

**THE UNIVERSITY OF DUBLIN
TRINITY COLLEGE**

The Minutes of the Finance Committee Meeting of 19 December 2007

PRESENT: The Provost, the Bursar, the Registrar, the Senior Lecturer, Professor J. Parnell, Professor N. Grene, Mr A. Byrne, Secretary*, Treasurer (Acting) - Secretary of the Finance Committee.

IN
ATTENDANCE: Research Accounting Manager

APOLOGIES Ms. M. Leahy

(PRESENT
FOR) * Minute FN/07-08/25 & 26

The Minutes of the Meeting of 26 November 2007 were approved and signed.

Matters Arising from the Minutes

FN/07-08/19 – The Committee noting that the Control Exception Report had been forwarded to the Senior Lecturer for the Heads Committee and to all Heads of Service and Support Areas, agreed that future reports would also be forwarded to the Deans for their consideration.

Section A

None

Section B

FN/07 – 08/25 Funding Statements for year ended 30.09.2007

The Committee had been circulated with

- (a) Draft Funding Statements for year ended 30.09.2007 including KPMG draft unqualified Audit Opinion.
- (b) Supplementary volume of Additional Information for year ended 30.09.2007.
- (c) Proposed Letter of Representation to KPMG to be signed off on behalf of the Board.
- (d) Memorandum from Treasurer dated 30.11.2007.

The Treasurer (Acting) presented the memorandum from Ms. G. Dempsey which represented the sign-off in relation to her period of financial stewardship as Treasurer. It addressed in detail the following:

- I. Financial reporting requirements of the University.
- II. Accounting policies and format of the Funding Statements.
- III. Issues of judgement in the Funding Statements.
- IV. Observations on the income & expenditure account, balance sheet, research & capital.
- V. Other matters including funding, pensions, financial risk, financial governance, compliance and value for money obligations.
- VI. Consolidated Financial Statements.

The Committee noted the financial reporting requirements as set out, the consistent

application of accounting policies in the year under review and that the format of the Funding Statements had been approved by the HEA as required under Section 39 of the Universities Act, 1997. Furthermore, the Committee noted the judgements exercised in the preparation of the accounts which had been considered and approved by the Audit Committee in November 2007 (AD/07-08/27 refers) under the headings of supplementary grant, Fixed Term Workers legislation (FTWA), ICT capital funding, provisions, warranties and indemnities.

Observations and analysis in relation to the income & expenditure account and balance sheet were considered, noting in particular the deficit of €2.186m relating to 2007, the accumulated deficit of €8.861m at 30 September 2007, the pay : non pay ratio, the impact of unfunded FTWA obligations on potential strategic investment and the required provision for non-receipt (to date) of HEA approved ICT capital funding. The Secretary updated the Committee on the recent discussions held by the IUA with the Department of Education & Science, HEA and Department of Finance regarding pension related issues. The Treasurer (Acting) tabled a schedule setting out the impact of one-off items and FTWA provisions on the deficit as reported over the last 4 years. In relation to research, the Committee noted the growth patterns over the last 10, 5 and 3 years at 323%, 82% and 26% respectively, the income from Irish and non-Irish sources, the top income earning Schools and other five year statistics. The Committee considered the impact of the increased levels of audit being undertaken by Sponsors (and the related hidden cost of same), the introduction of FP7 and the requirement for the College to adopt a Full Economic Costing Model (FEC) by 2010, the divergence of indirect cost overhead arrangements amongst research Sponsors, current financial information deficiencies as well as the increased complexity in the planning and management of risks associated with research activity. The cash position of the capital projects at 30 September 2007 was noted.

The Committee's attention was drawn to various funding issues including the anticipated real decrease in the level of State grant in 2008 taking into account the grant adjustment arising from the application of the HEA RGAM, the matched funding aspect of SIF and the lack of multi-annual funding and backlog maintenance grants. Other issues brought to the attention of the Committee included pensions, financial governance, compliance, value for money and the development of a sectoral full economic cost model (FEC). Financial risk issues associated with the current financial information system, existing pension scheme deficit, funding environment, absence of a centrally managed 'purchase to pay' system, restructuring, ARAM and the recruitment and retention of quality staff in the finance function (previously approved by the Committee for inclusion in the College's high level risk register - FN/07-08/04 refers) were also considered.

The Committee noted that the Consolidated Financial Statements for 2005/06 have not yet been finalised at the request of the HEA and await the outcome of the Government deliberations on the pension issues. The 2006/07 Consolidated Financial Statements will now be prepared in the New Year and finalised alongside the 2005/06 Financial Statements when the Government decision is made known.

The Committee acknowledged that the financial outturn and the accumulated deficit position at 30 September 2007 represented a strong financial position when one considers the range and extent of the challenges facing the College. The priority now was for the College to achieve a satisfactory resolution to the Pension and FTWA issues in the near future in order to release significant funds for investment in a strategic manner.

The Committee welcomed the external auditor's intention to issue an unqualified audit opinion following the approval of the Funding Statements by the Board in January 2008. It was noted that there had been no adjusted or unadjusted audit differences identified during the audit. The Funding Statements were approved for submission to Board.

In addition, the Committee along with Ms Dempsey and the Treasurer (Acting) expressed their thanks on behalf of the College to the staff in the Treasurer's Office for their dedication and commitment during the year and delivering such clear and concise year-

end information within a very tight timescale.

Action:

25.1 The Treasurer (Acting) to forward the Funding Statements to Board.

FN/07 – 08/26 Funding Statements for year ended 30.09.2007 – 10 Year Financial Analysis

In a circulated memorandum dated 30.11.2007 from Ms. G. Dempsey in her role as Treasurer, the Committee reflected on ten year financial data over the period 1996/97 to 2005/06 including state grant, student fee, other income and pay increases analysed by volume and price, pay:non pay ratios, activities as a percentage of budget inclusive/exclusive of research and conclusions drawn. It was agreed that minor modifications would be made in the memorandum submitted to Board.

The Committee also considered sectoral comparisons of the average grant per HEA RGAM weighted and un-weighted student FTE, the percentage analysis across College income and expenditure headings versus other universities and conclusions made. It was acknowledged that the information was extremely timely and would be helpful in future planning. The Committee requested the Executive Officers to consider in some detail the high level questions posed and determine what specific actions are required, the person(s) responsible and the timeframe for delivery and report to the Finance Committee in due course. The role of Mr K Creedon in retrieving and preparing the data was noted.

Action:

26.1 The Executive Officers to consider the high level questions posed in the memorandum from Ms G Dempsey dated 30.11.2007 and determine what specific actions are required, the responsible individual and the timeframe for delivery.

26.2 The Treasurer (Acting) to modify memorandum for Board.

FN/07 – 08/27 Annual Analysis of Recurrent Expenditure and Research Accounts for year ended 30.09.2007

The Committee reviewed the circulated 'Green Book' which is prepared annually as a supplement to the Funding Statements. This document provides extensive additional information on recurrent expenditure in academic areas across pay and non-pay headings and income and expenditure for all individual research accounts. The Committee approved the volume for submission to Board.

Action:

27.1 The Treasurer (Acting) to forward the volume to Board

FN/07 – 08/28 Research Account Statistics

The Committee received and accepted two memoranda and supporting schedules dated 12.12.2007 from the Research Accounting Manager setting out statistical information in relation to research activities during the year to 30 September 2007. By way of presentation, the Research Accounting Manager highlighted the growth of research expenditure over the last 3, 5 & 10 years; sources of income by Irish and non-Irish Sponsors, total overheads collected, top research income earning Schools/Vice-Deaneries/Centres, number of research staff employed and active research accounts in 2006/07.

Furthermore, the Committee noted the following risks which had been previously considered and submitted for inclusion in the College's high level risk register (FN/07-08/04 refers):

- The enormous complexity of the planning, management, processing and reporting associated with engagement with Research Sponsors whose terms and conditions

and financial requirements are nearly as individual as the Sponsor.

- The move by the European Commission on FP7 Contracts to a Full Economic Costing (FEC) model may present a funding risk to College if the College is unable to move to such a system prior to 2010.
- The unresolved issues associated with the Fixed Term Workers Act (FTWA) which has had an impact on our engagement with both the College community and Research Sponsors.
- That whilst the growth in research activity over 5 years is 82%, the numbers of research staff has only grown by 51%. This statistic (which includes postdocs and postgraduates) highlights the fact that postgraduate students do not grow in proportion to research activity and is worrying in the context of the aspiration for the Sector to double PhD's.
- The attraction and retention of appropriately skilled professional staff is critical for the support of existing and increasing levels of research activity.

The Committee expressed its appreciation to the Research Team for the clear and concise documentation provided for the presentation.

FN/07 – 08/29 Ghala Limited

The Committee accepted the Financial Statements of Ghala Limited (a 100% owned subsidiary of the College) signed by the Directors along with an unqualified Audit Report from KPMG dated 12.12.2007 for the year ended 30 September 2007 as circulated. The Committee requested that the Financial Statements be forwarded to the Board for noting along with the Letter of Representation signed by the Directors on behalf of Ghala Limited dated 12.12.2007.

Action:

29.1 The Treasurer (Acting) to forward the Ghala Limited Financial Statements to Board.

FN/07 – 08/30 Prompt Payment of Accounts Act, 1997 (2006/07)

As circulated, the Committee noted a report from KPMG dated 13.12.2007 indicating that, in their opinion, College had complied in all material aspects with the provisions of Section 13 of the Prompt Payment of Accounts Act, 1997, as amended by the European Communities (Late Payment in Commercial Transactions) Regulations 2002 and disclosed in the Statement of Payment Practice.

Action:

30.1 The Treasurer (Acting) to forward the report to Board.

FN/07 – 08/31 Banking Services

The Secretary advised the Committee that discussions were currently ongoing with a major commercial bank regarding the granting of licensing arrangements for the provision of banking facilities on campus in the future. The Committee noted there would be no impact for existing banking relationships and agreed that the Secretary along with the Treasurer (Acting) would report the final outcome to the Provost for approval.

Section C

FN/07 - 08/32 Taxation Annual Report 2006/07

The Committee had been circulated with the 2006/07 annual report on taxation from Mr M. Kiely (Taxation Officer) dated December 2007 outlining the progress that had been achieved in the areas of VAT, PAYE, Scholarships, Training and Capital Projects and the planned activities for 2007/08. In particular the report concluded that College is in a strong position to honour its commitment to the tax elements of the recently introduced Code of Governance and for standards of tax compliance achieved to date to continue in the future.

FN/07 - 08/33 Procurement Annual Report – 2006/07

As circulated, the Committee accepted the annual report on Procurement for 2006/07 set out in a memorandum from Mr B. Hartnett (Procurement & Contracts Officer) dated 12.12.2007. The Committee noted the historical expenditure pattern for suppliers with a cumulative spend over €50,000 and welcomed the increase in the level of expenditure in the Tendered category. The proposed procurement strategy for 2008 was endorsed.

FN/07 - 08/34 Financial Information Systems Development Annual Report – 2006/07

A memorandum dated December 2007 from the Financial Information Systems Group of the Treasurer’s Office had been circulated to the Committee highlighting the level of activity in 2006/07 in the areas of PC infrastructure, systems developments and upgrades, process enhancements and the launch of a new Treasurer’s Office web site in October 2007. Planned projects for 2007/08 include a major upgrade for both the financial (CODA) and payroll (COREHR) system along with the development of a systems disaster recovery plan and further enhancements of the student fees system and website.

FN/07 - 08/35 Minutes of Sub-Committees

The Committee noted and approved the minutes of the following Sub-Committees as circulated –

- a) Investment Committee meeting held on 22.11.2007
- b) Catering Management Committee meeting held on 20.11.2007
- c) Residences Management Committee meeting held on 19.11.2007

FN/07 - 08/36 Annual Reports of Sub-Committees of Finance Committee for 2006/2007

- a) The Committee accepted the circulated Catering Management Committee Annual Report for 2006/07 dated 1.11.2007 from the Chairman noting the information in relation to the number of meetings held during the year, membership details, financial performance, staffing issues, price increases for 2007/08 and new activities (speciality coffee shops, Buttery food court).
- b) The Committee approved the Annual Report of the Residences Management Committee for 2006/07 covering both Campus and Trinity Hall accommodation as circulated noting the staff establishment, progress on facility enhancements, occupancy by allocation category, services provided and activities undertaken.

The next meeting of the Finance Committee has been arranged for 6 February 2008 at 2.00 pm, in the Board Room.

PROVOST.....

DATE.....

/fc min 19 12 2007