

**THE UNIVERSITY OF DUBLIN
TRINITY COLLEGE**

The Minutes of the Finance Committee Meeting of 21 June 2006

PRESENT: The Bursar (in the Chair), the Registrar, Mr H. Kearns, Professor J. Parnell, Mr J. Mannion, Dean of Arts & Humanities*, Senior Lecturer, Secretary**, Treasurer (Secretary of the Finance Committee).

**IN
ATTENDANCE** The Deputy Treasurer

APOLOGIES The Provost

(PRESENT FOR) * Minute FN/05-06/87 to minute FN/05-06/93
**Minute FN/05-06/88 to minute FN/05-06/93

The Minutes of the Meeting of 10 May 2006 were approved and signed.

FN/05-06/87 Matters Arising

Research and Related Accounts of Professor Blau
(Minute FN/05-06/66(i) of 10 May 2006 refers)

The Committee was briefed by the Secretary to the College in relation to arrangements now agreed to bring to a conclusion non-financial aspects associated with resolving matters in connection with the Research Accounts. The Committee noted that the savings arising from these arrangements would be offset against deficits arising.

Section A

None

Section B

FN/05-06/88 Research
The Dean of Research, the Deputy Research Accounting Manager and Ms T. MacMahon attended for this item.

(i) **Risk Assessment Report-Research**
(Minute FN/05-06/77 of 10.05.2006 refers)

The Committee had been circulated with a memorandum dated 5 September 2005 in relation to a risk review which had been carried out in respect of procedures and processes associated with contracts arising from having secured research funding.

The Committee was briefed by the Treasurer in relation to the background and context in which the risk assessment had been undertaken including growth and diversity of research activity, the College's objective to improve international ranking positions and the clear need to ensure that the College's risks and exposures are managed in line with best international practice. The Committee also heard a presentation from Ms MacMahon in relation to the risks currently identified and the recommendations for actions required to address those risks.

The Committee noted the College's current contract review process as outlined in a paper also circulated to the Committee. The Committee was briefed on proposed new structures/arrangements for dealing with research activity up to and including contract signing stage and post research activity. These agreed arrangements will over a period of transition (to be discussed with the new Director) be implemented and require research proposals, contract negotiation and contract signing to be completed within the Office of the Director of Research and Innovation Services. The Committee noted that a new Director of Research and Innovation Services was due to commence employment with the College on 18 September 2006 with agreed responsibility within the new arrangements as outlined. In this context it was suggested that the papers presented to the Finance Committee would be referred for action to the new Director of Research and Innovation Services who would be briefed by the Dean of Research and Treasurer in relation to matters arising therefrom and actions to be undertaken. The Committee requested that it receive a report from the new Director of Research and Innovation Services addressing the risk related matters now noted on or before its meeting of 7 February 2006.

Appreciation was expressed to Ms Savage, Ms MacMahon and others involved with the undertaking of this professional and comprehensive risk review.

(ii) **Draft Explanatory Guidelines for Financial Management or Research Grants & Contracts**

The Committee had been circulated with draft explanatory guidelines for financial management of research grants and contracts which addressed pre and post award issues, day-to-day operations, indirect costs, insurance issues, administration issues, fiscal responsibility, coding guidance, financial reports, sponsor relationships, contract amendments, audit related issues and samples of pro-forma documentation in relation to the financial administration of research accounts.

The Committee welcomed the booklet as presented and noted that it pulled together all existing policies in one document. Arising from discussion and clarifications provided it was agreed that

- (i) the Dean of Research and the Research Accounting Manager would liaise with regard to the preparation of an introduction to be included incorporating sign-off by the Dean and the Research Accounting Manager,
- (ii) the booklet be circulated to researchers generally and in particular be made available to new staff by the Staff Office on relevant induction days and
- (iii) the guidelines might be placed on the web with appropriate links to various areas on the College's website.

The Committee noted tables (page 13) setting out a wide range of differing arrangements associated with indirect costs and identified the complexity and lack of clarity which could potentially arise therefrom. In this context the Committee requested that the Dean of Research along with a small group review the indirect costs with a view to developing a clearer and simpler future policy in relation thereto.

It was suggested that the Research and Innovation Office with the Treasurer's Office review the explanatory guidelines (for financial and non-financial matters) in one year.

The Committee extended its appreciation to the Research Accounting Manager and her team for this very helpful document and noted the acknowledgements included in the booklet.

(iii) **Quarterly Accounts to 31 March 2006**

The Committee had been circulated with schedules setting out new research accounts, research account balances and research accounts – overdrawn balances. The Treasurer brought the attention of the Committee to relevant information and statistics and clarified a number of issues raised.

Actions:

- 87.1 The Dean of Research and Treasurer to brief the new Director of Research & Innovation Services in relation to research risk-related issues now identified and to be addressed.
- 87.2 The Director of Research & Innovation Services to report back to the Finance Committee (on or before 7 February 2007) identifying actions undertaken or proposed in relation to the management of the risks identified.
- 87.3 Introduction to the Explanatory Guidelines for the Financial Management of Research grants and contracts be written by the Dean of Research and Research Accounting Manager.
- 87.4 Booklet to be circulated to Researchers.
- 87.5 Booklet to be given by Staff Office to new staff on induction course.
- 87.6 Booklet to be placed on the Research Office Web page with appropriate links to other offices.
- 87.7 A subgroup chaired by the Dean of Research to consider future policy on research indirect costs and report back to Finance Committee.
- 87.8 Review Explanatory Guidelines after 12 months.

FN/05-06/89 Consolidated Financial Statements for year ended 30 September 2005

The Committee had been circulated with the Consolidated Financial Statements for the year ended 30 September 2005 along with a supplementary memorandum dated 19 June 2006. The Deputy Treasurer outlined for the Committee the background to the current financial reporting requirements which now consists of a Funding Statement (covering core teaching and research activity) on a harmonised basis across the University sector along with GAAP Consolidated Financial Statements (covering all activities of the University and its subsidiary undertakings prepared in accordance with generally accepted accounting principles (GAAP) in Ireland as published by the Institute of Chartered Accountants in Ireland and issued by the Accounting Standards Body and the Statement of Recommended Practice – Accounting for Further and Higher Education Institutions. The Committee as in previous years noted the very different accounting rules applying to the Funding Statement and the Consolidated Financial Statements and noted the technical nature of GAAP Consolidated Financial Statements. The Committee noted that this was the third set of Consolidated Financial Statements which had been reviewed by the Committee and expressed its concern in relation to the volatility in the results over the three year period from 2002/03 to 2004/05 which ranged from a surplus of €8.9m to a deficit of €9.4m. The Deputy Treasurer drew particular attention to the reconciliation of the Consolidated Financial Statements to the HEA Funding Statements for the year ended 30 September 2005. The Committee noted that the Audit Committee had requested that consideration be given to how the Consolidated Financial Statements might best be used to provide useful indicators to the College for future use. The Committee noted that due to resourcing issues it had not been possible to address this particular requirement and suggested that a sectoral review through the IUA across the sector might be given consideration. The Committee noted in particular the outcomes of the most recent Actuarial Valuation and the potential impact arising therefrom for the College's Financial Statements, it was noted that Financial Reporting Standard 17 will require full integration of the results of the Actuarial Valuation into the Income and Expenditure Account and Balance Sheet of the College with effect from the financial year 2005/06.

The Committee noted that the Auditor's Report to accompany the Financial Statements would be qualified (as on the previous two occasions) in relation to the fact that the College's Pension cost is not accounted for in line with the Statement of Standard Accounting Practice 24. It was noted that this qualification would continue pending alteration of funding arrangements which may arise as a result of the current HEA review of pension related issues.

The Committee approved the accounts as presented and recommended that they be forwarded to the Audit Committee for consideration on 27th June 2006 and later consideration by the Board on 5th July 2006. The Deputy Treasurer highlighted the resource implications of the preparation of the Consolidated Financial Statements and expressed his appreciation to those involved in bringing them to a conclusion.

Action:

88.1 Financial Statements to be sent to Audit Committee

FN/05-06/90 Recurrent Income and Expenditure – 2006

A memorandum of the Annual Budget Meeting between the HEA and the College on 13 April 2006 had been circulated to the Committee for a previous meeting but had been deferred. The Committee heard a report in relation to the detailed issues addressed by the HEA Executive with the Treasurer, Deputy Treasurer and Financial Resources Manager prior to the main meeting which covered the outturn for 2005 and in particular the FTWA issues arising therefrom, the 2006 Estimates, consideration of funding requests in relation to Deaf Studies and the ISE, Consolidated Financial Statements, along with clarifications associated with the HEA Pensions Working Group.

The full meeting was attended by the Provost, Bursar and Senior Lecturer along with the other Trinity representatives mentioned above. The meeting considered in detail issues raised by the Provost in relation to the College's funding arrangements in relation to FTWA costs. The HEA endorsed the pro-active approach taken by the College and assured the College that it would not be disadvantaged in relation to retrospective funding. Further issues addressed included PRTL I IV, the progress of the HEA Pensions Working Party, clarifications in relation to movements in student numbers, restructuring and challenges associated therewith and the investment required to sustain it along with consideration of ARAM and the student number audit requirements arising from the HEA's new funding allocation model. The HEA acknowledged receipt of the annually required Verification Letter for 2004/05.

FN/05-06/91

Quarterly Accounts to 31 March 2006

Capital Projects funded by HEA Capital Grants

Capital Projects - part Section 843 funded

Capital Projects not funded from the HEA

School, Vice Deanery and Faculty Reserves: The Committee reviewed the schedule in some detail and while noting the need for flexibility across financial years to support the ongoing academic and research objectives of the various Schools, it heard of some concerns in relation to levels of reserves currently on hand. The Committee noted that reserves had been considered in the context of School/Vice Deanery Strategic Plans resource management and ARAM and that the Treasurer would bring forward the schedule to the Resource Management Committee and ARAM Taskforce.

Administrative and Other Areas Non Pay Budgets

Quarterly Accounts to 31 March 2006 (cont.)

Service Departments

Library

IS Services

Bio-resources Unit

Audio Visual and Media Services

Centre for Microscopy Analysis

Buildings Office

Student Health Service: The Committee noted the advices of the Director that it was likely that the Student Health Service would be in deficit in the current year for the first time

Counselling

Subsidiary Activities

Residential Rooms College

Residential Rooms Trinity Hall

Catering

Library Shop

Copying Service:

In the context of a report that this service was likely to continue in deficit the Finance Committee requested that the Director of Buildings bring forward a paper outlining options for the future of the Copying Service. The Committee noted that these matters had been considered previously but requested that the matter be reviewed again in the context of the current environment.

Diagnostic Service: The Committee noted that arising from the review of the last quarterly accounts the Head of Service was invited to review the pricing structure and the proposed use of the accumulated surplus with the input of the Head of the School of Medicine. A response to this request is outstanding.

College Day Nursery

Innovation Services

Enterprise Centre

Department of Sport

High Performance Computing: The Committee noted that the future funding situation of the Service remained to be clarified but noted that new initiatives were likely to increase activity in this area.

Action:

- 90.1 The Treasurer to forward the School, Vice Deanery and Faculty Reserves Schedule to the RMC and ARAM Taskforce.
- 90.2 The Director of Buildings to bring forward a paper on the options for the Copying Service.

FN/05-06/92**Control Exception Report**

The Committee had been circulated with a Control Exception Report for the 6 months to May 2006 and noted the range and level of items listed therein. It was agreed that this report was useful in highlighting matters for consideration and addressing for future periods. As had become normal practice the Committee requested that a copy of the report be forwarded to the Senior Lecturer for consideration at the Committee of Heads and Deans in order that they might be placed in a position to fully understand and address the matters arising in the report on an ongoing basis with the support of the new financial advisers.

Action:

- 91.1 The Treasurer to forward a copy of the Control Exception Report to the Senior Lecturer for both Deans and Heads Committees.

FN/05-06/93 Science Gallery

The Executive Summary of a draft Business Plan (dated 28 March 2006) accompanied by Trinity Foundation correspondence addressed to the College Secretary for Board (dated 29 March 2006) had been circulated to the Committee. The Committee reviewed at a high level the operating costs projected over a six year period and the as yet unsecured income streams to facilitate annual recurrent ongoing costs commencing at a level of €1.3m rising to a level of €2.5m by 2011/12.

The Science Gallery had been considered previously as part of the CRANN initiative for capital purposes but now has an independent existence of its own for recurrent and operational matters.

The Committee welcomed this positive and adventurous project but expressed serious doubts in relation to the projected level of Government funding required to sustain the project along with the ongoing commitment required from the College's Annual Overhead Investment Plan. The Committee noted that VAT and ARAM related space issues remain to be reviewed in relation to the activity. The Committee raised the issue of the outstanding amounts due in respect of the building loan which had been made to CRANN in the amount of €5m and requested guidance from the Board in relation to the prioritisation of the fund-raising efforts in relation to the capital commitment already given and the future recurrent costs associated with the Science Gallery.

FN/05-06/94 Students Union Restructuring and Loan Request

Mr J. Mannion withdrew for this item.

The Committee considered a memorandum from the Students Union President and Administrative Officer dated 2 June 2006 outlining the financial difficulties facing the Students Union along with details of an operational and financial review which had been carried out in order to address the situation. The Committee noted the main changes proposed and agreed a loan of €240,000 secured subject to interest as a first call on the annual Capitation allocations to the Students Union until such time as the loan is fully repaid on condition that the Finance Committee receives a half yearly report of the progress being made in relation to the difficulties being encountered.

Action:

93.1 A half yearly report to be brought forward from the Students Union on loan repayment progress vis a vis the plan.

FN/05-06/95 Self-Financing Courses

The Committee had been circulated with 5 proposals from the Administrative Officer of the Fees Office dated 13 June 2006 in respect of

- (i) Irish Studies Moderatorship
- (ii) M.Sc. in Palliative Care
- (iii) Master in Education – M.Ed./Postgraduate Diploma
- (iv) M.Sc. in Chemical and Biological Techniques
- (v) Postgraduate Diploma in Cognitive Psychotherapy

The Committee also received a tabled memorandum from the Financial Resources Manager dated 21 June 2006 on issues associated with the self-financing core course proposals presented.

The Committee was of the view that it had no role in relation to the consideration of proposed new courses in the context of the application of ARAM and Strategic Planning related staff resourcing decisions. The Committee noted with concern the closing down of core courses and opening up of self-financing courses in the hope of obtaining a share of the fees. It was agreed that the issue of appropriateness and resourcing of proposed new courses would in future be a matter for the Resource Management Committee. In this context the Finance Committee requested the Treasurer to refer future new courses to that Committee for consideration and that the Committee be requested to note that consideration might need to be given to the most appropriate process for new course reviews in the context of flexibility required in the introduction of courses.

The Committee agreed that the courses presented to the meeting should progress but would do so on the basis that they had been included in the recent strategic planning process and that the resourcing implications had been fully dealt with as part of the staffing resources now agreed. In this context it was noted that there would be no fee transfers outside the ARAM process.

Action:

- 94.1 The Treasurer to brief Resource Management Committee on new course proposals and the issues associated therewith in order that an appropriate process can be put in place in the future.

Section C

FN/05-06/96 Capital Appraisal Guidelines and other Value for Money Measures

The Committee was circulated with a memorandum from the Treasurer dated 22 May 2006 and accompanying correspondence from the HEA dated 3 May 2006 in connection with 'Capital Appraisal Guidelines and Other Value for Money Measures'. The Committee noted the content of the correspondence in relation to construction projects, ICT projects and consultancies, recruitment and training of specialist staff. The Treasurer informed the Committee that the Department of Education & Science had appointed Indecon International Economic Consultants to prepare a comprehensive set of guidelines together with a template that addresses the methodology to be employed by institutions in the carrying out of cost benefit analyses for major capital projects in the education sector. The correspondence had been copied to the Buildings and IT areas where investments being made in the future will have to comply with the guidelines.

FN/05-06/97 Part-time Academic Staff – Pay Rates for 2006/2007

As set out in a circulated memorandum from the Staff Secretary dated 7 June 2006, the Committee approved the proposed 4% increase to payments made to part-time staff (casual payroll) with effect from 1 October 2006.

FN/05-06/98 DMMC

The Committee had been circulated with the

- (i) Financial Statements for the year ended 30 September.2005 with an unqualified audit opinion.
- (ii) Annual Report for 2005
- (iii) Memorandum to the Board from the Secretary to the College dated 7 June.2006

The Committee noted the key issues associated with ownership, genome resource units, research programmes, education & training and funding while furthermore noting that these issues had been considered by the Board at its meeting on 13 June 2006.

FN/05-06/99 Haughton Institute

The Committee noted and approved the Financial Statements with an unqualified audit opinion for the year-ended 31 December 2005 as circulated.

FN/05-06/100 Related Entity Reporting

The Committee noted the following –

- (i) HEA net Annual Report & Financial Statements for the year-ended 31 December 2005
- (ii) Campus Companies Venture Capital Fund Limited Partnership General Partner's Report and Audited Accounts for the year-ended 31 December 2005.

FN/05-06/101 Investment Committee

The Committee noted and approved the draft minutes of the Investment Committee meeting held on 18 May 2006 as circulated.

FN/05-06/102 House Purchase Loan

The Committee noted and approved the House Purchase Loan application as circulated.

FN/05-06/103 Finance Committee Meeting Schedule: 2006/2007

The Committee noted the circulated memorandum from the Treasurer dated 30 May 2006 setting out the schedule of Finance Committee meetings for 2006/07.

The Chairperson on behalf of the Committee expressed his appreciation to Mr Mannion who completes his term on the Finance Committee for his valuable contribution during the year.

The next meeting of the Finance Committee has been arranged for 4th October 2006 at **2.00 pm**, in the Board Room.

PROVOST.....

DATE.....

/fcmin 21 06 2006