

Cylchlythyr | Circular

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

Date: 22 December 2017
Reference: W17/38HE
To: Heads of higher education institutions in Wales
Principals of directly-funded further education colleges in Wales
Internal auditors of higher education institutions or directly funded further education institutions in Wales
Response by: 01 June 2018
Contact: Name: Rachael Clifford
Telephone: 029 2085 9721
Email: hestats@hefcw.ac.uk

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 institutions (FEIs) to use for their annual internal audit of the internal controls relating to the systems and processes in place to produce higher education (HE) data returns, and requests a copy of this internal audit report for each institution.
2. Details of the process of the external audit of higher education data can be found in circular W14/11HE. External audits are commissioned by HEFCW so that institutions are externally audited at least once every four years. As part of the process, HEFCW will rely on the annual assurance provided to institutions and their Audit Committees by their internal auditors about the systems and processes used to produce data returns. Relying on the internal audits will maintain an adequate level of annual assurance in respect of institution's data returns.
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 data submitted by the institution to the Higher Education Statistics Agency (HESA), HEFCW and Welsh Government (WG), including data to be used in calculations for the following funding streams:
 - Teaching funding (comprising per capita and premium funding and part-time (PT) undergraduate (UG) credit-based funding);
 - Postgraduate research (PGR) training funding;
 - Quality research (QR) funding;
4. In addition, the internal audit should provide assurance over the controls in place to ensure the accuracy of data used in the monitoring of performance, including key performance indicators such as the Corporate Strategy targets 2013/14-2016/17 and data included by institutions in their fee and access plans and fee and access plans monitoring.
5. 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 data to use in monitoring and also to ensure that internal audits taking place across the sector are carried out on a consistent basis.
6. 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, HEFCW should be notified as soon as the opinion has been agreed. HEFCW will then consider commissioning their own external audit. This external audit will consider the accuracy of data 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 and data used for monitoring for prior periods up to the last

external audit. The findings of the external audit may result in adjustments to funding.

Funding and monitoring methodology

7. Outlines of the methodology used to calculate the formula driven elements of credit-based funding for teaching, PGR training funding and QR funding are given in Annex A. Annex B contains the criteria for inclusion of data in the allocations of per capita, premium and PGR training funding. The criteria for inclusion of data in the Corporate Strategy targets are outlined in Annex C. Methodologies are described in more detail in HEFCW circular series 'Higher Education Data Requirements' ([W16/27HE](#) and [W17/26HE](#)). Annex D contains a summary of the recommendations of the most recent internal and external audits.

Scope of the audit

8. 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 40).
9. Auditors should ascertain the processes by which data returns and monitoring information 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 and appropriately compile monitoring data. Examples of the controls that the audit would normally be expected to assess are set out for all the funding streams, data returns and other areas of audit in paragraphs 15 to 36. Many of the controls are common to the data returns for all areas of audit. However, not all of the areas of audit apply to all institutions, and auditors should refer to the relevant paragraphs.
10. 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.

11. If an institution is in the process of merging or has recently merged 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 merged institution can be made.
12. 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.
13. It is recommended that internal audit staff with some experience of the HE sector and associated data returns are involved in the visits to institutions undertaken as part of the review and that auditors are sufficiently briefed on the guidance contained within this circular prior to carrying out the audit. Advice and clarification relating to the guidance in this circular can be obtained from HEFCW via hestats@hefcw.ac.uk, and HEFCW staff are available to meet with internal audit staff if required.
14. All HEFCW circulars described below are available under 'publications' on the HEFCW website, www.hefcw.ac.uk or can be obtained from HEFCW directly via hestats@hefcw.ac.uk.

Teaching funding

15. The teaching funding method changed in 2012/13 with the introduction of the new fees regime for full-time undergraduate and postgraduate certificate in education (PGCE) provision. HEFCW circular [W17/11HE](#) 'HEFCW's Funding Allocations 2017/18' describes the methodology used in 2017/18. 2017/18 teaching funding comprises:
 - Funding allocated through the credit based teaching funding method for part-time undergraduate taught provision;
 - Per capita funding for full-time and part-time taught provision;
 - Expensive subject premium funding for full-time undergraduate provision;
 - Access and retention premium funding for part-time undergraduate provision;
 - Disability premium for part-time undergraduate and full-time and part-time postgraduate research provision;
 - Welsh medium premium for part-time undergraduate provision.
16. Funding allocated for part-time undergraduate provision through the credit based teaching funding method for 2017/18 is based on 2015/16 End of Year Monitoring (**EYM**) credit value data as extracted from the HESA student record via the HESA Information Reporting Interface Service (IRIS)

for HEIs and collected on the EYM circular for FEIs. HEFCW circular [W16/34HE](#) describes the extraction method and the collection in full. For 2018/19 funding onwards (2016/17 data), data for FEIs will also be extracted from the HESA student record via IRIS.

17. Adjustments to 2016/17 funding for HEIs and FEIs are calculated using EYM data extracted from HESA IRIS, the 2016/17 data extraction is fully described in HEFCW circular [W17/29HE](#). Data from the Higher Education Students Early Statistics (**HESES**) survey (HEFCW circular [W17/31HE](#)) are no longer used in funding calculations, however, the survey is still in the scope of the audit.
18. Testing of the systems and processes used to generate figures returned on the **HESES** and **EYM** surveys and **EYM** data returned on the HESA student record and extracted via HESA IRIS 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 returns to the surveys documented?
 - Is there an adequate audit trail to confirm that the method of data extraction for the surveys is being applied as documented?
 - Are details of any manual amendments to data extracted from the system for the surveys, or to EYM data extracted via HESA IRIS, 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 to the survey?
 - Is the final return to the survey checked against data on the system prior to submission and is there adequate evidence of this checking process?
 - Is the EYM data extraction provided through the HESA IRIS system checked against data on the institution's internal system and is there evidence of this checking process prior to the data verifications being signed off?
 - 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 survey returns are accurately prepared and the EYM extraction from the HESA IRIS system is thoroughly checked?
 - 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 survey returns scrutinised before submission by suitably experienced members of staff other than those compiling the return?
- Are EYM data extracted as part of the HESA IRIS system scrutinised before verification by suitably experienced members of staff other than those that compiled the HESA 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 or signing off data (e.g. scrutinising the credibility checks provided by HEFCW on the Excel spreadsheets; comparing EYM/HESES data against HESES returns made earlier in the academic year or in the previous 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 located outside Wales); and have the fundability rules contained in HESES been accounted for in the determination?
- 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 by institutions 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 recorded as such on the returns, 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 all teaching or supervision, 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 has recently been formed from a merger are the data systems in place sufficiently integrated to enable the institution to make returns for the whole institution and manage the process of validating and verifying data?
19. For 2017/18 funding, for HEIs, per capita and premium funding is based on data taken from the HESA student record (coding manuals and guidance are available on the HESA website – www.hesa.ac.uk). For FEIs, for 2017/18, funding is based on data taken from the Lifelong Learning Wales Record (**LLWR**) (coding manuals and guidance are available on the Welsh Government website <http://gov.wales>) for per capita and access and retention premium funding; funding for the Welsh medium premium and the disability premium is based on returns made directly to HEFCW. For 2018/19 funding onwards, per capita and premium funding for both HEIs and FEIs will be based on HESA student record data.
20. The fields and criteria used to extract data from the records for 2017/18 funding are detailed in the Higher Education Data Requirements circular [W16/27HE](#) (latest version - HEFCW circular [W17/26HE](#)). Testing of the systems and processes used to make these returns should aim to answer the following questions:

HESA student record:

- 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; year of student 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?
- Is there evidence that the web reports and IRIS output, produced by the HESA data returns system after committing data, are 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 any manual amendments made by HEFCW to exclude Welsh medium modules checked to confirm they have been correctly excluded?

- 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 and verification 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 return:

- 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; mainstream funding for the learning activity is correct)?
- Is the latest HEFCW guidance on completing the LLWR adhered to (e.g. that the correct HE course structure is returned with the course returned as a learning programme and the modules as learning activities)?
- Where errors were identified in past data, by HEFCW, WG 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 and verification 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 FEI 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 and QR funding

21. PGR training funding for 2017/18 was allocated using data about eligible, fundable enrolments in Units of Assessment (UoAs) which qualified for QR funding taken from the 2015/16 HESA student record.
22. The fields and criteria used to extract the data from the record for 2017/18 funding are detailed in the Higher Education Data Requirements circular [W16/27HE](#) (latest version - HEFCW circular [W17/26HE](#)). 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 20 for the HESA student record):

HESA student record:

- 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?
23. QR funding is allocated only to those HEIs with UoAs submitted to the 2014 Research Excellence Framework (REF) where the UoA has 3 or more classified FTE Category A staff and meets a combined volume and quality threshold (multiple submissions to UoA 28 and joint submissions are exempt from the volume and sustainability thresholds).
24. 2017/18 QR funding method replicates the method used for 2015/16 and 2016/17. Funding was allocated using data from the 2014 REF and data taken from the 2013/14 HESA staff and student records. 2014 REF data is not included in the scope of the audit. Therefore the audit will only include checks on the systems and processes used to return data relating to HESA staff and student data used in the minor volume measures of the QR funding method, details of which can be found in document 'HESA data to be used in 2015/16 QR funding' on our website: [Funding Calculations](#). For 2016/17 and 2017/18 funding the model and data used to calculate the allocation are the same as those which were used in 2015/16 so this document has not been updated. The checks should aim to answer the following questions:
- Are quality checks carried out on individualised data for data fields used in extracting minor volume measures (research assistants and research students)?
 - 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, have processes been implemented to address these data errors?
 - Where errors have previously been identified in minor volume measure data, are the data checked prior to final submission of data to HESA to confirm that the error has not reoccurred?

Corporate Strategy targets

25. The systems and processes used to return data used in the monitoring of the Corporate Strategy targets for 2013-14 to 2016-17, for HEIs only, are within the scope of the audit for the following set of indicators:

- Widening Access;
- Participation;
- Retention;
- Part-time;
- Welsh medium;
- Overseas students;
- Initial Teacher Training;
- Employment;
- Employability;
- Continuing Professional Development;
- Collaborative Research Income;
- Research Council income.

26. More information about the Corporate Strategy and the targets is in 'HEFCW Corporate Strategy 2013-14 - 2016-17', which can be found on our website: HEFCW [Corporate Strategy](#). It should be noted that the targets were originally to 2015-16 and were extended to 2016-17.

27. The fields and criteria used to extract the data used in monitoring these targets are detailed in the 2017/18 Higher Education Data Requirements circular (HEFCW circular [W17/26HE](#)). HESA UK performance indicator data, which are derived from HESA Destinations of Leavers from Higher Education (DLHE) survey data, are used in the calculation of the Employment target. More information about the indicators E1 can be found [here](#). Testing of systems and processes used to return data that are used in funding (see paragraph 20 for the HESA record) will cover most of the testing appropriate for HESA data used in monitoring the targets. In addition, testing should aim to answer the following questions:

HESA student record:

- Do the controls include quality checks on individualised data prior to submission to HESA, in particular for data fields used in monitoring (e.g. checks that the student's domicile is correct; that the mode and level of study are correct)?
- Is there evidence that for the corporate strategy target data extracts contained in the IRIS output produced by the HESA data returns system after committing data, is scrutinised, and that any resulting issues are addressed?
- Where errors have previously been identified in data used for monitoring, by HEFCW or the institution, have processes been implemented to address these data errors?
- Where errors have previously been identified in data used for monitoring, are the data checked prior to final submission of data to HESA to confirm that the error has not reoccurred?
- Do the controls include quality checks on individualised data relating to ITT enrolments submitted to HESA (e.g. checks that the teacher training identifier has been correctly coded; that the student's initial teacher training phase, mode of study, level of study, subject of study and commencement date are correct)?

HESA DLHE survey:

- Are HESA 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)?
- 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 corporate strategy targets with comparisons to prior years and/or other returns)?
- Are employment performance indicators derived from DLHE data scrutinised during the preview of the performance indicators?
- Where errors have previously been identified in data used for monitoring, by HEFCW or the institution, have processes been implemented to address these data errors?
- Where errors have previously been identified in data used for monitoring, are the data checked prior to final submission of data to HESA to confirm that the error has not reoccurred?

HESA Higher Education Business and Community Interaction (HEBCI) survey:

- 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)?
- 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 corporate strategy targets 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?
- Do the controls include a reconciliation of the Collaborative Research income returned with the audited accounts to ensure consistency?

HESA finance record:

- Are 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)?
- 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 corporate strategy targets 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?
- Do controls include a reconciliation of the Research Council income returned with the audited accounts to ensure consistency?

28. The systems and processes used to return data used in the monitoring of the Corporate Strategy targets for 2013-14 to 2016-17, for FEIs only, are within the scope of the audit for the following set of indicators:

- Widening Access;
- Participation;
- Part-time;
- Welsh medium.

Data used in the widening access, participation and Welsh medium targets are collected directly from FEIs for data up to 2015/16 and will be extracted from the HESA student record for 2016/17. Data for part-time is taken from the HEFCW EYM survey up to 2015/16 and will be taken from the HESA student record for 2016/17.

29. The fields and criteria used to extract the data used in monitoring these targets are detailed in the 2017/18 Higher Education Data Requirements circular (HEFCW circular [W17/26HE](#)). Testing of the systems and processes used to extract the data used in monitoring targets supplied directly from FEIs for data up to 2015/16 should aim to answer the following questions:

- Are any methods used to calculate figures supplied to be used in monitoring targets reasonable?
- Is the method used to calculate the proportion of a module taught through the medium of Welsh documented, reasonable and consistently applied?
- Is the verification approved and signed off by an appropriate person?

Testing for data used in the part-time target will already be covered by questions in paragraph 18 for EYM returns. Testing for 2016/17 HESA student record data used in monitoring all four targets will be covered by the questions in paragraph 27.

Data returned on fee and access plans and fee and access plan monitoring returns

30. The process for submitting the fee and access plans (FAPs) to HEFCW changed for the 2017/18 submission ('FAPS' are used to refer to both pre-

2017/18 fee plans and fee and access plans for 2017/18 onwards). Institutions are no longer required to include estimates of their contribution to the HEFCW corporate strategy targets, instead institutions set their own targets which may or may not be based on the HEFCW corporate strategy targets. Paragraphs 123 to 133 in the 2018/19 Fee and access plan guidance (circular [W17/06HE](#)) outline how an institution should set their targets. Both HEIs and FEIs with approved FAPs are included.

31. Also returned on the FAPs are estimates of average fee levels, additional income expected and, where required, numbers of students with fee levels. The systems and processes used to produce them are included in the scope of the audit. More information can be found in HEFCW circular [W17/06HE](#) Fee and access plan guidance 2018/19.
32. Also in the scope of the audit are the systems and processes used to produce the data returned on the FAP annual monitoring statement. In the statement, institutions are required to report on outcomes against their FAP targets and actual fee income for the academic year that the FAP relates to. Up to 2014/15, institutions weren't required to include the Corporate Strategy targets in their FAP targets and so targets included in the FAPs and the monitoring statements will in some cases be individual to the institution being audited. For 2015/16 and 2016/17, institutions will have included both data relating to the Corporate Strategy targets and any individual targets. From 2017/18 onwards targets are set by the institution though can be based on the Corporate Strategy targets if an institution chooses.
33. Testing of the systems and processes used for setting, monitoring or amending forecast targets, calculating the average fee, calculating and monitoring the new fee income and estimating the number of students at each fee level should aim to answer the following questions:
 - Have targets returned on the FAP been derived from auditable sources of data?
 - Have the methods for setting targets been appropriately agreed and documented and a clear audit trail been maintained to support subsequent monitoring?
 - Has the method of calculating the average fee per full-time undergraduate student been documented and is it reasonable?
 - Has the method of calculating expected total new fee income been documented and is it reasonable?
 - Has the method of estimating the numbers of students at each fee level been documented and is it reasonable?
 - Is there a process in place to monitor targets set in the FAP?
 - Are any methods used to calculate figures used in monitoring targets reasonable?
 - Do the monitoring figures reported on the FAP monitoring statement reflect the performance against target for the appropriate year?

- Is there a process in place to monitor any amendments to forecasts of the targets?
- Has the monitoring process, including the methods and processes used for obtaining, calculating or amending forecast figures used in the targets been documented and is it accessible by all staff who need to use it?
- Are figures supplied on the monitoring statement cross checked against those supplied in the FAP?
- Is there a process in place to ensure the reported level of achievement stated for each target in the monitoring statement is accurate?
- Has the method of calculating new fee income figures returned on the FAP monitoring statement been documented and is it reasonable?
- Do the new fee income figures included on the FAP monitoring statement reconcile with the audited accounts? Has the FAP been presented to and approved by the governing body?
- Is there a risk register in place and are the risks associated with not meeting the targets adequately assessed and documented together with details of planned action to be taken?

Other HESA data

34. Other HESA data not covered in the previous paragraphs that are also under the scope of the audit include data returned on the HESA finance record and HEBCI survey, other than that identified in paragraph 27, and data returned on the HESA Key Information Set, which from 2017/18 has been replaced by the HESA Unistats record.
35. Testing of systems and processes used to return data that are used in corporate strategy targets (see paragraph 27) will cover most of the testing appropriate for HESA HEBCI survey data and HESA finance record data.
36. Unistats data for 2017/18 and beyond are returned by HEIs and FEIs to HESA. KIS data for 2016/17 were returned to HESA by HEIs and to the Higher Education Funding Council for England (HEFCE) by FEIs. Both the Unistats and KIS datasets contain information about courses. Included in the scope of an audit of Unistats or KIS data are course related data, accommodation cost data and fee levels data (KIS only). Testing should aim to answer the following questions:
 - Have eligible courses been returned on the KIS/Unistats dataset and are the data for those courses accurate?
 - Where data has been estimated, have estimates been made on a reasonable basis and documented?

Interpretation and guidance

37. Auditors should familiarise themselves with the latest, at the time of audit, HESES, EYM, HESA guidance (including for the HEBCI survey), LLWR guidance, data requirements circular and the fee and access plan process and guidance. Some of the publications may 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.
38. Any further clarification relating to the guidance for making HESES, EYM, HESA/LLWR returns or extracting EYM data from the HESA student record via the IRIS system or relating to fee and access plan guidance can be obtained from HEFCW.

Open University in Wales

39. HEFCW has responsibility for funding relating to teaching at the Open University (OU) in Wales. Teaching funding allocated to the OU in Wales is 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. In addition, the OU in Wales is included in the monitoring of Corporate Strategy targets and so the systems and processes used for monitoring these indicators and targets are included in the scope of the audit. The OU in Wales does not currently receive PGR or QR funding from HEFCW and did not submit a fee and access plan relating to full-time undergraduate and PGCE fees in 2018/19.

Reporting

40. 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 and data returned in and used to monitor the FAPs. This review should include an assessment of the adequacy of the controls documented in paragraphs 18 to 36 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 systems and processes, for example, issues identified in previous audits, or aspects not covered in previous audits.
41. Audit Committee before a copy of the report is sent by the institution to HEFCW by 1 June 2018.
42. Where the Audit Committee's internal audit plan includes only very limited work in relation to data systems and processes, because there is

perceived to be low risk in this area, an institutional representative should contact HEFCW to inform us why this area is considered low risk and how annual assurance can be obtained in these circumstances. The representative should contact HEFCW at the point that their Audit Committee finalises their audit plan if this is the case. Similarly, if there are any changes to the cyclical nature of the plan or timing of committees that mean that an audit report will not be available by the deadline of 1 June 2018, a representative should contact HEFCW to discuss.

43. 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.
44. 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.
45. 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 or monitoring purposes and the controls relating to data returned in and used to monitor the fee plans.
46. 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 **1 June 2018**. Note that we do not require a paper copy to be sent to us.
47. Details of the internal audit work and reports completed since the last external audit of higher education data should be retained and be made available to the external auditors 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

48. Further guidance and information is available from Rachael Clifford (029 2085 9721, hestats@hefcw.ac.uk) or Hannah Falvey (029 2085 9720, hestats@hefcw.ac.uk).

HEFCW Recurrent Funding

The methodology for extracting the data described below is available in more detail in the data requirements circulars (see paragraph 7 of the main part of this circular).

Funding for Teaching 2017/18

- 1 The method of funding for teaching changed in 2012/13 with the introduction of the new fee regime for full-time (FT) UG and PGCE students. For PT UG provision, funded credit-based funding continues to be allocated. Also allocated for PT UG provision are per capita and premium payments. A small amount of disability premium is allocated for postgraduate research provision. For FT UG and PGCE provision, funding is allocated through the per capita and expensive subject premium payments. For FT and PT postgraduate taught (PGT) provision, funding is allocated through the per capita payments. These funding allocations are described in more detail below.
- 2 The funded credit-based method for PT UG provision is based on a standard Unit of Funding (UoF) for each subject area. The funding is allocated by means of a formula. Funded credit values associated with core funding are based on the number of fundable credit values after adjustment for non-completions, taken from the latest available end of year data, 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 enrolment in the end of year data. In order to calculate UoFs, the UoFs for the previous year are adjusted by an efficiency gain and increased by GDP, subject to availability of funding.
- 3 HEFCW makes two other types of payments, for PT UG provision through per capita and premium payments, and for FT UG and PGCE through per capita and expensive subject premium payments. PGT provision receives per capita payments only. All are based on the numbers of enrolments or credits 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. An amount per undergraduate and postgraduate taught enrolment is made, subject to a minimum study requirement of 10 credit values.
- 5 Premium payments based on HESA data operate in four areas: access and retention, disability, Welsh medium provision and expensive subjects. Different types of provision are included in the calculation of each, described in the paragraphs below
- 6 In 2017/18, the access and retention premium was an amount per PT UG enrolment for students from low participation areas plus an amount per undergraduate enrolment for students from the 52 Communities First cluster areas identified by Welsh Government in 2012, subject to a

minimum 10 credit value study requirement. The amount per enrolment depended on several factors including whether the institution has successfully retained the student and the proportion of Welsh domiciles at the institution who are from Communities First areas.

- 7 The disability premium is an amount per enrolment for students in receipt of DSA, subject to a minimum 10 credit value study requirement. Disability premium payments are made in respect of FT and PT PGR and PT UG provision. The Welsh medium premium is a weighting on the funding attracted by modules undertaken through the medium of Welsh and is allocated in respect of PT UG provision only.
- 8 The expensive subject premium is allocated using data relating to FT UG students only. The premium is an amount per completed credit and is allocated using the number of completed credits in clinical medicine/dentistry and performance element provision at the Royal Welsh College of Music and Drama.

Funding for Postgraduate Research Training 2017/18

- 9 2017/18 PGR training funding was calculated using the institution's confirmed postgraduate research enrolment figures from 2015/16. 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 2014 REF where the UoA has 3 or more classified FTE Category A staff and meets a combined quality and volume threshold, i.e. those eligible for QR funding, 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 2017/18

- 10 QR funding is allocated to institutions with UoAs submitted to the 2014 REF where the UoA has 3 or more classified FTE Category A staff and meets a combined volume and quality threshold (multiple submissions to UoA28 and joint submissions are exempt from the volume and sustainability thresholds). For 2017/18 funding, data were taken from the 2014 REF and the 2013/14 HESA staff and student records as the funding model and the data used are the same as those used in 2015/16 and 2016/17 QR funding allocations.
- 11 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 awarded through open, competitive processes (CI) are weighted in the volume measure (weights: RS=0.15; RA=0.1; RF=0.1; CI=0.25/25,000) and for RS and RA are taken from the 2013/14 HESA student and staff records

respectively; for RF and CI are taken from the REF data with the data for CI being an average over two years of data from 2011/12 and 2012/13. Research active staff (REF category A) have a weighting of 1.0. Figures for research active staff are taken from the 2014 REF and are not updated each year. The charity income element is allocated pro rata to the average charity income awarded through open, competitive processes. 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, further details can be found in document 'HESA data to be used in 2015/16 QR funding' on our website: [Funding Calculations](#). Note that this method still applies to 2017/18 funding.

Eligibility Criteria for HESA/LLWR based data used in funding

- 1 For all student based data, students should be active within the reporting period (1 August to 31 July), not studying the whole programme outside of the UK and not incoming exchange. In addition, students should be fundable by HEFCW. The methodology for extracting the data described below is available in more detail in the data requirements circulars (see paragraph 7 of the main part of this circular).

Per capita funding criteria for inclusion

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

Access and retention premium criteria for inclusion

- Student's postcode is in a low participation area and/or a Communities First area.
- Student studying at least 10 credit values.
- Student is studying on a part-time course.
- Student studying at undergraduate level.
- Each student is 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 is studying on a full-time or part-time course at postgraduate research level, or on a part-time course at undergraduate level.
- Each student is counted only once irrespective of the number of courses the student is studying.

Welsh medium premium criteria for inclusion

- Student studying on a part-time course at undergraduate 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.

Expensive subjects premium criteria for inclusion

- Student is studying on a full-time or sandwich year out course.
- Student is studying at undergraduate level.

- Each student is counted only once irrespective of the number of courses the student is studying.
- Module is started in the academic year and returned as countable.
- Module is completed.
- Duplicate modules are excluded.
- Credits are categorised by subject, where subject is in clinical medicine/dentistry or performance element provision at RWCMD.
- All years of study are included.

Postgraduate research training funding criteria for inclusion

- Studying for a postgraduate research qualification.
- Enrolments must be in UoAs submitted to the 2014 REF where the UoA is included in QR funding eligibility calculations.
- 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 counted only once irrespective of the number of courses the student is studying.

Eligibility criteria for data used in Corporate Strategy targets

- 1 For all student based data used for monitoring, students should be active within the reporting period, not dormant, sabbatical or writing up, not primarily studying outside the UK and for all but the overseas indicator, not incoming exchange. Data used in monitoring the targets in the scope of the audit are taken from HESA student record, DLHE survey, finance record and HEBCI survey returns for HEIs. For FEIs, data are collected directly or taken from the EYM survey up to 2015/16, or taken from the HESA student record for 2016/17. The methodology for extracting the data described below is available in more detail in the data requirements circulars (see paragraph 7 of the main part of this circular). Students and/or provision, CPD data and income data at HEIs are used in the monitoring of the indicators based on the following criteria:

Widening Access – ‘A rise in the proportion of all Welsh domiciled students studying higher education courses at higher education institutions and further education institutions in Wales who are domiciled in the bottom quintile of Lower Super Output Areas (LSOAs) in the Welsh Index of Multiple Deprivation (WIMD) or in Communities First cluster areas, from 20.1% in 2011/12 to 22.4% in 2016/17 (a rise of 11.6%).’

- Student’s postcode is a valid postcode mappable to a LSOA in Wales.
- To be counted in the numerator, the student’s postcode is in the bottom quintile of LSOAs in the WIMD or in a Communities First cluster area.
- Each student counted only once irrespective of the number of courses the student is studying.

Participation – ‘An increase in the proportion of all UK domiciled students studying higher education courses at higher education institutions and further education institutions in Wales who are from UK low participation areas from 33.2% in 2011/12 to 35.3% in 2016/17 (a rise of 6.3%).’

- Student’s postcode is a valid postcode mappable to a ward in the UK.
- To be counted in the numerator, for full-time students aged less than 21, the postcode is in the 40% of areas with the lowest participation as defined by POLAR3, and, for all other students, in the 40% of areas with the lowest participation as defined by the proportion of working age adults with HE level qualifications.
- Each student counted only once irrespective of the number of courses the student is studying.

Retention – (a) ‘A decrease in the percentage of full-time undergraduate students no longer in higher education following year of entry from 9.2% in 2011/12 to 8.2% in 2016/17 (a drop of 10.7%)’

(b) ‘A decrease in the percentage of part-time first degree students no longer in higher education two years following year of entry from 33.7% in 2011/12 to 30.1% in 2016/17 (a drop of 10.7%)’

- Data are taken from the HESA UK performance indicators, Tables 3a, 3d, and 3e, which are derived from data collected on the HESA student record.
- Target (a) relates to full-time undergraduate UK domiciled entrants and target (b) relates to part-time first degree UK domiciled entrants.

Part-time Students – ‘The percentage change in the number of part-time students attending higher education courses in Welsh higher education institutions and further education institutions to be equal to, or greater than, the comparable figure for the UK.’

- The student is part-time.
- Each student counted only once irrespective of the number of courses the student is studying.

Welsh Medium – ‘The number of students studying higher education courses at Welsh higher education institutions and further education students in Wales undertaking at least 5 credits of their course through the medium of Welsh, per annum, will rise from 4,335 in 2011/12 to 5,600 in 2016/17, including a rise from 2,269 to 3,030 in the number of those studying at least 40 credits per annum.’

- The module is started in the academic year.
- Students taking some element through the medium of Welsh identified where at least one module has a greater than zero percentage through the Welsh language.
- Credits through the medium of Welsh are counted as the credit points for the module multiplied by the percentage through Welsh.
- Each student is counted only once irrespective of the number of courses the student is studying but all credits taken by the student through the medium of Welsh are counted.

Overseas Students – ‘The percentage change year on year in the number of overseas students attending higher education courses in Welsh higher education institutions will be equal to, or greater than, the comparable figure for UK higher education institutions (excluding London and the South East of England).’

- Student’s domicile is outside the EU (including incoming exchange).
- The Channel Islands and Isle of Man are not counted as overseas for the purposes of this target.
- Each student is counted only once irrespective of the number of courses the student is studying.

Employment – ‘The proportion of leavers from Welsh higher education institutions obtaining undergraduate qualifications through full-time or part-time study who were employed, studying or both six months after leaving will be equal to, or greater than, the UK proportion’

- Data are taken from Table E1 of the HESA UK Performance Indicators derived from data collected on the HESA DLHE survey.
- Base population is all home-domiciled respondents to the survey who are classed as working and/or studying or as unemployed and seeking work.

Employability – ‘The proportion of leavers who were working or working and studying who were working in a managerial/professional job six months after leaving to rise from 67.5% in 2010/11 to 72.7% in 2016/17 (a rise of 7.7%).’

- The student is home and EU domiciled.
- The student has left the instance.
- The student was not awarded a qualification from dormant status.
- An HE qualification was awarded.
- The student left in the reporting year.
- The student responded to the DLHE survey.
- The student was working or working and studying.
- The student was in a managerial/professional job.

Initial Teacher Training – ‘Welsh Government targets for ITT undergraduate primary, postgraduate primary, undergraduate secondary, postgraduate secondary priority and postgraduate secondary other subjects to be met annually.’

- The student is studying on an ITT (QTS) course.
- The student is full-time and started between 1 August and 1 November and did not leave in that period.
- Each student is counted only once irrespective of the number of courses the student is studying.

Continuing Professional Development – ‘The total number of learner days delivered by Welsh higher education institutions for continuing professional development (CPD) will rise from 202,498 in 2011/12 to 226,000 in 2016/17 (a rise of 11.6%).’

- The total number of learner days of CPD/Continuing Education courses being delivered taken from part B, Table 2, item 3f of the HESA HEBCI survey.

Collaborative Research Income – ‘The total amount of income from collaborative research involving both public funding and funding from business will rise from £65,294k in 2011/12 to £72,000k in 2016/17 (a rise of 10.3%).’

- Total collaborative research income taken from part B, Table 1, item 1e of the HESA HEBCI survey.

Research Council Income – ‘The annual percentage change in income from Research Councils will exceed the comparable figure for UK higher education institutions (excluding institutions in the ‘golden triangle’ of Oxford, Cambridge and London).’

Annex C

- Data are taken from Table 5b of the HESA Finance Statistics Record.
- The Open University is included as a wholly English university.

Recommendations from previous audits

- 1 The following provides a summary of the recommendations made on the internal audit reports submitted to HEFCW in May 2017 and from the external audits carried out in 2016/17. Where a recommendation relates to more than one stream of data, the recommendation has been included under all relevant streams. The same or similar recommendation made at more than one institution is included only once. Findings for past audits can be found in previous versions of these notes.

Student data

- Institutions should determine where emergency contact details for students are to be kept and ensure that these details are consistently recorded.
- Institutions should ensure that all enrolment forms be signed by a representative of the institution.
- Amendments to the student systems should be carried out only by specified departments or individuals. Access permissions should be reviewed and restrictions applied to minimise risk to data integrity.
- Institutions are recommended to have systems in place for producing HEFCW data returns, to ensure that they have necessary controls in place to minimise the risk of any errors being made, and to retain evidence to explain any differences between the numbers on the return and underlying data used to compile it.

Fee and Access Plan (FAP) submissions and Annual Monitoring Statements (AMS)

- Institutions should formulate a process flow diagram to detail the processes in place from the completion of the FAP to the completion of the AMS.
- Institutions should keep a record of the methods and processes used for obtaining, calculating or amending forecast figures used in the FAP targets.
- Institutions should prepare a schedule of when targets are to be monitored.
- Where Council or senior management teams currently have sight of the FAP they should also receive the AMS for added visibility.
- Institutions should ensure that electronic records are retained on file where the evidence of progress reported in the AMS relates to meetings held with key staff.

General

- Institutions should develop a register of items to incorporate all the key returns covered in HEFCW guidance. The register should include due dates, responsible officers and the source of the information being provided.
- Institutions should ensure that desk instructions are updated in a timely manner.

Annex D

- A skills assessment of required competencies should be completed for teams and any gaps identified should be assessed appropriately.
- Institutions should ensure that more than one member of staff has working knowledge of preparing student and finance data for HESA and HEFCW as otherwise this could lead to an increased business continuity risk.
- Institutions are recommended to keep a separate archived copy of any Excel spreadsheets each time estimated student numbers are generated to be used in approved returns and fee plans to ensure that an audit trail is retained.