction (HEBCI) survey;
 - Data relating to research activity;
 - Data used in fee plans and fee plan monitoring;
 - Data used in the Corporate Strategy measures;
 - Reconciliation of HESA and SLC data;
 - Lifelong Learning Wales Record (LLWR) student data for FEIs;
 - Data relating to other policy areas of interest (for example, initial teacher training, Welsh medium provision, medicine/dentistry provision).
 - b) An evaluation of the systems and processes used to generate data, though it is expected that external auditors will be able to place significant reliance on internal audit work.
10. Once appointed, external auditors will be expected to:
- a) Familiarise themselves with the guidance issued by HEFCW or other organisations which provides detailed instructions on the return of data;
 - b) Make appropriate arrangements with institutions to carry out the audit at a time convenient for both parties, within the time period specified by HEFCW;

- c) Make arrangements with institutions and their internal auditors in advance of their visits to make sure that the information they require will be available;
 - d) Select an appropriate sample of records and perform substantive tests to check the accuracy of the information stored for those records;
 - e) Carry out detailed testing of the data, as described in the notes for guidance issued by HEFCW for external auditors, which will be issued each year prior to commencement of the audits.
11. Each external audit visit would not be expected to require more than seven days of attendance at an institution, with audit visits at FEIs expected to last much less time than this. In exceptional circumstances, where work of more complexity is required, for instance where an institution is being audited because of a particular cause for concern, audit visits may last longer than seven days.

Timetable

12. The contract with the external auditors will commence in July 2014 and follow the timetable below:

Action	Date
Appointment of contractor	Late May/Early June 2014
Planning meeting between contractor and HEFCW officers	Early July 2014
Audit of institutions for 2014 (exact dates subject to agreement with institution)	July 2014 – February 2015
Meeting to discuss 2014 audit reports between the external auditors and HEFCW	Early March 2015
Submission of final external audit reports by the external auditors to HEFCW for 2014 audits	End March 2015

It is anticipated that the final four rows of the timetable will be followed in each of the subsequent years.

Further information

13. For further information, contact Hannah Falvey (029 2068 2240) or Rachael Clifford (029 2068 2243) or email hestats@hefcw.ac.uk.