



Directors' report and financial statements for the year ended 31 July 2009

The Quality Assurance Agency for Higher Education

Company registration number: 3344784

Charity registration numbers: 1062746 and SC037786

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Annual report of the directors

1 The directors present their report and the audited financial statements for the year 1 August 2008 to 31 July 2009 for The Quality Assurance Agency for Higher Education (QAA). This report has been prepared in accordance with the company's Memorandum and Articles of Association, applicable law and the requirements of *Accounting and Reporting by Charities: Statement of Recommended Practice* (the Charities SORP), as revised by the Charity Commission in 2005.

2 The directors of the company are also its trustees under the terms of the *Charities Act 1993*.

QAA Board of Directors

Appointed by the Board

Sir Rodney Brooke CBE (Chair)	Former Chairman, General Social Care Council (appointed March 2009)
Mr Sam Younger (Chair)	Chairman, The Electoral Commission (retired March 2009)
Dr Susan Atkins	Service Complaints Commissioner (appointed December 2004)
Mr Will Haywood	Student, Sheffield Hallam University (appointed January 2008)
Revd Beverley Hunt	Non-stipendiary Minister and Independent Consultant (appointed March 2006)
Mr Andrew Ramsay	Chief Executive Officer, Engineering Council UK (appointed December 2004)
Mr Andrew Summers CMG	Chair, Companies House (appointed December 2005)
Mr Robin Vaughan	Director of Professional Standards, Chartered Institute of Management Accountants (appointed January 2004)

Appointed by Higher Education Wales, GuildHE Limited, Universities Scotland and Universities UK

Professor Paul Curran	Vice-Chancellor, Bournemouth University (appointed August 2006)
Professor Noel Lloyd	Vice-Chancellor, Aberystwyth University (appointed December 2005)
Professor Michael Pittilo	Principal and Vice-Chancellor, The Robert Gordon University, Aberdeen (appointed December 2006)
Professor Elaine Thomas	Vice-Chancellor, University for the Creative Arts (appointed January 2005)

Appointed by the Department for Employment and Learning (Northern Ireland), the Higher Education Funding Council for England, the Higher Education Funding Council for Wales and the Scottish Funding Council

Professor Colin Baker	Pro Vice-Chancellor, Bangor University (appointed November 2009)
Professor Chris Brink	Vice-Chancellor, Newcastle University (appointed December 2008)
Professor Tony Hazell	Chair, UK Nursing and Midwifery Council (resigned October 2009)
Professor Nick Kuenssberg OBE	Chair, The Glasgow School of Art (appointed November 2007)
Mr John Latham	Chief Executive Officer and Principal, Cornwall College (resigned December 2008)
Professor Arthur Lucas AO CBE	Former Principal, King's College London (retired December 2008)
Mrs Michele Sutton OBE	Principal and Chief Executive, Bradford College (appointed October 2009)

No director had a beneficial interest in any contract with QAA. The directors are the trustees of the charity.

Chief Executive

Mr Peter Williams CBE retired as QAA's Chief Executive on 30 September 2009. He was succeeded by Mr Anthony McClaran, formerly Chief Executive of UCAS.

Objectives and activities

Objects

3 QAA's objects, as set out in its revised Memorandum and Articles of Association are:

- the promotion and maintenance of quality and standards in higher education (HE) in the UK and elsewhere
- the enhancement of teaching and learning, and the identification and promotion of innovation and good practice in teaching and learning
- the provision of information and the publication of reports on quality and standards in higher education in the UK and elsewhere
- the provision of advice to governments, as requested, on access course recognition and in relation to all or any of the above objects.

Mission and purposes

4 QAA's mission is to safeguard the public interest in sound standards of higher education qualifications and to inform and encourage continuous improvement in the management of the quality of higher education.

5 To achieve our mission, we work in partnership with the providers and funders of higher education, the staff and students in higher education, employers and other stakeholders, to:

- safeguard the student and wider public interest in the maintenance of standards of academic awards and the quality of higher education
- communicate information on academic standards and quality to inform student choice and employer understanding, and to underpin public policy making
- enhance the assurance and management of standards and quality in higher education and promote a wider understanding of the value of well-assured standards and quality
- promote a wider understanding of the nature of standards and quality in higher education on, including maintenance of common reference points, drawing on UK, other European, and international practice.

Strategies

6 QAA is a UK-wide body and we have a wide range of partners, stakeholders and users of our services: universities and colleges; students and prospective students; professional, statutory and regulatory bodies (PSRBs); other public bodies; employers; funding bodies; government departments; and the general public. We have a correspondingly wide range of strategies and approaches to satisfy that diversity:

- a reviews and audits of the standards and quality of HE across the UK, including HE provision offered collaboratively between UK higher education institutions (HEIs) and partners, whether in the UK or overseas
- b publication of reports arising from those reviews and audits
- c commentary on the accuracy of the public information that institutions make available about the standards and quality of their provision

- d development, maintenance and promotion of the Academic Infrastructure (AI)
 - qualifications frameworks, subject benchmark statements, the *Code of practice for the assurance of academic quality and standards in higher education* (the *Code of practice*), and programme specifications
- e capacity to conduct 'thematic enquiries' into aspects of HE standards and quality and to investigate alleged 'Causes for Concern'
- f enhancement activities designed to assist institutions in managing their responsibilities for the standards and quality of the education they provide
 - briefings, publications, meetings, events, collaborative work with stakeholders and partners, analysis and dissemination of the intelligence from reviews and audits and their evaluations
- g communication and dissemination activities to promote public and stakeholder understanding of the nature of HE and HE standards and quality
- h development, implementation and renewal of the Quality Enhancement Framework in Scotland
- i liaison, collaborative work, information-sharing and briefing with a wide range of key partners and stakeholders, including the National Union of Students (NUS); NUS Scotland, NUS Wales/UCMC; National Union of Students-Union of Students in Ireland (NUS-USI); the Association for Managers in Students' Unions (AMSU); employers; funding bodies; subject bodies; and UK Inter-Professional Group (UKIPG) and PSRBs
- j participation in European and other international activities - the Bologna Process; the European Association for Quality Assurance in Higher Education (ENQA); the International Network for Quality Assurance Agencies in Higher Education (INQAAHE); conferences; seminars; overseas visitors; projects; briefings - and support for the UK HE sector in relation to international developments
- k consideration of, and reports and recommendations (to governments) on, applications for the grant of degree awarding powers (DAP), university title (UT) or designation as a HEI
- l management of the QAA Access to HE scheme.

The objectives in 2008-09

7 Each year we prepare and publish an annual operating plan setting out the objectives, tasks, performance measures and desired outcomes from the year's work. In summary, the objectives in 2008-09 included the following:

- a conduct of contracted review and audit programmes across the UK and publication of reports
- b development and implementation of revised and new review and audit methods
- c advice to governments on applications for the grant of DAP and UT
- d renewal and management of the Access to HE scheme
- e maintenance and updating of the Academic Infrastructure, including the first stages in the evaluation of its overall effectiveness
- f strengthening our contribution to institutions' enhancement work through our review methods, through the analysis of review outcomes, through the Enhancement Themes, and through dissemination, publication and promotion of intelligence
- g contribution to a wide range of European and other international activities, including verification of *The framework for higher education qualifications in England, Wales and Northern Ireland* (FHEQ) against the Framework for Qualifications of the European Higher Education Area (FQ-EHEA)
- h greater investment in our work with and for students and student representative bodies
- i stronger relations with employer bodies, sector skills councils and PSRBs, including establishment of a joint QAA-UKIPG-PSRBs Forum

- j intelligence and advice on the quality assurance of employer-responsive provision
- k conduct of Thematic enquiries into a range of issues of alleged public concern
- l management of the Causes for Concern scheme, and conduct of enquiries as necessary
- m renewal of the Memorandum of Cooperation with Universities UK (UUK) and GuildHE; review of the UK-wide institutional subscriptions structure; and agreement with all the funders on the programmes of work for the year 2009-10.

Achievements and performance

8 Our *Annual operating plan 2008-09* and budget were determined in the light of the mission, purposes and objectives set out in the *Strategic plan 2006-11*. Those objectives are grouped under five strategic themes - safeguarding standards; supporting and enhancing quality; offering expertise; rationalising regulation; and working worldwide. This section of the report follows that five-part structure (prefaced by an introductory summary below) and discusses our main achievements in 2008-09. This structure has been chosen to provide details of activities to comply with the requirements of the Charities SORP, and is also used in the financial statements. The final part of this section comments on our organisational development objectives in the year.

Summary of achievements

- 9 The benefits that QAA provides to the public and to its members are discussed later in this report. Those benefits are best realised if QAA completes its planned programmes of work on time, to budget and to the required standard. We achieved this. In 2008-09 we:
- a completed the contracted programme of over 160 reviews
 - b developed and implemented new review methods across the different countries of the UK
 - c prepared 130 review reports (61 published; 69 not published under the terms of the relevant contract)
 - d published 31 summative, analytical reports in the *Enhancing practice*, *Outcomes from institutional audit* and *Learning from* series, to support institutions in enhancing their provision
 - e maintained the currency of the Academic Infrastructure through updating the *Code of Practice*, the subject benchmark statements, and the HE qualifications framework for England, Wales and Northern Ireland, and completed the first phases in the planned overall evaluation of the effectiveness of the AI
 - f supported the development and introduction of an HE credit framework for England (complementing those already in place in Scotland and Wales)
 - g received 43 parties of visitors from 26 countries, briefing our visitors on QAA's work and the UK HE scene more generally; and contributed to conferences and projects overseas
 - h considered 15 applications for the grant of degree awarding powers (DAP) or university title (UT), including the first applications from further education colleges (FECs) in England for powers to award Foundation Degrees, and advised governments on eight applications
 - i continued to update the Access to HE scheme, focusing on the implementation of the grading scheme for the Access to HE Diploma
 - j gathered intelligence through the institutional liaison scheme, and prepared advice to institutions, on the quality assurance of employer responsive provision

- k established and organised the first three meetings of the QAA/UKIPG/PSRB Forum to consider areas of mutual interest and support between QAA and the PSRBs, with the long-term ambition of ensuring that the 'regulatory' demands placed on HE providers are effective and proportionate
- l continued to implement and mainstream the QAA student engagement strategy, to support students' involvement in their institutions and in the work of QAA; the strategy embraces UK-wide objectives and country-specific priorities, and cross-sector student engagement groups in England and Wales have been established; also, we consulted on, and will implement from 2009-10, the inclusion of students on Institutional review and Institutional audit teams in England, Wales and Northern Ireland (complementing student membership of Enhancement-led institutional review (ELIR) teams in Scotland)
- m provided evidence to the Innovation, Universities, Science and Skills (IUSS) Select Committee's enquiry into 'Students and Universities' (published in August 2009)
- n initiated and completed the Thematic enquiries project; our report *Thematic enquiries into concerns about academic quality and standards in higher education in England* was published in May 2009; an outline project plan *Sustaining quality and standards in higher education*, to be implemented in 2009-10, was agreed by the Board in July 2009, and will be finalised in discussion with our key partners.

Safeguarding standards

Objectives

- Maintenance and updating of the Academic Infrastructure.
- Conduct of review and audit programmes and publication of reports.
- Development, evaluation and implementation of new audit and review methods.
- Advice to governments on applications for DAP and UT.
- Renewal of the Access to HE scheme in England, Wales and Northern Ireland.

Achievements

10 The Academic Infrastructure (AI) sets the framework within which academic standards and quality can be expressed and understood. It has a number of elements - the *Code of practice for the assurance of academic standards and quality in higher education*; the frameworks for HE qualifications in England, Wales and Northern Ireland, and in Scotland; subject benchmark statements; and programme specifications. It provides a structure of reference points that institutions use to set and describe standards and that QAA uses to inform our reviews and audits of academic standards and quality. Individual elements of the AI have been progressively updated over the past 12 years to maintain its currency and relevance to UK HE and international developments. A formal evaluation of the AI started in 2008-09 (and will be completed in 2009-10) to ensure that it remains fit for the purposes of a contemporary higher education.

11 In England and Northern Ireland, we completed 37 Institutional audits and four special reviews of postgraduate research programmes. We carried out a pilot for the new hybrid model of Institutional audit. We consulted on changes to the *Handbook for institutional audit (2006)* and published a 2009 edition on the web. We also carried out some preliminary work to look at the options and possibilities for the next iteration of the Institutional audit method in England and Northern Ireland which will be introduced from 2011.

12 In Northern Ireland's FECs, we carried out six HE in FE reviews and are in discussion with the Department for Employment and Learning in Northern Ireland (DEL) about future review arrangements. In English FECs, we completed 90 Integrated quality and enhancement reviews (IQERs) (66 developmental engagements and 24 summative reviews). Under the terms of our contract with the General Osteopathic Council (GOsC) we completed six reviews in schools of osteopathy in England.

13 In Wales, two Institutional reviews and two mid-cycle reviews were completed. The institutional review method in Wales went through a process of re-development in 2008-09, and there will be a number of innovations for the period beginning 2010-11, such as the introduction of variable, risk-based intervals between an institution's reviews, and an end to the notion of a 'cycle' of reviews (in order to make the method more flexible and responsive as circumstances change). A Causes for Concern scheme in Wales, similar to that introduced in England in 2007, was introduced in Wales from August 2008.

14 We completed an audit of UK HEIs' partnership links in India (two teams, ten reports, eight case studies, three thematic studies and an overview report). The reports were published in July 2009.

15 Fifteen applications for the grant of DAP or UT were under consideration during the year, including the first applications from English FE colleges for the grant of powers to award Foundation Degrees. Recommendations in respect of eight applications were put to government departments.

16 In Access to HE, six Access Validating Agency (AVA) reviews were completed. Further development and testing of the model for grading the Access to HE Diploma was the other main element of the year's work. Most sections of the implementation handbook have now been published, together with guidelines for tutors and HE admissions staff. All AVAs will offer the Access to HE Diploma from 2009-10. The annual *Key statistics* report was published in June 2009. The Access to HE website and the Access to HE courses database are both operating successfully and meeting (and generating) a considerable public demand for information. The annual Access to HE conference was held in June 2009. Over 100 delegates discussed grading implementation and current research by the LSC about numbers on Access to HE courses. The QAA Board has commissioned consultants to carry out a strategic review of Access to HE; their preliminary report should be available in autumn 2009.

17 In Scotland, the second edition of the ELIR handbook was published and the schedule of reviews for the period 2008-12 was agreed with the institutions. The first three ELIR2 reviews took place in 2008-09.

18 In May 2009, we published a report on *Thematic enquiries into concerns about academic quality and standards in higher education in England*. The enquiries focused on five areas of alleged public concern about HE standards and quality: student workload and contact hours; language requirements for international students; recruitment practices for international students; the use of external examiners; and institutional assessment practices. A substantial amount of evidence was gathered and interrogated. Overall, we concluded that the HE system in England was fundamentally sound, but that further action was indicated in a number of areas:

- a the processes used to identify, train and support external examiners, including the possibility of a nationally agreed core set of expectations for the role of all external examiners
- b effective ways of informing the general public about academic standards and quality in HE and the purpose and principles of external quality assurance processes

- c a review of assessment and degree classification practices across and between institutions
- d the range of contact hours appropriate to the student learning experience
- e the guidance offered to international students about UK HE, and the support arrangements that international students should expect from HEIs, including English language support and personal and academic support.

19 In July 2009, the Board approved an outline project plan - *Sustaining quality and standards in higher education* - to address the identified issues. This will be finalised in autumn 2009, in discussion with our main partners, and in the light of the IUSS Select Committee report on 'Students and Universities' (July 2009) and reports released by the Department for Business, Innovation and Skills (BIS) and the Higher Education Funding Council for England (HEFCE) in October 2009.

20 There was an excellent response from students and institutions to our call for students to become members of audit teams. Almost 100 applications were received. Fifty-three students were invited to a selection day in May 2009, a cohort of 35 was selected for training and allocation to audit and review teams in 2009-10. The cohort included Welsh speakers and students from Welsh HEIs; a joint student pool will be used for audits and reviews in England/Northern Ireland and Wales.

21 We strengthened our internal systems for receiving, recording, handling and reporting on investigations of alleged Causes for Concern cases. We also gave greater publicity to the scheme. Two preliminary enquiries were completed during the year and a QAA statement published. There will be an annual report to the Board.

Supporting and enhancing quality

Objectives

- Maintenance and updating of the Academic Infrastructure; first stages in its evaluation.
- Strengthening our contribution to institutions' enhancement work through our review methods, through the analysis of review outcomes, through the Enhancement Themes in Scotland, through the dissemination and publication of intelligence, and through institutional liaison and collaborative work with the sector and stakeholders.
- Production of reports and publications on time and to the required standard.

Achievements

22 The QAA enhancement strategy has a number of components: to support academic standards and their quality assurance through maintenance and updating of the Academic Infrastructure; to support continuous improvement in institutions' quality assurance systems and in external audit and review activities; and to contribute to, stimulate and sometimes lead on national and international developments and projects. Under this umbrella, there is a broad portfolio of work including review and revision of the frameworks for HE qualifications and the subject benchmark statements; managing the subject benchmarking scheme; updating of the *Code of practice*; development of the *Outcomes from institutional audit* and *Enhancing practice* series of publications; the institutional liaison scheme; and an extensive range of collaborative and project work with institutions, students and stakeholders (for example, in 2008-09 on the quality assurance of employer-responsive provision). In total, 12 open consultative and discussion meetings were held, attracting almost 1,000 participants. Enhancement continues to be an increasingly important and influential part of our overall portfolio of work.

23 In 2008-09 we started the initial work on an overall evaluation of the Academic Infrastructure and its constituent elements, in the light of change and experience over the past 10 years, to assess its utility to institutions as a reference point for setting standards and to QAA as a reference point for external review and audit. The next stages of the work will be carried out in 2009-10.

24 The frameworks for HE qualifications evolve in the light of experience of their use, the development of new qualifications, the development of systems of academic credit, and their relationship with other qualifications frameworks including European developments. QAA is fully engaged in the maintenance and updating of *The framework for higher education qualifications in England, Wales and Northern Ireland* (FHEQ) and *The framework for qualifications of higher education institutions in Scotland*. QAA provided support to the Credit Issues Development Group in the development of the *HE credit framework for England* which was published in parallel with the second edition FHEQ in August 2008. We also facilitated discussion between the development groups and among the sector about the nature and relationship between these frameworks resulting in the publication of an overview statement: *The frameworks for higher education qualifications and credit: how they relate to academic standards*.

25 The England HE credit framework is based on the same general principles as those in Wales and Scotland, but whereas these credit frameworks are integrated into a general *national* qualifications and credit frameworks covering all learning, DIUS (now BIS) has pursued a policy of developing a new and separate qualifications and credit framework for the reform and regulation of vocational education and training in England. Working through the Joint Forum for Higher Levels, QAA contributed to the development of a set of *Overarching principles and shared operational criteria for a common approach to credit* designed to assist progression between the vocational and HE sectors.

26 QAA has provided advice and guidance on matters relating to the 'levels' of qualifications, both in comparisons between countries' (different) qualifications frameworks in the UK and Ireland and across Europe. We participate regularly in the '5 countries' annual meetings and working group discussions and were instrumental in securing agreement among the regulators and qualifications (and credit) framework 'owners' in the five countries of the UK and Ireland to update the *Qualifications can cross boundaries* leaflet. The leaflet, published on QAA's website in May 2009, is a guide to comparing qualifications in the UK and Ireland and has proved to be extremely useful to the HE sector and QAA staff. We also provided expert advice to the UK Europe Unit as it coordinated the revision to the *National Description of Higher Education in England, Wales and Northern Ireland (EWNl)*. Once finalised, the *National Description* will be included in UK HEIs' Diploma Supplements and the Higher Education Achievement Report (HEAR).

27 Following initial discussions on the need for master's level benchmark statements, a draft master's degree characteristics document was produced with the help of an external advisory group. Following feedback from the sector and key stakeholders, a revised document was produced for consultation. The master's characteristics document will not be an integral part of the Academic Infrastructure but will offer additional guidance to the master's qualification descriptor in the FHEQ, and help to clarify the range of master's qualifications available in the UK.

28 We provide support for the *Credit and Qualifications Framework for Wales* (CQFW) (for example, through membership of the Credit Common Accord Forum and participation in the review and evaluation of the CQFW) and for the *Scottish Credit and Qualifications Framework* through the Scottish Credit and Qualifications Framework Partnership (a charitable company of which QAA is one of five members).

29 The process of reviewing the sections of the *Code of practice* in the light of developments since they were first published is continuing. The revision of two sections was completed in 2008-09. We have also offered to re-visit one other section (last revised in 2004) in the light of related work on the evaluation of the AI, transnational education (TNE) and the possible development of a transnational certification scheme (TNCS), developments in employer-responsive provision, the provision of joint awards/degrees, and the continuing development of flexible and distributed learning structures.

30 Over 80 subject benchmark statements are published on our website. The *Recognition scheme for subject benchmark statements* provides the means to support subject communities that wish to take a benchmarking initiative in subjects or at levels not benchmarked so far, or wish to update current subject benchmark statements. During the year we completed the two-year programme of activity to update all undergraduate benchmark statements published since 2001. In addition, an annex to the subject benchmark statement for Maths, statistics and operational research - to cover integrated Master's degrees – was published in March 2009. A new statement (Youth and Community Work) has progressed to publication through the Benchmark Recognition Scheme, and in March 2009 the Benchmark Steering Group approved the development of a new statement for Master's level Computing. In Scotland, the benchmark statements for Nursing and Midwifery were revised and a new statement - Specialist community public health nursing - was published.

31 Following discussions with relevant subject centres and the Benchmark Steering Group, it was decided not to develop an overarching statement on the use of benchmark statements for multi-disciplinary programmes. However, work planned for 2009-10 to consider developing further guidance on joint degrees and awards will provide an opportunity to reconsider the issues and nature of suitable and appropriate guidance.

32 QAA led a review and revision of the Personal Development Planning element of the *Guidelines for HE Progress Files*. The second edition *Personal Development Planning; guidance for institutional policy and practice in higher education* was published in February 2009. We continue to work closely with the Centre for Recording Achievement (CRA) by supporting the CRA's annual conference and responding to invitations to speak about the revised guidelines at HEIs' staff development events and at national meetings. We also participate in the CRA project steering group established to identify relevant policy developments in e-portfolios.

33 In Scotland, work on the Enhancement Themes programme is proceeding under the aegis of the Scottish Higher Education Enhancement Committee. The annual Enhancement Themes conference was held over two days in March 2009, with over 350 participants, on the topic 'Graduates for the 21st Century: Integrating the Enhancement Themes'. Two issues of the Enhancement Themes newsletter were published during the year, plus a continuing programme of Enhancing practice reports and guides including nine Research-Teaching Linkages publications, eight The First Year Experience publications and three information leaflets. Full details of publications from all Themes are available on the Enhancement Themes website. Work is in hand to add a shared work space to the site where managers and researchers will be able to access and work with all the materials arising from the Enhancement Themes activities. We also published four thematic Learning from ELIR 2003-07 reports and two reports commissioned by the Universities Scotland Teaching Quality Forum to identify good practice in ELIR (one on internal subject review; one on reflective analysis).

34 Sixty-one audit and review reports (Institutional audit and review, Enhancement-led institutional review, Overseas audit and Collaborative provision audit, IQER summative reviews, AVA licence reviews, HE in FE re-reviews and GOsC reviews) were published in

2008-09. Sixty-nine IQER developmental engagement reports and two HE in FE in Wales reports were prepared (these are not published). A further 11 papers in the *Outcomes from institutional audit* series were published in the year. These are based on thematic analysis of the findings in Institutional audit reports to identify the sector-wide emphases and messages, and provide focused feedback and intelligence to the universities and colleges. We also agreed a framework for an *Outcomes from Institutional review* series based on Institutional review in Wales: four papers will be published in December 2009.

35 One of the aims of the thematic *Outcomes from institutional audit* papers is to provide an opportunity to reflect on changing circumstances in HE in England and Northern Ireland as shown in recently published institutional audit reports. As such, the papers frequently raise questions for others as well as for QAA. Media interest in the *Outcomes...* papers was a significant contributory factor in generating interest and debate about quality and standards in HE in England in summer 2008. QAA initiated a revised procedure for notifying HEIs of forthcoming publications in the *Outcomes...* series and helped to establish the QAA/UUK/GuildHE Quality Forum where issues in quality and standards could be debated among senior representatives of HEIs.

36 All QAA publications are available on the website and some are available in printed copy. Work is continuing to ensure that all our publications are in a form and language that meets the needs of our range of audiences. In the Institutional audit/review and ELIR methods, the reports are structured to provide summary information in non-technical, accessible language suitable for a general readership, as well as providing the full details of the auditors' commentary, findings and recommendations, which are most useful to the institution concerned. We have commissioned external consultants to advise us on the external, public impact of our publications and communications (report due in autumn 2009).

Offering expertise

Objectives

- Greater investment in our work with student bodies across the UK.
- Development of stronger relations with employer bodies and PSRBs, and provision of services to HE stakeholders, including the PSRBs.
- Provision of services to external bodies.

Achievements

37 We work closely with students and their representative organisations. We publish information that is targeted at potential students, students and their representatives. We have been actively engaged since QAA's establishment in a variety of training and briefing events (such as the Quality matters for students programme) with the NUS, NUS-UI, NUS Scotland, NUS Wales, individual students' unions and AMSU. We work with sparqs (student participation in quality Scotland), the student development service in Scotland. Our Institutional audit and review processes provide greater and more explicit student involvement than previous audit/review processes, and there will be student membership of Institutional review and Institutional audit teams across all parts of the UK from 2009-10. The Quality matters event in May 2009 was filmed and a series of short video guides, to assist students preparing for audit, was available on the QAA website from September 2009.

38 QAA's student engagement strategy has UK-wide priorities and country-specific action plans. Within the strategy we give priority to promoting student engagement within their own institutions and student engagement with QAA's work. QAA initiated a series of successful meetings in England which resulted in the establishment of a cross-sector

student engagement group involving NUS, UUK, GuildHE, DIUS, HEA and The Office of the Independent Adjudicator for Higher Education. Similar meetings have been held in Wales with NUS Wales/UCMC, Higher Education Wales (HEW), the Higher Education Funding Council for Wales (HEFCW) and HEA, and an equivalent cross-agency forum has been established. A joint (QAA, HEFCW, HEW, NUS Wales and HEA) statement on the Wales Initiative for Student Engagement (WISE) was launched in October 2009.

39 Our student engagement workshop for HE staff in June 2009 was three times oversubscribed. We were unable to meet the demand, therefore we arranged for the event to be filmed. A series of short videos, in which HE practitioners discuss the benefits of student engagement, was released in October 2009.

40 Students helped us re-draft the IQER student guide. This will now consist of a hardcopy poster and pamphlet which will promote student involvement in IQER and be distributed to colleges, and a web guide which will go into the involvement of students in the review in more detail. In due course there will also be case studies on the web.

41 We have continued to strengthen employer links, whether through QAA liaison with UKIPG, Confederation of British Industry, Institute of Directors, Engineering Council, the regional development agencies and the sector skills councils, or through employer involvement in QAA working groups, round-table meetings and conferences. We have also worked closely with the Council for Industry and Higher Education (and our Chair has joined its council) and other business/education interests, including Foundation Degree Forward (FDF), Greater Manchester Strategic Alliance and other regional consortia, and Lifelong Learning Networks. The 'employer engagement' agenda is an increasingly important element of government agendas across the UK (particularly in England). We are members of the HEFCE task force set up to support this initiative. Our focus is very much on the quality assurance implications of employer-responsive provision in HE. The QAA Board issued a statement in autumn 2008 setting out QAA's position on this - that there was nothing in the Academic Infrastructure expectations to prevent HEIs from strengthening their work with employers and their responsiveness to employers' needs, while at the same time fulfilling their responsibilities for the standards of the awards they made. However, we recognise that there may need to be additional guidance on the application of the Academic Infrastructure in changing circumstances, and maybe some adjustments in one or two sections of the *Code of practice*.

42 We work closely with the HEIs and their representative bodies, and other public bodies, in a series of round-table events designed to provide opportunities for HE staff and institutions to discuss and consider a wide range of topics including external examining; UK PSRB requirements and European expectations; the maintenance and updating of the *Code of practice* and the other elements of the Academic Infrastructure; and the preparation of programme specifications for public information, and their use in internal review and external audit, and the range of approaches and level of data used or required. We provided considerable support to the work of the Measuring and Recording Student Achievement Steering Group (the Burgess group) in developing an academic credit framework for HE in England and we will support the Credit Issues Development Group in the next phase of its work. We prepared a draft of *Higher education credit framework for England: guidance on academic credit arrangements in higher education in England* for consultation in 2008, including two round-table discussion meetings, and in August 2008 we published the final version, on behalf of the Credit Issues Development Group and in parallel with the second edition FHEQ. A 'straightforward guide' is due to be published in Autumn 2009.

43 In Scotland, each HEI receives an annual visit from a QAA Scotland member of staff. In England, Wales and Northern Ireland (EWNI), the institutional liaison scheme - through which all subscribing institutions are offered a first point of contact for all matters

excluding specific audits/reviews - continues to be popular. During 2008-09 we initiated an evaluation of the scheme by gaining feedback from HEIs and QAA liaison officers about the range and level of activity within the scheme and an appraisal of the value and impact it has to HEIs and QAA. This suggested that approximately two-thirds of institutions made use of the scheme and more than half have engaged in substantial activity during the year, through formally arranged meetings. A more thorough review of the scheme and its operation will be conducted in 2009-10. We also have a similar liaison scheme for HEA subject centres.

44 The quality assurance challenges faced by HEIs in delivering employer-responsive provision were a particular focus of the EWNi institutional liaison and HEA subject centre liaison schemes in 2008-09, with liaison officers collecting information via surveys and face-to-face interviews with HEI representatives about the challenges and approaches taken by HEIs to employer engagement. A major conference for HEIs and HEA subject centres to share the outcomes of the survey work and gain feedback on the findings was held in July 2009. A report will be published at a joint QAA/HEA/FDF/HEFCE conference in December 2009.

45 We were commissioned to provide briefing and training sessions in Bahrain, Malaysia and Saudi Arabia on skills for reviewers, in association with the local quality agency or relevant government body and the British Council. Feedback on all sessions was very positive.

46 We have been commissioned by BIS to review and update the lists of Recognised and Listed bodies (recognised bodies are those that have powers to award their own degrees; listed bodies do not have degree-awarding powers, but provide education leading to an award made by a recognised body).

Rationalising regulation

Objectives

- Better regulation in HE.
- Consolidation of our working relationship with HEA.

Achievements

47 QAA is a signatory to The Higher Education Regulation Review Group (HERRG) Concordat. The Concordat brought together a significant number of funding, data collection, auditing, and professional bodies, including QAA, which each made 'regulatory' demands on HEIs. It was a means to ensure that regulation was better coordinated and managed, to the benefit of all involved, and each of the signatory bodies, including QAA, added its own 'Annex' to the Concordat setting out its intentions and targets for better regulation over the next couple of years. HERRG completed its work in 2007. Arrangements for a successor body were announced in September 2009.

48 One of the ways in which QAA can contribute to better regulation will be through collaborative work with PSRBs, drawing on the expertise that we can offer and our successful track record. The more that PSRBs' needs could be met through our work (and vice versa) the more effective and proportionate would be the overall regulatory framework for HE. We maintain regular contact with the General Medical Council (GMC) and the Health Professions Council, and we responded to the GMC's *Tomorrow's doctors* consultation. We have Memoranda of Understanding with four PSRBs to establish a framework for collaborative work. To give impetus to that work, we were able in June 2008 to convene the first 'QAA/UKIPG/PSRB forum' with the purpose of working together to identify potential

areas where processes could be streamlined, with mutual benefit and benefit to the sector. The Forum is now well established, meeting regularly, and several topics have already been covered, including the training of reviewers, report-writing and information exchange; the next meeting will look at international accreditation. In the absence of a successor to HERRG, the Forum has become, to some extent, a vehicle for confidence and relationship-building between QAA and the PSRBs. This should provide the foundation to achieve QAA's long-term 'rationalising regulation' ambition in this area - to reach a position where QAA processes could meet some of the requirements of the PSRBs, thus reducing the overall burden and cost, but not the quality, of regulation in HEIs.

49 QAA's Executive group meets its HEA counterparts twice a year to review developments in HE and consider opportunities for potential collaborative work. QAA maintains a liaison scheme with the HE Academy's subject centre network. In May 2009 the fourth Working Together meeting was held with a number of subject centres' directors and staff. The annual meeting provides an opportunity for discussion of our various activities and for exchanging intelligence on developments within the HE sector. This fourth meeting indicated an increasingly constructive relationship between the organisations. Discussions focused on changing student demographics and their impact on teaching and learning, employer engagement and the skills agenda, and the use of reference points at subject level, and provided an opportunity for QAA to share initial thoughts, and gain feedback, on proposals for a revised Institutional audit method.

50 During 2008-09, QAA and the HEA carried out a joint project examining the balance of quality enhancement and quality assurance activity undertaken by HEIs in Wales. The project built on a similar successful collaboration conducted in England and Northern Ireland in 2008. A conference, designed to present the project's findings for discussion, was held in October 2009. We expect that the outcomes of the project will also inform further joint working between QAA and HEA in 2009-10 to support the Enhancement Framework for Wales.

51 QAA staff also contribute to a variety of shared working groups and Special Interest Groups and are involved in joint presentations on, for example, assessment, and employer engagement. Some elements of the follow-up work arising from the Thematic enquiries project to be undertaken in 2009-10 are likely to be undertaken in collaboration with HEA (for example, the review of external examining).

Working worldwide

Objectives

- Contribution to European and other international developments.
- Contribution to Bologna Process developments.
- Support for the UK HE sector on European and other international developments.
- Development of memoranda of understanding with overseas bodies.

Achievements

52 QAA is active in ENQA and the International Network for Quality Assurance Agencies in Higher Education (INQAAHE). We have good relations with a number of other European agencies and maintain close contact with BIS, as the lead government department on the Bologna Process. We work closely with the international teams of other partner bodies, such as the Europe Unit. Fiona Crozier, an Assistant Director at QAA, was elected to the Board of ENQA in 2009. This maintained continuity of engagement with ENQA following Peter Williams' period of office as President. Norman Sharp, now retired as

Director of QAA Scotland, was a member of the INQAAHE Board.

53 The Board has endorsed the growing importance of our international work for UK HE, and adopted a revised QAA international strategy in 2007-08. We have strengthened our capacity to report, advise and brief the sector and partner bodies on European and other international developments. The *Quality Update International* newsletter (11 issues per annum) is now well established as a means of providing international news from the world of quality assurance and HE.

54 The reports of the overseas audits in India were published in summer 2009 and attracted considerable attention.

55 At the request of (the then) DIUS, the Welsh Assembly Government and the Department for Employment and Learning in Northern Ireland, the second edition FHEQ (EWNI) was verified as being compatible with the Framework for Qualifications of the European Higher Education Area (FQ-EHEA). Compatibility with the FQ-EHEA is an important part of the Bologna Process. The verification process was completed in autumn 2008, ahead of the Bologna 'stocktaking exercise' (December 2008) and the final verification report was published on the QAA, Bologna Follow-up Group and Council of Europe websites in February 2009.

56 In the light of the considerable growth in the volume of educational activity undertaken by UK HEIs in other countries, and particularly in the light of the growing expectation from overseas governments and quality assurance agencies that the nation offering provision in a host country should have specific quality assurance processes in place for that provision, the QAA Board has adopted an outline strategy for UK transnational education (TNE) and for the development of a transnational certification scheme (TNCS). It is intended that the TNE strategy and the proposed TNCS could meet the expectations of overseas governments and agencies and at the same time address some of the weaknesses of the current overseas audit model (its patchiness, its cost to QAA, its costs - through the subscription - to those HEIs that do not have overseas activity). The scheme would be self-financing for QAA, would be voluntary for institutions, but would have the potential to become comprehensive, and an important part of QAA's overall profile of work, as momentum developed. To help us develop the initial outline strategy, we organised an ENQA/OECD TNE seminar in autumn 2008.

57 We received 43 parties of international visitors between 1 August 2008 and 31 July 2009. This compares with 57 visits in 2007-08. There were 210 individual visitors and 103 different organisations from governments and universities, representing 26 different countries. The parties of visitors came from: Armenia (1), Argentina (1), Australia (8), Bahrain (3), Canada (1), Denmark (1), Ethiopia (1), India (1), Japan (5), Kosovo (1), Malaysia (1), Mauritius (1), Morocco (1), Nepal (1), New Zealand (1), Pakistan (1), Qatar (1), Romania (1), Saudi Arabia (3), Seychelles (1), Singapore (2), South Africa (2), Taiwan (1), Thailand (1), Turkey (1) and the USA (1). The meetings/visits were held in Gloucester (19), Glasgow (8), London (14), Bath (1) and Bedfordshire (1). In addition, we held 21 individual meetings with international visitors from Canada (2), China (4), Hong Kong (2), India (4), Japan (1), Kazakhstan (1), Malaysia (3), Saudi Arabia (1), Singapore (2) and the USA (1).

58 Presentations were given at international conferences in Australia, France, Germany, Hungary, India, Malaysia, the Netherlands, Saudi Arabia, the UK, the USA and Vietnam.

59 QAA has committed itself to supporting the Hong Kong Council for Accreditation of Academic and Vocational Qualifications, under the terms of our Memorandum of Cooperation with the Council, by acting as its adviser on the European part of the Comparative Study of Veterinary Qualifications project for the Hong Kong Government.

Organisational development

60 We take an active approach to maintaining and improving our organisational infrastructure and capacity. In this way we can improve our services to HE providers and stakeholders, improve our support for review and audit teams, deliver our services in the most efficient and cost-effective way, and develop our strategies, policies and management capacity to meet legal requirements and stakeholder needs.

Objectives

61 The priorities in 2008-09 included:

- updating of central services plans and strategies - communications, human resources, information, business development and finance - and implementation of the HR strategy 2008-11
- implementation of the new finance system (Access Dimensions) and new QAA database (QMIS) including enhancements to QMIS in the light of experience
- completion of the first phase in the development of the QAA Single Equality Scheme (SES)
- implementation of the next stages of QAA's Information Management project under the terms of a Framework Agreement tendered through OJEU (the Official Journal of the European Union).

Achievements

62 The Board received annual reports on progress and developments in business development, communications, finance, human resources and information management.

63 The QAA Communications strategy was extensively reviewed and updated to take account of the increasing emphasis on the effectiveness of our public communications - both to allow QAA to achieve its stated purposes and to provide the public and stakeholders with a better and more valued and, where necessary, differentiated service. To promote public understanding of our role we re-worked and re-published *An introduction to QAA*. External advice on the impact of our publications and communications has been commissioned, and will be considered by the Board in 2009-10.

64 Under the terms of our responsibilities under the *Race Relations (Amendment) Act 2000*, we collect and publish data on the composition of our workforce. We have taken advice and guidance on the development of equalities legislation and the implications for QAA, and keep our policies and practices under review. We completed the first year of a two-year project plan to develop a voluntary QAA SES.

65 For the next stages of QAA's Information Management project we have completed an OJEU Framework Agreement, and identified four suppliers under the terms of that Framework. The purpose of the project is to achieve operating improvements and efficiencies through the integration of the extranet and intranet, web enhancements, the finance system and document management systems; we have appointed an Organisational Development Manager to support staff in the change process and adaptation to new working practices.

66 QAA is committed, through its corporate strategy, to working to achieve efficiency, effectiveness and economy in all of its activities. To that end, QAA has an approved value for money strategy, which can be found on our website. A Value for Money working group acts as a champion for the integration of value for money principles within QAA's processes, and drives this forward through a detailed annual programme of work.

Financial review

67 The financial statements have been drafted in accordance with the requirements of the Charities SORP. Resources expended on charitable activities are shown split between the five strategic themes: safeguarding standards; supporting and enhancing quality; offering expertise; rationalising regulation; and working worldwide. This therefore mirrors the categories of the Directors' report to aid understanding by readers of the financial statements. The **total resources expended** note (note 3, page 38) splits these categories down further and includes an allocation of support costs across the themes.

68 QAA's 2008-09 activities were funded primarily through contracts with the HE funding bodies and subscriptions from HEIs. Additional income was generated through DAP applications, conferences and investment income.

69 QAA's surplus for the year ended 31 July 2009 was £177,593 (2008: £40,214), bringing the accumulated funds at 31 July 2009 to £3,399,370.

Incoming resources

70 Total incoming resources as shown in the Statement of financial activity (SOFA) increased by £1,431,545 (14.3%) to £11,447,585 between 2007-08 and 2008-09.

This variance is predominantly due to an increase in **contracts with HE funding bodies** (£1,466,357; 25.7%), offset by a decrease in **investment income** (£48,101; 19.6%).

Investment returns are shown in paragraph 80 below.

71 The increase in income from **contracts with HE funding bodies** is primarily due to an increased review programme for HEFCE with the IQER review method in its first full year. **Other related income** has decreased due to fewer applications for DAP scrutiny. Subscription rates for HEI subscribers remained unchanged and this is reflected in the similar **subscriptions** income levels in 2007-08 and 2008-09.

Resources expended

72 Total resources expended as shown in the SOFA increased by £1,294,166 (13.0%) to £11,269,992 between 2007-08 and 2008-09, which is primarily due to variances in the charitable activities as follows:

- Expenditure on the strategic theme **safeguarding standards** has increased by £1,188,249 (20.6%) due primarily to the increased review programme for HEFCE.
- Expenditure on each of the other strategic themes is at similar levels to the previous year.

73 A further analysis of expenditure by theme is provided in the **total resources expended** note (note 3, page 38). This is split by expenditure type and between direct costs and support costs. Direct costs represent 66.0% of total expenditure (2007-08: 66.6%). The increase in review activity is reflected in a significant increase in **review fees** and **other review costs** (travel and subsistence, training etc). The decreases in **other direct costs** across the themes has been offset by increases in review costs.

74 Support costs represent 34.0% of total expenditure (2007-08: 33.4%) and show an increase of £507,564 (15.3%) from 2007-08. An increase in provisions of £225,000 (note 12, page 42) is included within **premises** costs.

Reserves policy

75 QAA's Reserves policy sets the target level of reserves equal to four to six months' fixed costs: at current levels of expenditure this sets the target level at £2.73 - £4.10 million. The current level of reserves is £3.40 million which falls within the target range. QAA holds reserves for three main reasons:

- to secure its long-term position
- to deliver the medium-term objectives in the *Strategic plan 2006-11* by ensuring that reserve levels provide a cushion against medium-term business risks, and take full account of the costs of medium-term objectives
- to ensure that it can carry out the programme of work detailed in the next year's annual operating plan, for example, to ensure it could survive in the short-term should agreements with key funders fail to be reached by the start of the financial year.

76 The policy allows the directors to meet their obligations under the Companies Acts and to comply with Charity Commission guidance.

77 At 31 July 2009, QAA's free reserves as defined by the Charities SORP were £2,435,424 (2008: £2,289,510).

Treasury management

78 The main principles underpinning QAA's Treasury management policy are to ensure that:

- QAA has adequate cash and working capital to enable it, at all times, to have sufficient funds available to achieve its business objectives
- QAA investments are secure. This is achieved by ensuring that its authorised investments reflect a risk averse and prudent attitude towards the organisations with which funds may be deposited, and limits its investment activities to those approved
- QAA achieves the maximum return on its investments taking into account the other key principles
- QAA minimises the risk of fraud or error in its treasury management activities. This is achieved by designing suitable systems, procedures and contingency management arrangements in order to minimise the risk of fraud or error.

79 In light of the banking crisis, and having taken expert advice, the Board revised the Treasury management policy to emphasise the security of funds. This has been achieved by requiring the investment of QAA's surplus funds evenly across four banks. With this aim, the Board approved the opening of accounts with The Royal Bank of Scotland plc and Abbey National plc in addition to accounts already held with Bank of Scotland plc and The Co-operative Bank plc.

80 During 2008-09, QAA achieved an average rate of return of 4.02%, which is a decrease from 5.63% achieved in 2007-08. The average Bank of England base rate during the year was 2.04% (2008: 5.38%). Investment income in the year has been derived by managing cash balances held with QAA's bankers.

81 Given QAA's current strategy of seeking to achieve a maximum return on its investments while maintaining a risk averse and prudent attitude, and given base rate changes and current market conditions, the investment rate of return was favourable.

Plans for future periods: looking forward to 2009-10

82 Our objectives and main tasks in 2009-10 are set out in detail in the *Annual operating plan 2009-10* (AOP) which is published on our website. There is a good measure of continuity and consistency from year to year in the objectives set out in our annual plans. The work that we carry out to meet those objectives does change from year to year and over time, and there is a summary in the AOP of the tasks completed in 2008-09 and the new tasks starting in 2009-10. QAA is an expert body, and increasingly, the emphasis of our work is shifting towards enhancement and intelligence, investigation and enquiry, advice and leadership.

83 The HE environment is a dynamic one. Quality and standards in HE received considerable attention in 2008-09 in the media, at Westminster and from government departments and funding and representative bodies. UUK published a guide to quality and standards in the UK and a joint UUK/GuildHE/QAA 'Quality Forum' was established; HEFCE reviewed how it could best meet its statutory responsibility for the quality of the education it funds (report in September 2009); DIUS (now BIS) gathered evidence and ideas to inform its 'Future of HE' review; the Innovation, Universities, Science and Skills Select Committee published its report on *Universities and Students* in July 2009; QAA carried out a comprehensive examination of five areas of concern about HE quality and standards highlighted in media and political interest (published in its *Thematic enquiries into concerns about academic quality and standards in higher education in England* report in May 2009); and QAA conducted a number of preliminary enquiries under the terms of its published Causes for Concern scheme. At the same time, QAA and its partners have been working towards a new quality assurance framework in England from 2011 - one component of which will be a new institutional audit method. QAA has also started an evaluation of the effectiveness of the Academic Infrastructure, and will implement, in consultation with its main partners in England, a *Sustaining quality and standards* project plan arising from the Thematic enquiries report. Overall, the HE environment is fluid and changing, standards and quality questions are high profile and of public interest, and our priorities reflect this.

84 The priorities for our work in 2009-10 include

- a working with our partners in England and Northern Ireland to agree a new quality assurance framework for those countries for the period after 2011, including a revised Institutional audit method
- b implementing the *Sustaining quality and standards in higher education* action plan arising from the Thematic enquiries report
- c evaluation of the use, impact and effectiveness of the Academic Infrastructure
- d dissemination of intelligence through targeted series of publications and events
- e implementation of new review methods and growth in the size of review/audit programmes
- f continuing the process of modernising the Access to HE scheme
- g evaluation of the first year of the revised ELIR method in Scotland
- h strengthening our work with students through a targeted strategy and specific programmes of work across QAA's groups and across the UK
- i implementing student membership of audit and review teams in England, Wales and Northern Ireland (complementing student membership of ELIR teams in Scotland)
- j advising on the quality assurance of employer-responsive provision
- k completing the development of, and implementing, a QAA Single Equality Scheme
- l refreshing QAA's Communications strategy, including review of the impact of QAA's communications and publications, and strengthening our public communications and public profile

m continuing to strengthen our information management infrastructure through the further development of QAA's electronic database, intranet and extranet, communications, web and records and document management systems.

Safeguarding standards

85 Our objectives in 2009-10 are:

- to work with our key partners to develop a revised Quality Assurance Framework (QAF) in England
- to develop a revised Institutional audit method in England, within the revised QAF, to be introduced in 2011-12
- to develop, evaluate and implement new review methods, including evaluation of the first year of ELIR2
- to carry out agreed and contracted audit and review programmes
- to manage the *QAA Access to HE* scheme, including revision to the AVA licensing criteria and review method
- to advise governments on applications for DAP, UT and HEI designation, and review and revise scrutiny procedures as necessary
- to implement the *Sustaining quality and standards in higher education* project plan
- to investigate, as necessary, Causes for Concern cases.

Supporting and enhancing quality

86 Our objectives in 2009-10 are:

- to produce reports and publications on time and to the required standard
- to complete the overall UK-wide evaluation of the purposes, nature and effectiveness of the Academic Infrastructure (AI), and develop any necessary action plans
- to maintain and promote the AI
- to implement the *Sustaining quality and standards in higher education* project plan
- to disseminate intelligence arising from QAA's work
- to support quality enhancement and improvement.

Offering expertise

87 Our objectives in 2009-10 are:

- to maintain and strengthen our work with employers, PSRBs and other stakeholders
- to maintain and strengthen our work with students and student organisations
- to introduce student membership of audit and review teams in England, Wales and Northern Ireland
- to implement a more active and effective Communications strategy
- to influence policy-makers through expert advice.

Rationalising regulation

88 Our objectives in 2009-10 are:

- to achieve better regulation in HE through the QAA-UKIPG-PSRB Forum
- to work with any successor body to HERRG
- to maintain an effective working relationship with HEA and carry out joint work as appropriate.

Working worldwide

89 Our objectives in 2009-10 are:

- to report, advise and brief the sector on European and other international developments
- to contribute to European and other international developments
- to develop and implement a QAA strategy for UK transnational education (TNE) and develop proposals for a transnational certification scheme (TNCS).

Organisational development

90 There are a number of priorities in this area, including completing the development of the QAA Single Equality Scheme (SES); completing phase 1 of the Information Management project (intranet, extranet, public website); achievement of the British Standard for business continuity; and renewal of the QAA Communications strategy. Economic conditions will be difficult over the next few years, and all our work is informed by a continuing drive to achieve greater efficiencies and value for money across all programmes of work, building on our established systems and processes.

Structure, governance and management

Status

91 The Quality Assurance Agency for Higher Education (QAA) is a private company limited by guarantee and a registered charity in England and Wales, and in Scotland. The liability of the members in the event of winding up is limited to an amount not exceeding £1 per member. The company's objects and constitution are set out in its Memorandum and Articles of Association.

92 The company's members as at 31 July 2009 are:

- Universities Scotland
- Universities UK (UUK)
- Higher Education Wales (HEW)
- GuildHE Limited

The QAA Board of Directors

93 The QAA Board of Directors has 15 members. Four members are appointed jointly by the representative bodies of the heads of HEIs - HEW, GuildHE Limited, UUK and Universities Scotland. Four members are appointed jointly by the Higher Education Funding Council for England (HEFCE), the Higher Education Funding Council for Wales (HEFCW) the Scottish Funding Council (SFC) and the Department for Employment and Learning in

Northern Ireland. The Board as a whole appoints six independent members and one student member. The Chair of the Board is drawn from the independent members. All directors are non-executive and receive no remuneration from QAA. The only payments they receive are reimbursements of travel and subsistence expenses incurred on QAA business. Directors retire from membership of the Board by rotation based on length of service. They are eligible to be reappointed on one occasion. The student member is appointed for one year and may be reappointed for one further year.

94 Three Board members left the Board during the year and two new members were appointed. There was one vacancy in the Board's membership at 31 July 2009.

95 All new Board members are required to attend an induction day at QAA's offices in Gloucester. The induction has four main purposes: understanding the nature of the organisation and its business; understanding the nature of the Board member's role; understanding QAA's main external relationships; and getting to know some of QAA's senior staff. The effectiveness of the induction arrangements is reviewed periodically. The two new Board members attended induction days in 2009.

96 The Chair of the QAA Board - Mr Sam Younger - retired from office in March 2009. At his final Board meeting in February 2009, the Board and senior staff offered him their warmest thanks for his leadership, patience and good humour over the past five years, and wished him all the best for the future.

97 Following public advertisement and interview, the Board appointed Sir Rodney Brooke CBE DL, recently retired Chair of the General Social Care Council, to be Chair of the QAA Board from March 2009.

98 The Board held five meetings between August 2008 and July 2009. The minutes of those meetings are published on our website.

Board responsibilities

99 The Board has adopted the following statement of its primary responsibilities and has included this statement in its *Code of best practice for members of the QAA Board (Code of best practice)* (the Code is published on the QAA website):

- a to approve the mission and strategic vision of QAA, strategic plans, annual operating plans and key performance indicators, and to ensure that these meet the interests of stakeholders
- b to delegate authority to the Chief Executive for the corporate, financial, estate and personnel management of the organisation, and to establish and keep under regular review the strategies, policies, procedures and limits for such management functions
- c to ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk management, and procedures for handling internal grievances, conflicts of interest and whistleblowing
- d to ensure processes are in place to monitor and evaluate the performance and effectiveness of QAA against the plans and approved key performance indicators, which should be, where possible and appropriate, benchmarked against other comparable organisations
- e to establish processes to monitor and evaluate the performance and effectiveness of the Board itself

- f to conduct its business in accordance with best practice in corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life; and promote the success of the company and provide public benefit in accordance with the duties and responsibilities of company directors and charity trustees as set out in the *Companies Act 2006* and the *Charities Act 2006* and the *Charities and Trustee Investment (Scotland) Act 2005*
- g to safeguard the good name and values of QAA
- h to appoint the Chief Executive and put in place suitable arrangements for monitoring the postholder's performance
- i to appoint the Company Secretary and to ensure that, if the person appointed has managerial responsibilities in the organisation, there is an appropriate separation in the lines of accountability
- j to be the employing authority for all staff in QAA and to be responsible for establishing a human resources strategy
- k to be the principal financial and business authority of the company, to ensure that proper books of account are kept, to approve the annual budget and financial statements, and to have overall responsibility for the company's assets, property and estate
- l to be the company's legal authority and, as such, to ensure that systems are in place for meeting all its legal obligations, including those arising from contracts and other legal commitments made in the company's name, and
- m to ensure that the company's constitution is followed at all times and that appropriate advice is available to enable this to happen.

Board effectiveness

100 The Board conducts regular reviews of its own effectiveness. In the 2006-07 review, we asked 20 of our main external partners and stakeholders to evaluate the performance and achievements of QAA, including the Board. The analysis of the responses showed that there was broad satisfaction with the quality of our work and communications, and our contribution to improvement and enhancement in the sector and to public confidence in HE, and that we conducted our work in a way that was consistent with our published values and standards.

101 In 2007-08 we focused on a thorough review of QAA's governance policies and practices in the light of the expectations and requirements in, and the published guidance on, the *Companies Act 2006*, the *Charities Act 2006* and the *Charities and Trustee Investment (Scotland) Act 2005*. The Board's and its committees' working arrangements were comprehensively updated to ensure that Board and Board committee members satisfy the expectations in the Acts, and that QAA meets, and can demonstrate that it meets, the requirement in the Acts to provide benefits to the public and to its members. We also took steps to review how we recorded and managed conflicts of interest in the Board and its committees in the light of the *Companies Act 2006*. All of these changes are captured in the current edition of the Board's *Code of Best Practice*, which was published in July 2008.

102 In 2008-09, the effectiveness review took the form of a self-assessment exercise against the standards and expectations that the Board has set itself in its own *Code of Best Practice* (as revised in 2008). The overall picture from the responses was very positive which indicated that, individually and collectively, the Board was confident that it was doing an effective job. At the same time, Board members identified several areas for possible improvement or change - in the management of Board business, the scheduling and timing of its meetings, engagement with QAA staff, communication between the Board and its committees, new Board members' induction, and the working of the Board champions scheme - which were taken forward at the Board's Away Day in October 2009.

Benefits

103 The *Companies Act 2006* and *Charities Act 2006* define and describe companies and charities in terms of the benefits they provide - 'public benefit' in the case of charities, and 'members' benefit' in the case of companies. The Board has agreed that substantive proposals that come to the Board for consideration - new developments, strategies, policies, innovations, and plans - should include an explicit discussion of the benefits to be provided through the proposals. The Board has due regard for the Charity commission's general guidance on public benefit when considering QAA's objectives and planning its activities.

104 The Charity Commission's guidance sets out two key principles of public benefit: there must be an identifiable benefit or benefits, and benefit must be to the public or a section of the public.

105 The principles match very closely the 'charity test' requirements in Scotland, and there is in practice no significant difference between the expectations of the Charity Commission (England and Wales) and the Office of the Scottish Charities Regulator.

'There must be an identifiable benefit or benefits'

106 QAA's work derives directly from its charitable aims. It offers an independent source of experience and expertise which helps to secure the public interest in a high standard, high quality HE sector; promotes the maintenance and enhancement of academic standards and quality; supports institutions in meeting their responsibilities for academic standards and quality; maintains and develops the necessary infrastructure (qualifications frameworks, *Code of practice*, subject benchmarks, programme specifications) that gives institutions, QAA and the public a set of reference points for understanding and securing academic standards and quality; and publishes a wide range of information, reports, advice and guidance on all of the above to inform the general and specialist publics and to inform public debate. These benefits are delivered at a cost of £10-12 million per year, a tiny fraction of the total public investment in HE. QAA's review methods are developed through consultation, applied consistently irrespective of institutions' mission, purposes and goals, and carried out by trained peers with the experience and expertise to make judgements. Reviews in HEIs are carried out at institutional level only, on a four to six year cycle.

'Benefit must be to the public or a section of the public'

107 QAA has a wide range of stakeholders - prospective students, current students, HEIs and other bodies providing higher education, academic staff, funding bodies, employers, governments and society at large. All benefit from QAA's work, whether directly through the provision of review and audit services and commissioned work, enquiries, investigations or advice, or less directly through the publication of extensive information about all aspects of our work and reports arising from specific programmes of work, in particular our reviews and audits of each HEI's effectiveness in managing its responsibilities for academic standards and quality. Almost all our publications are free of charge. All are available on our website and many in hard copy. Our work is financed by the public funding bodies (through contract) and by the institutions themselves (through subscriptions). No member of the public or section of the public is excluded from QAA's information. Any private benefits - for example, the staff development benefit of taking part in a QAA review - are incidental.

108 The *Companies Act 2006* places a duty on company directors to 'promote the success of the company for members' benefit'. QAA's members (that is, the members of the company) are the four representative bodies of HEIs - GuildHE, HEW, Universities Scotland and UUK. For purposes of considering the members' benefits provided, QAA takes a wider view of the beneficiaries, that is to say, not just the four representative bodies of HEIs, but, more broadly, the 'HE sector' or 'HE providers'.

'Promoting the success of the company for members' benefit'

109 QAA's work benefits its members, the HE sector, in two main ways: firstly, through the public assurance that QAA reports provide about the effectiveness of institutions' management of academic standards and quality; and secondly, through the support, guidance and advice that QAA provides to institutions to help them do their work. QAA is an important part of the HE sector's accountability to the public and an important source of information for the public about the work that HEIs do to meet students' and society's needs. QAA contributes to public confidence in the HE sector, and QAA helps its members to continue to improve. We have a variety of systems and processes in place to quality assure ourselves. Carrying out our work effectively and efficiently helps us to maintain a reputation for high standards of conduct and secure the company's long-term future as a resource for its subscribers, as a partner for the funding bodies, as a provider of information, and increasingly as a source of expertise and leadership in the field. QAA applies consistent, published methods in all its review programmes. The methods can differ from country to country within the UK, but those differences are agreed with our key partners in the different countries and reflect differences of priority or educational system. No member or institution is advantaged or disadvantaged by virtue of its geographical location, resources, size or organisational mission.

110 The company's impact on the community and the environment is modest, with around 130 people in offices in Glasgow and Gloucester. The nature of our work requires significant travel - both of staff and reviewers - in the UK and overseas, and this is our most significant environmental impact. We have an internal working group that is looking at possible ways to reduce QAA's environmental impact, and our travel agency is gathering information on carbon emissions. We have invested in videoconference facilities to reduce the need to travel to meetings.

Observers at Board meetings

111 To date, the Board has had provision for two observers to attend its meetings: one on behalf of governments' education departments, and the other, the Chief Executive of the HEA, *ex officio* (the QAA Chief Executive attends meetings of the HEA Board *ex officio*). The Board responded positively in 2009 to requests from the representative bodies and the funding bodies for Board papers and minutes and observer status at Board meetings. It has agreed that sets of (unreserved business) Board papers and minutes will be distributed to all eight bodies, and that each of the two groups can send one observer to Board meetings (unreserved business) from 2009-10. Both groups have adopted a system of rotation of observers on a meeting by meeting basis so that each of the eight bodies would send an observer to at least one Board meeting per year. Details of the scheme are set out in a protocol on observers at QAA Board meetings. The protocol will be included in the next edition of the Board's *Code of best practice*.

Register of Board members' interests

112 The Register of Board members' interests is updated periodically. As well as the Board members, the Register includes the Chief Executive, the Directors of QAA's operational groups, and the Board observers. It includes details of current employment and connections with HEIs and other bodies. It is reviewed annually and whenever there are changes in the Board's membership, and is published on our website. As part of its governance updating in the light of the *Charities Act 2006* and the *Companies Act 2006* the Board determined that each of its committees should develop and publish its own register of interests (based on the model used by the Board) and that there should be greater overall consistency in the way that the Board and its committees identify, manage and record potential conflicts of interest; this work is continuing.

Board committees

113 The Board has seven committees. They advise on governance matters (Audit Committee, Remuneration Committee and Nominations Committee), QAA business in Scotland (the QAA Scotland Committee) and Wales (the Advisory Committee for Wales), applications for the grant of degree awarding powers (DAP) and university title (UT) (Advisory Committee on Degree Awarding Powers), and the management of the Access to HE scheme in England, Wales and Northern Ireland (Access Recognition and Licensing Committee). The minutes of each committee are received by the Board. All committees operate under terms of reference and with membership determined by the Board. All are chaired by a Board member. The minutes of Board meetings are published on our website.

114 Board membership of the committees is updated in the light of retirements from, and appointments to, the Board. The membership and terms of reference of all Board committees were reviewed and revised in the light of the Board's overall governance review. Full details are set out in the Board's *Code of best practice* published on our website.

Board champions

115 In 2007 the Board adopted a 'Board champions' scheme to allow Board members to take an individual interest, at the strategic level, in specific areas of QAA's work and organisation, through direct contact with the relevant QAA staff. The intention was that, as Board champions, they would be able to provide greater reassurance to the Board as a whole about the effectiveness of particular areas of work, based on the expertise and knowledge they would build up. A Board champion would also be available as a sounding board and source of advice on any new strategic developments or emerging issues (but would not exercise any operational or managerial responsibility).

116 Assessing the effectiveness of the Board champions' scheme was part of the Board's 2008-09 effectiveness review. It was discussed further at the Board's Away Day in October 2009. The Board identified some very positive achievements, as well as some areas where more could be done. It committed itself to continuing and strengthening the scheme.

Eleventh Annual General Meeting of the members of the company

117 The eleventh Annual General Meeting was held in December 2008. It received and adopted the *Directors' report and financial statements for the year ended 31 July 2008*, with the auditors' report thereon, and resolved to reappoint Mazars LLP as QAA's external auditors for a further year.

Annual reception

118 The QAA Annual Reception was held on the evening of 25 February 2009 at the British Academy in London. David Lammy MP, Minister of State for Higher Education and Intellectual Property, was the main speaker. Over 100 guests from HEIs, PSRBs, public bodies and government departments, as well as Board members and the (then) Chair-elect, Sir Rodney Brooke, were present.

Subscribers' meeting

119 We held our annual Subscribers' meeting in June 2009 in Belfast. The annual meeting provides a good opportunity to update the universities and colleges on aspects of our work and for us to receive feedback from them. This year the general theme was 'Managing the quality of education in a changing environment'. This was the first occasion that we had held the Subscribers' meeting in Northern Ireland, and we were pleased that Sir Reg Empey MLA, Minister for Employment and Learning in Northern Ireland, was able to join us to give the opening address. All the keynote sessions helped to generate a lively and stimulating debate in the discussion groups and in the final plenary question and answer session. There was clearly considerable support for QAA's work. Conference materials and a report of the event are published on our website.

Risk management

120 The Board has adopted a revised approach to the management of risk in the Agency, building on the framework it put in place last year. The risk management policy and strategy, and the risk management guidelines, have been reviewed and updated. A three-part risk pyramid structure - operational, executive and strategic risks, each with their own risk registers - has been developed. The Board has adopted the new Strategic Risk register, and the Executive has adopted the Executive Risk register. The operational and project risk registers will be developed at Group level as part of the annual planning process. The structures and procedures for monitoring and reporting on risk are being reviewed and strengthened. The Chief Executive's report to the Board each quarter will include a section on risk management.

121 The Board formally received a letter of 16 April 2009 from HEFCE in which HEFCE recorded its assessment that QAA 'is not at higher risk...[and] is meeting the accountability obligations set out in the Contract for Services and the HEFCE's Accountability and Audit Code of Practice'.

122 Our internal auditors reported this year on QAA's 'risk maturity'. Their assessment was that QAA was a 'risk managed' organisation, that was working towards being 'risk enabled' ('managed' and 'enabled' being the penultimate and highest points on a five-point scale). The auditors' key findings were as follows:

- *Risk Management is well embedded within the Agency and is looked on favourably by the Board Members and Senior Management who are most involved in it. There were no fundamental or significant recommendations made.*
- *The Risk Management process appears to be embedded down to operational level with each group preparing their own Risk Register considering the individual risks in their area.*
- *Risk Management is still evolving which should allow the process to become even more responsive to the Agency and the challenges that face them.*

Key performance indicators

123 The Board agreed last year to trial a model for assessing QAA's effectiveness, drawing on quantitative *performance* data and qualitative *success* data to allow the Board to assess the extent to which QAA was achieving its strategic purposes. Using the agreed model, an assessment of QAA's effectiveness, based on 2007-08 data, was received by the Board in February 2009. The details of milestones passed and objectives achieved were summarised in traffic light assessments which showed a very solid picture of achievements as well as indicating areas for improvement. The Board also agreed that, in the light of experience, the model should be simplified for the 2008-09 assessment. The simpler model should be more selective, and concentrate on the outward-looking data, particularly the evaluation and feedback material. In streamlining the model, the Executive would also investigate to what extent the quantitative material would lend itself to the development of useful KPIs that could sit alongside the more qualitative and evaluative material.

124 The Board placed this work in the context of a range of other indicators or assessments of QAA's effectiveness - the periodic Board effectiveness reviews; the external stakeholder survey in 2005-06; the external evaluation of ELIR in 2006-07; the ENQA review in 2008; ISO accreditation for information management and security; the final report of HERRG; the growth in our portfolio of work for our main partners; our growing engagements overseas; positive engagements with students and PSRBs; and periodic and annual reports of the internal and external auditors - which together indicated external confidence in our overall organisational effectiveness.

House of Commons Select Committee

125 The IUSS Select Committee had invited the Chief Executive to an evidence session in July 2008, to discuss 'issues relating to the QAA's recent reports on standards in universities'. The Committee's questions had covered the role of QAA; its work and its powers; the handling of 'complaints' (from students, staff and the public); international student matters; examining and degree classification; the balance of regulation and autonomy in HE; the findings in our reviews and audits; and areas where there might be scope for further research or enquiries. The Chief Executive had outlined for the Committee an action plan to address these questions. That action plan was developed further and implemented during 2008-09 (the 'Thematic Enquiries' project, see paragraph 18), working in partnership with the sector, sector bodies and the HE funders as appropriate. The Select Committee announced an enquiry into 'students and universities' in early 2009, and QAA lodged a formal submission. The Chief Executive gave an update on the progress of the Thematic enquiries project at a further Select Committee hearing in March 2009. In the light of the points discussed at that evidence session, QAA submitted further written evidence to the enquiry.

Chief Executive

126 The Chief Executive is responsible for the leadership, executive management and day-to-day direction of QAA's work, within the overall strategic direction that is set by the Board. He is accountable to the Board for the overall organisation, management and staffing of QAA and for our procedures in financial and other matters, including conduct and discipline. This includes promoting by leadership and example the values embodied in the Nolan Committee's seven principles of public life. The Chief Executive is accountable to the Board for the propriety and regularity of QAA's finances, for keeping proper accounts, for prudent and economical administration, for avoiding waste and extravagance, and for the efficient and effective use of resources. He has a responsibility to see that appropriate advice is tendered to the Board on all these matters. The Chief Executive is appointed by,

and reports to, the Board of Directors, which has overall responsibility for QAA's strategic direction, governance and finances. The Board monitors the Chief Executive's performance against agreed objectives. The Chief Executive is not a member of the Board. Details of the Chief Executive's responsibilities and authority are set out on our website.

127 In September 2008 Peter Williams announced his intention to retire from office in September 2009. The Board established a search committee of Board members (including the (then) Chair-elect, Sir Rodney Brooke, from November 2008) to bring a recommendation to the Board. The position was advertised in the *Times Higher Education* and the *Sunday Times*, and a search agency was appointed to conduct an Executive search. On the recommendation of the search committee, the Board appointed Mr Anthony McClaran, Chief Executive of UCAS, to be Chief Executive of QAA from 1 October 2009.

Peter Williams

128 Peter Williams was appointed Chief Executive in 2002, having previously been a Group Director in QAA, and then interim Chief Executive from autumn 2001. During his period in office he was able to steer QAA successfully through a difficult post-2001 period and to establish QAA as a valued partner in the UK and overseas. Over that time, QAA's profile of work diversified significantly, from being (seen as) largely a reviewing organisation to one that now provided a range of review, enhancement, information, investigation and support services; its public profile was stronger; it succeeded in attracting new business while maintaining and strengthening current relationships; and was a partner of choice and source of expertise and experience for many UK and overseas organisations. For three years during this period Peter Williams was also President of ENQA. He was appointed CBE in the 2009 Birthday Honours list.

Organisational structure

129 QAA is organised into five operational groups. The Chief Executive leads the Chief Executive's Group which includes the corporate affairs and international affairs functions. The other four Groups are each headed by a Group Director:

- **Reviews Group** - all of our review and audit activity in England, Wales and Northern Ireland; liaison with Northern Ireland and Wales; and some international work
- **Development and Enhancement Group** - maintenance and development of the Academic Infrastructure; management of institutional and subject community liaison schemes; work with PSRBs, students, and employers; intelligence, good practice and enhancement; and some international work
- **QAA Scotland** - all aspects of our work in Scotland (from the Glasgow office) and some international work
- **Administration Group** - aspects of our work with students; all aspects of central services and organisational infrastructure, including finance, communications, human resources, premises, business development, office services and information management and systems.

130 Nick Harris retired as Director of the Development and Enhancement Group (DEG) in September 2008. He was succeeded as Director by Dr Jayne Mitchell (formerly Assistant Director in DEG). Norman Sharp, Director of QAA Scotland, retired on 31 August 2009. He was succeeded by Dr Bill Harvey (formerly Head of Teaching and Learning at the Scottish Funding Council).

Statement of directors' responsibilities

131 Law applicable to incorporated charities in England and Wales, and also registered in Scotland, requires the directors (who are also trustees of the charity for the purposes of Charity Law) to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the year, and of its financial activities for that period. All members of the Board are directors of the company. The directors are also responsible for preparing the Annual Report.

132 In preparing the financial statements, the directors should follow best practice and:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume the company will continue in operation.

133 The directors are responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the company and enable them to ensure the financial statements comply with the *Companies Act 2006* and *Charities Act 1993*. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Information to auditors

134 In the case of each of the persons who are directors of the company at the date when this report was approved:

- so far as each of the directors is aware, there is no relevant audit information (as defined in the *Companies Act 2006*) of which the company's auditors are unaware
- each of the directors has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of that information.

Auditors

135 A resolution to reappoint Mazars LLP as auditors to the company will be proposed at the Annual General Meeting.

The financial statements were approved by the Board on 25 November 2009 and were signed on its behalf by:

Rodney Brooke

Chair

Independent auditors' report to the members of The Quality Assurance Agency for Higher Education

We have audited the financial statements of The Quality Assurance Agency for Higher Education for the year ended 31 July 2009 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' (who are also the trustees of the charity for the purposes of charity law) responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Directors' Responsibilities.

As set out in the Statement of directors' responsibilities, the directors (who are also the trustees of the charity for the purposes of charity law) have responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view.

We have been appointed auditors under the Companies Act 2006 and under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report to you in accordance with those Acts.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including our opinion, has been prepared for and only for the company's members as a body in accordance with Sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006. We also report to you whether in our opinion the information given in the Directors' Annual Report is consistent with those financial statements.

We also report to you if, in our opinion, the charity has not kept adequate accounting records, if the charity's financial statements are not in agreement with the accounting records, if we have not received all the information and explanations we require for our audit, or if certain disclosures of directors' remuneration specified by law are not made. We read the Directors' Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the charity's affairs as at 31 July 2009 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the Companies Act 2006; the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006;
- the information given in the Directors' Annual Report is consistent with the financial statements; and
- funds from the Higher Education Funding Council for England and from other funding bodies with which the company has contracted during the year ended 31 July 2009 have been applied in accordance with the terms of their respective contracts.

Mazars LLP, Chartered Accountants (Statutory auditor)

Michael Stewart (Senior statutory auditor)

Clifton Down House
Beaufort Buildings
Clifton
Bristol
BS8 4AN

2 December 2009

Statement of financial activities for the year ended 31 July 2009

	Notes	2009 £	2008 £
Income and expenditure			
Incoming resources			
Incoming resources from generated funds			
Investment income - bank interest receivable		196,894	244,995
Incoming resources from charitable activities			
Subscriptions		3,719,750	3,687,350
Contracts with HE funding bodies		7,178,104	5,711,747
Other contracts		147,089	132,138
Other related income		205,748	239,810
Total incoming resources from charitable activities	2	11,250,691	9,771,045
Total incoming resources		11,447,585	10,016,040
Resources expended			
Charitable activities			
Safeguarding standards		6,961,138	5,772,889
Supporting and enhancing quality		2,134,545	2,085,555
Offering expertise		913,797	920,961
Rationalising regulation		364,445	323,640
Working worldwide		640,865	624,811
Total expenditure on charitable activities		11,014,790	9,727,856
Governance costs		255,202	247,970
Total resources expended	3	11,269,992	9,975,826
Net income	4	177,593	40,214
Fund balances brought forward		3,221,777	3,181,563
Fund balances carried forward		3,399,370	3,221,777

All activities are continuing. There were no gains or losses other than those disclosed in the statement of financial activities. QAA had no restricted funds.

The notes on pages 36 to 47 form part of these financial statements.

Balance sheet as at 31 July 2009

	Notes	2009	2008
		£	£
Fixed assets			
Tangible assets	8	963,946	932,267
Current assets			
Debtors	10	499,685	554,155
Cash at bank and in hand		3,428,335	3,087,898
		<u>3,928,020</u>	<u>3,642,053</u>
Creditors - amounts falling due within one year	11	<u>(977,596)</u>	<u>(1,062,543)</u>
Net current assets		<u>2,950,424</u>	<u>2,579,510</u>
Total assets less current liabilities		3,914,370	3,511,777
Provisions for liabilities and charges	12	(515,000)	(290,000)
Net assets		<u><u>3,399,370</u></u>	<u><u>3,221,777</u></u>
Represented by:			
Unrestricted funds as at 31 July 2009		<u><u>3,399,370</u></u>	<u><u>3,221,777</u></u>

The notes on pages 36 to 47 form part of these financial statements.

The financial statements were approved and authorised by the Board on 25 November 2009 and were signed on its behalf by:

Rodney Brooke

Chair

Cash flow statement for the year ended 31 July 2009

	2009 £	2008 £
Net cash inflow from operating activities (see below)	575,550	167,803
Returns on investments and servicing of finance		
Investment income	196,894	244,995
Capital expenditure		
Purchase of fixed assets	(432,007)	(431,345)
Increase/(decrease) in net cash	340,437	(18,547)
Reconciliation of net income to net cash inflow from operating activities		
	2009 £	2008 £
Net income before transfers	177,593	40,214
Investment income	(196,894)	(244,995)
Depreciation	399,837	297,005
Loss on disposal of fixed assets	491	-
Decrease/(increase) in debtors	54,470	(139,850)
(Decrease)/increase in creditors	(84,947)	215,429
Increase in provisions	225,000	-
Net cash inflow from operating activities	575,550	167,803
Analysis of change in net cash		
	2009 £	2008 £
Cash at bank and in hand at the start of the year	3,087,898	3,106,445
Increase/(decrease) in net cash	340,437	(18,547)
Cash at bank and in hand at the end of the year	3,428,335	3,087,898

The notes on pages 36 to 47 form part of these financial statements.

Notes to the financial statements for the year ended 31 July 2009

1 Accounting policies

a Application of accounting policies

The following accounting policies have been applied consistently in dealing with items that are considered material to QAA's financial statements.

b Accounting conventions

The financial statements have been prepared under the historical cost convention in accordance with applicable Accounting Standards. The financial statements follow the *Companies Act 2006* and the recommendations in *Accounting and Reporting by Charities: Statement of Recommended Practice* (the Charities SORP), as revised by the Charities Commission in 2005.

c Reporting requirements

The *Companies Act 2006* requires charities to produce an income and expenditure account where the disclosure requirements of *Financial Reporting Standard 3: Reporting Financial Performance* cannot be met by the Statement of financial activities (SOFA). As QAA has no restricted funds and no recognised or unrecognised gains or losses, all disclosure requirements are met by the SOFA and therefore no separate income and expenditure account has been produced.

d Fund accounting

Unrestricted funds are incoming resources received or generated for expenditure on the general objectives of QAA. All QAA's funds in 2008-09 were unrestricted.

e Incoming resources

QAA's activities are funded primarily through contracts with the HE funding bodies and UK Governments, and through subscriptions from HEIs: it does not raise income through fundraising. All income has been accounted for on an accruals basis.

f Resources expended and basis of allocation of costs

All expenditure has been accounted for on an accruals basis and has been recorded as attributable to one of six categories, the five 'charitable activities' and 'governance' as shown in the SOFA. Within each category, the expenditure is classified as 'direct costs' or 'support costs' as shown in the 'total resources expended' note.

Staff numbers and costs were allocated either:

- directly to one or more of the five charitable activities as 'direct costs' or
- directly to governance as 'support costs' or
- apportioned to the five charitable activities and governance as 'support costs' using the staff numbers already attributed to those activities.

Non-pay costs were allocated either:

- directly to one or more of the five charitable activities as 'direct costs'
- directly to governance as 'direct costs' or 'support costs'
- apportioned to the five charitable activities and governance as 'support costs' using the staff numbers already attributed to those activities.

Governance costs include direct costs of meeting constitutional and statutory requirements such as audit, trustees meetings and expenses, and legal fees. The staff and office costs associated with the direct costs are included in support costs.

1 Accounting policies (continued)

g Operating leases

Rentals applicable to operating leases are charged to the SOFA over the period in which the cost is incurred on a straight line basis over the term of the lease.

h Tangible fixed assets and depreciation

Depreciation is provided on tangible fixed assets at rates calculated to write off the cost of each asset in equal instalments over its expected useful life.

The depreciation rates are as follows:

Computer equipment	three years
Specialised computer software	five years
Office furniture and equipment	five years
Leasehold improvements	over the outstanding period of the lease

The cost of standard computer software is written off to the SOFA as it is incurred.

Software which has been designed specifically for QAA or purchased as part of a larger capital project has been capitalised and written off over a five year period. Assets costing less than £1,000 are not capitalised unless they form part of a larger capital project.

i Provision for reinstatement of premises

It is QAA's policy to provide for the full cost of reinstating the premises in Gloucester and Glasgow to their condition when the leases commenced, as required by the leases which expire in 2013 and 2015 respectively. Such a provision is in accordance with *Financial Reporting Standard 12: Provisions, Contingent Liabilities and Contingent Assets*.

j Pension costs

QAA participates in two defined benefit pension schemes that are externally funded and contracted out of the State Second Pension (S2P). The assets of the schemes are held in separate trustee-administered funds. QAA is unable to identify its share of the underlying assets and liabilities of each scheme on a consistent and reasonable basis and therefore, as required by *Financial Reporting Standard 17: Retirement Benefits* (FRS 17), accounts for the schemes as if they were defined contribution schemes. As a result, the amount charged to the income and expenditure account represents the contributions payable to the schemes in respect of the accounting period.

2 Incoming resources from charitable activities

	2009	2008
	£	£
UK Governments	311,093	166,761
UK higher education funding councils	6,991,872	5,718,561
UK higher education institutions	3,919,750	3,961,951
Other	35,998	33,226
	<u>11,258,713</u>	<u>9,880,499</u>
Release income deferred in prior years	172,201	62,747
Defer income received in current year	(180,223)	(172,201)
	<u>11,250,691</u>	<u>9,771,045</u>

3 Total resources expended

Resources expended:	Charitable activities				Governance			2009	2008
	Safeguarding standards	Supporting and enhancing quality	Offering expertise	Rationalising regulation	Working worldwide	Sub total	Governance costs	Total	Total
	£	£	£	£	£	£	£	£	£
Direct costs									
Staffing costs	2,471,804	768,499	358,536	176,375	317,795	4,093,009	-	4,093,009	3,864,379
Review fees	1,455,215	320,995	49,942	-	-	1,826,152	-	1,826,152	1,329,030
Other review costs	788,430	96,867	22,875	-	-	908,172	-	908,172	709,673
Publications	32,650	94,312	25,579	482	56	153,079	-	153,079	141,300
Other direct costs	148,344	49,688	82,431	14,314	94,419	389,196	64,170	453,366	602,794
Total direct costs	4,896,443	1,330,361	539,363	191,171	412,270	7,369,608	64,170	7,433,778	6,647,176
Support costs									
Staffing costs	764,173	305,296	123,101	65,857	81,376	1,339,803	146,795	1,486,598	1,491,654
Other staff costs	133,622	45,804	20,686	9,806	14,765	224,683	4,730	229,413	178,249
Premises	551,135	228,355	89,687	49,337	58,110	976,624	18,172	994,796	694,894
Office costs	78,374	32,998	12,811	7,135	8,227	139,545	2,567	142,112	132,998
Information systems	150,859	50,165	23,184	10,724	16,782	251,714	5,392	257,106	258,049
Professional fees	53,162	17,678	8,170	3,779	5,914	88,703	1,900	90,603	42,042
Depreciation	234,606	78,014	36,055	16,677	26,099	391,451	8,386	399,837	297,005
Other support costs	98,764	45,874	60,740	9,959	17,322	232,659	3,090	235,749	233,759
Total support costs	2,064,695	804,184	374,434	173,274	228,595	3,645,182	191,032	3,836,214	3,328,650
Total resources expended	6,961,138	2,134,545	913,797	364,445	640,865	11,014,790	255,202	11,269,992	9,975,826

4 Net income

	2009	2008
	£	£
This is stated after charging:		
External auditors: audit services	16,000	16,000
Internal auditors: audit services	18,500	12,000
Professional indemnity insurance	4,956	6,142
Operating leases		
Land and buildings	397,756	340,149
Other	26,438	24,294

5 Analysis of staff costs

	2009	2008
	£	£
Total staff costs were:		
Salaries	4,514,741	4,217,749
Employers' National Insurance contributions	374,243	355,019
Pensions (note 15)	578,213	545,167
	5,467,197	5,117,935
Staff seconded to QAA	89,628	179,517
Employment agency staff	22,782	58,581
	5,579,607	5,356,033

The average number of employees, calculated on a full-time equivalent basis was as follows:

	2009	2008
	Number	Number
Safeguarding standards	75	69
Supporting and enhancing quality	25	25
Offering expertise	11	12
Rationalising regulation	5	5
Working worldwide	8	8
Governance	3	3
	127	122

5 Analysis of staff costs (continued)

The number of employees whose emoluments as defined for taxation purposes amounted to over £60,000 were:

	2009	2008
	Number	Number
£150,000 - £160,000	1	-
£140,000 - £149,999	-	1
£90,000 - £99,999	2	1
£80,000 - £89,999	1	3
£60,000 - £69,999	5	2

All employees earning more than £60,000 participated in the Universities Superannuation Scheme (see note 15).

6 Directors' emoluments and reimbursed expenses

There were no emoluments paid to the directors during the year.

Seventeen directors were reimbursed expenses to the value of £11,434 during the year (2008: 18 directors, £9,223). The expenses paid related solely to travel and incidentals.

During the year, QAA purchased Directors and Officers Liability Insurance (which included Trustee Indemnity Insurance).

7 Taxation

In accordance with the Income Taxes Act 2007 and the Corporation Taxes Act 2009, QAA is not liable for any corporation tax or income tax on any of its charitable activities.

8 Tangible fixed assets

	Leasehold improvements	Computer equipment	Furniture and other equipment	Total
	£	£	£	£
Cost				
At 1 August 2008	289,456	2,283,172	536,493	3,109,121
Additions	4,374	423,793	3,840	432,007
Disposals	-	(532,537)	-	(532,537)
At 31 July 2009	293,830	2,174,428	540,333	3,008,591
Depreciation				
At 1 August 2008	112,980	1,550,618	513,256	2,176,854
Charge for the year	35,861	353,040	10,936	399,837
Eliminated on disposals	-	(532,046)	-	(532,046)
At 31 July 2009	148,841	1,371,612	524,192	2,044,645
Net book value at 31 July 2009	144,989	802,816	16,141	963,946
Net book value at 31 July 2008	176,476	732,554	23,237	932,267

The directors consider that the market value of fixed assets does not differ significantly from their book value.

9 Analysis of capital commitments

	2009	2008
	£	£
Contracted for but not provided	8,000	41,000
Authorised but not yet contracted for	682,000	561,000
	<u>690,000</u>	<u>602,000</u>

10 Debtors

	2009	2008
	£	£
Trade debtors	200,156	306,655
Sundry debtors	660	232
Prepayments	224,368	230,475
Accrued income	74,501	16,793
	<u>499,685</u>	<u>554,155</u>

11 Creditors: amounts falling due within one year

	2009	2008
	£	£
Trade creditors	151,031	242,804
Taxation and social security	187,560	151,095
Pension contributions	79,258	73,973
Other creditors	737	656
Accruals	378,787	421,814
Deferred income	180,223	172,201
	<u>977,596</u>	<u>1,062,543</u>

12 Provisions for liabilities and charges

	2009	2008
	£	£
Provision for reinstatement of leased premises	<u>515,000</u>	<u>290,000</u>

The reinstatement provision required to return QAA's leased premises to their original condition is made on the basis of formal reviews conducted in 2004 and 2009 by a firm of chartered surveyors.

13 Financial commitments

Annual commitments under non-cancellable operating leases were as follows:

	2009	2008
	£	£
Leases which expire:		
Land and buildings		
Within one year	-	-
Between two and five years	346,138	296,620
After more than five years	56,593	56,593
Other		
Within one year	14,723	4,389
Between two and five years	9,189	22,049
	<u>426,643</u>	<u>379,651</u>

14 Related party transactions

Due to the nature of QAA's operations and the composition of the QAA Board of Directors transactions take place with organisations in which a member of the Board may have an interest. All transactions involving organisations in which a member of the Board may have an interest are conducted at arm's length and in accordance with QAA's financial regulations and normal procurement procedures. No transactions were identified which should be disclosed under *Financial Reporting Standard 8: Related Party Disclosures*.

QAA is a member of Scottish Credit and Qualifications Framework Partnership, a company limited by guarantee and registered in Scotland number SC311573.

15 Pensions

QAA participates in two pension schemes. The employer pension costs were as follows:

	2009	2008
	£	£
Universities Superannuation Scheme (USS)	415,609	392,277
Superannuation Arrangements for the University of London (SAUL)	162,604	152,890
	<u>578,213</u>	<u>545,167</u>
Contributions outstanding at the balance sheet date included above	<u>50,021</u>	<u>46,067</u>

15 Pensions (continued)

The contribution rates as a percentage of pensionable salary during 2008-09 were as follows:

	Employer	Employee
USS	14.00%	6.35%
SAUL	13.00%	6.00%

The USS employer contribution rate increased to 16% of pensionable salary on 1 October 2009.

a Universities Superannuation Scheme

QAA participates in the USS, a defined benefit scheme which is externally funded and contracted out of the S2P. The assets of the scheme are held in a separate trust fund administered by the trustee, Universities Superannuation Scheme Limited.

Due to the mutual nature of the scheme, QAA is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17, accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

The latest actuarial valuation of the scheme was at 31 March 2008. This was the first valuation for USS under the new scheme-specific funding regime introduced by the *Pensions Act 2004*, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions.

The valuation was carried out using the projected unit method. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (that is, the valuation rate of interest), the rates of increase in salary and pensions and the assumed rates of mortality. The financial assumptions were derived from market yields prevailing at the valuation date. An 'inflation risk premium' adjustment was also included by deducting 0.3% from the market-implied inflation on account of the historically high level of inflation implied by government bonds (particularly when compared to the Bank of England's target of 2% for CPI which corresponds broadly to 2.75% for RPI per annum).

To calculate the technical provisions, it was assumed that the valuation rate of interest would be 6.4% per annum (which includes an additional assumed investment return over gilts of 2% per annum), salary increases would be 4.3% per annum (plus an additional allowance for increases in salaries due to age and promotion reflecting historic Scheme experience, with a further cautionary reserve on top for past service liabilities) and pensions would increase by 3.3% per annum.

At the valuation date, the value of the assets of the scheme was £28,842.6 million and the value of the scheme's technical provisions was £28,135.3 million, indicating a surplus of £707.3 million. The assets therefore were sufficient to cover 103% of the benefits which had accrued to members after allowing for expected future increases in earnings.

15 Pensions (continued)

The actuary also valued the scheme on a number of other bases as at the valuation date. On the scheme's historic gilts basis, using a valuation rate of interest in respect of past service liabilities of 4.4% per annum (the expected return on gilts), the funding level was approximately 71%. Under the Pension Protection Fund regulations introduced by the *Pensions Act 2004* the Scheme was 107% funded; on a buy-out basis (that is, assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 79% of the amount necessary to secure all the USS benefits with an insurance company; and using the FRS 17 formula as if USS was a single employer scheme, using an AA bond discount rate of 6.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2008 was 104%.

The technical provisions relate essentially to the past service liabilities and funding levels, but it is also necessary to assess the ongoing cost of newly accruing benefits. The cost of future accrual was calculated using the same assumptions as those used to calculate the technical provisions, except that the valuation rate of interest assumed asset outperformance over gilts of 1.7% per annum (compared to 2% per annum for the technical provisions) giving a discount rate of 6.1% per annum; also the allowance for promotional salary increases was not as high. There is currently uncertainty in the sector regarding pay growth. Analysis has shown very variable levels of growth over and above general pay increases in recent years, and the salary growth assumption built into the cost of future accrual is based on more stable, historic, salary experience. However, when calculating the past service liabilities of the scheme, a cautionary reserve has been included, in addition, on account of the variability mentioned above.

The institution contribution rate required for future service benefits alone at the date of the valuation was 16% of pensionable salaries, and the trustee company, on the advice of the actuary, agreed to increase the institution contribution rate to 16% of pensionable salaries from 1 October 2009.

Since 31 March 2008, global investment markets have continued to fall and at 31 March 2009 the actuary has estimated that the funding level under the new scheme specific funding regime had fallen from 103% to 74%. This estimate is based on the funding level at 31 March 2008, adjusted to reflect the fund's actual investment performance over the year and changes in market conditions (market conditions affect both the valuation rate of interest and also the inflation assumption which in turn impacts on the salary and pension increase assumptions).

On the FRS17 basis, using a AA bond discount rate of 7.1% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2009 was 86%. An estimate of the funding level measured on a buy-out basis at that date was approximately 46%.

Surpluses or deficits which arise at future valuations may impact on the institution's future contribution commitment. A deficit may require additional funding in the form of higher contribution requirements, where a surplus could, perhaps, be used to similarly reduce contribution requirements.

USS is a 'last man standing' scheme so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme.

15 Pensions (continued)

At 31 March 2009, USS had over 130,000 active members and QAA had 62 active members participating in the scheme.

The next formal triennial actuarial valuation is due as at 31 March 2011. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

b Superannuation Arrangements for the University of London

QAA participates in SAUL, a defined benefit scheme which is externally funded and contracted out of the S2P. The assets of the scheme are held in a separate trust administered by the trustee, SAUL Trustee Company.

Due to the mutual nature of the scheme, QAA is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17, accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

SAUL is subject to triennial valuations by professionally qualified and independent actuaries. The last available valuation was carried out as at 31 March 2008 using the projected unit credit method in which the actuarial liability makes allowance for projected earnings. The following assumptions were used to assess the past service funding position and future service liabilities:

	Past Service	Future Service
Investment return on liabilities:		
- before retirement	6.90% p.a.	7.00% p.a.
- after retirement	4.80% p.a.	5.00% p.a.
Salary growth (excluding an allowance for promotional increases)	4.85% p.a.	4.85% p.a.
Pension increases	3.35% p.a.	3.35% p.a.

The actuarial valuation applies to SAUL as a whole and does not identify surpluses or deficits applicable to individual employers. As a whole, the market value of SAUL's assets was £1,266 million representing 100% of the liability for benefits after allowing for expected future increases in salaries.

Based on the strength of the Employer covenant and the Trustee's long-term investment strategy, the Trustee and the employers agreed to maintain employer and member contributions at 13% of salaries and 6% of salaries respectively following the valuation.

A comparison of SAUL's assets and liabilities calculated using assumptions consistent with FRS17 revealed SAUL to be in surplus at the last formal valuation date (31 March 2008).

15 Pensions (continued)

SAUL is a 'last man standing' scheme so that in the event of the insolvency of any of the participating employers in SAUL, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme.

The next formal actuarial valuation is due at 31 March 2011 when the above rates will be reviewed. Informal reviews of SAUL's position are carried out between formal valuations.

Reference and administrative details

Registration numbers

Company registration number: 3344784

Charity registration numbers: 1062746 and SC037786

Registered office and other offices

QAA's registered office is Southgate House, Southgate Street, Gloucester GL1 1UB

QAA has offices at:

Southgate House, Southgate Street, Gloucester GL1 1UB
183 St Vincent Street, Glasgow G2 5QD

Bankers

QAA's bankers are:

The Co-operative Bank plc	Gloucester Branch, 23A St Aldate Street, Gloucester GL1 1RU
Bank of Scotland plc	PO Box 208, 21 Prince Street, Bristol BS99 7JG
The Royal Bank of Scotland plc	68-70 Suffolk Road, Cheltenham, Glos GL50 2ED
Abbey National plc	Business Banking Centre, 301 St Vincent Street, Glasgow G2 5HN

Solicitors

QAA's solicitors are:

Mills and Reeve	Francis House, 112 Hills Road, Cambridge CB2 1PH
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Auditors

QAA's auditors are:

Mazars LLP	Clifton Down House, Beaufort Buildings, Clifton, Bristol BS8 4AN
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Acronyms and abbreviations

AI	Academic Infrastructure
AMSU	Association for Managers in Students' Unions
BIS	Department for Business, Innovation and Skills
CRA	Centre for Recording Achievement
DAP	degree awarding powers
DEL	the Department for Employment and Learning in Northern Ireland
DIUS	Department for Innovation, Universities and Skills
EHEA	European Higher Education Area
ELIR	Enhancement-led institutional review
ENQA	the European Association for Quality Assurance in Higher Education
FDF	Foundation Degree Forward
FE	further education
FEC	further education college
FHEQ	The framework for higher education qualifications in England, Wales and Northern Ireland
FQ-EHEA	Framework for Qualifications of the European Higher Education Area
GOsC	General Osteopathic Council
HE	higher education
HEA	The Higher Education Academy
HEFCE	the Higher Education Funding Council for England
HEFCW	the Higher Education Funding Council for Wales
HEI	higher education institution
HERRG	The Higher Education Regulation Review Group
HEW	Higher Education Wales
INQAAHE	the International Network for Quality Assurance Agencies in Higher Education
IQER	Integrated quality and enhancement review
NUS	National Union of Students
NUS-USI	National Union of Students-Union of Students in Ireland
PSRB	professional, statutory and regulatory body
QAA	The Quality Assurance Agency for Higher Education
SCQF	Scottish Credit and Qualifications Framework
SFC	the Scottish Funding Council
the Charities SORP	Accounting and Reporting by Charities: Statement of Recommended Practice
UCAS	The Universities and Colleges Admissions Service
UKIPG	UK Inter-Professional Group
UT	university title
UUK	Universities UK