

## **Finance Committee Terms of Reference**

Approved by Governing Body on 7<sup>th</sup> July 2016

### **1. PURPOSE**

- 1.1 The Finance Committee is a committee of Governing Body; its role is to provide oversight on financial matters on behalf of the Governing Body. These oversight responsibilities are set out in the CIT Code of Governance January 2012 and in the Institutes of Technology Acts 1992 – 2006.

### **2. AUTHORITY**

- 2.1 The Finance Committee derives its oversight authority from the Governing Body and has authority to review and challenge Institute management on all financial and value for money matters.
- 2.2 Whilst the Governing Body has delegated this responsibility to the Finance Committee, the Governing Body remains accountable for all Finance Committee actions.
- 2.3 The Finance Committee does not have authority to direct spend to any areas as this is an executive function.
- 2.4 Any change to the Finance Committee terms of reference will require Governing Body approval.

### **3. COMPOSITION**

- 3.1 The Finance Committee will consist of seven members of the Governing Body and will be appointed in accordance with the following provisions;
- Chairman of Governing Body or nominee
  - President
  - Student Governing Body member (period of office 1 year)
  - Four members at least two of whom are independent (not employed by the Institute) ordinary members of Governing Body. Governing Body members who are staff of the Institute should be independent of the central finance function.
- 3.2 Whilst the Institute of Technology Acts 1992-2006 stated that the President “shall be entitled to be a member of, and preside over, any and every committee appointed by the governing body, except where the governing body with the concurrence of An tÚdarás decides otherwise” in accordance with best practice the Chair of the Finance Committee be drawn from the independent members and appointed by the Governing Body.
- 3.3 The Governing Body will appoint the Finance Committee members and Chair.
- 3.4 In selecting the Finance Committee members, regard should be given to the skills and experience required to fulfil the role of the Finance Committee. Where the Finance Committee members do not have sufficient knowledge or experience in a particular area, it may invite outsiders with the relevant experience to attend meetings. With the approval of Governing Body they may also be invited to become a member of the committee.
- 3.5 In making appointments, the Governing Body shall have regard to the gender balance requirement.
- 3.6 The term of office of the Finance Committee is that of the Governing Body that established it.

### **4. MEETINGS**

- 4.1 The Finance Committee shall meet at least three times a year. The dates of these meetings should be set by Governing Body in advance. Additional meetings may be scheduled by the Chairperson.
- 4.2 There will be a meeting dedicated to the review of Institute budgets.
- 4.3 The Finance Committee and Audit Committee will have a joint meeting once a year to discuss issues arising.
- 4.4 All members are expected to attend each meeting in person.
- 4.5 A quorum shall be three members of the committee.
- 4.6 The Vice Presidents and Finance Manager will normally be in attendance. The Finance Committee may invite other staff to attend meetings and provide pertinent information, as relevant and necessary.
- 4.7 The President or Chairman of the Governing Body may ask the Finance Committee to convene further meetings to discuss particular issues on which they want the committee’s advice.

- 4.8 Meeting agendas will be prepared in consultation with the Chair of the committee and the President will be provided in advance to members, along with appropriate briefing materials by the Vice President for Finance & Administration.
- 4.9 Meeting minutes will be prepared and issued in a timely manner to Finance Committee members by the Vice President for Finance & Administration.

## **5. RESPONSIBILITIES**

The Finance Committee will carry out the following responsibilities noting 2.2 above:

### **5.1 Financial Statements**

The Finance Committee will receive the financial accounts for CIT. In reviewing the financial accounts, the members of the Finance Committee are required to:

- Ensure format of accounts (Institute & Subsidiary Companies) are in line with that agreed with the Higher Education Authority;
- Ensure suitable accounting policies and standards are used and applied consistently to meet legal requirements. Any changes to them should be applied or deviations should be justified by management;
- Ensure Revenue Commissioner updates/amendments have been implemented where appropriate;
- Review judgements and estimates that are reasonable and prudent;
- Ensure proper accounting records are maintained;
- Review significant and unusual transactions especially where the accounting treatment is open to different approaches;
- Make enquiries of management, especially as regards the appropriateness of the Institute's accountancy policies;
- Understand management's responsibilities and representations;
- Assess whether the financial statements are complete and fairly represented;
- Recommend to the Governing Body the approval of the accounts when satisfied;
- Matters arising in relation to the Management Letter from the Comptroller & Auditor General will be dealt with by the Audit Committee;

5.2 Review financial accounts of CIT subsidiary companies.

5.3 Review allocations to be made to the Capital Reserves.

5.4 Review of Capital Projects to include funding.

5.5 Review of banking and treasury arrangements.

5.6 Review of major tenders, lease commitments and capital asset management. In this context major may be defined as over €200,000 in value.

- 5.7 Review of fixed assets.
- 5.8 Review of Institute budgets.
- 5.9 Review of unit costing, RGAM, staffing levels; management reports; debtors and outstanding fees.
- 5.10 Review of major expenditure proposals as they arise. In this context major may be defined as over €200,000 in value.
- 5.11 Carry out such duties as may from time to time be entrusted to it by the Governing Body including review and recommendation for approval of the following:
  - Proposed changes in fee rates
  - Write-off of outstanding fees
  - Financial Policy Updates
  - Transfers of funds from Capital Development Reserve
- 5.12 Review items referred to it by the Audit Committee.

## **6. REPORTING**

- 6.1 The Finance Committee will regularly report to the Governing Body the committee's activities, issues, and related recommendations.
- 6.2 The Finance Committee will make an annual written report on its activities available to the Governing Body. This report will be made within three months after the financial year end.
- 6.3 Approved meeting minutes will be furnished to Governing Body for approval.
- 6.4 The Finance Committee and Audit Committee chairpersons will keep each other informed of issues arising.

## **7. REVIEW OF TERMS OF REFERENCE**

- 7.1 These Terms of Reference will be reviewed on an annual basis.