



**Minutes of the Finance Committee Meeting of 3 November 2010**

**PRESENT:** Provost (in the Chair), Pro Vice-Provost/Chief Academic Officer, Registrar, Bursar, Professor H. Biehler, Professor D. Singleton, Chief Operating Officer, Ms. Helen Keelan, Treasurer – Secretary of the Committee

**IN**

**ATTENDANCE:** Research Accounting Manager

**APOLOGIES:** Mr. Nikolai Trigoub-Rotnem

The Provost welcomed the new Pro Vice-Provost/Chief Academic Officer, Professor Michael Marsh and the Pro Dean of the Faculty of Arts, Humanities & Social Sciences, Professor Hilary Biehler.

The Minutes of the Meeting of 22 September 2010 were approved and signed.

The Committee noted the circulated Finance Committee Action List as at October 2010 and the current status in relation to the actions agreed.

**Section A**

No Items

**Section B**

**FN/10 – 11/14 Finance Committee Terms of Reference**  
(Minute FN/10-11/2 of 22.09.2010 refers)

In the context of the revised terms of reference considered previously (FN/10-11/2 of 22.09.2010 refers), the Committee noted and agreed the minor amendments as proposed by the Treasurer in the circulated memorandum dated 27.10.2010 and requested the Treasurer to forward the revised terms of reference (attached) to Board for approval. Noting that certain related governance issues are being considered on a sectoral basis by the Irish Universities Association, the Committee requested the Treasurer to provide an update on developments in due course.

**Action:**

- 14.1** The Treasurer to forward the revised Finance Committee Terms of Reference (attached) to Board for approval.
- 14.2** The Treasurer to update the Finance Committee on related governance issues in due course.

**FN/10 – 11/15 Consolidated Financial Statements for year ended 30.09.2009**

The Financial Accountant attended for this item.

The Committee had been circulated with:

- (i) Memorandum from the Financial Resources Manager dated 27.10.2010;
- (ii) Draft Consolidated Financial Statements (including KPMG Audit Report) for the year ended 2008/09;
- (iii) Draft Letters of Representation to KPMG and the Comptroller & Auditor General (C&AG) for the year ending 2008/09.

In presenting the Consolidated Financial Statements, the Treasurer outlined the following:

- College's current financial reporting requirements;
- Main differences to the Funding Statements
- Audit status
- Basis for the different audit opinions expressed by KPMG and the C&AG
- Overall financial position
- Pension-related issues
- Next steps

The Committee noted that there were no adjusted or unadjusted audit differences and no material control weaknesses identified by the external auditors.

In the context of the revised Terms of Reference (FN/10-11/14 of 03.11.2010 refers), the Committee, having considered and noted the draft consolidated financial statements as presented by the Treasurer and the draft letters of representation to KPMG and the Comptroller & Auditor General, requested that they be submitted to the Audit Committee for review and recommendation for approval by Board.

The Committee specifically requested the Treasurer to highlight to Board the basis of the audit qualification expressed by KPMG and furthermore recommended to Board that it authorise the Treasurer to explore all options with the HEA in relation to this matter to ensure no audit qualification arises in the future.

The Committee thanked the Treasurer and his team for their role in finalising the financial statements.

**Action:**

**15.1** The Treasurer to forward the Consolidated Financial Statements and Draft Letters of Representation to the Audit Committee for review and recommendation for approval by Board.

**15.2** The Treasurer to highlight to Board the basis of the audit qualification expressed by KPMG and Board to consider the recommendation that it authorise the Treasurer to explore all options with the HEA in relation to this matter to ensure no audit qualification arises in the future.

**FN/10 – 11/16 Treasurer's Office Risk Assessment 2010**

The Committee considered the circulated memorandum from the Treasurer and the Financial Planning Manager dated 27.10.2010, which outlined a review of the financial risks associated with College. The Committee, noting that the assessment was carried out in the context of the College's Risk Management Policy, noted in particular the following risks:

**Critical Risks**

- Challenging State funding environment, particularly the State grant in 2011 and the economic outlook
- Impact of severe reduction in research funding and the related impact of reduced indirect cost recovery

**High Risks**

- Impact of the Public Sector Employment Control Framework on the quality and deliverability of teaching, research and other services
- Inadequacy of our financial information systems
- Biosciences Institute operational and capital costs staying within budget and the rental guarantee from Walls for the commercial building

**Medium Risks**

- Student centre funding risk in relation to the student levy and Foundation contribution
- Payroll; casual and external examiners
- Procurement; absence of an integrated College wide purchase to pay system
- Resource Planning Model (RPM)
- Full Economic Costing Project (FECP), HEA use of information and academic issues in relation to the completion of Academic Activity Profile (AAP) forms.

The Committee, noting that details of low risks were available in the Treasurer's Office, approved the risk assessment as circulated for onward submission to the Chief Operating Officer for inclusion in the overall College risk process.

**Action:**

**16.1** The Treasurer's Office Risk Assessment to be forwarded to the Chief Operating Officer for inclusion in the overall College risk process.

**FN/10 – 11/17 Financial Outlook 2011 – 2015**

(Minute FN/10-11/3 of 22.09.2010 refers)

In the context of the deteriorating national economic situation and the strong likelihood of significant impacts on the College's finances over the next number of years, the Provost presented a number of financial scenarios that projected a significant cumulative recurrent deficit for College by 2014/15 if no action is taken. Noting the recent rapid deterioration in the national finances and the Government's challenge to address the national deficit over the next four years, the Committee acknowledged that the core exchequer funding could be reduced by up to 20% on 2010 levels over the next number of years. The Committee noted however that, due to prudent financial management, the College has no recurrent budgetary deficit and was in a relatively strong position to address the challenging funding environment in the future. The Committee agreed that the actions to date will be insufficient to address the level of projected future funding shortfall and that the College will need to consider a more radical approach to revenue generation and expenditure reduction to deliver a long term sustainable solution. Furthermore, the Committee acknowledged that cost reductions are likely to account for the majority of the adjustment needed to achieve a balanced budget in the future.

The Committee noted that a paper outlining the scale of the future financial challenges and their likely impact on College will be presented by the Provost at the next meeting of Board.

**Section C**

**FN/10 – 11/18 Procurement**

(Minute FN/09-10/64 of 13.04.2010 refers)

The Committee noted the memorandum from the Finance Operations Manager dated 27.10.2010 as circulated and acknowledged the comprehensive communication strategy surrounding the introduction of the new Procurement Policy. As previously agreed by the Committee, the impact of this policy should be reviewed in Hilary Term 2011.

**Action:**

**18.1** The Finance Operations Manager to review the impact of the new Procurement Policy in Hilary Term 2011.

**FN/10 – 11/19 Related Entity Financial Reporting**

The Committee, noting that the documents would be forwarded to Board, approved the circulated 2009 reports in respect of:

- (i) HEAnet Limited
- (ii) The Haughton Institute for Graduate Education and Training in the Health Sciences Limited

**19.1** The Annual Reports and Financial Statements of HEAnet and the Haughton Institute for 2009 to be forwarded to Board.

**FN/10 – 11/20 Research Audits**

The Committee considered the memorandum from the Research Accounting Manager dated 27.10.2010, prepared in the context of the Committee’s oversight role, which outlined the scale of funding agency audits experienced by College in the academic year 2009/10 (excluding College Auditors and the Comptroller & Auditor General). Whilst the Committee noted that there were no significant issues identified as a result of the 96 audits carried out, they acknowledged that there were a number of common findings, which had been subsequently followed up with the relevant Principal Investigators and related areas in College.

**FN/10 – 11/21 Comptroller & Auditor General Special Report**

The Committee noted the circulated Report No. 75 of the Comptroller & Auditor General titled “Irish Universities - Resource Management and Performance” dated September 2010.

**FN/10 – 11/22 Trust Funds (Benefactions) Financial Statements to 30.06.2010**  
(Minute FN/10-11/4 of 22.09.2010 refers)

The Committee noted the letter from KPMG dated 18.10.2010 indicating that no internal control matters had arisen during the course of the audit.

**FN/10 – 11/23 Full Economic Costing Project (FECP) Status Update Report**

The Committee, in considering the memorandum from the Bursar dated 26.10.2010, noted the significant progress of the FECP and the on-going issues under the following headings:

- Academic Activity Profile (AAP)
- B&M Consulting Post-Pilot 2007/08 Review
- Progress since February 2010
- Risk Review
- Next Steps for FECP Implementation

The Committee agreed the next steps for FECP Implementation as outlined and requested the Bursar provide an update in Hilary Term 2011.

**Action:**

**23.1** The Bursar to provide a Full Economic Costing Project Status Update Report in Hilary Term 2011.

**FN/10 – 11/24 Minutes of Sub-Committees**

The Committee noted and approved the minutes in respect of:

- (i) Investment Committee meeting of 14.09.2010
- (ii) FECP meeting of 15.09.2010

The next meeting of the Finance Committee has been arranged for 15 December 2010 at 2.30p.m. in the Board Room.

PROVOST.....

DATE.....