

The University of Manchester

Finance Committee

Constitution and Membership

1. Finance Committee shall consist of:

- a) At least three lay members of the Board of Governors, one of whom shall serve as Chair
- b) one staff member of the Board of Governors
- c) ex-officio: the Chair of the Board of Governors
- d) ex officio: the Union Affairs Officer of the Students' Union
- e) ex officio: the President and Vice-Chancellor

2. Co-opted lay members from outside of the Board may also be appointed to the Committee. The secretariat for the Committee shall be provided by the Governance Office.

3. The Committee will meet according to a pattern devised to fulfil the Committee duties and responsibilities, which normally will require at least four meetings each year.

4. The quorum shall be at least two lay members, with the President and Vice-Chancellor (or their nominee) also present.

Scope and purpose

Within the scope of authority delegated by the Board of Governors, the purpose of the Finance Committee is focused on the short, medium and long term financial sustainability of the University, including oversight of the University's financial strategy and monitoring of the University's financial position. In fulfilling this role, the Committee's responsibilities shall include the following as set out in the Terms of Reference:

Terms of Reference

a) Financial Strategy and Sustainability

1. To consider, comment upon and, if appropriate, recommend for approval to the Board of Governors:
 - (a) The annual revenue, capital and strategic investment budgets of the University.
 - (b) The financial plans/forecasts for the Office for Students.
 - (c) Long-term financial plans for the University and the financial framework within which Planning and Resources Committee plans and allocates resources.
 - (d) The financial elements of the University's Annual Financial Statements, reporting to the Audit & Risk Committee.
 - (e) Recommendations for amendment of the University's Financial Regulations.
 - (f) To consider and effect amendments to the University's Financial Procedures on report from the Registrar, Secretary and Chief Operating Officer.
 - (g) Any amendments to the financial elements of the University's Scheme of Delegation.
2. On behalf of the Board of Governors, to oversee financial sustainability through monitoring financial performance and appropriate monitoring of budgets and actual performance, receipt of regular management reports and ensuring corrective action is taken where appropriate.
3. To ensure the financial plans reflect the University's corporate and strategic plans.
4. On behalf of the Board of Governors, to monitor compliance with any financial regulatory requirements (e.g., relevant OfS financial conditions and funding requirements).
5. Ensure that any material issues communicated by the Audit and Risk Committee arising from the work of the Internal Audit function and relating to Finance Committee's remit are addressed by management.

b) Capital and Strategic Projects

1. To consider, comment upon and, if appropriate, approve individual capital and strategic investment projects with a value between £10m and £20m. Any projects in excess of £20m to be recommended for Board approval.
2. To receive regular reports on the capital and strategic investments programmes, including post-project appraisal and details of the overall programmes in addition to information on individual projects in excess of £10m.
3. To approve increases in strategic investment budgets already approved by the Committee where these are in excess of 10% of their latest approved forecast.

c) Investments, Endowments and Borrowing

1. To review and approve the University's Treasury management policy and any other policies relating to investments, endowments and borrowings.
2. To regularly review and recommend to the Board of Governors Investment beliefs, objectives and strategy for any non-simple investments (i.e., those managed by external fund managers).
3. To ensure that the University's investments, including trust funds managed by investment managers and other simple non-listed investments, are appropriately and satisfactorily managed.
4. To support the executive team in reviewing periodically the University's policy for Responsible Investment-such policy to be submitted to the Board for review and approval.
5. To ensure that endowment funds are appropriately managed and are in accordance with the terms of the funds.
6. To consider, comment upon and if appropriate, recommend for approval to the Board of Governors recommendations relating to the borrowing facilities of the University as well as oversight of the University's arrangements to comply with lender conditions (covenants, KPI's etc.).

d) Intellectual Property, Subsidiary Companies and other Satellite Entities

1. To approve the structure, establishment or winding up of all University subsidiary companies.
2. To keep under review the activities of the University's group of companies and other satellite entities as set out in the Register of Satellite Entities including governance and oversight arrangements.

3. To consider and endorse significant decisions (i.e. financial commitment of £10 million or more or with significant reputational impact) required in respect of associates and jointly controlled entities.
4. To consider and endorse significant financial and governance decisions required in respect of each of the above together with any other structures.
5. To receive advice from appropriate bodies in respect of companies in which the University has a substantial shareholding, and to request financial reports and forecasts from these companies, where appropriate.
6. To receive reports annually on University intellectual property commercialisation performance (oversight of University spin outs is delegated to the University of Manchester Innovation Factory).

e) Other matters

1. To consider any other matters as directed by the Board of Governors.

f) Meetings

1. In addition to the programme of Finance Committee meetings, each year there will be a joint meeting with Audit & Risk Committee. The purpose of this meeting will be to review and discuss the consolidated financial statements. The Audit & Risk Committee will be responsible for final approval of the Financial Statements for recommendation to the Board of Governors

g) Governance

1. On an annual basis and in consultation with the Board of Governors (in the context of overall governing body effectiveness), the Committee will evaluate its own performance against accepted good practice and the Chair/Secretary will report findings and agree an action plan with the Committee following the review.
2. The Committee terms of reference will be reviewed annually in the light of changes in practice and sector guidance.