# FINANCE COMMITTEE

## Terms of Reference

<table>
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<th>1. Constitution and Purpose</th>
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<td><strong>1.1</strong> In accordance with Statute 4 (paragraphs 6 a) and b)), the Court has established a Finance Committee.</td>
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<th>2. Remit</th>
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<td><strong>2.1</strong> The Court <strong>delegates authority</strong> to the Finance Committee to:</td>
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<td>a) review and oversee the overall financial strategies of the University;</td>
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<td>b) review and oversee the financial performance set out in the University’s Financial Plan which is updated annually including appropriate benchmarking data and KPIs;</td>
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<td>c) review and oversee the University’s compliance and performance in relation to Transparent Approach to Costing (TRAC) arrangements;</td>
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<td>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;</td>
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<td>e) oversee the treasury activities of the University including investment of funds, borrowing commitments, fund raising activity, working capital management and to review on an annual basis, and approve the Treasury Management Policy of the University;</td>
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<td>f) review the terms of the Financial Regulations on a five-yearly basis (or more frequently if required), and relay views to the Audit and Risk Committee, which has responsibility to recommend modifications to the Court;</td>
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<td>g) to review the principal terms of all banking and borrowing arrangements;</td>
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<td>h) oversee the financial affairs of the University’s trading/commercial activities;</td>
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<td>i) review and oversee the fund-raising, fund management and fund disbursement activities of the University, delegating tasks to the Donations and Investments Committee as appropriate, generally review and oversee the work of the Donations and Investments Committee and annually receive a report from the Donations and Investments Committee on the performance of endowment funds and their disbursement;</td>
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<td>j) 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 to preserve, promote access to and develop the collections;</td>
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k) review and make recommendations on the annual budgets including benchmarking data and KPIs supporting the Strategic Plan;
l) authorise proposed material expenditure which is not included in the annual budget where prevailing budgetary circumstances deem this appropriate;
m) 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;
n) review jointly with the Audit & Risk Committee, the draft annual Financial Statements and external auditor’s report;
o) approve annually the strategy for the setting of Tuition Fees;
p) 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;
q) review and comment on business plans for new ventures;
r) ensure the development and implementation of finance and procurement policies to meet legislative and regulatory requirements and reflect best practice;
s) review briefings from management on developments in the Higher Education sector and elsewhere which have financial implications for the University;
t) To approve proposed capital and revenue expenditure within the terms of the Court Schedule of Delegation and the University’s Financial Regulations, and to ensure that appropriate oversight is provided on major capital projects;
u) 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 Financial 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 (as specified in the Financial Regulations);
   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 (subject to the terms of the Financial Regulations).

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 officers 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 regard 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 Principal and Vice-Chancellor
   c) At least three members of the Court (independent or staff)
   d) At least two co-opted members appointed by the Court.

   Additional members of the Committee shall include:

   e) The Chair of the Infrastructure Committee*
   f) The Chair of the Donations and Investments Committee*
   g) The Vice-Principal and Provost*

   *who also are members of Court

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 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 current membership is as follows:

   The Chair of Court:
   Ms Morag McNeill

   The Principal and Vice-Chancellor:
   Professor Richard A Williams

   The Vice-Principal and Provost:
   Professor Mark Biggs

   At least three members of Court:
   Mr Graham Watson (Chair of the Finance Committee)
Mr Steve Heathcote  
Mr Gary Kildare  
VACANCY  
VACANCY 

The Chair of the Donations and Investments Committee:  
Mr Cameron Millar 

The Chair of the Infrastructure Committee:  
Mr Alan Robertson 

At least two Co-opted members appointed by the Court:  
Ms Judith Cruickshank  
Ms Rita Pasi 

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 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.  

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 Committee. 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. A member participating in a meeting remotely by way of audio-visual conferencing or other means which enables that member to communicate with each of the other members simultaneously shall be accounted for as being present and shall be included in 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. The Chair of the Committee shall have a deliberative and casting vote.

5.6. 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.

### Committee Chair

6.1. The Chair of the Committee shall be appointed by the Court and shall be a member of the Court.

6.2. The Chair of the Committee shall be recommended by the Governance and Nominations Committee to the Court for appointment.

6.3. 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.

### 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.

### Attendance at Meetings

8.1 The following officers are normally 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 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 Committee’s Annual Report to Court.

8.4 Any member not attending three or more meetings consecutively (without good reason) 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.
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 audio-visual conferencing.

9 a) 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 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 recorded separately.

9 b) Conflict of Interest

9.3 Where it is identified that a member of the Committee has a conflict of interest with respect to a given 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.

9.4 All instances of identified conflicts of interest shall be recorded in the minutes.

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 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.

10.3 Matters requiring the approval of Court will be highlighted in the Committee’s report to Court.

10.4 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 FOI(S)A.

10.5 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 to Court, for approval. It is recommended that only fundamental changes or changes which might impact on other Court committees shall require Governance & Nominations Committee approval.

11.2 The Committee will set its meeting dates two years in advance, aligned to the schedule of meetings of the Court, and will maintain an annual workload plan for the Committee.

11.3 The Committee will maintain a forward agenda plan of its business.
Supporting Information

Groups feeding into the Finance Committee

- The Donations and Investments 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

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:

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

Most appropriate minuting style

Traditional / formal minutes in accordance with internal University guidance.

Resources

Secretary  Ms Ruth Moir, University Secretary
Clerk      Mr Marc Quinn, Head of Policy and Governance
Meetings  At least four times per annum