

**To: Heads of higher education  
institutions in Wales**

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## **FINANCIAL HEALTH MONITORING**

I am writing to inform you of a change to the financial health monitoring system used by the Council with respect to the submission of the Mid-Year return.

In recent years, the Council's monitoring system has been based on three institutional returns per annum:

- A five year forecast submitted each summer
- Audited financial statements submitted each December
- A Mid-Year return submitted each spring

With a view to concentrating on higher risk institutions and adopting a lighter touch approach to financial health monitoring, the Council will now only require institutions categorised as either C or D to submit Mid-Year returns. We will still require the return for category D institutions to be certified by the institution's external auditors.

Where an institution has been categorised as B and Council officers have doubts about the accuracy or realism of previous forecasts, a Mid-Year return will be requested by the Council. Any institution to which this applies will be notified of this requirement. The Council also reserves the right to have returns for category B and C institutions certified by the external auditors if it considers this necessary.

Any institutions categorised as A will not be required to submit a Mid-Year return.

These changes will take effect for the submission of the 2007 Mid-Year returns.

Yours sincerely

Richard Hirst  
Director of Finance & Corporate Services