

Annex F: Annual assurance return (Annex E) guidance

Completion of Annex E

1. We are requesting, among other returns, completion of Annex E of this document, Annual accountability returns 2014.
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 Financial Memorandum (HEFCE 2010/19). The return should cover the period to the financial year-end (31 July 2014) 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 Financial Memorandum 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 2010/19, paragraph 18). 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/stafflist/). 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 2013-14, 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). For 2013-14 only, in recognition that compliance by some institutions may require a period of time to achieve, institutions receiving research grant from HEFCE may provide assurance either of their compliance, or that they are working towards compliance, with the Concordat. In Annex E the accountable officer is asked to confirm whether the institution was able to comply with the research integrity concordat in 2013-14 and to the date of the return (or if not, whether it was working towards compliance).

Part 2: The institution as charity

6. 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 request¹⁴. 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.]

7. 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.

¹⁴ 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.

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 web-site in October 2014.

8. The completed and signed return should be scanned and then submitted via the secure area of the HEFCE web-site as a PDF document.