

**THE UNIVERSITY OF DUBLIN
TRINITY COLLEGE**

The Minutes of the Finance Committee Meeting of 10 November 2004

PRESENT: The Bursar (in the Chair), the Registrar, Professor D. Weaire, Mr. F. Kieran, the Dean of Arts (Letters), the Senior Lecturer*, Assistant Secretary, Treasurer (Secretary of the Finance Committee)

IN ATTENDANCE: Mr. I. Mathews

APOLOGIES: The Provost, Dr L. Doyle

(PRESENT FOR) * Minute FN/04-05/17

The Minutes of the Meeting of 6th October 2004 were approved and signed.

The Treasurer briefed the Committee on the status of actions arising from previous meetings.

Section A

FN/04-05/17 **Science Foundation Ireland – Indirect Costs**
(Minute FN/04-05-02 of 6.10.2004 refers)
The Dean of Research attended for this item.

The Dean of Research presented the Trinity College Dublin 2005 annual overhead investment plan which had been submitted to SFI on 1 November 2004. The background against which this plan had been prepared was outlined and the Dean indicated that it was necessary for all the various elements of the plan to be quantifiable and auditable and expended within one year in the context that the intention of the plan was to invest in research capacity and infrastructure within SFI host institutions. The Dean outlined in some detail elements of the submission in relation to infrastructural investment (where a total of €2.5m will be available across the sector), strategic investments and essential services. The Committee noted that the generally accepted understanding of the definition of an overhead had been redefined by the AOIP process and would lead to tensions between the needs for essential services and strategic investment. The Committee noted that shortfalls in funds approved by SFI for essential services would in most cases, have a direct impact on the related service level agreements discussed as part of the preparation of the plan and further noted that any indirect costs not directly traceable to SFI activity would continue to be a cost for the College from its core funding. The Committee expressed some concern regarding the very different approaches which were likely to have been taken across the university sector in relation to essential services and strategic initiatives and the potential views of SFI, HEA and others arising from this process. The Committee noted that there would be a need to continually review research overheads in order to ensure the financial sustainability of undertaking research activity on an ongoing basis. Questions were raised, to which there was no clear answer, regarding the current status of the Forfás/HEA overhead report and the implications of the current AOIP process for future overhead recoupment from other sponsors.

The Committee congratulated the Dean of Research on the plan as presented and expressed a wish to hear at its next meeting of the outcome of presentation of the plan to SFI.

Action

17.1 The Dean of Research be invited to brief the Committee at its next meeting on the SFI response to the plan and any issues arising therefrom.

FN/04-05/18 Financial Information Systems
(Minute FN/04-05/04 of 06.10.2004 refers)
The Vice Provost attended for this item.

Arising from a Risk Management Review which had been undertaken in the Treasurer's Office and the identification of Financial Information Systems as a matter requiring urgent review, the Vice Provost addressed the Committee in relation to proposed new Financial Information Systems and ongoing work of the Information Systems Strategy Group. With the aid of the memorandum from the Vice Provost to the Executive Officers dated 28 October 2004 and based on previous discussion on this matter the Committee considered the sponsorship, ownership, pre-requisites and principles underpinning the project along with identification of policy matters requiring approval before initiation of the project. The Committee considered transition issues associated with delivering a system of this size and magnitude particularly in the context of ongoing discussions regarding future structures in the College.

The Committee recommends that a small working group comprising of financial, Staff Office, IS professionals and possibly external consultants who will

- (i) develop and obtain approval for the policies as required before initiation
- (ii) develop a new coding structure to support new processes and structures
- (iii) draw up a system specification
- (iv) liaise with an appropriate cross section of representative College users
- (v) go to tender.

The Committee noted that there would be resourcing implications associated with this recommendation.

Action

- 18.1 The Treasurer was requested to report to the next meeting of the Finance Committee on estimated resourcing implications arising from the above recommendation.

FN/04-05/19 Governance – Board Decisions
(Minute FN/04-05/03 of 06.10.2004 refers)

The Committee considered for the second time draft terms of reference for the Finance Committee and, following some discussion and a minor amendment, agreed to recommend terms of reference to the Board (attached to minutes as a matter of record).

The Finance Committee considered and accepted draft terms of reference (with attachments) for the Investment Committee.

The Committee noted a circulated email dated 2.11.2004 from the Chair of the Catering Management Committee and existing terms of reference for the Catering Management Committee. The Committee requested minor amendments to the existing terms of reference and requested that the Catering Management Committee come forward with new terms of reference during the academic year 2004/2005.

The Committee noted a memorandum from the Senior Dean to the Registrar dated 29th October 2004 in connection with the structure and composition of the Residences Management Committee. In the context that the Residences Management Committee had not yet been convened the Committee confirmed the membership as presented subject to the substitution of a Students Union representative in the place of the President of the Students Union and requested that the Residences Management Committee be convened as soon as possible to consider the draft terms of reference and the proposed membership of the sub-committees.

Action

- 19.1 Seek Board approval for Finance Committee terms of reference.
- 19.2 Treasurer to request the Catering Management Committee to bring forward recommendations regarding its terms of reference to new membership during the academic year 2004/2005.
- 19.3 The Dean of Students be requested to convene the Residences Management Committee to consider its draft terms of reference and sub-committee memberships and revert to the Finance Committee as soon as possible.
- 19.4 A brief paper to be prepared by the Treasurer and brought forward to the next meeting on devolved decision making of the Finance Committee.

Section B**FN/04-05/20 Capital Projects**

The Committee had been circulated with Issue 6 of Capital Projects: Summary Information on Financial Position and Other Matters from the Bursar dated 06.10.2004 outlining financial and other data in relation to projects recently constructed/nearing completion, the North-East Corner project and Other Issues including the redevelopment of Pearse Street, maintenance and refurbishment of capital stock, activities of the Board-approved Property Review Group, An Post site, Nassau Street Car Park and the outcome of the HEA/Kelly report on 'Review and Prioritisation of Capital Projects in the Higher Education Sector'.

The Committee noted that while the position in relation to the overall capital programme is very positive in that a significant number of major projects have been successfully completed, largely on time and with a satisfactory financial outcome, the current overall financial deficit was €2.3m.

The Committee noted that given the current priorities of the College in relation to restructuring and the introduction of an Academic Resource Allocation Model, the focus must be on space and space management and therefore it is unlikely that new building developments will be initiated in the short term.

Action

- 20.1 The Committee supported the position that the College through the Director of Buildings must vigorously pursue the ICT Capital Funding of €6.4m (currently assumed as being forthcoming in the calculation of the overall financial deficit but by no means certain).

Section C**FN/04-05/21 OECD Report 'On the Edge' Securing a Sustainable Future for Higher Education**

The Committee noted the OECD Report 'On the Edge' Securing a Sustainable Future for Higher Education as circulated. The report addresses two main interlinking issues of how

- (i) Governments achieve their policy aims through the higher education system without the ability to direct institutions and without threatening their financial sustainability.
- (ii) Institutions manage their affairs to secure financial and academic sustainability at a time when the funding and policy environment is becoming much more competitive and challenging.

FN/04-05/22 Taxation – 2003/2004 Annual Report

The Committee approved the 2003/04 Annual Report on Taxation from Mr. M. Kiely dated 20.10.2004 as circulated noting in particular the assignment of the College to a specialised tax district responsible for all educational and related activity with the possibility of more single issue visits by Revenue Commissioners in the future, the frequency and nature of visits during the period, VAT on ancillary services, benefit-in-kind, simulated revenue audit, system changes and training. The Committee endorsed the targets for 2004/05.

The Committee acknowledged that compliance with tax legislation is the responsibility of all areas in College not only the Treasurer's Office and that further increases in the volume of tax related transactions and/or the imposition of additional requirements from Revenue would impact on the College's ability to achieve a high level of tax compliance unless there are equivalent improvements in how the tax obligations are administered.

FN/04-05/23 House Purchase Loans

The Committee approved the four house purchase loan applications as circulated.

The next meeting of the Finance Committee has been arranged for 1st December 2004 at 2.30 p.m., in the Board Room.

PROVOST.....

DATE.....

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TERMS OF REFERENCE

FINANCE COMMITTEE

The Finance Committee shall be a principal committee of the Board with responsibility in the following areas:

- (i) In the context of:
- legislation, HEA and sponsor terms of conditions.
 - annual financial planning through estimates preparation (either annual or multi annual) as recommended by Executive Officers and approved by Board.
 - other external/internal considerations (e.g. financial reporting requirements)

the core element of the work of the Finance Committee will be the review and control of overall levels of income and expenditure of the College and its constituent parts through consideration of

- financial planning for new initiatives and issues arising therefrom.
- quarterly accounts.
- annual financial statements and related audit financial matters.

Resource allocation planning and decisions do not form part of the remit of the Committee as these matters are dealt with by the Board through the Resource Management Working Group.

- (ii) Develop policies in relation to financially related matters as they arise. Such matters to be approved by Board might include *for example*:
- the determination of tuition fees/service area price increases.
 - the application of overhead charges to self-financing activities (e.g. Residences) and/or the disbursement of overheads from research-related activity.

As part of policy development and implementation proposals should be made regarding the delegation or otherwise of consequential decisions in subsequent periods.

- (iii) Identify, consider and make recommendations in relation to financially related risk issues.
- (iv) Carry out such executive functions as may from time to time be delegated to it by the Board, and shall discharge such other duties as may from time to time be entrusted to it by the Board. This may involve delegation by the Board regarding the taking of decisions. Such decisions and the basis on which they are to be taken will be identified as part of the evolving process of documenting Board approved policies and decisions arising therefrom.
- (v) The sub-committees of the Finance Committee shall be

The Investment Committee
The Catering Management Committee
The Residences Committee

All sub-committees shall forward their minutes to the Finance Committee as Section C items.

The operation of the Finance Committee as a principal committee will be in line with the report of the Governance Working Group set out in Appendix 1.

The membership of the Finance Committee will be determined from time to time by the Board in the context of Chapter XVI of the Statutes.

These Terms of Reference will be reviewed in 1 year.

Recommended by Finance Committee to Board on 10.11.2004

Encl.

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APPENDIX 1

Confidential

Report of Governance Working Group

Operation of Principal Committees

1. *Papers should be circulated at least 3 working days before the Principal Committee meeting.*
2. *The quorum for Principal Committee meetings will be seven.*
3. *The Agenda items should be classified in Section A Policy/Implementation Issues, Section B Implementation Decisions, Section C Items for Noting.*
4. *Provision of accurate and timely Minutes would be the responsibility of the Senior Administrator.*
5. *Where action were required, Minutes would note the person responsible.*
6. *Minutes would be forwarded to Board, with items, if any, of concern to Board highlighted.*
7. *The Principal Committee Chair would introduce highlighted items to Board; major policy documents would be introduced by the appropriate Annual Officer; Board members wishing to raise other items in the Minutes must notify the Secretary, in writing (by email or FAX, preferably) at least 24 hours before the Board meeting.*
8. *Sub-committee structure would be determined by Principal Committees.*
9. *All subcommittees would forward their Minutes to the Principal Committee as Section C items.*
10. *Items raising Section A or B issues for the Principal Committee would be highlighted and, if necessary, the Sub-Committee Chair would be invited to address the Principal Committee on such issues.*
11. *Principal Committee should normally meet 6-8 times per year.*

/appendix1operation of principal committees