



UK | DUBAI | MALAYSIA

FINANCE COMMITTEE TERMS OF REFERENCE

1. Constitution and Purpose

- 1.1 In accordance with Statute 4 (paragraphs 6 a) and b)), the Court has established a Finance Committee.

2. Remit

- 2.1 The Terms of Reference are consistent with the Financial Regulations and the University Court's Statement of Primary Responsibilities, and Court Schedule of Delegations.
- 2.2 **The Court delegates authority to the Finance Committee to:**
- a) **Review and Monitor compliance with SFC's Financial Memorandum**
Review and monitor the University's compliance with the SFC's Financial Memorandum and other relevant terms and conditions associated with funding grants and awards by way of an annual report from the University.
 - b) **Endorse the Three-year Financial Plan and Review Annual Budgets**
Endorse the Three-Year Financial Plan, drafted in line with the Financial Regulations, to be approved by the Court and submitted to the Scottish Funding Council annually in June. Review and make recommendations on the annual budgets. Approve the half-year forecast for submission to the SFC each March.
 - c) **Receive and Review Financial Management Information and Monitor the University's Financial Performance**
Receive from the Global Chief Financial Officer regular management information presented in a comprehensive monthly management accounts pack and quarterly reports setting out the financial performance of the University against the approved Plan, by way of income and Expenditure Accounts, Balance Sheet, Cash Flow, Capital Expenditure and presentation of key financial indicators. Monitor progress against the remedial actions identified in the reports designed to mitigate adverse variances, and progress on previous action plans. Oversee the financial affairs of the University's trading/commercial activities.
 - d) **Review with ARC the Draft Annual Financial Statements for endorsement to Court**
Review jointly with the Audit & Risk Committee, the draft Annual Financial Statements and Accounts and external auditor's report to endorse to Court for approval.
 - e) **Receive and Review the Annual Treasury Management Report and Approve Treasury Management Policy**
Receive an annual report from the Global Chief Financial Officer on treasury management in accordance with the Financial Regulations and approve the Treasury Management Policy of the University every five years.
 - f) **Endorse Borrowing and Oversee the Sinking Fund and Debt Service Cover**

In line with the Financial Regulations, to endorse for Court approval all executive decisions concerning borrowing, investment or financing which are delegated to the Global Chief Financial Officer. To agree annually the profile for the build-up of a sinking fund set up to repay a proportion of outstanding debt and oversee maintenance of Debt Service Cover, receiving a report on this at each quarter.

- g) **Receive the Annual Financing Report**
Receive an annual Financing Report which will include compliance with the SFC's financial memorandum, external lenders covenant restrictions and the University's own internal covenant requirements; an assessment of progress against the approved repayment strategy; where covenants are breached, or projected to be breached, or where there is any shortfall in debt repayment contributions, a recovery plan to be agreed with bondholders and implemented over a maximum of three years; an assessment of risks associated with the borrowing strategy; and the refinancing options which are optimal for the University.
- h) **Endorse the appointment of Bankers and other Professional Financial Advisers and Review terms**
Endorse the appointment of the University Bankers and other professional financial advisers, including investment managers, for approval by the Court. Review the principal terms of all banking and borrowing arrangements.
- i) **Approve Expenditure in accordance with the Financial Regulations**
In line with the thresholds specified in the Financial Regulations, either approve or endorse for Court approval the purchase, sale or lease of land or buildings, capital expenditure, business cases, and purchase orders/contracts
. Where the value of a real estate transaction is greater than £1m (across the duration of the lease, and any permitted extension), prior endorsement from the Infrastructure Committee is also required.
- j) **Approve Spin Outs in accordance with the Financial Regulations.**
- k) **Approve Tuition Fee Strategy annually**
- l) **Oversee the funding arrangements of the Student Representative Bodies**
Approve the subventions made to the Heriot-Watt University Student Union and the Sports Union and to receive reports from both bodies on planned and actual expenditure. Receive annual reports on the funding arrangements for Student Representative Bodies in Dubai and Malaysia; and support for Online students.
- m) **Review and Oversee Fundraising, Fund Management and Fund Distribution, receiving regular reports from the Donations and Investment Committee**
Review and oversee the fundraising, fund management and fund disbursement activities of the University, delegating tasks to the Donations and Investment Committee as set out in the Committee's Terms of Reference, receiving regular reports from the Committee on the performance of endowment funds and their disbursement.
- n) **Receive Reports on Endowments and Ensure Proper Management**
Receive regular reports from the Global Chief Financial Officer and the Donations and Investment Committee on the performance of Fund Managers, receiving advice on the control and investment of the endowment fund portfolio. Ensuring that the University's endowment funds are operated within relevant legislation and the specific requirements of each endowment, via the Donations and Investment Committee.
- o) **Review and Oversee the development, maintenance and sustainability of the University's estate and digital Infrastructure, receiving regular reports from the Infrastructure Committee**
Oversee the development, management, and sustainability of the estates and digital infrastructure of the University, via the Infrastructure Committee. Receive an annual report on the management of the University's Heritage Collections and approve any acquisitions with significant resource implications.
- p) **Review the Financial Regulations, Finance and Procurement Policies and Procedures**

Review the Financial Regulations on a three-yearly basis (or more frequently if required), and relay views to the Audit and Risk Committee, which has responsibility to recommend modifications for approval by the Court. Ensure the development and implementation of finance and procurement policies, regulations and procedures.

- q) **Approve annually the governance arrangements for Transparent Approach to Costing (TRAC)**
- r) **Advise on and review Environmental, Social and Governance reporting**
Advise the Global Chief Financial Officer on the implementation of ESG reporting and monitor and review the effectiveness of ESG reporting in line with the University's sustainability commitments
- s) **Horizon scanning**
Receive briefings from the Executive on developments in the Higher Education sector and elsewhere which may aid the Committee in its decision-making.
- t) **Monitor, authorise and report to Court on any other delegated matters**
Monitor and authorise and report to Court on any other matters delegated to the Committee by the Court.

3. Composition and Membership

3.1 The Committee shall comprise:

- a) The Chair of the Committee (who shall be appointed by the Court and shall be a member of the Court)
Steve Heathcote
- b) The Chair of the Court *ex officio*
Bruce Pritchard
- c) The Principal and Vice-Chancellor *ex officio*
Richard Williams
- d) The Vice-Principal and Provost *ex officio*
Steve McLaughlin
- e) At least three members of the Court appointed by the Court
Juergen Munz
Denise Thomas
Gary Kildare
- f) The Chair of the Infrastructure Committee (who shall be appointed by the Court and shall be a member of the Court)
Alan Robertson
- g) The Chair of the Donations and Investments Committee (who shall be appointed by the Court and shall be a member of the Court)
Brian Henderson
- h) At least two co-opted members appointed by the Court
Rita Pasi
Maureen Bannerman

- 3.2 The membership of the Finance Committee shall not include any person who is a member of the Audit and Risk Committee.
- 3.3 The term of office of Court members who are members of the Committee is concurrent with their term of office on the Court.
- 3.4 The maximum term of office of co-opted members appointed by the Court is nine years. The initial appointment will be for three years with eligibility to be considered for appointment for up to two further periods of up to three years.

4. Equality, Diversity and Inclusion

- 4.1 The Committee will exercise its responsibility, as far as possible, to promote diversity of representation within its membership and the membership of any working group or committee established by the Committee. The Committee will also act to promote equality of opportunity for all colleagues who are involved in carrying out the business of the Committee

5. Quorum

- 5.1 The quorum is three members who are members of the Court, and the majority must not be *ex officio* members of the Court.
- 5.2 Members who are participating in a meeting by means of audio-visual conferencing or other means enabling them to communicate with all members present at the meeting simultaneously shall be deemed to be present at the meeting and to count towards the quorum.
- 5.3 When the Committee is inquorate, the members present may wish to continue with the business of the meeting, noting the discussions and comments raised. The absent member(s) may then be invited to provide comments for inclusion in the minutes. Where items require formal approval, the absent member(s) must be invited to provide comments and approval by correspondence. An item will be deemed approved when a quorate number of members have confirmed approval.
- 5.4 Only members of the Committee who are members of the Court shall be entitled to vote on any matter which involves powers and functions delegated to the Committee by the Court.
- 5.5 It is intended that decisions are normally reached by consensus following a full debate. There are no occasions stipulated in the Charter and Statutes which require a formal vote. Therefore, the Chair will normally seek agreement to the proposal in question, and only call for a vote either if there is a clear expression of dissent or if the matter is of particular significance.

6. Chair

- 6.1 The Chair of the Committee shall be appointed by the Court and shall be a member of the Court.
- 6.2 In the absence of the Chair of the Committee, members shall elect from among the members of the Committee who are present at the meeting, and who are members of the Court, a person to act as Chair for the meeting or until such time as the Chair of the Committee arrives.

7. Frequency of Meetings

- 7.1 The Committee usually meets at least four times a year.

- 7.2 Additional meetings may be held in order to meet business requirements at the request of the Chair of the Committee.

8. Attendance at Meetings

- 8.1 The following officers are expected to be in attendance at meetings:
- a) The University Secretary
 - b) The Global Chief Financial Officer
 - c) A Committee Clerk
- 8.2 Other officers and members of the University community may be asked to attend when appropriate, with the agreement of the Chair.
- 8.3 The majority of meetings will be held online via Microsoft Teams and members will be expected to join remotely. One meeting per year will usually be held in person (timing at the discretion of the Chair) and members will be expected to attend that meeting in person wherever feasible.
- 8.4 Any member whose attendance falls below the threshold specified in the Court Attendance and Participation Policy may have their membership reviewed by the Chair and the University Secretary. Members are required to submit any apologies for absence to the Clerk of the Committee at the earliest opportunity.

9. Reserved Business

- 9.1 There may be occasions when the Committee's business is designated reserved and/or commercially sensitive. On such occasions, with the approval of the Chair, any persons in attendance may be asked to withdraw from the meeting during consideration of a particular reserved item of business.
- 9.2 The record of matters which the Chair and the Committee are satisfied should be dealt with on a reserved basis will be identified within the minutes.

10. Conflict of Interest

- 10.1 Where it is identified that a member of the Committee has a conflict of interest with respect to a matter, the Chair may, on the advice of the Secretary, request that the member in question withdraw from participation in relevant business. Depending on the nature of the business, this may allow for participation in discussions without taking part in decision making or may require complete non-participation and/or withdrawal from that part of the meeting.
- 10.2 All instances of identified conflicts of interest shall be recorded in the minutes.

11. Reporting Procedures

- 11.1 The Committee will submit regular reports to the Court based on the Committee's minutes. The Chair will approve the content of reports before release.
- 11.2 The Chair will report to the Court on any matters which the Committee considers ought to be brought to the attention of the Court and on any matters requiring the approval of the Court. These matters will be highlighted in the Committee's report.

- 11.3 The Committee's records (agenda, papers, minutes) are included in the University's Freedom of Information Publication Scheme. Information will be readily accessible on request to members of the public under the terms of the Freedom of Information (Scotland) Act (FOI(S)A) with the exception of information which is deemed to be covered by a specific exemption under the Act. Minutes and reports of the Committee will denote those areas of reported business which are deemed to fall within the designation of information which is 'exempt' under the FOI(S)A.

12. Forward Planning

- 12.1 The Committee will maintain a forward agenda plan of its business.
- 12.2 The Committee will review its Terms of Reference and submit recommendations on these to the Court annually for approval.
- 12.3 The Committee will set its meeting dates two years in advance, aligned to the schedule of meetings of the Court.

13. Supporting Information

Groups feeding into the Committee

- 13.1
- The Donations and Investment Committee reports to Court via the Finance Committee.
 - The Infrastructure Committee reports to Court via the Finance Committee.
 - The Fees, Scholarships and Abatements Committee, which has dual reporting to the University Executive.

Effectiveness and lifespan

- 13.2 Lifespan ongoing. Effectiveness reviewed five-yearly as part of the Court's review of its effectiveness.

The Court and its committees will regularly monitor their own effectiveness and the performance of the institution against its planned strategies and operational targets.

Actions that may be taken by the Committee

- 13.3
- Note
 - Receive
 - Consider
 - Endorse
 - Approve
 - Recommend
 - Reject

Minuting style

- 13.4 Traditional/formal minutes in accordance with internal University guidance.

<u>Resources</u>		
13.5	Secretary	Ms Ruth Moir, University Secretary and Secretary to the Court
	Clerk	Mr Zhi Kang Chua, Governance Officer

Version	Amendments	Approved by
V1	Re-formatted the Terms of References and updated the Remit and Resources sections.	The Court 5 December 2024