

**THE UNIVERSITY OF DUBLIN
TRINITY COLLEGE**

The Minutes of the Finance Committee Meeting of 6 October 2004

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

IN ATTENDANCE: Mr. I. Mathews

APOLOGIES: The Secretary

(PRESENT FOR) * Minute FN/04-05/01 – FN/04-05/05

The Minutes of the Meeting of 23 June 2004 were approved and signed subject to the inclusion of the following additional Minute: 2004/113.

Fees for Higher Doctorates

A memorandum dated 16.06.2004 from the Dean of Graduate Studies had been circulated. The Committee considered the issues arising therefrom and recommends setting of a fee for Higher Doctorates of €2,500 to be paid on application, of which €500 represents an application fee and €2,000 represents an academic assessment fee. The Committee recommends that the fee be applicable in all cases with no waivers and noted that the only fee refunds likely to arise are in cases where the application does not proceed to the full academic assessment.

Section A

FN/04-05/01 Financial Review by the HEA
(Minute 2004/96 of 23.06.2004 refers)

The Committee had been circulated with a Higher Education Authority Report of the Working Group on 'The Financial Position of Irish Universities at 30 September 2003' which had been published on 9 September 2004. The Committee heard a report of a meeting of College representatives including the Provost, the Bursar, the Secretary and Treasurer with the Working Group on 20 September 2004 which outlined sectoral issues which included the need for stronger institutional integrated strategic and financial planning and pension fund related issues across the sector. Matters specific to TCD which had been addressed included a linkage of departmental activities and the disbursement of internal balances in line with the objectives of the strategic plan and the circumstances giving rise to the level of cash balances within TCD. The Committee welcomed the report and in particular the acknowledgement that universities are multi-faceted institutions managing a complex portfolio of activities in an increasing commercial environment and the conclusions that:

- The creation of surpluses is essential to enable universities to accumulate cash for strategic reasons
- Current levels of surpluses in the sector are inadequate
- Universities need to make surpluses of approximately 3% of income to allow for essential investment. This is in addition to providing for depreciation.
- Universities should plan to hold in the region of 45 – 60 days income in the form of cash to enable them to respond to opportunities and risks and to manage their activities effectively.

The Committee noted that the HEA had given only preliminary consideration to the findings but that it strongly endorsed the main findings and would work with the Department of Education and Science, the Universities and other stakeholders in promoting the development of an internationally competitive third level sector.

The Committee were further briefed on meetings which the Bursar and Treasurer had held with Deans in relation to internal balances and the necessity for clear planning to accompany funds retained.

Action

- 1.1 The Treasurer was requested to meet with the HEA in relation to the lack of comparability of certain data across the institutions as set out in the report.

FN/04-05/02 Science Foundation Ireland – Indirect Costs

(Minute 2004/103 of 23.06.2004 refers)

The Committee had been circulated with:

- The CHIU submission dated 21 July 2004 to SFI regarding their research overhead proposals.
- SFI correspondence dated 31 August 2004 to the Provost setting out requirements for the Annual Overhead Investment Plan (AOIP).

The Committee considered the documentation which had been circulated and noted that overheads would no longer automatically come to the College with each individual grant but would form part of an institutional Annual Overhead Investment Plan to be submitted by the College to SFI for consideration by 1 November 2004. The Committee noted the detail to be set out in the Plan, the auditability requirements and the fact there was no longer a guarantee of the receipt of the existing 30% indirect cost into the future. Given the definition now applied to overheads by SFI the Treasurer indicated that submissions were likely to relate to the incremental costs associated with servicing research and accordingly overheads which cannot be directly traced in the auditable manner set out by SFI would not be reimbursed and would continue to be a call on the College's other resources. Given the growth in research activity the financial implications may be significant.

Action

- 2.1 The Committee requested that the College's AOIP be circulated for the next meeting and that the Dean of Research be invited to attend for a discussion of the issues which now arise for the College from this new approach to overheads.

FN/04-05/03 Governance – Board Decisions

Arising from Board decisions in relation to governance of the principal committees of the Board the Committee had been circulated with correspondence from the Secretary dated 14 July 2004 setting out the membership and procedures for the Committee for 2004/2005. The Committee acknowledged its own reconstitution as a result of these decisions and the procedures which would govern its operation henceforth. The Committee further noted the Statutory Status of the Finance Committee and, arising therefrom, the Provost would continue as Chairperson of the Finance Committee.

The Committee had been circulated with draft Terms of Reference set out in a memorandum dated 28.09.2004 from the Provost and Treasurer. The Committee discussed in detail the role of the Committee in relation to planning, the integration of financial and strategic planning and the future role of the Committee given that resource allocation decisions are taken elsewhere. Furthermore the Committee concluded that it was more likely that the Finance Committee would bring forward recommendations and/or observations in relation to policies or initiatives/situations where there could be financial consequences for the College. The Committee requested that the Treasurer redraft the

Terms of Reference in light of the discussions of the Committee and endorsed the proposal that Terms of Reference once presented should be reviewed within one year.

In relation to Sub Committees the Committee noted the existing profile of Sub Committees and accepted the proposals in relation to future Sub Committees. The Committee invited the Treasurer, following relevant consultation, to review with the Chair and Secretary of each of the proposed future Sub Committees of the Finance Committee Terms of Reference for their future operation for consideration at a future meeting. In the meantime it was noted that the Committees had been asked to work to same procedures as applied to the Boards' principal committees.

Action

3.1 The Treasurer should redraft, in light of discussion, the proposed Terms of Reference of the Finance Committee and liaise with The Chair and Secretary of Sub Committees regarding their Terms of Reference.

FN/04-05/04 Risk Management

(Minute 2004/22 of 05.11.2003 refers)

Risk Management in relation to the Treasurer's Office was addressed in a memorandum dated 29 September 2004 from the Treasurer and Deputy Treasurer. The memorandum summarised the outcome of the 2003 Risk Assessment, the changed environment since the 2003 Assessment and set out the main issues for consideration as part of the 2004 review which included overall financial management, research activity risk, resourcing and workload risk along with identification of risks which may have a direct impact for financial statements in the future.

The Committee discussed the memorandum in the context of the development of the College, the infrastructural needs of the College and potentially major risks arising. Following a discussion of the adequacy of the current financial management information systems and its ability to service the College's future needs the Committee noted that a review of information systems is currently being carried out under the Chairmanship of the Vice Provost. As previously requested by the Board the memorandum be circulated to the College Secretary for consideration as part of the overall Risk Review of the College (Board Minute 3/76 of 26 November 2003).

Action

4.1 The Committee requested that the Vice Provost address the Committee at its next meeting in relation to integrated information systems requirements of the College particularly in the context of risk.

FN/04-05/05 Non EU Undergraduate Student Proposals: Fitzpatrick Report

The Committee reviewed and endorsed a memorandum from the Bursar and former Registrar dated 9 July 2004.

Until the College has initiated an Academic Resource Allocation Model, the Committee recommends the following proposals in relation undergraduate non EU students (other than Health Sciences).

- I. Existing levels of non EU four year student numbers by Department be set at the average annual number of admissions by Department over the two years 2003/2004 and 2004/2005 in order to set a benchmark against which increases in non EU four year students can be determined into the future.
- II. For all students by Department up to the average (calculated at 1 above) departments will receive funding from non EU fees on the existing basis (i.e. 35% to Arts (Humanities), Arts (Letters), BESS, ESS and 25% to Science).
- III. For non EU students above or additional to the existing average annual non EU student

numbers by Department (calculated at 1 above) it is proposed that the distribution of non EU fees (net of commission) should be

40%	to the host academic unit
40%	for support services
20%	to the cista communis

IV. For the four years 2005/2006 to 2008/2009 it is proposed that the cista communis 20% be made available to the host academic unit.

V. The services applying for support for additional non EU student numbers are

- Academic services comprising Library and IS
- Central administration comprising Senior Lecturer's Office, Staff Office and Treasurer's Office
- Student Services comprising Careers Advisory Service, Student Health, Counselling and Tutorial costs.
- International Student Affairs Office (including website).

The distribution of the 40% on a marginal basis should be

Academic Services	20%
Student Services	35%
Central administration	20%
International Student Affairs	25%

The distributions of these allocations should be considered and apportioned by the areas participating in the service provision.

The development and application of an academic resource allocation model will consider funding issues and may allocate resources using different formulas/basis which may take priority over the proposals contained herein.

These arrangements are being proposed and recommended on the basis that:

- a) Academic units take full 'ownership' of all non EU students and provide appropriate teaching and levels of support in terms of tutorials, language and study support, etc. and are accordingly accountable.
- b) Funds generated for all areas must normally be spent in the year that the funds are generated and will be the subject of any general College policy in this regard.
- c) There will be no additional space or allocation of funds by the College in this regard.
- d) The distribution of funds will be reviewed in 2008/09 for 2009/10 and later years in the context of experience, prevailing circumstances and the evolving strategic objectives of the College.
- e) Structural, procedural and management issues associated with the marketing, recruitment, admission and management of new non EU students is reviewed.
- f) The allocations proposed are for new/additional non EU four year degree students in the context that existing EU student numbers are maintained (i.e. there is no displacement).
- g) Good quality services will be provided and the individual service areas will be accountable for service provided and value for money.

Action

5.1 The Committee, in making these recommendations, notes that they apply to non EU undergraduate students only and have requested that Graduate Studies liaise with International Student Affairs should address the issue of postgraduate non EU students in due course.

FN/04-05/06 Insurance Renewal for 2004/2005 (Minute 2004/111 of 23.06.2004 refers)

The insurance renewal arrangements for 2004/2005 as set out in a detailed memorandum

dated 24 September 2004 from the Director of Buildings and Treasurer were reviewed by the Committee. This memorandum had been supplemented by a tabled memorandum of the review of this renewal which had been carried out by Executive Officers on 4 October 2004. The Committee noted the new arrangements which included a three year placing of the College's business/property interruption with the benefit of a 10% reduction in premium, a reduction in the excess applied to this policy from €90,000 to €50,000, that the insurance be placed with four companies and that while some small issues remain to be resolved this has given rise to a reduction premia from €2.25m to €1.65m.

The Committee expressed its appreciation to the Director of Buildings, the Treasurer, and their respective teams who had facilitated this renewal process.

Action

The Committee noted that as a result of the reviews which had taken place as part of this insurance renewal process:

- 6.1 College departments are to be notified by the Director of Buildings Office that the insurance risk associated with their asset register not being kept up to date would be a matter for individual departments.
- 6.2 The College community should be notified by the Director of Buildings Office that the leasing of space on behalf of the College to house new or existing activity should be dealt with through the Director of Buildings Office.
- 6.3 A Safety Officer be appointed as an initial response to the report of the Safety Committee to the Board Meeting of 29 September 2004. The Safety Committee to progress.
- 6.4 Certain issues remain to be clarified and resolved in relation to professional indemnity insurance for 2004/2005. It was noted that the Treasurer would liaise with the Dean of Research in this regard.
- 6.5 The Directors of Buildings and Safety Officer would review the need to extend the College's loss limit beyond €200m.
- 6.6 Pension and Trustee liability would be considered by the College Secretary and Treasurer with the Chairman of the Trustees of the Pension Scheme.

FN/04-05/07 Trust Funds (Benefactions) Financial Statements for the year-ended 30.06.2004

The Committee noted the Trust Funds Financial Statements for the year-ended 30.06.2004 as circulated and a memorandum dated 24.09.2004 from the Secretary to the Audit Committee setting out the draft minute of the Audit Committee's discussion on the Financial Statements at its meeting on 21.09.2004. The Committee noted that the Financial Statements had been considered and accepted by the Audit Committee and that the Board appointed auditors KPMG intended to issue an unqualified audit report.

Section B

FN/04-05/08 Quarterly Accounts to 30 June 2004

As previously agreed by the Committee, the Deputy Treasurer presented the Quarterly Accounts as circulated on a 'highlights' basis.

Capital Projects funded by HEA Capital Grants: The Committee noted that the reimbursements outstanding on both tax and non-tax based HEA & State Funded Capital Projects amounted to €14.9m. These amounts are being bridged from recurrent cashflows with consequent implications for interest earnings on the recurrent account.

Capital Projects not funded by the HEA.

Faculty and Departments: The Deputy Treasurer reported that the overall departmental balances had decreased by 3.2% since the 30.06.2003 with the cumulative non pay/pay and recurrent equipment balances decreasing by 60% and 91% respectively and self-financing courses and activities increasing by 93% and 20% respectively. The Committee were briefed on a number of accounts for which no funding sources had been identified.

Administrative and Other Areas Non Pay Budgets

Service Departments

- Library
- IS Services
- Bio-resources Unit
- Audio Visual and Media Services
- Centre for Microscopy Analysis
- Buildings Office
- Student Health Service
- Counselling

Subsidiary Activities

- Residential Rooms – College
- Residential Rooms – Trinity Hall: The Committee noted that the expected outturn for the year will be break-even after meeting the scheduled repayment commitment on the development.
- Catering
- Library Shop
- Copying Service
- Diagnostic Services
- College Day Nursery: The Deputy Treasurer highlighted the turnaround in the financial situation and noted that the majority of the accumulated deficit will be cleared by year-end. The Committee requested that that the Director of Student Health, Day Nursery Supervisor and all involved be congratulated in achieving this excellent outcome.
- Innovation Services
- Enterprise Centre
- Department of Sport
- High Performance Computing

New Research Accounts

Research Account Balances

Research Accounts – Overdrawn Balances: The Committee noted the improved position at this time in relation to this group of accounts however certain ineligible costs have been identified following an audit of one the accounts. The final outcome is subject to further dialogue between the PI and the sponsor and will be reported on in due course.

FN/04-05/09 Pay, Non Pay and Recurrent Equipment Baseline Allocations for 2004/2005

The Committee noted a memorandum from the Deputy Treasurer dated 24.09.2004 proposing a prudent allocation of 90% of 2003/04 Pay, Non Pay and Recurrent Equipment baselines in respect of 2004/05 allocations until the 2005 Estimates process is finalised. After detailed discussion in relation to the need for maximum flexibility, future uncertainty regarding funding levels and in particular the consideration and interpretation of the Board decision regarding the level of expenditure in 2004/05, the Committee approved an allocation of 100% of 2003/04 Pay, Non Pay and Recurrent Equipment baselines in respect of 2004/05 allocations on the basis that positive engagement would be required of all in resolving future deficit positions should they arise.

Section C

FN/04-05/10 Student Fees – 2004/2005

The Committee noted correspondence dated 29.07.2004 from the HEA advising of the approval by the Department of Education & Science of an increase of 7% in EU undergraduate tuition fees for the academic year 2004/05 and an increase in the student registration fee to €750.

The Committee noted and approved a memorandum and accompanying schedules of proposed Student Fees and Other Charges for 2004/05 from the Financial Resources Manager dated 24.09.2004.

FN/04-05/11 Student Fees – Non EU Fees for Medical & Dentistry 2005/2006

The Committee noted and approved correspondence dated 12.07.2004 from the Secretary & Bursar of UCC proposing a fee of €23,500 in respect of 2005/06 as recommended by the Irish Universities & Medical Schools Consortium. This represents an increase of 5% over the 2004/05 fee level.

FN/04-05/12 Student Fees – Accession Countries

The Committee noted correspondence from the HEA dated 16.07.2004 in relation to the decision by the Department of Education & Science (DES) regarding the eligibility of students from the 10 accession countries (who joined the EU on 1 May 2004) under the Free Fees Scheme in that students from accession countries entering undergraduate higher education in Ireland for the first time in the 2004/05 academic year are entitled to be considered under the Free Fees Initiative. However the status of those students who entered higher education prior to 2004/05 (i.e. prior to the date of accession) would remain unchanged.

The Committee noted and approved a memorandum dated 26.09.2004 from the Senior Lecturer, following consultation with Executive Officers, recommending that in the interest of equity six continuing undergraduate students and five continuing postgraduate students including four PhDs from accession countries be charged fees in the normal way in line with the HEA guidance and should be offered a special bursary equal to the sum of the difference between the Non EU and EU fee for the duration of their studies.

Action

12.1 Senior Lecturer's Office to progress.

FN/04-05/13 PRTL Cycle 3

The Committee noted and approved HEA correspondence dated 12.08.2004 that set out the indicative HEA and Non HEA PRTL Cycle III funding profile for the period 2004 –2008.

FN/04-05/14 House Loans

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

FN/04-05/15 Investment Committee

The Committee noted and approved the memorandum of the Investment Committee meeting held on 23.09.2004 as circulated.

FN/04-05/16 Strategic Initiatives – 2004

The Committee noted correspondence dated 12.08.2004 and accompanying schedules from the HEA to the Provost setting out the approved allocations under the Strategic Initiatives for 2004. The Committee further noted a number of changes to the scheme in 2004 as follows:

- Re-naming the scheme as the Strategic Initiative Scheme
- Involvement of external experts in the assessment of proposals received
- Establishment of new criteria, namely:
 - coherence with institutional strategy and national objectives
 - provision for inter-institutional collaboration among HEA funded institutions and across the wider higher educational sector
 - quality of the proposal eg: outcomes and indicators of success (quantitative and qualitative)

The next meeting of the Finance Committee has been arranged for 10 November 2004 at 2.30 p.m., in the Board Room.

PROVOST.....

DATE.....

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