

	PAPER NO: AC.19(12)	
Board/Committee:	Audit Committee	
Date:	20 June 2012	
Paper title:	Update on External Returns Action Plan	
Author:	Andrew Fisher, Academic Registrar	
Executive sponsor:	Phil Cardew, Pro Vice Chancellor (Academic)	
<b>Recommendation by the Executive:</b>	To note the report	
Aspect of the Corporate Plan to which this will help deliver?	6.13 Unified data structures and integrated data systems	
Matter previously considered by	Audit Committee  Board of Governors	On: 16 November 2011 and 9 February 2012 24 <sup>th</sup> May
Further approval required?	N/A	On:
Communications – who should be made aware of the decision?	No decision requested. The paper has been shared with HEFCE at HEFCE's request.	

### **Executive summary**

This paper is largely unchanged from the update presented to the Board of Governors in May.

Following re-submission of data to HESA through the fixed database process, we have responded to a number of detailed requests for clarification from HEFCE, and our dialogue continues. We do not know, at present, if there will be any further financial penalty around the Student Number Control, which remains the main risk associated with the return.

In the follow-up letter from the HEFCE annual visit to the University, received by the Vice Chancellor on May 15<sup>th</sup> 2012, HEFCE noted that:

“... we believe there is a very positive working relationship between HEFCE and the University team working on this issue. Based on our ongoing discussions we are confident that you are addressing the issues and their underlying causes appropriately.

We are also pleased to hear that your internal auditors are scheduled to review data issues in June, and that your Board is fully aware of current progress.”

Further detail on communication with HEFCE and the timeline for final completion of the work are appended to the main report, for information.

New staff are now fully in place within Registry, and the consolidated team (focused on internal as well as external reporting) will mitigate further risk of failure in this area. We are confident that we can make a HESA return in October 2012 which will satisfy HEFCE, and that we can meet the additional challenges of the new funding regime in 2012/13.

Internal Audit are scheduled to engage with the process in June and will, undoubtedly, add useful additional advice to the process.

The Committee is requested to note the report.

## Background

1. Following the completion of the 2010/11 HESA Student Record, HESA and HEFCE expressed concerns with the quality of the data submitted and their general fitness for regulatory requirements. We were required to resubmit the 10/11 data. We accordingly made reports to Audit Committee in November 2011 and February 2012. More detailed versions of these reports were shared with HEFCE, and we have also provided less formal progress updates to HEFCE from time to time.
2. This report was prepared for use by Governors and has, at HEFCE's request, also been shared with HEFCE. For the avoidance of doubt, HEFCE did not seek to influence or approve this paper in any way, but wished to have a full understanding of our approach to managing the improvement process. The timetable for improvement is broadly aligned with three critical returns:
  - a. The 2010/11 data must be revised and returned afresh as early as possible in 2012. This will address the most critical weaknesses in the 10/11 data and allow HEFCE to use them for funding and monitoring purposes. We are behind our intended schedule with this return due to staff sickness, but have met HEFCE's deadline of 4 May 2012;
  - b. The 2011/12 data must be returned to HESA in September 2012. The 11/12 data specification is very close to the 10/11 specification, but improved data quality will be expected, particularly in relation to qualifications on entry. We are broadly on schedule with this return;
  - c. The 2012/13 data must be returned to HESA in September 2013. The 12/13 specification includes a number of new and challenging items relating especially to fees and funding, cost centre recoding, equalities data and qualifications on entry. The qualifications on entry requirements in particular will be tremendously challenging for metropolitan new universities such as LSBU, but we have made progress in improving our data capture at admissions and enrolment points.
3. The context is one in which regulators (especially HEFCE) are increasingly relying on precise individual student-level data to make determinations relating to funding, (for instance through the student number control) and returns are therefore increasingly subject to audit.
4. The potential financial consequences of errors in HESA Student data are very large. Whilst changes in HEFCE funding levels will reduce the potential impact of this risk in coming years, the concomitant changes to the funding methodology will very materially increase the likelihood of over- or underpayment because the contract

range concept will be abandoned, meaning the materiality threshold for funding changes will be much lower than heretofore. This will therefore remain a very significant risk for the foreseeable future. With regard to the 2010/11 data, the contract range was still in place, however we made a provision of £288,750 to account for over-recruitment of Home/EU Undergraduates subject to the student number control.

5. Appendix 1 gives the project timeline; Appendix 2 provides a copy of our most recent report to HEFCE.

### **Summary of action taken**

6. A progress report on action taken was reported to Audit Committee in February 2012, however progress between November 2011 and February 2012 is included here for convenience.

### *Additional resources for reporting*

7. The External Reporting team at LSBU historically consisted of two staff, one of whom took early retirement in February 2012, and the other of whom has recently returned from a long period of sick leave. This is insufficient resource, and an inadequate basis for sharing knowledge or managing risk.
8. Since November 2011, the VC has approved an additional three posts, and the External Reporting team has been reorganised so that it will form part of the larger Student Records team. Four of these five posts have been filled (the fifth was not vacant) and three of those team members have started work. A number of these colleagues have direct HESA experience and others have related experience in fields such as Further Education returns. We have also delivered additional training to some of our existing Student Records team members to enable them to use the HESA workbench and make a broader contribution to the returns work. The combination of additional resources and a more team-based approach means that we now have a substantially more robust service.

### *Integration of internal audit within the returns cycle*

9. We have agreed that Internal Audit will undertake regular audits of HESES and HESA data. The audit will be undertaken in June 2012, between submission to the Fixed Database and the 2011/12 HESA Return. This should in future be a regular

process, and will give Governors a much enhanced level of assurance over the external returns process.

#### *Establishment of a HESA Working Group*

10. In addition to the need to broaden the base of HESA expertise within Registry, there is also a need for better integration of other teams – especially in Faculties – in the HESA project. The high risk fields include areas directly relating to NHS- and TDA-funded activity in HSC and AHS. We have established a HESA Project Group consisting of relevant staff from

- Registry;
- ICT;
- Finance;
- Faculties; and
- Disability & Dyslexia support.

11. This will be a task-and-finish group, which will be reformed annually for each HESA submission round. The chair is Jenny Laws, Deputy Registrar, who has operational responsibility for HESA returns.

12. We have also agreed a basis for more formal project governance of the HESA returns, with the project manager making regular written reports in a defined format to a project board. We will be implementing this approach for the 2011/12 HESA Return, and the project board has therefore yet to meet.

#### *Re-submission of 2010/11 data*

13. HEFCE required us to resubmit our 2010/11 data by 4 May 2012. We are currently awaiting HEFCE's feedback on our 4 May submission. Resubmitted data are used for funding, but the original data submitted in November 2011 continue to be used for publications and other purposes (such as league tables).

14. Our target date for completion was 29 February 2012 as we wished to clear this activity away as quickly as possible so as to focus on longer-term improvement projects. This did not prove possible due to staff sickness, emphasising the excessive risks associated with the former team structure and reliance on a very small staff group. As reported above, we have made significant progress in mitigating these risks since February 2012. Although we missed our internal deadline for the return, we have met HEFCE's deadline of 4 May 2012.

## *Performance Indicators & League Tables*

15. The weaknesses in our 2010/11 Student record had a direct impact on our Performance Indicators for that year, specifically those relating to student drop-out. We agreed with HESA and HEFCE that the affected data will be suppressed from publication. Analysis of the league table data showed that this had not been unduly affected.

### **Planned Action**

#### *2011/12 Student Record*

16. The 2011/12 Student Record must be submitted on 15 September 2012. The data quality checking period closes on 31 October 2012. As the vast majority of the 2011/12 students have already completed enrolment, the scope to mitigate issues of missing data is limited. For the 2011/12 file we are concentrating primarily on making a better return of the data we have.
17. This work will have significant implications for staff in Faculties as well as Registry, and will be resourced accordingly. Work is already in hand via the Student Records Group to put processes in place for the timely award of drop-off qualifications so that they can be included in the return.
18. There may be scope to improve qualifications on entry data by a short, focussed telephone campaign. This can be resourced from the existing Registry budget.

#### *2012/13 Student Record*

19. The 2012/13 Student Record must be submitted on 15 September 2013. The data quality checking period closes on 31 October 2013. Although most of these students have already applied, they have yet to enrol and there is scope to ensure better data capture at enrolment. Accordingly we can reasonably expect that the 2012/13 data will be at or close to the desirable (rather than the minimum) standard.

## Appendix 1: Project Timeline

<b>2012</b>		
<b>Month</b>	<b>Planned activity</b>	<b>Achieved activity</b>
January	Appointment of new External Reporting and Planning posts	Appointment of new External Reporting and Planning posts
February	Establishment of HESA Working Group Submission of 10/11 data to Fixed Database	Establishment of HESA Working Group Recoding of HESA Course entities to address under-reporting issue
March	Recoding of HESA Course entities Establish drop-off awarding processes with Faculties	Establish drop-off awarding processes with Faculties
April	Generate and evaluate HESA module data. Review with Faculties.	Agreed new governance approach for HESA project. Evaluated fixed curriculum module data.
May	Internal Audit of HESA/HESES data	Submission of 10/11 data to Fixed Database
June	Resolve Schema errors on 2011/12 data	Internal Audit of HESA/HESES data
July	Resolve Business Rules on 2011/12 data	
August	Clearing – ensure adequate capture of 2012/13 data	
September	Enrolment – ensure adequate capture of 2012/13 data Return 11/12 data to HESA	
October	Data quality checking period for 11/12 data	
November	Validate 12/13 data with Faculties	
December	Return 12/13 data to HESES	
<b>2013</b>		
January		
February		
March	Validate 12/13 data with Faculties (Semester 2)	
April	Establishment of HESA Working Group	
May	Resolve Schema errors on 2012/13	

	data	
June	Resolve Business Rules on 2012/13 data	
July		
August	Clearing – ensure adequate capture of 2013/14 data	
September	Enrolment – ensure adequate capture of 2013/14 data Return 12/13 data to HESA	
October	Data quality checking period for 12/13 data	
November	Validate 13/14 data with Faculties	
December	Return 13/14 data to HESES	



## **Appendix 2: Report to HEFCE of 18/4/12**

You asked for a progress report on our submission of HESA 2010/11 data to the Fixed Database and our preparations for HESA 2011/12 data. Please accept my apologies for the delay in forwarding this to you. I was out of the office over Easter and have taken a little while to find time to catch up with the team since my return, and then more time to actually draft an email.

In my email to you of 29 February I reported that due to the sickness of our only then-current team member there had been material delay in preparing the Fixed Database return. Without in any way seeking to suggest that this is an adequate excuse for delay, because we acknowledge that we should never have allowed ourselves to become so dependent on one member of staff, we were where we were. You accepted that material delay was unavoidable. Since then, unfortunately, that colleague has continued to be absent but two of the three staff we had appointed by 29 February have started work, and two further related appointments have been made. As I explained in my email of 29 February, we have also secured more training and support from our software supplier which has allowed other members of staff to do more work on the returns. We have therefore made substantial progress in establishing the kind of robust, team-based approach to making returns that you would reasonably expect us to have in place, although there is still further work for us to do.

For the 2010/11 returns, the priority improvements identified in my report of 31 January were:

- Amending the coverage so that all in-scope student data are returned. This has been completed and the resulting Schema and Business Rule errors resolved;
- Correcting COMDATEs to reinstate the COMDATE first submitted for each student. This has been completed. We have identified 13,881 COMDATEs in need of changing, and these will be fixed in the new return. However in other cases it seems that COMDATE has correctly changed because a new instance has started, but NUMHUS has not been updated. This applies to a material number of instances (about 2,000). Our approach is that COMDATE is critical funding data in light of the 13-month rule and SNC, but NUMHUS is not critical for funding and therefore these instances do not need to be resolved for the 10/11 Return. They will be fixed in the 11/12 return;
- Fixing TYPEYR to match the new (or rather old) COMDATE and the relevant FUNDLEV. This is in hand now that the COMDATEs have been corrected;
- Reviewing FUNDCOMP to ensure that it matches to the TYPEYR set. This is in hand. As reported previously, we have confidence that the great majority of the discrepancies were TYPEYR errors, not FUNDCOMP errors;

- Reviewing STULOAD; this has been completed. In certain cases the STULOAD returned will be lower than that used in HESSES. We consider that this is acceptable practice provided that all the modules commenced in the year of instance are being tested for FUNDCOMP purposes;
- Correcting MODE; this is in hand now that STULOAD has been completed.

We therefore expect to have a file ready within the next fortnight. This will have addressed all the agreed issues, but we recognise that you may identify further issues on review of that file so we are expecting to continue work on the 2010/11 file until it meets your requirements.

Turning to the status of the 2011/12 return, obviously it is early for us to have begun much individual-level work on the record as summer assessments have yet to be complete and the underlying data are not yet stable. We have established a cross-institutional HESA working group with a remit for operational delivery of the returns and also for quality assurance. This group is currently meeting. We have agreed the first in our planned cycle of HESA data audits with our internal auditors, which should ensure that in future our Governors are able to take a higher level of assurance over the returns process. The audit will take place this summer in good time to implement any recommendations in the 11/12 return. I am also preparing a detailed report for our May Board meeting, so there is no question but that our Governors have this issue under very active oversight.

The priority improvements we have identified for the 2011/12 return were:

- Recoding of HESA Course entities to ensure a 1:1 match with LSBU Course entities. This has not yet been undertaken as we have been prioritising work on the KIS;
- Submission of a complete set of HESA Module entities, rather than dummy modules as presently. We have reviewed our module data in preparation for this. We are reasonably confident in the fixed curriculum data, but the student module registration data are more challenging and we know that these will not be resolved until after Exam Boards have met so there is still a very substantial job of work here;
- Ensuring that the TTPCODE returned was that taken at the same time as TTACCOM, rather than reflecting an address updated after enrolment. This will be resolved using the HESA annual values facility to hold the original TTPCODE taken at enrolment;
- Correcting NHS Funding data (DHFUND, DHREGREF, NHSEMP). This is in hand;

- Reviewing FUNDCODE coding to ensure that all HEFCE-fundable students are claimed as such. This will be progressed as part of our review of course entities as it is course-level Major Source of Funding data that has given us problems;
- Reviewing QTS coding. This is in hand;
- Completing NOTACT where appropriate. This will be updated following exam boards;
- Eliminating spurious ENDDATEs and QUALs. This issue was caused by erroneous progression coding and as the exam boards have not yet met it does not yet arise to be resolved;
- Ensure that drop-off awards are reported to HESA in a timely fashion. We have undertaken substantial development work with Faculties on this one as it is not a mere technical matter but requires them to change their processes. Changed processes have been agreed and piloted by the Faculty of Arts and Human Sciences, so we are hopeful of significant improvement year-on-year;
- On DISALL and qualifications-on-entry, again we have undertaken substantial development work with our Admissions and DDS teams to ensure that these data are better captured at the appropriate point. For quals-on-entry this will have more impact on the 12/13 return, but we should still see improvements in 11/12.

Clearly we also need to look at NUMHUS in more detail as well. It is critical to our ability to validate other fields (COMDATE in particular) and also for HIN matching. We are reviewing how we code and maintain NUMHUS, and will be consulting other institutions using the same student system as us on this specific issue.

As you would expect, we are not so far advanced with the 11/12 work, but I believe we are making progress and in particular it is a relief to me personally that the new colleagues we have appointed over recent months have started to join us so that we can establish a properly robust service on which you (and we) can rely.

I appreciate that this report cannot give you the level of confidence you would wish to have in our data returns: we are some way off being able to give that to you. However I hope it gives you a level of comfort that we are making progress on the issues identified and are likely to achieve the outcomes planned in my report of 31 January.