

FINANCE COMMITTEE

Terms of Reference

1. Constitution and purpose

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

2 Remit

- 2.1 The Court **delegates authority** to the Finance Committee to:

- a) review and oversee the overall financial strategies of the University;
- b) review and oversee the financial performance set out in the University's 5-Year Plan which is updated annually including appropriate benchmarking data and KPIs;
- c) review and oversee the University's compliance and performance in relation to Transparent Approach to Costing (TRAC) arrangements;
- d) monitor the actual financial outturn (income/expenditure/ cash flow/balance sheet) against budget each quarter, and seek management comments and proposed actions to address reported variances, and to monitor progress on previous action plans;
- e) oversee the treasury activities of the University including investment of funds, borrowing commitments, fund raising activity, working capital management and to review the principal terms of all banking and borrowing arrangements;
- f) oversee the financial affairs of the University's trading/commercial activities;
- g) review and oversee the fund raising, fund management and fund disbursement activities of the University, delegating tasks to the Endowment Committee as appropriate, generally review and oversee the work of the Endowment Committee and annually receive a report from the Endowment Committee on the performance of endowment funds and their disbursement;
- h) to receive an annual report on the management of the University's permanent museum and archive collections; to approve any acquisitions with significant resource implications and any proposed disposal of items from the collections; and to review and oversee the work of the Collections Committee to preserve, promote access to and develop the collections;

- i) review and make recommendations on the annual budgets including benchmarking data and KPIs that represent year 1 of the strategic plan;
- j) authorise proposed material expenditure which is not included in the annual budget where prevailing budgetary circumstances deem this appropriate;
- k) review and monitor the University's compliance with the SFC's Financial Memorandum and other relevant terms of conditions associated with funding grants and awards;
- l) review jointly with the Audit & Risk Committee, the draft annual Financial Statements and external auditor's report;
- m) approve the annual course fees schedule;
- n) 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;
- o) review and comment on business plans for new ventures;
- p) ensure the development and implementation of finance and procurement policies to meet legislative and regulatory requirements and reflect best practice;
- q) review briefings from management on developments in the Higher Education sector and elsewhere which have financial implications for the University;
- r) monitor and authorise and report to Court on any other matters delegated to the Committee by the Court.

2.2 The Finance Committee **advises** the Court on the:

- a) overall financial strategy and financial forecasting in relation to the University's 5-Year Plan, including borrowing arrangements;
- b) financial requirements for delivery of the University's Strategic Plan and Estate, People and IT strategies;
- c) financial performance against appropriate benchmarked key performance indicators, transparency costing (TRAC) and VfM principles;
- d) solvency of the University, safeguarding of its assets and financial liabilities;
- e) annual estimates of income and expenditure;
- f) financial risk and financial controls;
- g) management and performance of invested legacies, endowments, bequests and gifts;

- h) matters relating to compliance with finance and procurement legislation, regulations, good practice guidance and all conditions associated with funding grants and awards.
- i) annual accounts and financial statements;
- j) financial implications of the acquisition custody and disposal of estate and all other property of the University;
- k) matters relating to the University's subsidiary companies;
- l) financial implications of any contract, legal commitment or obligation of the University.

2.3 As the University operates internationally, [both] through its campuses in Dubai and in Malaysia [and through arrangements with partners in other jurisdictions] the remit of the Committee shall include consideration of such overseas campus activities [and international activities]. While the Committee can provide advice to and receive advice from the offers responsible for overseas campus activities both in the UK and overseas, the Committee will take into account the governance arrangements that operate for each campus and shall pay due regards to non UK legislation that might be applicable.

3 Composition and Membership

3.1 In accordance with Statute 4 clause 6, the composition of the Committee shall include:

- a) The Chair of Court
- b) The Deputy Chair of Court
- c) The Principal and Vice-Chancellor (or his Deputy)
- d) At least three members of the Court (independent or staff)
- e) At least two co-opted members appointed by the Court.

Additional members of the Committee shall include:

- f) The Chair of the Campus Committee*
- g) The Chair of the Endowment Committee*
- h) The Vice-Principal*

**Also members of Court*

3.2 The membership shall not include members of the Audit and Risk Committee.

3.3 The Governance and Nominations Committee may recommend to the Court co-option of members who they consider have particular skills and experience to contribute to the work of the Committee and/or to serve as a co-opted member with a view to future membership.

3.4 Members are appointed to the Committee by the Court. The Committee's membership from 1 January 2019 is as follows:

The Chair of Court:

Dame Frances Cairncross

The Deputy Chair of Court:

Ms Morag McNeill

At least three members of Court:

Mr Graham Watson (Chair of the Finance Committee)

Professor Patrick Corbett

Ms Marta Phillips

The Chair of the Endowment Committee:

Mr Andrew Milligan

The Chair of the Campus Committee:

Professor Ian Wall

The Principal and Vice-Chancellor:

Professor Richard A Williams

The Vice-Principal:

Professor Julian Jones

At least two Co-opted members appointed by the Court:

Ms Judith Cruickshank

Mr Gerard Cassels

Mr Steve Heathcote

Note: The Court has agreed that, for Session 2018/19, Mr Cameron Millar is to attend meetings of the Finance Committee (without voting rights), prior to joining the Committee as a member in Session 2019/20.

3.5 The term of office of Court members who are members of the Committee is concurrent with their term of office on the Court.

3.6 The maximum term of office of co-opted members appointed by the Court is six years. The initial appointment will be for three years with eligibility to serve for up to a further three years.

3.7 The Chair of the Committee will be a member of the Governance and Nominations Committee of Court which will regularly review the skills of the Committee's membership and make recommendations to the Court on new appointments.

4 Equality and Diversity Statement

- 4.1 The Committee exercises 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 Board. The Committee, in carrying out its business, will also act to promote equality of opportunity for all.

5 Quorum and voting

- 5.1 The quorum is three members who are members of the Court.
- 5.2 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.
- 5.3 The Chair of the Committee shall have a deliberate and casting vote.
- 5.4 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 Committee Chair

- 6.1 The Chair of the Committee shall be recommended by the Governance and Nominations Committee to the Court for appointment.
- 6.2 In the absence of the Chair of the Committee, members shall elect from among the full members of the Committee who are present at the meeting 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 normally expected to be in attendance at meetings:

- a) The Secretary of the University
- b) The Director of Finance
- c) The Committee Clerk

8.2 Other officers may be asked to attend when appropriate.

8.3 The Committee will maintain a record of attendance at each of its meetings and will include this information in the University's Annual Report.

8.4 Any member not attending three or more meetings consecutively (without good reason) may have their membership reviewed by the Chair and the Secretary of the University. Members are required to submit their apologies to the Clerk of the Committee at the earliest opportunity.

8.5 Members will be expected to attend meetings in person on a regular basis. On the rare occasion where it is impossible to attend in person, and with the consent of the Chair, attendance may be provided by video or telephone conferencing.

9 Reserved Business

9.1 There may be occasions when a Court Committee's business is designated reserved and/or commercially sensitive. On such occasions, with the approval of the Chair, any individual 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 recorded separately.

10 Reporting procedures

10.1 The Chair of the Committee 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.

10.2 Confidential minutes will only be distributed to Lay Members of the Committee either by tabling them at the Committee meeting or by distribution outside meetings.

- 10.3 The Committee will submit regular reports to the Court. The Chair will approve the content of reports before release including the redaction of any information deemed necessary for reasons of confidentiality.
- 10.4 Matters requiring the approval of Court will be highlighted in the Finance Committee's report to Court.
- 10.5 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.
- 10.6 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.

11 Forward planning

- 11.1 The Committee will annually review and revise its Terms of Reference and submit recommendations for any changes to these via the Governance and Nominations Committee to Court, for approval.
- 11.2 The Committee will set its meeting dates two years in advance, aligned to the schedule of meetings of the Court and as approved by Court.
- 11.3 The Committee will maintain a rolling programme of business.

Supporting Information

Groups feeding into the Finance Committee

- The Endowment Committee reports to Court via the Finance Committee.
- The Campus Committee reports to Court via the Finance Committee.
- The Collections Committee reports to the Court via the Finance Committee.
- The Fees Working Group which has dual reporting to the University Executive.

Effectiveness and lifespan

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

The Finance Committee may:

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| • Note | • Approve |
| • Receive | • Recommend |
| • Consider | • Reject |
| • Endorse | |

Most appropriate minuting style

Traditional / formal minutes in accordance with internal University guidance.

Resources

Secretary Ann Marie Dalton-Pillay, The Secretary of the University

Clerk John McDermott, Officer to the Secretariat

Meetings At least four times per academic year.