

Incorporating any amendments approved at subsequent Board meetings

The University of Dublin

Trinity College

Minutes of Statutory Board Meeting, 23 January 2008

- Present* Provost (Dr J Hegarty), Vice-Provost (Dr R M J Byrne), Registrar (Dr J Barkhoff), Bursar (Dr D C Williams), Senior Lecturer (Dr C Kearney), Dr A Butterfield, Ms M A Coffey, Mr A Frenda, Ms U Faulkner, Dr J M Kelly, Dr E Mac Cárthaigh, Dr K J McGinley, Dr D P O'Donovan, Dr E J O'Halpin, Dr J A N Parnell, Dr A J Piesse, Dr H J Rice, Mr B Rock, Mr B Sweeney, Dr J K Vij.
- Apologies* Mr A Byrne, Ms G M Clarke, Dr J F Donegan, Dr A C Donnelly, Dr S M Ryan, Mr M A Slevin.
- In attendance*
- (ex officio)* Secretary, Acting Treasurer, Assistant Secretary.
- (by invitation)* Chairman, Audit Committee (Mr T Forsyth), Internal Auditor (Mr F Sheeran) for BD/07-08/145 and BD/07-08/146.
Ms Laura Gallagher of KPMG for BD/07-08/145.
Research Accounting Manager (Ms D Savage) for BD/07-08/145-150.

SECTION A

- BD/07-08/145 Funding Statements for year ended 30 September 2007** The Board noted the following documents which had been circulated for consideration under this item:
- (i) Funding Statements for the year ended 30 September 2007;
 - (ii) Funding Statements for the year ended 30 September 2007 - Additional Information;
 - (iii) Proposed Letter of Representation to KPMG concerning Funding Statements, dated 23 January 2008;
 - (iv) Memorandum from the Treasurer, dated 30 November 2007;
 - (v) Memorandum from the Treasurer, dated 30 November 2007, Ten Year Analysis;
 - (vi) Ghala Limited - Financial Statements - year ended 30 September 2007;
 - (vii) Letter of Representation to KPMG concerning Ghala Ltd, dated 12 December 2007;
 - (viii) 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 13 December 2007;
 - (ix) Memorandum from the Chairman of the Audit Committee, dated 16 January 2008, together with letter from KPMG to the Chairman of the Audit Committee, dated 14 January 2007.

The Provost, introducing the topic, and noting that no queries on the details of the Funding Statements had been received from members of Board in advance of the meeting, 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 2007. The Board noted the discussions which had taken place between these Committees and the Treasurer's Office and the College's external auditors (KPMG), in this regard. The Provost 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 2007 and to authorise him and the Acting Treasurer to sign the Funding Statements and the associated letter of representation to the external auditors.

The Acting Treasurer invited the Board's attention to the following issues as outlined in the memorandum from the former Treasurer:

- 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.

He stated that the accounts presented were the first part of the annual reporting cycle and represented the core teaching and research activities in the Income and Expenditure Account in accordance with the harmonised basis of accounting. The Board noted that the second part would be the Consolidated Accounts prepared in accordance with GAAP which it is expected will be completed in May or June of the current year, depending on the resolution of out-standing pension issues. The Acting Treasurer advised Board that there were no changes to accounting policies compared to previous years apart from some editorial amendments proposed by the C&AG which had been incorporated. He invited Board's attention to the judgements on which the financial statements had been based, noting that these had been approved by the external auditors and the Audit Committee.

He invited Board's attention to issues in respect of the Income and Expenditure Account and Balance Sheet. The Board noted that the Income and Expenditure Account for the year to 30 September 2007 showed a deficit of €2.2 million, contributing to an accumulated deficit of €8.9 million. The Board noted the impact which the Fixed Term Workers has had on the College's deficit, noting that, to date, substantial provision has been made in the accounts to meet possible future liabilities in this regard.

He also advised the Committee of developments in relation to pension funding, trends in state grants and other income and expenditure. He invited Board's attention to the analysis of the College's Capital Programme as outlined in the Additional Information volume, which had been circulated, and advised Board that a detailed review would be presented to Board over the coming months as part of the Bursar's regular reporting on Capital developments.

In conclusion, the Acting Treasurer stated that the financial outturn and accumulated deficit position represents a strong financial position for the College in the context of the range and extent of the challenges facing the College. The Board noted that there is an urgent need to resolve out-standing pension issues in order to bring certainty to the financial planning and management of the College.

The Chairman of the Audit Committee, present by invitation, invited Board's attention to the memorandum dated 16 January 2008, 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 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 former Treasurer and the letter from KPMG, invited Board's attention to the concerns raised in the two documents, some of which had also been addressed in the Audit Committee's 2007 Report to Board (minute BD/07-08/113 refers). He stated that the Audit Committee had recommended that each of these items be considered as part of the ongoing review of College-level risks by the Executive Officers Group and that the plans developed to address them should be monitored carefully. He invited Board's attention to the recommendation that because of their combined significance, a report on their status should be made to Board later in Hilary Term 2008. He also invited Board's attention to the comments made by KPMG in their letter to the Audit Committee in relation to the College's approach to risk management.

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 2007 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 Acting Treasurer and the Treasurer's Office staff for their assistance and cooperation during the year.

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.

She welcomed the progress which had been made on developing a high level risk register for the College and advised Board that, while important, it is only the first stage of the risk management process. She stated that it is important to identify and implement controls to mitigate risk which are then tested on an ongoing basis to ensure that they are operating effectively. She also stated that the risk register should include academic risks.

In response to queries from Board members, the Acting Treasurer clarified a number of technical issues in relation to the Funding Statements and advised Board that:

- (i) while the College will continue to engage with the HEA in relation to outstanding amounts due on the ICT capital deficit, it was prudent to make provision for the funding this year;
- (ii) the uncertainties associated with the allocation of a Supplementary Grant by the HEA each year makes it difficult for the College to plan and manage its finances;
- (iii) discussions will continue at the highest levels in the HEA to try and ensure an equitable resolution to the provision of funds to meet liabilities under the FTWA.

In considering the impact which the provisions for the FTWA have on the College's finances and the Board's previous decisions in this regard, the Board noted a Member's query as to the adequacy of the College's decision-making structures to address such significant and far-reaching issues for the College. The Board noting the role which the Finance Committee plays in advising Board on such matters, also noted that the membership of that Committee may need to be reviewed to ensure that there is adequate expertise at its disposal to assist in preparing well-founded advice for Board.

The Acting Treasurer invited Board's attention to the finance-related matters outlined in the former Treasurer's memorandum, dated 30 November 2007, which addressed:

- Funding issues
- Pensions
- Financial governance

- Compliance
- Value for Money
- Full Economic Cost Model
- Financial Risk Issues

The Board also noted a memorandum from the former Treasurer, dated 30 November 2007, which had been circulated and which outlined a ten year financial analysis from 1996/97 to 2006/07 setting out facts and figures, sectoral comparisons and the conclusions to be drawn from the data. The Acting Treasurer invited Board's attention to the Finance Committee's conclusion (minute FN/07-08/26 of 19 December 2007 refers) which was endorsed by the Audit Committee at its meeting on 10 January 2008 (minute AC/07-08/37 refers), that these issues were matters, primarily, for attention by the Executive Officers and Principal Committees, as many of them are policy issues.

In the course of a discussion, the Acting Treasurer clarified a number of technical issues, and the following points were made by Board members:

- (a) adequate time should be allocated at a future Board meeting to allow for discussion on the issues raised in the former Treasurer's memorandum;
- (b) the on-going delay in resolving the pension issues in relation to the FTWA is a matter of grave concern and, despite the prudent approach currently being adopted, the Board may be required to make difficult decisions in the future should the matter not be resolved satisfactorily. The Secretary advised Board that the Pension Trustees are in on-going discussion with the Government and that they will advise Board of the outcome in due course;
- (c) retaining and rewarding staff at all levels of the College in an equitable fashion needs to be addressed in order to dispel poor staff morale in some areas.

In conclusion, the Provost thanked KPMG, the Audit Committee, the Acting Treasurer and Research Accounting Manager.

The Board:

- (i) approved the Funding Statements for 2006/2007 and the associated letter of representation and agreed that they should be signed by the Provost and the Acting Treasurer on its behalf;
- (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 13 December 2007.

BD/07-08/146 High Level Risk Register The Provost, introducing the topic, invited Board's attention to a memorandum, dated 15 January 2008, and the College's High Level Risk Register for administrative and service areas, which had been circulated, stating that this version of the High Level Risk Register had been prepared in accordance with the College's Risk Management Policy. He advised Board that the academic risk register, which had been the subject of discussion at previous Board meetings, (minutes BD/07-08/092 of 21 November 2007 and BD/07-08/113 of 11 December 2007 refer), had now been prepared and would be considered by Executive Officers and the Audit Committee at their respective meetings, after which a consolidated Risk Register would be presented to Board for consideration.

The Secretary advised Board that 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 stated that, while the concept of a formal Risk Register is a relatively new one, the concept of risk is very well understood by managers and that risk is being managed on a daily basis at all levels within the College. The Board noted that, in accordance

with the Risk Management Policy, risk registers from individual areas will be considered by the appropriate Principal Committees.

The Secretary advised Board that, while progress had been made in refining the Register compared to the previous version, there were still a number of issues to be addressed in more detail, as had been noted by the Audit Committee. He stated, in particular, that there is a need to assign time-scales to the achievement of the actions associated with the management of the identified risks. He also noted that, while the Register currently attributes the ownership of the high-level risks to the Executive Officers' Group, these risks are ultimately the responsibility of the Provost, who delegates their management to the appropriate Officer.

The Secretary invited Board's attention to the six highest risk areas identified in the Register and advised Board that the Provost and 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 noting that it had been prepared without sight of the Provost's memorandum of 16 January 2008. 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 and the Internal Auditor advised Board that the High Level Risk Register presents a snapshot of the position at a point in time and that, in order to have a system of risk management that is effective, risks need to be actively reviewed and constantly assessed and updated as they emerge, increase or diminish.

The Chairman welcomed the preparation of the academic risk register, noting that it would be considered by the Audit Committee at its next meeting. He also welcomed the Secretary's comments in relation to the specification of time-scales for the management of risks and the identification of specific managers with accountability for the management of individual risks.

In conclusion, the Chairman invited the Board's attention to the Audit Committee recommendations that:

1. the external company which assisted managers in administrative and support areas to prepare their registers, and the consequent High Level Register, might be able to provide similar assistance to academic areas;
2. examples from other institutions might be sought to assist Executive Officers in embedding risk management throughout the College.

In the course of a discussion, the following points were made by Board members:

- (a) risks associated with the adequacy of the College's committee structures in addressing high level issues, such as the College's energy consumption, need to be included in the High Level Register;
- (b) there is a need to specify very detailed actions to address the identified risks, including those associated with the College's IT systems;
- (c) risk management needs to be fully integrated into the College's management systems.

Dr McGinley advised Board that the Site and Facilities Committee had considered a paper on environmental issues, and discussed energy consumption, at a recent meeting, the papers from which will be before Board at its next meeting.

The Provost thanked the Chairman of the Audit Committee and the Internal Auditor for their contributions to the discussion.

BD/07-08/147 Board Membership Under Other Business, the Board noted the resignation of Ms Leahy from the Board, due to her appointment to another post in College which has

resulted in her being ineligible to represent the constituency to which she had formerly belonged. The Board noting that, in accordance with the Regulations, the Provost had consulted with the relevant constituency, noted the nomination of Ms P Murphy to Board with effect from 30 January 2008.

The Board thanked Ms Leahy for her many years of service to the Board.

BD/07-8/148 Board minute **BD/07-08/082** of 21 November 2007 The Board approved the revised text of this minute as presented.

SECTION B

BD/07-08/149 **Audit Committee** The Board noted, and where appropriate, approved proposals in the draft minutes of the meeting of the Audit Committee held on 10 January 2008.

BD/07-08/150 **Finance Committee** The Board noted, and where appropriate, approved proposals in the draft minutes of the meeting of the Finance Committee held on 19 December 2007, noting in particular

- (i) Academic Faculties and Departments - Analysis of Recurrent Expenditure and Research Accounts, year to 30 September 2007 (see FN/06-07/37 of 19 December 2007).
- (ii) Memorandum from the Research Accounting Manager to the Finance Committee, dated 12 December 2007 (see FN/06-07/28 of 19 December 2007), noting a request from a Board Member that future such memoranda should refer to the top 10 areas in each category of analysis.

Signed:

Date: