

*Incorporating any amendments approved at subsequent Board meetings*

**The University of Dublin**

**Trinity College**

**Minutes of Statutory Board Meeting, 24 January 2007**

- Present* Provost (Dr J Hegarty), Vice-Provost (Dr R M J Byrne), Registrar (Dr D J Dickson), Bursar (Dr D C Williams), Senior Lecturer (Dr C Kearney), Dr N J Biggar, Dr A Butterfield, Ms M A Coffey, Dr A C Donnelly, Mr H Kearns, Mr R Kearns, Ms D Keogh, Dr J M Kelly, Ms M Leahy, Dr E Mac Cárthaigh, Dr K J McGinley, Dr D P O'Donovan, Dr E J O'Halpin\*, Ms R Pe Palileo, Dr J A N Parnell, Dr A J Piesse, Mr D Quinn, Mr B Sweeney, Dr J K Vij.
- Apologies* Dr W J Blau, Ms G Clarke, Dr M A Lynch.
- (by invitation)* Chairman, Audit Committee (Mr T Forsyth), Internal Auditor (Mr F Sheeran) for BD/06-07/126, BD/06-07/127.  
Deputy Treasurer (Mr I Mathews) and Ms Laura Gallagher of KPMG for BD/06-07/126.
- (ex officio)* Secretary, Treasurer, Assistant Secretary.
- (present for)* \* BD/06-07/126

**SECTION A**

- BD/06-07/126 Funding Statements for year ended 30 September 2006** The Board noted the following documents which had been circulated for consideration under this item:
- (i) Funding Statements for the year ended 30 September 2006;
  - (ii) Funding Statements for the year ended 30 September 2006 – Additional Information;
  - (iii) Proposed Letter of Representation to KPMG concerning Funding Statements, dated 24 January 2007;
  - (iv) Memorandum from the Treasurer, dated 20 December 2006;
  - (v) Ghala Limited – Financial Statements – year ended 30 September 2006;
  - (vi) Letter of Representation to KPMG concerning Ghala Ltd, dated 7 December 2006;
  - (vii) Report of the Auditors to the Board of the University of Dublin, Trinity College ('College') Pursuant to Section 13 of the Prompt Payment of Accounts, Act 1997, dated 8 December 2006;
  - (viii) Memorandum from the Chairman of the Audit Committee, dated 24 January 2007, together with letter from KPMG to the Chairman of the Audit Committee, dated 24 January 2007.

The Provost, introducing the topic, invited the Board's attention to the work which the Finance Committee and the Audit Committee had undertaken on its behalf in relation to the consideration and review of the Funding Statements for the year ended 30 September 2006 and to the discussions which had taken place between these Committees and the Treasurer's Office and the College's external auditors (KPMG), in this regard. He stated that, on the basis of the recommendations of these Principal

Committees, which had been noted in their respective minutes (Agenda items B.1 and B.2 refer), the Board was being asked to formally approve the Funding Statements for the year ended 30 September 2006 and to authorise him and the Treasurer to sign the associated letter of representation to the external auditors.

The Treasurer advised that she had received no queries on the details of the Funding Statements from members of Board in advance of the meeting and invited the Committee's attention to the following issues as outlined in her memorandum:

- Financial reporting requirements and the application of accounting policies and issues of judgement within the Funding Statements
- The College's financial position as reported in the Income and Expenditure Account and Balance Sheet
- Research issues
- Capital developments and financial position
- Financial risk issues
- Funding concerns
- Pension issues
- Development of the 4<sup>th</sup> Level
- Compliance issues
- Value for money
- Financial governance
- Consolidated Financial Statements

The Chairman of the Audit Committee, present by invitation, invited Board's attention to the memorandum dated 24 January 2007, and the accompanying letter from KPMG which outlined the main areas of concern arising from the audit. He advised Board that the audited Funding Statements had been the subject of detailed consideration by the Audit Committee subsequent to their review by the Finance Committee. He stated that, following consultation with KPMG and the Treasurer's Office, the Audit Committee had concluded that the audit process had worked very well and that a very good job had been done within a very tight timescale. The Audit Committee was also pleased to report that the auditors had identified no internal control matters that would have a material impact on the Funding Statements and that there were no estimates or areas of judgement with which the auditors disagreed and no audit differences had been identified.

The Chairman of the Audit Committee, referring to the memorandum from the Treasurer, stated that the College is facing serious challenges with many competing demands for scarce resources. Noting, that the Audit Committee's concerns had been presented in its Annual Report to Board in December 2006 (minute BD/06-07/093 of 12 December 2006 refers) and that the Treasurer had addressed the key financial issues, he wished to invite Board's attention to the following two matters which had been raised by KPMG and which need to be addressed by the College: (a) the full implementation of the risk management process which had already been started; and (b) the lack of standardisation of financial systems across Schools which could militate against the College developing a fully integrated computer-based financial system.

In conclusion, he advised Board that the Audit Committee was of the view that the College has sound procedures in place to ensure the integrity of the financial information produced for the year ended 30 September 2006 and that it was not aware of any issues or concerns which would preclude Board approving the financial statements and letter of representation for the year under review. He also thanked KPMG and the Treasurer and staff for their assistance and cooperation during the year.

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Ms Gallagher of KPMG, present by invitation, advised Board that there were no additional matters which had occurred since the completion of the audit which she wished to bring to the Board's attention and that on receipt of the signed Funding Statements and letter of representation it was their intention to issue an unqualified audit opinion.

In the course of a long discussion the following issues were raised by Board members.

**Role of the Finance Committee** It was stated that the role of the Finance Committee in implementing finance-related policies is unclear and that there are risks to the College as a result of the number of committees involved in financial and resource-based matters without any one committee having oversight of all related issues. The Treasurer advised Board that it has been recognised that there is a need for a thorough review of the committees involved in financial resource allocation and monitoring and that this will be undertaken as part of the re-structuring process.

**College's IT systems** Concerns were expressed that the Information Policy Committee (IPC) has inadequate information on which to make informed decisions and recommendations in relation to the development of the College's information technology systems. Board members also expressed concern about the lack of standardisation across Schools in relation to financial management and stressed the need to replace manual systems with state-of-the-art IT systems. The Bursar invited Board's attention to the conclusions of the externally commissioned Financial Information System specification report and the work of Task Force 1 on the e-strategy which stated that, in order for IT systems to be of maximum value to the College, there would have to be a willingness to adjust the College's business practices to capitalise on the opportunities offered by the technology rather than trying to customise systems to fit existing, and in some cases outmoded, practices.

In response to a query from Dr O'Halpin, Chair of IPC, regarding what group or individual is ultimately responsible for making strategic IT decisions, the Bursar advised Board that he as the Chief Information Officer, is, together with IPC, responsible for information policy in the College but that the clear and unambiguous governance arrangements for information policy and its implementation will have to be addressed as a matter of urgency. He also noted that considerable work had already been undertaken to identify the needs of a new financial information system and that this will be progressed as part of the e-strategy.

**Impact of Fixed Term Workers Act (FTWA) and pension issues** It was noted by a number of Board members that the financial provision for liabilities under the FTWA is having a significantly detrimental affect on the College's financial position and that there is a need to develop a College policy in this regard. It was also noted that there is a general lack of public awareness about the significant impact the funding of the FTWA is having on the College and the sector as a whole.

The Secretary and the Treasurer advised Board that the HEA Pension Working Group, in consultation with the Department of Finance and the Department of Education and Science, had considered the financial impact of both the FTWA and the position of the pension fund as part of its work. The Board noted that that a report on these matters is currently being considered by the Government and that the outcome would be presented to Board in due course.

In response to a query, the Treasurer advised Board that in order to comply with the requirements of the Generally Accepted Accounting Principles (GAAP) in preparing the Consolidated Financial Statements for the year ended September 2006, the deficit of the pension scheme will be represented in the Balance Sheet for the year, rather than just by

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way of note as had been the case for 2004/2005, and thereby have a very significant impact on the representation of the College's financial situation.

**Current financial situation** Noting the College's current very difficult financial situation, views were expressed by Board members that there is a need to work with the IUA to ensure that government funding of the 4<sup>th</sup> level is not at the expense of third level undergraduate education. Concern was also expressed at the lack of funding available to provide adequate maintenance of the College's buildings and the increasing costs associated with legal and other compliance matters.

In response to a query the Treasurer clarified the situation in relation to the College's capital deficit, noting that funds are not diverted from teaching or other recurrent activities to fund such deficits. She also undertook to clarify detailed queries in relation to administration and academic costs raised by Dr Piesse. The Board noted the Treasurer's and the Bursar's comments that central administrative services are provided for the College as a whole and that the provision of such services, such as IT, have a cost associated with them which the College has to meet.

In response to a query, the Provost advised Board that he intended reporting on the HEA Funding Model at the next Board meeting.

**College Fraud Policy** In response to a query, the Secretary advised Board that the requirements of the College's Fraud Policy are followed in any cases of suspected fraud and, if required, the relevant bodies are notified, including the External Auditors and the Gardaí. The Board noted that since the introduction of the policy in 2001 there has been one case of minor fraud and one unsubstantiated allegation.

**ICT courses** In response to a query about the escalating financial burden arising from a growing mismatch of ICT Expert Skills income and fixed costs which had been put in place to meet large ICT student quotas, the Treasurer advised Board that a review of the treatment of self-financing courses will be initiated to try and assess the implications of mainstreaming their costs in the future. The Board noted that a provision of €3 million had been made in the Funding Statements for the year ended 30 September 2006 to meet the likely costs associated with the ICT course.

The Board also noted the views of the President of the Graduate Students' Union that the rationale and implications of Board policies are not being communicated adequately to students.

In conclusion, the Provost thanked KPMG, the Audit Committee and the Treasurer and Deputy Treasurer.

The Board:

- (i) approved the Funding Statements for 2005/2006 and the associated letter of representation and agreed that they should be signed by the Provost and the Treasurer on its behalf. Dr McGinley's dissension was noted;
- (ii) noted the financial statements of Ghala Ltd which had already been approved by the company directors;
- (iii) noted the report of the Auditors to the Board of the University of Dublin, Trinity College ('College') Pursuant to Section 13 of the Prompt Payment of Accounts, Act 1997, dated 8 December 2006.

**BD/06-07/127 High Level Risk Register** The Provost, introducing the topic, invited Board's attention to a memorandum, dated 17 January 2007 and the College's High Level Risk Register, which had been circulated. He stated that the current version of the High Level Risk

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Register had been prepared in accordance with the College's Risk Management Policy and that it was presented to Board for consideration, noting that it would be an on-going item for consideration by Executive Officers and would be kept under review by the Audit Committee.

The Secretary invited Board's attention to the process used to prepare the High Level Register, whereby the managers of administrative and support areas had up-dated their individual risk registers and that the priority risks for inclusion in the High Level Register had been agreed at a workshop attended by these managers. He noted that, in accordance with the Risk Management Policy, individual areas' risk registers will be considered by appropriate Principal Committees. The Secretary advised Board that the Heads of School Committee had not made any amendments to the academic risks on the High Level Register over and above those presented in the version considered by Board in May 2006 (minute BD/05-06/248 of 3 May 2006 refers). He also noted that there are a number of issues to be addressed in the current version of the Register.

The Secretary invited Board's attention to the five highest risk areas identified in the Register and advised Board that Executive Officers will be addressing these as a matter of urgency.

The Chairman of the Audit Committee invited Board's attention to a memorandum, dated 17 January 2007, which had been circulated. He stated that while the Audit Committee had welcomed the progress made in introducing risk management to the College, the Committee was concerned that there was a significant amount of work to be done to embed it in the College's management structure. He noted in particular, that time-scales and owners need to be determined for all risk areas as soon as possible. He advised Board that experience in other organisations suggests that risk management is a very useful tool in assisting managers, and Boards, to prioritise the allocation of resources to meet strategic objectives as well as to identify priorities across areas which are interlinked.

The Chairman of the Audit Committee invited Board's attention to the comparisons of residual and raw risk with the College's risk appetite as outlined in his memorandum, noting the importance of having the profiles as congruent as possible. He advised Board that in accordance with the new HEA Code of Governance the Internal Auditor will be reviewing the controlling and mitigating factors associated with the high-level risks. The Chairman expressed concern that the Heads of School Committee had not considered the High Level Academic Risks.

In response to queries, the Secretary advised Board that the numbers quoted in the High Level Register were indicative of levels of risk and represented the best judgement of the managers of the relevant areas. The Board noted that while Executive Officers, who are largely the 'owners' of specific risks, had reviewed the High Level Risk Register prior to it being considered by the Audit Committee and Board, they had not contributed to the determination of the level of risk.

The Board noted concerns expressed by the Education Officer of the Students' Union in relation to the potential risks to the College of not having sufficient supports in place to support a diverse student body, particularly international students.

The Board also noted concerns expressed by Board members that, unless the risk management process was fully integrated into the College as a whole, there was a risk that individual areas of the College would feel marginalised and excluded from the process. The Chairman of the Audit Committee advised Board that when the risk management process is fully integrated into the College's systems all sections of the College should be contributing to risk management in their areas.

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A number of Board members expressed concern that academic risks are increasing in a certain key respects and that they are not being addressed in the High Level Register.

In response to comments from Board members about the appropriateness of the Heads of School Committee as the forum in which to prioritise academic risks, the Senior Lecturer advised Board that individual Heads of School are fully committed to addressing risk in their own areas but feel that individual interaction with the coordinator of the College's Risk Register would be more productive than developing the risk register at the Committee level. The Senior Lecturer noted that in order for risk management to be fully embedded in the College the coordination function would have to be adequately resourced.

Following a discussion on the stated views of the Heads of School Committee, the Board agreed that the Senior Lecturer and Secretary would discuss options for the resolution of the current difficulty, but that until it was resolved, the previously approved policy would remain in force whereby the Heads of School Committee would be responsible for reviewing the risks arising across academic units and identified in the quality review process and the Senior Lecturer would advise the Executive Officers' Group of risks that might have College wide significance for consideration in compiling the high level register.

The Provost thanked the Chairman of the Audit Committee for his contribution to the discussion.

## SECTION B

**BD/06-07/128 Audit Committee** The Board noted, and where appropriate, approved proposals in the draft minutes of the meeting of the Audit Committee held on 20 December 2006.

**BD/06-07/129 Finance Committee** The Board noted, and where appropriate, approved proposals in the draft minutes of the meeting of the Finance Committee held on 18 December 2006, noting in particular

- (i) Academic Faculties and Departments – Analysis of Recurrent Expenditure and Research Accounts, year to 30 September 2006 (see FN/06-07/30 of 18/12/06).
- (ii) Memorandum from the Research Accounting Manager to the Finance Committee, dated 12 December 2006 (see FN/06-07/31 of 18/12/06).

Signed: .....

Date: .....