

## **Finance Committee Terms of Reference**

**Last approved by:**

Board of Governors, 30<sup>th</sup> March 2020

**Date(s) modified:**

August 2020, September 2020, October 2021

**Next Review Date:**

March 2021

## **1. AUTHORITY**

The Committee is authorised by the Board of Governors to investigate any activity within its terms of reference, and will operate in accordance with the Higher Education and Research Act 2017(HERA), the terms and conditions of funding for higher education institutions as determined by the Office for Students and the Committee of University Chairs (CUC) Higher Education Code of Governance. Normally, in consultation with the Vice-Chancellor & Chief Executive and the Chair of the Board of Governors, it is authorised to seek any reasonable and appropriate information it requires from any employee. All employees are directed to co-operate with any request made by the Committee. The Committee is also authorised by the Board of Governors to obtain outside legal or other independent professional advice and to secure the attendance of non-members with relevant experience and expertise it considers necessary, normally in consultation with the Vice-Chancellor & Chief Executive and the Chair of the Board of Governors.

## **2. SPECIFIC RESPONSIBILITIES**

### **Policy & Strategy**

- 2.1 To receive and keep under review, on behalf of the Board of Governors, the financial solvency and sustainability of the Institution, therefore meeting the university's aims for: a university that is committed to financial sustainability and strategic investment in the future; and a university with an estate that fosters a sense of community, supports high-quality activity, and operates sustainably.
- 2.2 To be responsible for oversight of all significant income and expenditure types. This is to include, for example, student fee income, grant funding, commercial income, the pay bill, infrastructure (estate and technology costs) and other institutional spend.
- 2.3 To determine and keep under review financial policy matters with regard to treasury management, investment & financing, debt management, grants and contracts, fee levels, enterprise and research activity and collaborative partnerships.
- 2.4 To consider and report where appropriate on the financial implications of matters referred to the Committee by the Board of Governors or any other committee.
- 2.5 To receive for information the annual External Auditor's Audit Strategy and Planning Memorandum and the External Auditor's Highlights Memorandum as approved by Audit Committee.

## **Budgets and financial monitoring**

- 2.6 To receive and consider the proposed annual budget including information in respect of income targets for Student Fees, Commercial, Enterprise, Collaborative and Research activity and to recommend on same to the Board of Governors.
- 2.7 To receive an annual report on Enterprise, Collaborative and Research performance.
- 2.8 To monitor and report the performance against the planned operating budget and to report significant variances to the Board of Governors.
- 2.9 To consider, on behalf of the Board of Governors, any requests from the Executive for significant variations to the planned operating budget and to make recommendations accordingly.
- 2.10 To receive and consider the annual accounts and the financial viability of the university, its subsidiaries, its affiliated and joint venture, and to recommend on same to the Board of Governors.
- 2.11 To receive the five year financial forecasts and underlying assumptions to ensure the university is financially sustainable with excellent financial stewardship and continues to make strategic investment in the future in accordance with the Strategic Plan and recommend the same to the Board of Governors.
- 2.12 To receive and review the financial statements, budget and financial monitoring reports of the John Moore's Students' Union (JMSU) on behalf of the Board of Governors, to oversee whether the Students' Union is operating in a financially sustainable manner and to recommend to the Board the level of the annual grant to the Students' Union.
- 2.13 To receive and consider financial reports relating to the university's infrastructure (estate and IT) and to advise the Board of Governors on current and future funding and safeguarding of such facilities.
- 2.14 To receive and consider proposals on infrastructure (estate and IT) related capital investment plans and expenditure and to make recommendations to the Board of Governors as appropriate.

## **Specific Delegated Authority**

- 2.15 To approve, on behalf of the Board:-
  - The appointment of the university's Bankers, and arrangements for related Bank Covenants, Fees, Charges and Cash Management
  - The arrangement of funding for major expenditure, such as that for the capital programme, which is outside the university's normal banking arrangements
  - Bank guarantees in relation to the university's support for subsidiary companies already approved by the Board after due consideration of commercial benefits and risks
  - The university's annual Transparent Approach to Costing (TRAC) and Teaching TRAC (T) returns to the Office for Students.
  - Budgetary and Financial Reporting Procedures
  - Key financial policies and procedures

## Risk Management

- 2.16 To keep under review, the risks associated with those matters considered the responsibility of the Committee, as determined by these Terms of Reference.
- 2.17 To monitor any financial implications of the university's pension arrangements and any potential deficits and receive the necessary advice from the university's auditors.
- 2.18 To ensure the risks and affordability of any new on- and off- balance sheet financial commitments are properly considered.
- 2.19 To ensure financial commitments are consistent with the strategic plan, financial strategy and Treasury Management Policy.
- 2.20 To ensure the source of any repayment of a financial commitment is clearly identified and agreed by the governing body at the point of entering that commitment.
- 2.21 Ensure that planned financial commitments represent value for money.
- 2.22 Ensure the risk of triggering immediate default through failure to meet a condition of a financial commitment is monitored and actively managed.

## 3. CONSTITUTION

The constitution of the Committee is detailed below:

### 3.1 Reporting and Membership

<b>Reporting to:</b>	Board of Governors
<b>Reporting Committees:</b>	N/A
<b>Working Panels/Groups:</b>	N/A
<b>Receive minutes from:</b>	N/A

	<b>Job Title / Representative</b>	<b>Name</b>
<b>Chair</b>	External Independent	Brian McCann
<b>Secretary</b>	Clerk to the Board	Michael Thompson
<b>Members</b>	External Independent	Lee Gilmore (Deputy Chair)
	External Independent	Jane Tomkinson
<b>Attendees</b>	Vice-Chancellor & Chief Executive (Interim)	Mark Power

	University Secretary & General Counsel	Maria Burquest
	Finance Director	Hannah Argo
	Associate Director – Financial Planning and Modelling	Robert Schooler
<b>Invitees</b>	Invitees including members of the Board are permitted to attend subject to the Chair's approval	

### 3.2 Quorum

To ensure that the Finance Committee is quorate, meetings will only proceed if three external members are present.

### 3.3 Frequency

A minimum of three meetings per academic year.

## 4. STANDING ORDERS

- 4.1 Notice of Committee meetings will be left or sent to the usual place of residence of each member or to any other address a member may specify.
- 4.2 At least five clear days' notice shall be given prior to each meeting.
- 4.3 For urgent notification of a meeting, the minimum period of notice shall be one working day.
- 4.4 The notice of the meeting should specify the time, place of the meeting and the items of business to be transacted.
- 4.5 The inadvertent non-delivery of the notice of the meeting shall not affect the validity of the meeting.
- 4.6 Documents and reports to be considered at the meeting shall normally be circulated with the agenda.
- 4.7 The Committee may request other staff or external advisers to attend from time to time as required.
- 4.8 Members shall not be entitled to appoint proxies to attend or vote instead of them at meetings.
- 4.9 If any Committee member has any pecuniary, family or other personal interest, direct or indirect, in any contract or proposed contract or other matter and is present at the meeting at which the proposed contract or other matter is the subject of consideration, then the member, as soon as practicable, shall disclose that fact and shall not take part in the consideration or discussion of or vote on any question with respect to the contract or other matter. The member, if requested by the Chair, will withdraw from the meeting.
- 4.10 The Chair may designate certain items of business as confidential or "reserved business". Items which are deemed to be confidential or reserved items of business are matters relating to named members of staff or students, or

- prospective members of staff or students, or to matters which the Committee having satisfied itself should be dealt with on a confidential basis.
- 4.11 During discussion of items of reserved business, the Chair may require certain Governors, the Vice-Chancellor, or members of staff to withdraw from the meeting.
  - 4.12 Any minutes of items designated as “reserved business” shall be excluded from the published minutes made available to staff and students and to those Governors who withdraw from that item, except where the Chair expressly requests inclusion of a full or summary minute to be included for wider circulation.
  - 4.13 The Chair shall be empowered, following consultation, to deal with matters of urgency arising outside the Committee meetings where it is not deemed advisable to await until the next scheduled meeting. Any matters of urgency dealt with under such action shall be reported to the next meeting of the Committee.
  - 4.14 The minutes of Committee meetings shall be kept by the university’s Secretariat.
  - 4.15 The minutes shall be available for inspection by any Committee member at any time.
  - 4.16 The minutes shall be signed at the next meeting of the Committee by the Chair of the meeting.
  - 4.17 Finance Committee members shall not also be members of the Audit Committee unless cross-representation is considered essential and is formally approved. This is strictly forbidden for the Chair of either Committee.

## **5. AMENDMENTS AND REVOCATION OF TERMS OF REFERENCE**

These Terms of Reference may only be amended or revoked by decision of the Board.

The Terms of Reference are reviewed on an annual basis and as part of the 4-yearly Governance Effectiveness Review, or more frequently in the light of experience or changes in governance practice.