

# Terms and Conditions of Funding: higher education institutions

**2025/26**



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## Introduction

1. This document sets out the terms and conditions of the Commission for Tertiary Education (Medr), made available by the Minister for Education for the purposes of the provision of education and the undertaking of research, and the provision of facilities and carrying out of any other activities for the purpose of, or in connection with, education and research for the period 1 August 2025 to 31 July 2026.
2. This document records the agreement between the Commission for Tertiary Education and Research (Medr) and **name of provider** in receipt of this funding as set out in the annual Funding Allocations circular and other funding allocations made from time to time.
3. This document supersedes the Memorandum of Assurance and Accountability ([W15/32HE](#)), which had previously replaced the Revised Financial Memorandum and Audit Code of Practice 2008 (W08/36HE).
4. This document **does not** supersede the Financial Management Code (FMC) ([W17/16HE](#)), but operates in parallel to the FMC, and regulated institutions must also comply with the requirements set out in the FMC.
5. We have been mindful of a number of guiding principles whilst preparing this document. These principles are:
  - a. Protecting the exchequer interest and accountability for exchequer funds;
  - b. The need to maintain stakeholder confidence in the higher education sector;
  - c. The protection of the student interest;
  - d. Minimising regulatory burden and removing duplication;
  - e. Recognising institutional autonomy;
  - f. Reasonable and proportionate accountability; and
  - g. Adopting a consistency of approach with other UK HE funding bodies where possible (for example, in respect of financial requirements and the consideration of the student interest), in order that the regulatory environment in Wales supports the ability of Welsh institutions to operate competitively across Wales, the United Kingdom and internationally.
6. The definitions of terms used within this document are set out within '**Annex A: Glossary**'.

## Application of this document

7. This document does not override the requirements of the provider's charter, statutes (or equivalent) and the law relating to the providers' charitable status but is intended to complement and reinforce them. Nothing in these terms and conditions shall require the provider to act in a manner which would cause it to lose its charitable status, or which would be inconsistent with its charter and statutes.
8. Where we use the term 'must', this indicates a specific legal requirement or condition of funding under this document. Institutions must comply with these requirements, and failure to do so could result in Medr recovering and/or ceasing funding under the terms of this document. We use 'should' for items we regard as minimum good practice, but for which there is no specific legislation or where we are not setting a condition of funding under this document. We will, however, consider the extent to which a provider has adopted the 'should' provisions (or alternative, equally robust arrangements) in our assessment of provider risk.
9. From time to time, we may within subsequent guidance, attach extra mandatory requirements to the conditions of funding, following appropriate consultation with the sector.
10. This document takes effect from 1 August 2025 and covers the period 1 August 2025 to 31 July 2026.

## **Responsibilities of Medr**

### *Payment of funds in accordance with legislation*

11. Payments to the institution by Medr are made in support of activities specified in section 65(2) of the Further and Higher Education Act 1992.
12. Payments will be subject to the provisions of the 1992 Act, the conditions set out in this document, and such terms and conditions as Medr may from time to time prescribe in accordance with the 1992 Act, and after the consultation required under section 66(1) of the Act. In accordance with section 65(3) of the 1992 Act, the payment of funds will be subject to such terms and conditions as Medr may impose, including those set out in this document. However, in accordance with section 65(4) of the 1992 Act, these terms and conditions will not relate to the application by the institution of any funds not derived from Medr.
13. In accordance with section 66(2) of the 1992 Act, Medr does not wish to discourage the institution from maintaining or developing its funding from sources other than Medr.

### *Arrangements for payment of funding*

14. Medr will make payments of all teaching funding and research funding to the institution against a profile of payments which has been notified separately by email to Vice Chancellors/Principals and Directors of Finance.

### *Protection of public funds*

15. The Chief Executive of Medr has been appointed as its Accounting Officer. As such, they are responsible and accountable to Welsh Government for ensuring that the funds received from the Minister for Education (or successor) are used for the purposes for which they were given and in ways that comply with the conditions attached to them. The Chief Executive is also responsible for promoting good value for money through grants paid to institutions and associated guidance.
16. All funding provided by Medr is made available subject to the funding being deployed.
17. The Chief Executive must satisfy themselves that the governing body (or equivalent) of the provider has appropriate arrangements for internal control (including financial management and accounting), and that Medr's funds are used for the purposes for which they were given.

### *Auditors' access to information*

18. The Auditor General for Wales, head of Audit Wales, is the external auditor of both the Welsh Government and Medr. The Auditor General for Wales has the right to inspect the accounts of any institution that receives Medr grant or Welsh Government funding and to carry out value for money investigations.

### *Right to suspend payment of funds*

19. In their role as Accounting Officer, the Chief Executive of Medr may suspend the payment of grant, either in whole or in part and either permanently or temporarily, if in his or her opinion it is appropriate and reasonable to do so in order to safeguard public funds.
20. In their role as Accounting Officer, the Chief Executive of Medr shall inform the institution's governing body (or equivalent) and/or its audit committee if they have serious concerns about the institution's financial affairs or system of internal controls.

## **Responsibilities of the institution to us and to students**

### *Governing Body responsibility for compliance with this document*

21. The responsibility for ensuring that the institution complies with the Terms and Conditions of Funding and related guidance rests with the governing body of the provider.

### *Proper stewardship of public funds*

22. The governing body of the institution is responsible for ensuring that funds from Medr are used only in accordance with the 1992 Act, these terms, and any other conditions that Medr may from time to time prescribe.
23. The governing body must exercise its discretion reasonably in the use of public funds and take into account any relevant guidance on accountability or propriety issued from time to time by Medr, Audit Wales or the Public Accounts and Public Administration Committee of the Senedd Cymru.

### *Robust, accountable and transparent governance structures*

24. Providers must have robust governance structures in place to enable them to effectively identify and manage conflicts of interest and whistleblowing incidents. Any instances of where such conflicts and whistleblowing incidents have not been managed, and where this has resulted in a failure, should be reported to Medr immediately. This information must be in a format which is readily accessible to stakeholders, including Medr. See paragraph 41 for further information.
25. Issues of independence or conflict should be highlighted to the Chair of the governing body.
26. Medr expects institutions to sign up for and work towards delivering the commitments as set out in Governance Charter for Universities in Wales.

### *Composition of the governing body*

27. The governing body must consider the diversity of its composition, particularly in terms of protected characteristics. At each step of the recruitment exercise for new members, care should be taken that an applicant's ability is not conflated with their

experience. Recruitment efforts for governing body memberships should be proactive and target under-represented groups. We do not consider it sufficient to openly advertise a vacancy without taking proactive measures to bring the advert to the attention of under-represented groups.

28. The accountable officer must inform Medr's Chief Executive if neither an external search consultancy nor open advertising has been used in the appointment of a governing body member. The use of an external search consultancy or open advertising is not a condition of grant, however, we consider it to be good practice.
29. Medr will consider the composition of the governing body and the provider's report on its equality and diversity policies within its Provider Risk Review process.

#### *Accountable officer's role and responsibilities*

30. The head of a provider is first and foremost responsible for leadership of the academic affairs and executive management of the institution.
31. The governing body must designate an individual (normally, but not necessarily, the head of the institution) as the 'accountable officer' to assist and enable the governing body to discharge its reporting responsibilities to Medr.
32. The accountable officer may be required to appear before the Public Accounts and Public Administration Committee of the Senedd Cymru alongside the Chief Executive of Medr on matters relating to grants to the institution.
33. The accountable officer must advise the governing body immediately if, at any time, any action or policy under consideration by the governing body appears to the accountable officer to be incompatible with the terms of this document. If the governing body decides nevertheless to proceed, the accountable officer must immediately inform the Chief Executive of Medr in writing.

#### *Absence or removal of accountable officer*

34. If, in the judgement of the Medr Chief Executive, there is evidence of serious failure in relation to the oversight and management of public funds, they will raise this as appropriate with the accountable officer concerned and/or the chair of the governing body; provide the relevant evidence; and seek and consider a response.

#### *Responsibility for reporting significant events*

35. The institution's accountable officer must notify Medr of any serious weakness, such as a significant and immediate threat to the provider's financial position, significant fraud or major accounting breakdown and the action being taken by the institution to address this weakness.
36. The provider's accountable officer should notify Medr of any fraud which, whilst not being significant, indicates a serious weakness in financial control and the action being taken by the institution to address this weakness.



37. The provider's accountable officer should notify Medr of any fraud reported to the Police, which has actually or potentially been committed, in line with Charity Commission guidance<sup>1</sup>.
38. If an issue or weakness has been identified, or is being investigated, by a funder or regulator other than Medr, the accountable officer must make us aware of this.
39. 'Serious weakness' is defined as one which has resulted in, or could result in, a significant loss of funds or a significant risk to a provider's property, work, data, beneficiaries or reputation.
40. Where providers think there is reason to believe that the quality of provision is inadequate or likely to become inadequate as identified through their own processes including via complaints, they must treat this as a notifiable event and inform Medr as soon as possible.
41. The provider's accountable officer must inform Medr of any instances where conflicts of interest and whistleblowing incidents have not been managed and where this has resulted in a failure: these should be reported to Medr immediately. Information will be treated with confidentiality and will not be shared without first seeking permission from the provider.
42. The providers' accountable officer must inform Medr of any quality related significant events. Information will be treated with confidentiality and will not be shared without first seeking permission from the provider.
43. The providers' accountable officer must inform Medr of any significant events reported to another regulator. Information will be treated with confidentiality and will not normally be shared without first seeking permission from the provider.
44. The institutions' accountable officer must inform Medr of any breach or non-compliance with UK legislation.

#### *Governing Body's responsibility to deliver value for money*

45. The governing body is responsible for delivering value for money from public funds. It must keep under review its arrangements for managing all the resources under its control, taking into account guidance on good practice issued from time to time by Medr, the Auditor General for Wales or the Public Accounts and Public Administration Committee of the Senedd Cymru.

#### *Responsibility to provide Medr with accurate and timely information*

46. The provider must provide Medr, or agents acting on its behalf, with whatever information Medr requires to exercise its functions under the 1992 Further and Higher Education Act, and the Higher Education (Wales) Act 2015.
47. The institution must provide Medr with access to all books, records, information, systems and assets. Medr can require any officer to give any explanation which it

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<sup>1</sup> <https://www.gov.uk/guidance/how-to-report-a-serious-incident-in-your-charity>

considers necessary to fulfil its responsibilities. The books and records of the institution shall also be open to inspection by the Auditor General for Wales.

48. If the provider is overpaid grant as a result of Medr using estimated data, Medr reserves the right to recover any overpayment, plus interest, in accordance with paragraphs 76 to 80 below.
49. Providers will be asked to provide data that they have collected to Medr or to other bodies acting on Medr's behalf. At present, the Higher Education Statistics Agency (HESA) acts as an agent both for the institution and for Medr in collecting information required by Medr and passing that information to Medr and/or to Welsh Government on behalf of Medr. These data will often contain personal details for students and/or staff. To ensure that institutions and Medr can fulfil their duties under the Data Protection Act 2018 and the General Data Protection Regulation (GDPR) (EU 2016/679), providers must satisfy themselves when collecting data that students and/or staff are aware of data is being collected for these purposes. Providers must inform students and staff that their personal data will be submitted to HESA and must make HESA collection notices available to all relevant data subjects. The provider will co-operate with Medr as reasonably necessary to ensure that Medr or any other agents of Medr, are able to comply with the Data Protection Act 2018 in processing information supplied by the institution.

#### *Responsibility to provide Medr with data requested*

50. The provider must provide Medr, HESA or other organisations as required by Medr, with reliable and accurate information on the students it has enrolled and the credit values associated with those students, and with any other data required whether for calculating funding or for other reporting and analysis purposes.
51. The data provided by providers and used for funding purposes by Medr are subject to validation checks. The definitions used in the data returns are set out in Medr's 'Higher Education Students Early Statistics (HESES) and End of Year Monitoring (EYM) of Higher Education Enrolments surveys and also in the HESA record manuals.
52. Medr reserves the right to use its own estimates of student registrations, associated credit values and any other data for providers which fail to return data on time to Medr, HESA or other organisations, or where data is considered to be of insufficient quality.
53. The provider must comply with the code of practice for higher education data collections and to report any breaches of the Code to Medr. The provider must confirm their adherence to the Code as part of the annual assurance return<sup>2</sup>.

#### *Audit of data*

54. All data used in funding calculations are subject to an external data audit. Other data used by Medr for monitoring or analysis may also be included in the scope of an external audit. In addition to the adjustments described in paragraphs 50 to 53 above

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<sup>2</sup> <https://www.hesa.ac.uk/innovation/data-landscape/Codes-of-practice/Supply-side>

for credit-based teaching, funding adjustments may be made to funding in the light of errors or omissions found at audit where these have resulted in a provider receiving a higher allocation of funding than should have been the case. If the adjustment is less than £50,000, Medr will use its discretion, based on the circumstances of the audit findings, to decide whether or not the adjustment should be applied. If the adjustment is greater than £50,000 the adjustment will be applied in full.

#### *Notification of changes to senior roles*

55. Where a member of the governing body or one of its committees, or a clerk to one of these, leaves their post due to disagreement, dismissal or forced resignation, the accountable officer must notify us immediately of the reasons for the departure.
56. The accountable officer must also notify us immediately of the resignation or removal due to disagreement, dismissal or forced resignation of a member of the senior executive team. A member of the senior executive team is defined in accordance with FRS 102's definition for 'key management personnel'; that is "those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity". This is consistent with the approach that institutions are required to take in identifying their senior executive team for financial statements under the FE/HE Statement of Recommended Practice<sup>3</sup>.

#### *Securing quality provision of education*

57. The provider must comply with Medr's quality assessment processes as they have been set out for regulated institutions in accordance with the HE (Wales) Act 2015. This includes the Quality Assessment Framework for Wales.
58. All regulated providers are required to publish a Student Charter and Relationship Agreement which should be reviewed annually in partnership with the Students' Union.
59. Medr has a statutory responsibility to secure that assessment is made of the quality of provision of education provided in Wales by, or on behalf of, each regulated provider. We exercise this duty partly through commissioning regular external quality assurance reviews of regulated providers from the Quality Assurance Agency, in compliance with the European Standards and Guidelines requirements for such reviews.
60. A range of factors could give rise to the risk of the quality of education becoming inadequate. We therefore monitor a range of indicators throughout the year to determine our judgement of the likelihood of the quality of education becoming inadequate. This process could inform external quality assurance reviews, and would be informed by such reviews. Our Procedures for assessing the quality of education set out how we will determine the risk of provision being inadequate, or being likely to become inadequate. As noted above, instances which give reason to believe that the quality of provision is inadequate or likely to become inadequate, must be treated as

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<sup>3</sup> <https://www.frc.org.uk/getattachment/e1d6b167-6cdb-4550-bde3-f94484226fbd/FRS-102-WEB-Ready-2015.pdf>

notifiable events.

61. Medr has a clear regulatory interest to ensure that providers in receipt of public funds provide value for money and are responsible in their use of these funds, as described in this document. In cases both of inadequate quality, and where we have identified that quality is likely to become inadequate, we will expect the provider to take corrective action sufficient to address the issues. Prior to implementation of statutory intervention, we will liaise informally or formally with institutions. For regulated providers, Medr may also take action through its regulatory power under the HE (Wales) Act 2015.

### *Monitoring of complaints*

62. Providers must have a robust process in place for the handling of complaints made by students, staff and third parties. Governing bodies must be provided with a complaints report at least annually, which provides the Governing Body with assurance that complaints are being handled appropriately.

### *Compliance with the Research Integrity Concordat*

63. Medr is one of the signatories to the Concordat to Support Research Integrity, together with Universities UK, the other three UK higher education funding bodies, UK Research and Innovation, the National Institute for Health Research and the Wellcome Trust. It is our firm expectation that all universities in Wales should comply with the terms of the Concordat. All providers are asked to provide confirmation of their compliance with the Concordat within the Annual Assurance Returns.
64. Medr will require universities in Wales to: provide a copy of their policies on ethical review and approval and mechanisms for reporting allegations of misconduct; point to the area of the university website where information on research integrity is available; provide information on investigations of research misconduct to funders of research and to professional and/or statutory bodies as required by their conditions of grant and other legal, professional and statutory obligations.
65. Medr is one of the signatories to the Concordat to Support the Career Development of Researchers. It is also a member of the Concordat Strategy Group (CSG) which is comprised of representatives from funding bodies, higher education providers, and other organisations and associations from within and outside of higher education. The CSG is responsible for promoting the implementation of the principles of the Researcher Development Concordat across the UK. It is our firm expectation that all higher education providers in Wales should be signatories of the Concordat and adopt its principles, standards, and good practice. All higher education providers will be asked to provide confirmation of their signatory status and details of how they are meeting their signatory responsibilities, and their reasons for not signing up to the Concordat if not a signatory, within the Annual Assurance Returns.
66. If signatories to the Concordat, higher education providers should be implementing the signatory responsibilities as laid out in the Concordat. The Concordat is a sector-owned continuous improvement tool, and these responsibilities may change over time as the Concordat is reviewed. Medr will monitor providers' implementation of the signatory responsibilities of the Concordat through the Annual Assurance Returns,

within which institutions should include their annual Concordat Action Plan and their annual report to their Governing Body.

#### *Compliance with UK legislation relevant to Medr funding*

67. Institutions must ensure that their use of funding is compliant with all relevant legislation.

#### *Remuneration*

68. The institution must follow public sector pay policy by taking account of fairness, the need to recruit, motivate and retain staff and affordability within the limits set by the grant settlement.
69. The provider must comply with all the required disclosures regarding the remuneration of its higher paid staff in its audited financial statements, as specified in Medr's current Accounts Direction to institutions.
70. The provider should follow publicised remuneration good practice, including the principles set out in the CUC Senior Staff Remuneration Code (2021).

#### *Appropriate use of public funds*

71. Medr funds must not be used to subsidise non-public activities.
72. The provider must only use Medr funds for the activities eligible for funding as specified in sub-sections 65(2)(a), (b) and (c) of the 1992 Act. This condition also applies where the institution passes on a part of its provider grant to another legally distinct entity for provision of an activity which is eligible for funding. That includes passing on grant to colleges in the further education sector and where provision is delivered via sub-contractual arrangements or via a subsidiary company.
73. If passing on Medr provided funds to another legally distinct entity:
- a. The provider remains accountable for the funds and must retain sufficient oversight such that it can ensure that the funds are used for qualifying purposes under the Act. This oversight must cover, among other areas, both financial accountability and quality assurance. A written statement of the arrangements must be agreed by both parties. This statement must ensure that the chain of accountability for the use of Medr funds is not broken, and that the relevant parts of the terms and conditions of funding here within apply to the eventual user of the funding; and
  - b. This applies except in cases where the body to which the provider passes funds is also an institution funded in Wales. In such cases, as set down in Section 65(3A) of the 1992 Act, the provider must obtain our consent before passing Medr funds to the connected institution. If Medr consents to the passing of funds, Medr will give notice to all parties stating the party which will be held accountable for the funds.
74. The provider must use any funds which Medr has earmarked or provided for specific revenue or capital purposes, solely for those purposes.

75. If any Medr funds which were earmarked or provided for specific purposes are used for other purposes, the institution must report such use to Medr immediately.

#### *Circumstances in which public funds become repayable*

76. Under section 65(4) of the 1992 Act Medr may require repayment by the institution, in whole or in part, of funds received from Medr if the provider fails to comply with any terms and conditions attached by Medr to the payment of funds.
77. We may require a provider to repay funds if it has been over-funded.
78. Medr has a responsibility to secure that assessment is made of the quality of provision it funds and reserves the right to impose financial sanctions and/or withdraw funding from an institution where Medr considers the quality of provision to be unsatisfactory.
79. Medr also reserves the right to require the provider to pay interest at two per cent over the Bank of England base rate, in respect of any period during which a sum due to Medr under this Terms and Conditions of Funding, or any other condition, remains unpaid.
80. The value of the Exchequer interest in the institution (paragraph 89 to 91) becomes immediately repayable if the provider becomes insolvent, including going into liquidation or administration, or if it dissolves or transfers its undertaking to some other body, or if it experiences any analogous event.

#### *Requirement to subscribe to other bodies*

81. Under the 1992 Act and the Higher Education Act 2004, institutions are respectively required to subscribe to the Office of the Independent Adjudicator and Higher Education Statistics Agency.
82. Providers should remain apprised of the latest guidance from the Competition and Markets Authority and the Office of the Independent Adjudicator, or any successor bodies fulfilling those roles.
83. It is providers' responsibility to ensure that they comply with the requirements of the Welsh Language Standards (The Welsh Language (Wales) Measure 2011).

#### *Prudent management of the estate*

84. An estates condition survey should be undertaken on a regular basis and consideration should be given to this in the estate strategy.
85. Providers must put in place a carbon management strategy and plan. Progress against the strategy and plan should be monitored via the governance structure.
86. Providers should be working towards achieving Net Zero.
87. Providers must keep their holdings of land and buildings under review, with the



objective of rationalising and disposing of those which institutions consider to be no longer needed.

88. Processes should be implemented to ensure that space is effectively managed within the provider.

#### *Monitoring of the exchequer value held within the provider's assets*

89. Must make an annual return to Medr detailing the gross and depreciated value of exchequer interest in the assets of the institution. The provider must also detail the depreciation charge to the assets made within the year as well as the value and nature of any additions or impairments. Medr will issue a schedule to the provider to be returned annually in order that these elements can be identified.
90. Providers must abide by the Charity Commission's requirements over the disposal of charity land and buildings, which include requirements over the disposal price in relation to the market value of the asset.
91. Since repayment of the Exchequer interest only occurs at the discretion of Medr on the disposal of an asset (which would be considered atypical) or in the exceptional circumstances of insolvency, it does not need to be disclosed as a contingent liability in the provider's accounts.

#### *Disposal of assets in which there is an exchequer interest*

92. Paragraph 7 of WGSB Framework Document: Higher Education Funding Council for Wales requires HEFCW to safeguard the exchequer interest funded assets in institutions. This is now the responsibility of Medr.
93. Providers must request consent in advance from Medr before disposing (in full, or in part) of assets in which there is an exchequer interest and whose valuation exceeds a market value of £25,000.
94. Providers must also apply for consent from Medr where they intend to cease using an asset containing an exchequer interest for its intended purpose.
95. In providing consent, Medr will determine the extent to which the public investment is repayable.
96. If a property comprising an exchequer interest is leased for use for activities other than vacation lettings or those eligible for funding by Medr under section 65(2) of the 1992 Act, then rent or an appropriate proportion thereof (after deduction of any ground rent or other charges, administration costs and any expenditure necessary to keep the property in a state to command that rent) must be paid to Medr.
97. Proceeds from the sale of Exchequer assets remain the property of the Exchequer and therefore remain subject to the provisions of this document.
98. The Welsh Ministers may, after consultation with the Council, specify conditions under which they would waive the application in which circumstances public funds become repayable.

### *Financial commitments*

99. Under Section 69(4) of the 1992 Act, Medr has a duty to protect the exchequer interest in the development of any land, building or other asset which was:
- i. acquired by the institution using public funds; and
  - ii. the public funds having a condition attached requiring the institution to obtain the Minister's consent before raising capital finance on the security of those assets.
100. This duty requires that the provider must obtain prior written consent from Medr where the provider wishes to grant security over such an asset. In seeking such approval from Medr the institution must demonstrate in writing its compliance.

### *Financial statement preparation*

101. Financial statements for the provider (or consolidated group accounts where the institution is a parent entity) must be prepared in accordance with the SORP ('Statement of recommended practice: accounting for further and higher education').
102. The provider must make copies of the consolidated financial statements publicly available in a timely manner.
103. Providers and their external auditors must comply with the prevailing Accounts Direction issued by Medr .
104. The financial statements must be signed by the accountable officer and by the chair or another member of the governing body, as appointed by the governing body. If the provider is a company, the requirements of the Companies Act 1985 (as revised by the Companies Act 1989) for signatories to the financial statements shall apply.
105. The following information must be included in the provider's audited financial statements and related reports:
- a. The members must confirm in the annual report that they have carried out a robust assessment of the principal risks and material uncertainties facing the provider, including those that would threaten its business model, future performance, solvency or liquidity. The report must describe those risks and explain how they are being managed or mitigated;
  - b. A statement from the members as to whether they consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements, having considered the principal risks and material uncertainties existing over a period of at least twelve months from the date of approval of the financial statements;
  - c. A description of the governing body's policy on diversity and membership, including gender; any measurable objectives that it has set for implementing the policy; and progress on achieving the objectives.
106. We may provide more detail and additional requirements about some of the above in the Medr accounts direction to providers, which is published in an annual circular.



### *Oversight of audit*

107. The governing body must ensure that the provider complies with the audit requirements set out in the Financial Management Code and any other directions drawn up and published by Medr in consultation with providers.

### *Medr's right of access for investigations*

108. Medr may carry out any investigations that it considers necessary. All or part of the cost of such additional investigations may, where circumstances warrant it, be deducted from the provider's revenue grant.
109. Medr may carry out reviews designed to improve economy, efficiency and effectiveness in the management or operation of the provider, including value for money studies. The Auditor General for Wales may also carry out value for money studies of the provider's use of resources.
110. Welsh Government's internal auditors and/or Audit Wales may accompany Medr on provider visits. On such visits, Welsh Government's and/or Audit Wales's auditors will be concerned only with the way Medr is carrying out tasks, and will not themselves audit arrangements within the provider.

### **Provider engagement, support and safeguarding actions**

111. As a Welsh Government Sponsored Body, Medr must be confident that the bodies it funds have adequate and effective risk management, control and governance arrangements to protect the investment of public funding and arrangements for delivering value for money from public funds.

### *Safeguarding actions*

112. We expect providers to engage with us and address matters prior to us needing to implement our statement of intervention.
113. If a provider fails to take any agreed action, Medr will seek explanations and, if appropriate and justified, issue warnings to improve.
114. If the provider still fails to address the risks and issues then the provider will be informed that one or more of the safeguarding actions will be applied. This is very much a last resort and an action that we would not expect to take often.
115. The two safeguarding actions at Medr disposal, which could be deployed if other routes to secure compliance are unsuccessful, are:
- a. **Financial** – through the recovery of grant funding or the denial of access to future grant funding, including access to specific grants or to discretionary funding. Ultimately Medr can withdraw funding entirely, should circumstances warrant such action; and
  - b. **Information** – through making public our concerns about a provider where

there are strong grounds to do so and where this is in the public or collective student interest (both current and prospective students, and past students where relevant).

116. In addition Medr may:

- a. provide advice to the Charity Commission where an institution may have breached its charitable obligations; and/or
- b. provide advice to the Equality and Human Rights Commission where discrimination may have occurred.

## **Other matters**

### *Revisions to this document*

117. After consultation with the provider and such bodies representing the provider as Medr considers appropriate, Medr may from time to time revise, revoke or add to any of the terms and conditions in this document. The provider may itself make proposals to Medr for such changes.

### *Interpretation of statements within this document*

118. Questions on the interpretation of any statement in this document shall be resolved by Medr after consultation with the provider and such bodies representing the provider as Medr considers appropriate.

### Signature of the Accountable Officer

119. The accountable officer of **(name of provider )** must signify below that they have received and accepted the Terms and Conditions of Funding, which sets out the terms and conditions for payment by the Commission for Tertiary Education and Research (Medr) of funds to the governing body of **(name of provider)** out of funds made available by the Minster for Education.

Signed.....

Dated .....

### Signature of the Chair of the Governing Body

120. The Chair of the Governing Body of **(name of provider )** must signify below that they have received and accepted the Terms and Conditions of Funding, which sets out the terms and conditions for payment by the Commission for Tertiary Education and Research (Medr) of funds to the governing body of **(name of provider )** out of funds made available by the Minster for Education.

Signed.....

Dated .....

## Annex A: Glossary

In this Terms and Conditions of Funding, the following definitions apply:

<b>Academic year</b>	The 12 months from 1 August to 31 July
<b>Accounting period</b>	The period covered by the institution's audited financial statements, usually the 12 months from 1 August to 31 July
<b>The Commission</b>	The Commission for Tertiary Education and Research (Medr)
<b>Council</b>	The Commission for Tertiary Education and Research (Medr).
<b>Accountable officer</b>	Head of an institution responsible and accountable to Medr (and ultimately to the Senedd Cymru) for ensuring that the provider uses Medr funds in ways that are consistent with the purposes for which those funds were given, and complies with the conditions attached to them. These include the conditions set out in the Further and Higher Education Act 1992 and in this document
<b>Exchequer funds</b>	Government grant or grant-in-aid. In the context of this document, the definition of such funds encompasses grant or grant-in-aid paid by Medr and its predecessor funding bodies, Welsh Government, Local Authorities, the Research Councils, and the Welsh Office to former voluntary and direct grant colleges
<b>Exchequer interest</b>	The contingent interest in the provider held by Medr, arising in accordance with Medr guidance from the use of exchequer funds in the form of specific capital funds. Such interest may create an obligation upon the provider to repay grant, or recognise a liability, on the occurrence of certain exceptional circumstances
<b>FMC</b>	Financial Management Code
<b>FRS</b>	Financial Reporting Standard
<b>Governing body</b>	The university council, board of governors or other body ultimately responsible for the management and administration of the provider's revenue and property, and the conduct of its affairs
<b>Group</b>	As defined under s. 1159(1) of the Companies Act 2006. It is therefore not a reference to a public benefit entity group
<b>HESA</b>	Higher Education Statistics Agency
<b>Higher Education Code of</b>	The Code of Governance published by the Committee of University Chairs ( <a href="http://www.universitychairs.ac.uk">www.universitychairs.ac.uk</a> )

<b>Governance</b>	
<b>Provider</b>	A Higher education provider or Further education provider
<b>The provider</b>	(name of provider )
<b>Minister</b>	The Minister for Education and Skills
<b>Month</b>	Calendar month
<b>SORP</b>	Statement of Recommended Practice: Accounting for Further and Higher Education ( <a href="http://www.fehecorp.ac.uk">www.fehecorp.ac.uk</a> )
<b>VFM</b>	Value for money
<b>1992 Act</b>	The Further and Higher Education Act 1992

References to the **financial position, financial statements, financial commitments** or **borrowing of the institution** mean the consolidated financial position, financial statements, financial commitments or borrowing of the institution and its subsidiary undertakings, as defined in the Companies Act 1985 and revised by the Companies Act 1989, and in accordance with generally accepted accounting principles.

# Medr

Y Comisiwn Addysg Drydyddol ac Ymchwil  
Commission for Tertiary Education and Research

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