

Annex 1.1a – TRAC guidance change log

The log below shows the sections of Version 2.4 of the TRAC guidance (July 2019) that have been updated in Version 2.5 (July 2020) other than those changes to the guidance which relate solely to changes of name of governmental bodies or changes of the title of the primary statements included in institutional financial statements.

Any updates are indicated by **bold blue text**.

Text that has been deleted within extant sections of the guidance has not been separately documented in the change log.

Guidance section	Reference	Updated TRAC guidance
Introduction	1.1.1	References to TRAC for Teaching (TRAC(T)) and the associated annexes in the explanation of the TRAC guidance structure have been updated to state that TRAC(T) is Not applicable – TRAC(T) data for 2019-20 will not be collected.
Introduction	1.1.3	2020 – Temporary guidance and TRAC requirements published covering changes to TRAC processes and reporting requirements in response to the coronavirus (COVID-19) pandemic. TRAC(T) data collection suspended for 2019-20 collection.
Introduction	1.1.5 - Annex 1.1b	New annex - Supplementary TRAC guidance addressing issues arising from the impact of the coronavirus (COVID-19) pandemic.
1.3.2 - Research	1.3.2.1	Update Frascati definition: <ul style="list-style-type: none"> Research is to include research and experimental development. The definition of research, below, is taken from the 2015 Frascati Manual. ‘Research and Experimental Development (R&D) comprise creative and systematic work undertaken to increase the stock of knowledge, including knowledge of humankind , culture and society – and to devise new applications of available knowledge . R&D is a term covering three activities: basic research, applied research and experimental development.’
1.3.2 - Research	1.3.2.4	... The reallocation of income and costs relating to PGR activity away from the external research sponsor type to the PGR category is not a TRAC requirement, but the current direction of travel for policy development suggests that this could become mandatory, at least for research intensive institutions (defined as being in the top 60 institutions in TRAC Peer Groups A and B, in terms of volume, funded by the Research Councils). ...

1.3.2 - Research	1.3.2.5	<p>External research grants and contracts: Updated to include references to OfS Finance Return guidance.</p> <ul style="list-style-type: none"> European Union (EU) government bodies: research grant and contract income from all government bodies operating in the EU, including the European Commission, as defined under Column 8 in Table 5 of the OfS Finance Return and Column 8 in Table 4 of the HESA Finance record guidance.
1.3.3 - Other	1.3.3.3 – Other (non-commercial activity)	<p>This category is not to be used for subsidies or loss-making services provided to students, such as catering or sports facilities. These activities should be allocated to Other (income-generating activity).</p>
2.1 – Governance and quality assurance	2.1.4.3	<p>Quality assurance:</p> <ul style="list-style-type: none"> The TRAC process should comply with the materiality concept, and the TRAC returns and charge-out rates should be free from material error. The materiality of issues or judgements that have been made should be assessed in aggregate in line with annex 1.2a. An audit trail should be maintained of all decisions and judgements made on the basis of them not being material. The TRAC process should comply with the additional requirements detailed in annex 1.1b in relation to COVID-19. ... The TRAC process should be subject to a periodic assurance review, the frequency of which should be determined according to the risk posed to the institution. For a research-intensive institution (defined as being institutions in TRAC Peer Groups A and B), an assurance review undertaken at least every three years would be expected.
2.1 – Governance and quality assurance	2.1.5.1	<p>Changed the ordering of the bullets to give increased prominence to the role of the academic champion.</p>
2.1 – Governance and quality assurance	2.1.6	<p>Additional ‘what could go wrongs’</p> <p>The additional requirements detailed in annex 1.1b, in relation to the impact on operational arrangements during the coronavirus (COVID-19) pandemic, have not been complied with.</p> <p>Table A1 in the TRAC return has not been completed correctly and when compared to the financial statement there are omissions.</p>

2.1 – Governance and quality assurance	2.1.7	Updated assurance reminders document in annex 2.1b
3.1 – Data required for TRAC	3.1.3	The following has been added: In determining how to define academic department in the TRAC model, consideration should be given to the impact it could have on the accuracy of the cost allocations. For example, if academic departments are aggregated to a high level in the TRAC model, this could affect the extent to which cost allocations are differentiated to reflect the different levels of costs consumption by different activities.
3.1 – Data required for TRAC	Row above 3.1.4.17	The following comment has been added to remove uncertainty about which TRAC requirements apply to which time allocation process: Note: TRAC requirements 3.1.4.17 – 3.1.4.24 apply to all methods of time allocation.
3.1 – Data required for TRAC	3.1.4.26	The following has been added: The TRAC requirements specified under each method of time allocation should <u>all</u> be complied with.
3.1 – Data required for TRAC	3.1.4.26a	... <ul style="list-style-type: none"> There is a maximum look-back period of: <ul style="list-style-type: none"> Six months to the start of the collection window, which includes eight weeks from the end of the collection window. Institutions have until the submission of the 2021-22 TRAC return to comply with this requirement.
3.1 – Data required for TRAC	3.1.4.26b	<ul style="list-style-type: none"> There is a maximum look-back period of: <ul style="list-style-type: none"> Six months to the start of the collection window, which includes eight weeks from the end of the collection window. Institutions have until the submission of the 2021-22 TRAC return to comply with this requirement.
3.1 – Data required for TRAC	3.1.5.3	Annex 3.1d provides a worked example of how table A1 should be completed in the TRAC return. If the institution’s financial statements detail items below ‘Surplus/(deficit) before other gains losses and share of operating surplus/deficit of joint ventures and associates’, a query should be raised with the TRAC helpdesk to confirm how the item should be treated in TRAC.
3.1 – Data required for TRAC	3.1.6	Additional ‘what could go wrong’ The additional requirements detailed in annex 1.1b, in relation to the impact on operational arrangements during the coronavirus (COVID-19) pandemic, have not been complied with.

3.1 – Data required for TRAC	3.1.7 – Annexes	Noting the new annex - 3.1d - Worked example of how to complete table A1 of the TRAC return
3.1 – Data required for TRAC	3.1.8 – Good practice	Addition of reference to the Pensions briefing note: Pensions briefing note: www.trac.ac.uk/wp-content/uploads/2018/08/Pensions-accounting-under-FRS102.pdf
3.3 – Direct cost attribution	3.3.4.3	b) From this, allocating the total costs of reimbursed ‘agency’ ²⁸ costs to Other (income-generating activity);
3.3 – Direct cost attribution	3.3.5.4	Where material and possible to do so, the following cost types should be attributed directly to academic departments and then to Other (income-generating activity) ³¹ ... Catering facilities (where operated for commercial purposes), conferences and residences costs should be allocated directly to Other (income-generating activity), or through academic and central departments first if preferred.
3.3 – Direct cost attribution	3.3.5.8	... • allocating the total costs of reimbursed ‘agency’ ³² costs to Other (income-generating activity);
3.3 – Direct cost attribution	3.3.6	Additional ‘what could go wrongs’: The additional requirements detailed in annex 1.1b, in relation to the impact on operational arrangements during the coronavirus (COVID-19) pandemic, have not been complied with. The cost of services to students that may be loss making/subsidised by the institution are allocated in TRAC to Other (non-commercial activity).
3.4 – Allocating academic department and central costs	3.4.5.1	• restructuring costs (except the costs of a fundamental reorganisation or restructuring) ³³ ; ... • an element of non-pension related interest costs;

²⁸ Distinction awards, payments for Additional doctors’ hours, intensity payments, etc.

³¹ Costs recorded as Other Services Rendered in the published financial statements/HESA, or activities that generate, or could potentially generate, income, but are not teaching or research.

³² Distinction awards, payments for Additional doctors’ hours, intensity payments, etc.

³³ ~~The former FRS 3 requirement to show separately on the face of the income and expenditure account the costs of a fundamental reorganisation materially affecting the operation and profits of the entity has not been included in FRS 102 and such costs are included in the main income and expenditure headings (and disclosed where material) rather than included ‘below the line’.~~

3.4 – Allocating academic department and central costs	3.4.5.5	... <ul style="list-style-type: none"> • an element of non-pension related interest costs
3.4 – Allocating academic department and central costs	3.4.5.15	<p>Non-pension related interest costs should be allocated to the TRAC activities, relative to how the loans/debt instruments have been used. For example, loans/debt instruments may have been used to fund the acquisition or development of buildings, IT or other activities. It is therefore suggested that:</p> <ul style="list-style-type: none"> • the proportion of non-pension related interest costs relating to buildings is allocated either directly to academic departments and TRAC activities where possible or to the estates cost pool, and allocated to TRAC activities using the estates cost driver; • non-pension related interest costs relating to residences, catering and commercial activities is allocated to Other (income-generating activities); • the proportion of non-pension related interest costs relating to IT (where material) is allocated to the IT indirect cost pool and allocated to academic departments and TRAC categories using the IT cost driver; • non-pension related interest costs arising from loans, bond or private placements that are unspent should be allocated to Other (non-commercial activity) category; • non-pension related interest costs relating to short-term finance and/or revolving credit facilities that are not supporting specific capital projects should be allocated to academic departments and TRAC activities in line with total expenditure; and • the balance of non-pension related interest costs not allocated through the methods above should be allocated to academic departments and TRAC activities in line with total expenditure.
3.4 – Allocating academic department and central costs	3.4.5.16	<p>TRAC Requirement 3.4.5.15 has been renumbered to be 3.4.5.16.</p>
3.4 – Allocating academic department and central costs	3.4.6	<p>Additional 'what could go wrong'</p> <p>The additional requirements detailed in annex 1.1b, in relation to the impact on operational arrangements during the coronavirus (COVID-19) pandemic, have not been complied with.</p>

3.5 – Income allocation	3.5.3 Figure 3.5	Update to add OfS Finance return and HESA Finance record table references
3.5 – Income allocation	3.5.5.2	Update wording and table references to OfS Finance Return and HESA Finance record: <ul style="list-style-type: none"> The left side of the workbook provides a copy of the OfS Finance Return Table 4³⁵ / HESA Finance record Table 6 template³⁶. This template is provided for institutions to populate with their own OfS/ HESA Finance return data.
3.5 – Income allocation	3.5.5.6	Allocate income for tuition fees and education contracts (for each type of income in OfS Finance Return guidance Table 6 (Analysis of income – course fees and education contracts analysed by domicile, mode, level and source) / HESA Finance Coding Manual Table 57 (Tuition fees and education contracts analysed by domicile, mode, level and HESA cost centre)):
3.5 – Income allocation	3.5.5.11, 12 and 13 3.5.5.19	Annex references corrected from 1.1a to 1.2a
3.5 – Income allocation	3.5.5.20	Allocate investment income: <ul style="list-style-type: none"> income from endowments investments to Other (non-commercial activity), unless it relates to an endowment that was given for a specific activity related to Teaching or Research;
3.5 – Income allocation	3.5.6	Additional ‘what could go wrong’ The additional requirements detailed in annex 1.1b, in relation to the impact on operational arrangements during the coronavirus (COVID-19) pandemic, have not been complied with.
4.1 – Annual TRAC return	4.1.5.5 Annex 3.1d provides a worked example of how table A1 should be completed in the TRAC return. If the institution’s financial statements detail items below ‘Surplus/(deficit) before other gains losses and share of operating surplus/deficit of joint ventures and associates’, a query should be raised with the TRAC helpdesk to confirm how the item should be treated in TRAC.

³⁵ OfS Finance return guidance, see <https://www.officeforstudents.org.uk/publications/regulatory-advice-14-guidance-for-providers-for-the-annual-financial-return/>

³⁶ HESA Finance record guidance, see <https://www.hesa.ac.uk/collection/> Collection reference C19031 when released by HESA – expected to be live in September/October 2020.

4.2 – Research charge-out rates	4.2.4.11	All biological facilities (operated under a Home Office licence) should be costed as research facilities and charged directly on projects. All TRAC research facilities should be costed in line with TRAC guidance.
4.2 – Research charge-out rates	4.2.5.11	Deleted the following to reduce any misinterpretation of the costing requirements <u>only</u> applying to Home Office facilities: (NB: Biological facilities (operated under a Home Office licence) must include all of these cost elements.)
4.2 – Research charge-out rates	4.2.5.14	Where an institution has a new research facility that is to be costed as a TRAC research facility, and is to come into use after 1 February, the institution should consider how material the impact of this is in line with annex 1.2a. Where the institution wants to treat this as a TRAC research facility, and where the new facility has a material impact, the institution has the following options: <ul style="list-style-type: none"> • It can estimate the cost of the facility and the expected reasonable utilisation as part of the TRAC return submission and deduct the associated costs from the estates cost pool to prevent double counting. The institution then has a charge out rate it can use in costing research bids; or • The institution can re-submit its TRAC return with the new research facility rate included once the facility becomes available, and the associated costs deducted from the estates cost pool. Where the introduction of the new facility does not create a material impact on the charge-out rates, institutions can introduce and use the new facility charge-out rates mid-year without re-submitting the TRAC return. For new TRAC research facilities it is likely that the estimates of utilisation will be refined in the early years.
4.2 – Research charge-out rates	4.2.5.15	TRAC Requirement 4.2.5.14 has been renumbered to be 4.2.5.15.
4.2 – Research charge-out rates	4.2.5.16	TRAC Requirement 4.2.5.15 has been renumbered to be 4.2.5.16.

4.2 – Research charge-out rates	4.2.6	<p>Additional ‘what could go wrong’</p> <p>The additional requirements detailed in annex 1.1b, in relation to the impact on operational arrangements during the coronavirus (COVID-19) pandemic, have not been complied with.</p> <p>The research FTE used in the calculation of the charge-out rates has not been updated for any changes or high-level adjustments made to the time allocation data as a result of the profile of activities changing due to COVID-19.</p>
4.3 – TRAC for teaching return	4.3.5.6 and 4.3.5.10	<p>Notes added at certain points in Chapter 4.3 to indicate that Chapter 4.3 is Not applicable – TRAC(T) data for 2019-20 will not be collected.</p>
6 – Glossary	HESES	<p>...</p> <p>www.officeforstudents.org.uk/data-and-analysis/data-collection/heses/</p>
6 – Glossary	Materiality	<p>Materiality for TRAC is defined as an impact of 10% or more on the allocation of income or costs to any of the TRAC categories, Research sponsor types, Science, non-Science and Clinical activity levels, and/or the Research charge-out rates.</p> <p>Materiality is defined further at annex 1.2a.</p>