# Annex 1.1a – TRAC guidance change log

The log below shows the sections of Version 2.5 of the TRAC guidance (July 2020) that have been updated in Version 2.6 (September 2021) 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(T) and the associated annexes in the explanation of the TRAC guidance structure have been updated to state that TRAC for Teaching is **N/a – TRAC(T) is not being collected for academic year 2020-21.** |
| Introduction | 1.1.3 | **2021 – TRAC(T) data collection suspended for 2020-21 collection.** |
| Introduction | 1.1.5 - Annex 1.1b | **Temporary guidance and TRAC requirements in relation to the impact of coronavirus (COVID-19).** |
| Introduction | 1.3.3.3 | Additional clarifications added regarding the use of the 'Other non-commercial' TRAC activity.<br>This category is not **to be used for the following unless agreed in advance with the TRAC Support Unit and Funders:**<br>• subsidies or loss-making services provided to students, such as catering or sports facilities. These activities should be allocated to Other (income-generating activity);<br>• **pension costs;**<br>• **impairment write-down;**<br>• **COVID-related costs/bursaries to students**<br>• **anything unusual which should be discussed with the Funders and the TRAC Support Unit.** |
| 2.1 – Governance and quality assurance | 2.1.3 - Figure 2.1 | Diagram updated to reflect the removal of the TRAC return being approved by a Committee of the Governing Body prior to submission. |

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| 2.1 – Governance and quality assurance | 2.1.4.3 | • The TRAC process and results (the Annual TRAC return and charge-out rates ~~and the TRAC(T) return~~) should be subject to review **by the TRAC Oversight Group (or equivalent)** ~~and approval by a Committee of the Governing Body~~ to confirm compliance with TRAC requirements before submission.<br>• **A Committee of the governing body should take steps to ensure that the TRAC process followed by the institution in producing the TRAC return complies with TRAC requirements.** |
| 2.1 – Governance and quality assurance | 2.1.5.17 | The Oversight Group receives the results of the reasonableness tests performed, together with the results of any assurance reviews, the TRAC returns and cost rates for review and, eventually, approval. It is typical practice for draft results to be presented for debate in November. This allows time for any refinements or changes to be made to the TRAC model before the TRAC return is approved by ~~a Committee of the Governing Body, signed by~~ the Accountable Officer and submitted. |
| 2.1 – Governance and quality assurance | 2.1.5.18 | ~~The approved Annual TRAC return and TRAC(T) return should then be signed off by a Committee of the Governing Body, before the returns are submitted, to confirm compliance with TRAC requirements. The Committee will have lay membership and will usually be chaired by a member of the Governing Body.~~<br>The Annual TRAC return ~~and TRAC(T) returns~~, a summary of the reasonableness checks and any comments **and confirmation of compliance with TRAC requirements** from the Oversight Group ~~and confirmation of sign-off by a Committee of the Governing Body~~ should be available when the Accountable Officer approves the return. |

| Guidance section | Reference | Updated TRAC guidance |
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| 2.1 – Governance and quality assurance | **2.1.5.22** | ~~Removed.~~ **A Committee of the governing body is responsible for ensuring that the TRAC process used to produce the TRAC return complies with the TRAC requirements.**<br>**A suggested approach to meet this requirement is as follows:**<br>• **Receiving a report from management on the TRAC benchmarking and any reasons for the institution having outlying results. Where there are outlying results that require action, the Committee should ensure that this work is part of the plan for compiling the next TRAC return;**<br>• **Reviewing the steps undertaken in the previous submission cycle to ensure that:**<br>  • **The institution updated its process to reflect changes to the TRAC guidance, noted in annex 1.1a of the TRAC guidance;**<br>  • **High level adjustments have not been repeated for more than one year (except for COVID-19 related adjustments);**<br>  • **A self-assessment against the TRAC Statement of Requirements was undertaken and where areas of non-compliance were identified an action plan has been developed and will be addressed in the next submission cycle;**<br>  • **Any issues identified in Internal Audit and/or UKRI Assurance Reviews have been addressed, or they will be addressed in the next TRAC submission; and**<br>  • **Consideration was given to the common areas of non-compliance with TRAC requirements, outlined in the Assurance Reminders document (annex 2.1a) and the institution is satisfied that it has not made these errors;**<br>  • **Receiving a report on the plan for producing the next TRAC return to enable the Committee to be assured that the institution will be compliant with TRAC requirements. This report should include identifying any new TRAC requirements and how the institution is responding to these; progress on actions from any action plans to address areas of non-compliance, where relevant; actions arising from Internal Audit and UKRI Assurance reports and any changes that are proposed to the institution's TRAC model.** |

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| | | **The minimum requirement is that a single report is made to a Committee of the governing body to address the matters detailed in this section (2.1.5.22). The timing of reporting to the Committee of the governing body is best made as part of planning for the annual submission cycle. However, institutions have discretion to report more frequently to a Committee of the governing body, according to specific circumstances. It is no longer a requirement for a Committee of the governing body to be part of the process for approving and submitting the TRAC return.** |
| 2.1 – Governance and quality assurance | 2.1.6 | Removal of the following 'What could go wrongs':<br>• ~~The TRAC(T) return has not been approved by a Committee of the Governing Body.~~<br>• ~~The TRAC Oversight Group passes the TRAC return and TRAC(T) returns for sign-off by the Accountable Officer without gaining approval from a Committee of the Governing Body.~~<br>• ~~The Committee of the Governing Body that approves the TRAC return and TRAC(T) returns for sign-off by the Accountable Officer does not meet before the submission deadlines.~~<br><br>Addition of the following 'What could go wrong':<br>• **A Committee of the governing body has not taken steps, outlined in 2.1.4.3 and 2.1.5.22, to ensure that the institution complies with TRAC requirements.** |
| 2.1 – Governance and quality assurance | 2.1.7 | **Updated assurance reminders document in annex 2.1b** |

| Guidance section | Reference | Updated TRAC guidance |
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| 3.1 – Data required for TRAC | 3.1.4.26a | Removed:<br>• ~~The collection should cover all staff not directly charged to TRAC activities for periods representative of 12 months within a three-year cycle, ensuring that the returns received are representative of the grade mix for each academic department.~~<br>And replaced with:<br>• **All staff not directly charged to TRAC activities complete at least three schedules, covering the whole academic year, at least every three years. This method of time allocation does not allow sampling of staff or sampling weeks of the year. All staff not directly charged to TRAC activities are surveyed.**<br><br>Bullet 5 updated as follows:<br>• A minimum response rate of 75% for academic departments with a total population of less than 50 academic staff; or 50% or 38 returns (whichever is greater) for academic departments with 50 academic staff or more, is achieved. **The returns received should be representative of the grade mix for each academic department.** |
| 3.1 – Data required for TRAC | 3.1.5.3 | Addition of impairment write-downs to the list of items which should be referred to the TRAC helpdesk for confirmation of treatment within TRAC.<br>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, **impairment write-downs** 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 | 3.1.5.14 | Remove the following bullets to provide consistency with TRAC requirements:<br>• ~~achieve a minimum response/confirmation rate of:~~<br>– ~~75% for departments with a total population of less than 50 academic staff, or~~<br>– ~~50% or returns from 38 academic staff, whichever is greater, for departments with a total population of 50 academic staff or more.~~ |

| Guidance section | Reference | Updated TRAC guidance |
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| 3.1 – Data required for TRAC | 3.1.6 | Addition of two new ‘What Could Go Wrongs’ regarding in-year retrospective time allocation method:<br>• **When following an in-year retrospective method for academic staff time allocation, a sample of staff (rather than all staff) and/or a sample of weeks of the year (rather than returns covering the whole year) are used within an in-year time allocation survey collection.**<br>• **A statistical approach is used to collect academic time allocation data but is not completed every year.**<br><br>Removal of the following ‘What could go wrong’:<br>• ~~Indexation is unlikely to be correct if it is close to zero.~~<br>In the current economic climate indexation may be zero or even negative. |
| 3.2 – Margin for Sustainability and Investment | 3.2.6 | Additional ‘What could go wrong’<br>**The MSI allocated to the indirect and estates cost pools for each TRAC activity does not agree to the total value of MSI allocated to each TRAC activity (i.e. Teaching, Research and Other).** |
| 3.2 – Sustainability adjustment - Margin for Sustainability and Investment | 3.2.5.4 | Additional clarification added to the existing requirement as follows:<br>The EBITDA for MSI should be attributed to TRAC activities in two stages, as follows:<br>• the EBITDA for MSI adjustment should be attributed to T, R and O and to academic departments in proportion to the total of all costs in TRAC, before **the** addition of the EBITDA for MSI; and<br>• the EBITDA for MSI for T, R and O should be allocated between the indirect and estates cost pools in proportion to the numerator of each charge-out rate **[and for each activity category]. E.g. if £5m of MSI was allocated to Research, this £5m should be shared between the Estates and Indirect cost pools for Research in proportion to the costs allocated to these two cost pools, before adding the share of MSI.** |
| 3.4 – Allocating Academic Department and Central | 3.4.5.5 | Additional bullet added to the list of costs included within the estates cost pool:<br>• **building impairment costs;** |

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| 3.4 – Allocating Academic Department and Central Costs | 3.4.5.15 | **This section has been made a formal TRAC requirement.**<br>The following has also been added:<br>**Where an institution has incurred loan breakage costs or re-financing costs these should be allocated within the TRAC model in line with how non-pension related interest costs have been allocated (see above).** |
| 3.4 – Allocating Academic Department and Central Costs | 3.4.6 | Additional 'What could go wrongs' added as follows to help institutions avoid making errors in how certain costs are allocated:<br>• **Loan breakage costs or re-financing costs are allocated within the TRAC model to Other (non-commercial), rather than in line with how non-pension related interest costs have been allocated (3.4.5.15).**<br>• **Costs relating to the following are allocated to Other (non-commercial) in error:**<br>  ◦ **pension costs;**<br>  ◦ **impairment write-downs;**<br>  ◦ **COVID-related costs/ bursaries** |
| 4.1 Annual TRAC return | 4.1.4.8 | Removal of the following requirement:<br>~~The Annual TRAC return should be signed off by a Committee of the Governing Body.~~ |
| 4.1 Annual TRAC return | 4.1.4.10 | Post-submission, on receipt of sector benchmarking data, institutions should review their TRAC data again against peer group and sector data to consider whether data outliers appear reasonable. If errors are identified at this stage, the Annual TRAC return should be corrected and uploaded again. **A Committee of the governing body should ensure that the institutions TRAC process complies with the TRAC requirements.** |
| 4.1 – Annual TRAC return | 4.1.5.10 | Removal of the reference to TRAC(T):<br>Institutions should ensure that the appropriate proportion of the costs of teaching has been allocated between PFT and NPFT.<br>~~In preparing the TRAC(T) return (see 4.3.5.3) the institution will find it helpful to review their non-publicly funded teaching (NPFT) student numbers, which have been used as a cost driver to allocate costs between PFT and NPFT, and if necessary update the student numbers and re-allocate the costs. This will ensure that they are robust at academic department level, which is required for TRAC(T).~~ |

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| 4.1 – Annual TRAC return | 4.1.5.13 | ~~When~~ The TRAC Oversight Group **should** ~~has~~ confirm~~ed~~ satisfactory completion of the return, after performing the reasonableness checks outlined in chapter 2, ~~a Committee of the Governing Body should consider~~ and **confirming** that the process followed in completion of the TRAC return has complied with the TRAC requirements, as outlined in 2.1.5.22.<br>Following this, the Annual TRAC return should be printed and the declaration sheet signed by the Accountable Officer and scanned as a signed PDF ready for submission to the OfS/Funding Councils. **An electronic signature for the Accountable Officer sign-off is permitted and the OfS/Funding Councils will regard this as formal regulatory declaration in the same way as physical sign-off. Where an electronic signature is used, providers should exercise robust control of the use of electronic signatures for regulatory declarations by the Accountable Officer.**<br>Following this, the Accountable Officer will need to sign the declaration sheet. This can be done by either printing off the Annual TRAC return and arranging for the paper copy to be signed. The paper copy will need to be scanned as a signed PDF ready for submission to the OfS/Funding Councils. Alternatively, the declaration sheet should be signed electronically by the Accountable Officer and submitted as a PDF to the OfS/Funding Councils.<br>**Further information on the process for submitting the TRAC return and the relationship this submission has with the submission of the OfS Finance Record / HESA Finance Return is provided in annex 4.1c.** |
| 4.1 – Annual TRAC return | 4.1.5.17 | When undertaking post-submission analysis against TRAC benchmarking data (see 4.1.5.16 above) institutions are encouraged to review whether opportunities exist for system and process improvement to address weaknesses in the TRAC approach.<br>Where opportunities exist for system improvement, the TRAC Oversight Group should agree an action plan for implementation.<br>**A Committee of the governing body should ensure that the process that is in place for the generation of the TRAC return is compliant with TRAC requirements. Actions that could be taken to achieve this are detailed in 2.1.5.22.** |

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| 4.1 – Annual TRAC return | 4.1.7 – Annexes | New annex:<br>4.1c: **The submission process for the Annual TRAC Return**<br>This is an annex to help explain how the submission of the Annual TRAC return interacts with the OfS Finance Record / HESA Finance Return. |
| 4.2 – Research charge-out rates | 4.2.2 | Updated to provide consistency with other parts of the TRAC Guidance:<br>For institutions claiming dispensation, the indirect and estates cost rates to be applied are the **lower of the** dispensation rates published annually by UKRI[30] **or the institution's own rates**. |
| 4.3 – TRAC for teaching return | 4.3.5.6 and 4.3.5.10 | Notes added at certain points in Chapter 4.3 to indicate that Chapter 4.3 is **N/a – TRAC(T) is not being collected for academic year 2020-21.** |

30 www.ukri.org/about-us/policies-and-standards/funding-assurance-programme/