

Annex F: Guidance on completion of the annual assurance return template (Annex E)

Completion of Annex E

1. We are requesting, among other returns, completion of Annex E of this document, 'Annual assurance return template for completion'.
2. The purpose of this return is to confirm that the higher education institution's (HEI's) accountable officer has met their obligations to HEFCE under the Memorandum of Assurance and Accountability (HEFCE 2014/12). The return should cover the period to the financial year-end (31 July 2015) but should also report on any issues that occur until the date it is signed. The return is in two parts.
 - a. Part 1 should be signed by the head of the HEI as the accountable officer. No other signatory is acceptable since the accountable officer's responsibility cannot be delegated.
 - b. Part 2 is not required from HEIs that are either not a charity or are registered with, and make an annual return directly to, the Charity Commission. For all other HEIs, part 2 should be signed by the accountable officer, unless they are not a trustee, in which case it should be signed by an appropriately authorised trustee. In all cases, Part 2 should be approved by the governing body as the trustees of the HEI.

Part 1: Notification of material changes

3. The Memorandum of Assurance and Accountability requires that the institution inform us of any change in its circumstances which – in the judgement of the accountable officer and in agreement with the governing body – is a material adverse change, as well as any significant developments that could impact on the mutual interests of the institution and HEFCE (HEFCE 2014/12, paragraph 57). In signing part 1 of the annual assurance return, the accountable officer is declaring that any such events have been notified to HEFCE. These include but are not limited to the following.
 - a. Any financial loss or reduction in income or working capital which is significant enough in the accountable officer's judgement to materially impact on the financial outturn or the cash position.
 - b. Any new decision to invest or expend funds which in the accountable officer's judgement will have a material impact on the forecast position as reported to HEFCE in the most recent annual accountability exercise.
 - c. Any new or changed risks which in the accountable officer's judgement are significant enough to affect the institution's future sustainability.
 - d. Any theft, fraud, loss of charity assets or other irregularity that meets one or more of the following conditions:
 - i. The sums of money involved are, or are potentially, in excess of £25,000 (this figure aligns with reporting requirements for charities and we

will keep it under review and notify changes through our annual accounts direction).

ii. The particulars of the fraud, theft, loss of charity assets or other irregularity may reveal a systemic weakness of concern beyond the institution, or are novel, unusual or complex.

iii. There is likely to be public interest because of the nature of the fraud, theft, loss of charity assets or other irregularity, or the people involved.

4. There may be cases of fraud, theft, loss of charity assets or other impropriety or irregularity that fall outside this definition. In these cases or any others, HEIs can seek advice or clarification from their HEFCE assurance consultant (for contact details see www.hefce.ac.uk/contact/search/). In view of the public interest, HEIs should normally notify the police of suspected or actual fraud. Where the police are not notified, management should advise the institution's audit committee of the reason.

5. **(New)** With effect from 2014-15, full compliance with the Concordat to support research integrity is a condition of HEFCE grant for all institutions able to receive HEFCE research funding (see 'Compliance with the Concordat to support research integrity', HEFCE Circular letter 21/2013). The accountable officer is now asked (in Annex E) to confirm whether the institution was able to comply with the research integrity concordat for the academic year 2014-15 and up to the date of making the return.

6. **(New)** The Secretary of State's 2014 Grant Letter requires HEFCE 'to develop mechanisms and corrective actions to ensure institutions maintain the quality of the student experience' following the removal of student number controls from publicly funded institutions in 2015-16. As a result, HEFCE has decided to seek additional assurance that institutions are able to identify and address any early signs of concern about the quality of the student experience that may have resulted from significant variations (expansion or contraction) in student numbers. This includes students registered for an award on distance learning programmes. The letter to vice-chancellors and principals dated 18 November 2014, available at www.hefce.ac.uk/reg/review/about/ under 'Previous letters to vice-chancellors and principals' explains the arrangements. Instead of requesting this assurance through the Annual Monitoring Statement (as suggested in the letter), the assurance will now be sought as part of Annex E.

7. **(New)** We have removed detailed questions from the AMS in relation to capital funding. However, we still need assurances that Teaching and Research Capital Investment Funding has been spent within the year for the purposes intended. This assurance is now required to be reported through the Annual Assurance return.

8. **(New)** Funding for very high cost subjects is conditional on the provision being maintained, so institutions are asked to confirm this.

Part 2: The institution as charity

9. Part 2 of the return seeks assurance about the conduct of the institution as a charity, including the reporting of serious incidents other than those covered by Part 1. HEIs that have 'paragraph 28' connected exempt charities have undertaken to maintain up-to-date records of those charities and to make information about them available to HEFCE on request¹. This year we have requested explicit assurance in relation to the paragraph 28 connected charities as follows.

I confirm that the institution continues to maintain accurate and up-to-date records of all its paragraph 28 connected exempt charities and is in a position to make information about them available to HEFCE on request.

Or

I confirm that the institution has no paragraph 28 connected exempt charities.

[Please delete whichever statement does not apply.]

10. In addition, in signing this return the accountable officer is confirming that the HEI has returned all the relevant accountability returns and that these are accurate, adhere to the published requirements and have been through the appropriate approval process. The return to be completed, Annex E, may be downloaded from www.hefce.ac.uk/pubs alongside this document, or from the secure area of the HEFCE website in October 2015.

11. The completed and signed return should be scanned and then submitted via the secure area of the HEFCE website as a PDF document.

¹ Under paragraph 28 of Schedule 3 of the 2011 Act, an institution administered by or on behalf of an exempt charity is also an exempt charity.