

Cylchlythyr | Circular

Audit of Higher Education Data 2018/19 to 2021/22

Date: 19 December 2018
Reference: W18/33HE
To: Heads of regulated and/or directly-funded higher education institutions in Wales
Principals of regulated and/or directly-funded further education institutions in Wales
Internal auditors of regulated and/or directly funded higher education institutions and further education institutions in Wales
Response by: 03 June 2019
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This circular provides information about the new process of audit for higher education data for 2018/19 to 2021/22 that starts in 2018.

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Audit of higher education data 2018/19 to 2021/22

1. This circular provides information about the process of audit of higher education data for 2018/19 to 2021/22, starting in 2018.

Background

2. For the past ten years, HEFCW has contracted external auditors to carry out external audits of higher education data at higher education providers (HEPs), to include higher education institutions (HEIs) and directly funded further education institutions (FEIs) in Wales. These audits were carried out primarily on a sample basis with three or four providers being audited per year. During the past 4 years, all funding data at each provider being audited were covered in the scope of the audit, including data used in teaching and research funding. In addition data supplied to HEFCW as part of the Fee and Access Plans (FAPs) and the Fee and Access Plan Annual Monitoring Statements (AMS) were included in the scope of the audit along with particular areas of interest at the provider being audited.
3. In addition to the external audits carried out by the appointed external auditor, each year each HEP 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 in circular [W18/34HE](#).

Purpose of audit

4. The purpose of the external audits of data is to enable HEFCW to assess whether data returned by providers are a reliable basis for making funding and policy decisions and for monitoring data included within a provider's fee and access plan.
5. In order to maintain an adequate level of annual assurance in respect of provider's data returns, we have also relied on the assurance provided to providers 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 2018

6. The previous external audit contract ended in March 2018 with the last round of external audits of that contract taking place during 2017/18. During the summer of 2018 we carried out a procurement exercise in which we appointed KPMG to carry out audits from 2018 for the next four years.
7. The process and scope from September 2018 is:

- Each HEP 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 HEPs being audited and will include a core set of data which would be any data used for funding calculations and selected data included in the fee and access plan.
8. There might be perceived to be a higher risk where a HEP 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 HEP.
9. The audit will have the following components:
- a) An evaluation of the systems and processes used to generate data used in calculating funding or used in monitoring and analysis, though, where satisfactory, it is expected that the auditor will be able to place significant reliance on the internal audit work and report;
 - b) Substantive testing of the underlying records to ensure the accuracy of data returned. Depending on the areas of interest for the particular HEP being audited, this could include:
 - i. Fundable registrations and the number of credit values associated with fundable registrations, including registration counts and credit values that are used in the calculation of premium and per capita funding;
 - ii. Higher Education Statistics Agency (HESA) data, which includes data relating to courses (Unistats data), students, student destinations, staff, finance, estates management, offshore enrolments and the Higher Education Business and Community Interaction (HEBCI) survey;
 - iii. Data relating to research activity;
 - iv. Data used in FAPs and FAP monitoring which include targets and retrospective and forecast tuition fee income data;
 - v. Data used in the Corporate Strategy targets and National Measures;
 - vi. Data used in calculating Reaching Wider funding and monitoring deliverables;
 - vii. Data relating to other policy areas of interest (for example, Welsh medium provision, medicine/dentistry provision, franchised out provision and overseas provision).
10. External auditors will be expected to:
- a) Attend an annual planning meeting with HEFCW prior to commencement of the audit to discuss the individual areas of interest of the provider to be included in the scope;

- b) Familiarise themselves with the guidance issued by HEFCW or other organisations such as HESA, which provides detailed instructions on the return of data;
 - c) Make appropriate arrangements with providers to carry out the audit at a time convenient for both parties, within the time period specified by HEFCW;
 - d) Make arrangements with providers and their internal auditors in advance of their visits to make sure that the information they require will be available;
 - e) Select an appropriate sample of records and perform substantive tests to check the accuracy of the information stored for those records;
 - f) Supply an audit report addressed to HEFCW for each audited HEP, including details of any samples taken, errors found and an opinion on the data returns. The reports should be agreed with the HEPs prior to their submission to HEFCW and should include any recommendations and good practice found and responses from the HEPs to those recommendations made;
 - g) Meet with HEFCW to discuss the outcomes of the audits each year.
11. Each audit visit would not be expected to require more than seven days of attendance at a large/medium sized HEI, more than five days at a small HEI or large FEI, or for no more than three days at a small FEI (where size is based on the size of the HEFCW-fundable student body). At present this will include auditing the following HEPs over the four year period:
- a) Seven large/medium HEIs:
 - Cardiff University
 - University of South Wales
 - Swansea University
 - Bangor University
 - University of Wales Trinity Saint David
 - Cardiff Metropolitan University
 - Aberystwyth University
 - b) Three small HEIs/large FEIs:
 - Open University in Wales
 - Wrexham Glyndŵr University
 - Grŵp Llandrillo Menai
 - c) Two small FEIs:
 - Grŵp NPTC Group
 - Gower College Swansea
12. In exceptional circumstances audit visits may last longer than expected.

Timetable

13. The contract with the external auditors commenced in September 2018. The timetable for 2018/19 is below:

Action	Date
Appointment of external auditor	September 2018
Planning meeting between external auditor and HEFCW officers	September 2018
Audit of HEPs for 2018 (exact dates subject to agreement between external auditor and HEP)	November 2018 – February 2019
Interim meeting between HEFCW and external auditors on progress to date	January 2019
Meeting between HEFCW and external auditors to discuss final audit reports	March 2019
Audit reports return deadline.	29 March 2019

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

Further information / responses to

14. For further information, contact Rachael Clifford (029 2085 9721) or email hestats@hefcw.ac.uk.