

**THE UNIVERSITY OF DUBLIN
TRINITY COLLEGE**

The Minutes of the Finance Committee Meeting of 4 October 2006

PRESENT: The Provost (in the Chair), the Bursar, the Registrar, Professor J. Parnell, Mr H. Kearns, Professor T. Brown, the Senior Lecturer, the Secretary, the Treasurer (Secretary of the Finance Committee).

**IN
ATTENDANCE:** The Deputy Treasurer

APOLOGIES Mr D. Quinn

**(PRESENT
FOR)**

The Minutes of the Meeting of 21 June 2006 were approved and signed.

FN/06- 07/01 **Diagnostic Service**
(FN/05-06/67 of 22 March 2006 refers)

The Committee received a tabled submission from the Director of the Diagnostic Service, (Professor Thomas Rogers) outlining the pricing structure for the Diagnostic Service and market comparisons along with the proposed use of the accumulated surplus of the Service.

Section A

None

Section B

FN/06- 07/02 **EU Framework 7 Programme – The Impact of Proposed Rule Changes**

The Dean of Research, the Research Accounting Manager, Director of Research and Innovations Services and Dr O. Kinsman attended for this item.

A memorandum dated 25 September 2006 outlining the impact of proposed rule changes under the EU Framework Programme (FP7) and proposed recommendations had been circulated to the Committee by the Director of Research and Innovations Services and the Treasurer.

The Committee was briefed on the structure of the new FP7 covering the period 2007 – 2013, the importance of the programme for Trinity College Dublin and the main changes and challenges arising under this programme. The Committee noted the major impact of the demise of the additional cost model and its replacement with 75% funding of full cost (full direct cost plus actual indirect cost) with the College or School through own resources to provide the balancing 25%. The major consequences arising relate to the time management recording system for all staff and the identification of a true rate of indirect cost.

Having discussed the matter at some length the Finance Committee agreed to recommend to the Board that:

1. All applications (EU and non-EU based) should be submitted to the Research Office to receive a unique identifying number from the Research Office prior to their submission to all research sponsors. In the event that an applicant bypasses this policy in relation to proposal submission, the College will not be in a position to sign-off on the related contracts. The Committee noted that this process was necessary in order to ensure compliance with sponsor requirements and enabling the Research Office to compile information on application/proposal success rates.
2. Given the financial risks/consequences of delivery of less than the agreed measures of integration, proposals in relation to networks of excellence will require a decision by both Head of School and the Dean of Research as to whether the project can be supported at College level and thus endorsed.
3. The College should continue its existing policy of only supporting Demonstration Activities (EU funding at 50%) where the 50% matching funding has been identified as being available by the Head of School and PI, by way of a cash contribution.
4. The Research Office initiate discussions with related TCD hospitals in relation to enabling Trinity College related medical staff on hospital payrolls to apply for FP7 grants through ensuring the capacity to utilise the value of their time as part of the 25% contribution required by FP7 contracts.
5. A proportion of overhead may be utilized by the relevant research account for cross subsidisation of direct costs. Consequences of this are: 1) overheads (outside of the 10% to the cista communis) going to research accounts and not schools; 2) In relation to ARAM, schools will receive only 10% ; 3) schools will continue to carry full on costs of housing research project; 4) if the overhead transferred back to research accounts gives rise to a surplus at the end of the project, it reverts to the school.
6. In order to provide the balance of the College's 25% contribution it will be necessary for the College to consider auditable time-recording systems in respect of those wishing to apply for FP7 grants. It is proposed that the Research and Innovations Office and the Treasurer's Office working with the Staff Office and Information Systems Services should give consideration as to how this might best be achieved.
7. The OIP Committee give consideration to the funding for recruitment of an FP7 Implementation Manager in order to support the move to FP7 and progress towards a full economic costing model which will be required for FP8.

Actions:

- 2.1 Obtain Board approval for recommendations 1 – 7 above
- 2.2 The Research and Innovations Service and Treasurer's Office with the Information Systems Service and Staff Office to consider the needs in relation to time recording systems
- 2.3 Inform the Research and Innovations Office of the actions required on their part.

FN/06- 07/03

Research and Related Accounts of Professor W. Blau

(Finance Committee Minute FN/05-06/30.4 of 1 December 2005 refers)

The Head of the School of Physics (Professor J. Lunney), the School Director of Research (Professor J. Donegan), the Dean of Research and the Research Accounting Manager attended for this item.

Arising from Action 30.4 of Finance Committee Meeting of 1 December 2005 the Committee had received the historical Finance Committee Minutes covering the period 6 June 2002 to 21 June 2006 in relation to research and related accounts of Professor Blau and a memorandum from the School of Physics dated 27 September 2006 addressing issues associated with the deficits on the related research accounts.

The Committee noted the history associated with this group of accounts and expressed concern in relation to the risk/controls related issues, the current financial status of the accounts and how they might be dealt with along with the internal and external (including sponsors and stakeholders) consequences which might arise from the current situation. The Committee noted that deterioration had again taken place in relation to these accounts and in particular noted the recent claim refusal by a sponsor, the sponsor initiation of an investigation of all accounts in relation to this PI and a sponsor claim due in July which remained outstanding and currently show accelerated levels of expenditure. Furthermore serious concern was expressed where supplementary funds awarded by a sponsor had not been spent as agreed. The Committee noted that no report had yet been forthcoming from the review of this PI's accounts on behalf of the research funders group which had been concluded but that the College had not received any feedback. The Committee heard of the new controls/structures which have over recent months been put in place in the School and actions taken particularly in relation to the PRTL accounts in order to deal with issues which had been raised. The Committee noted that there had always been a role for Heads of Department (and now Schools) in relation to bringing to a conclusion difficult financial issues associated with research accounts of Departmental/School PIs and consequently conflicts of interest were unlikely to arise where a Head of School as part of their duties pursues resolution of such issues to a successful conclusion. Based on the facts of the situation as presented there appeared to be a prima facie case in relation to the handling of financial matters by the PI which the Head of School should address. In this context it was agreed that the Head of School would work with the College Secretary (and external advice where appropriate) to consider the various issues at hand and possible further actions. The Head of School undertook to consider the views of the Committee and take appropriate action. The Committee noted that failure by the School to address the current situation was likely to have serious implications for the current Board policy on the devolution of financial decision-making to Schools and others because of the risks/exposures likely to arise in the future when dealing with problem financial outcomes. The Committee agreed that

1. all financial control and management associated with the activities of this PI should now be fully handled within the School of Physics.
2. the Staff Office will in future liaise with the School of Physics in relation to all staff/studentship movements on the research accounts of this PI.
3. there should be no new applications for grants by the PI over the next number of months pending the outcome of the current reviews and clarification of issues with various sponsors.
4. the full repayment agreed in respect of 2005/06 should be made by the School
5. that the repayments of debt for 2006/2007 should be agreed after the outcome of the Head of School's actions becomes known.
6. the School would consider how best to progress matters in the context of the views of the Committee and report to the next meeting. The College Secretary was asked to advise the Head of School as required in this regard.

The Committee noted the significant overhead in terms of the operation and management of these accounts for both the School and the Treasurer's Office and noted the potential consequent impact for service levels, within the School to other PIs and the Treasurer's Office for PIs across the College, particularly noting that the PI had direct engagement with the sponsor on ongoing problem issues despite previous contrary advices. Concern was also expressed in relation to the level of responsiveness of the PI within the School in the context of the urgent need to resolve issues at hand. The Committee noted that the current circumstances would have consequences for the individual, the School and the College unless immediate, decisive, clear and positive action was taken and seen to be taken.

Actions:

- 3.1 The Head of School to consider issues and take appropriate action, following any necessary advice with the College Secretary.
- 3.2 The Staff Office to be informed of the need to make the School aware of all staff/studentship movements on this PI's accounts.
- 3.3 No new grant applications by the PI pending the outcome of 3.1.
- 3.4 The School to continue to handle the finances of all research accounts of the PI.
- 3.5 The School to meet the 2005/06 repayment agreed.
- 3.6 Finance Committee to continue to review the progress on this matter.
- 3.7 Future repayments to be considered by the Committee in due course.

FN/06 - 07/04 Finance Committee – Role as a Principal Committee
(FN/05-06/66.3 of 22 March 2006 refers)

Arising from previous discussions the Committee had been circulated with:

- (i) Terms of Reference of the Finance Committee as approved by the Board
- (ii) Report of the Governance Working Group dated 27 February 2004 and
- (iii) The related Board minute 9/246 of 14 April 2004 and related Appendix 1.

The Committee considered the role of the Finance Committee in the context of the Statutes and its terms of reference approved by the Board in the context of the resource allocation, planning and management issues which are also addressed by the Resource Management Committee (and the related ARAM Taskforce), Executive Officers, the Strategic Planning Group and the Personnel and Appointments Committee. The Committee noted the good standard of operation of the Committee but were of the view that few policy items were considered and that its role in the Estimates process was minimal. The Committee expressed the view that the possibility of including in the membership of the Finance Committee an external person with financial expertise who was likely to enhance and support the function of the Finance Committee should also be considered within the membership levels set out in the Statutes and the Governance Report. The Committee was of the view that strategy, financial planning and resource allocation and the reviews associated therewith needed to be considered in a coordinated way. Noting that the Board had indicated that a review of the relationship between the Finance Committee and the Resource Management Committee would be undertaken in Michaelmas term, the Committee requested that the matter be referred back to Executive Officers for consideration in the broader context outlined above.

Action:

- 4.1 Executive Officers to be asked to initiate a review of the role of various committees in the context of current objectives of the College and the structures in place to support delivery on our Strategic Plan.

FN/06 - 07/05 Risk Assessment

The Committee had been circulated with copies of the College's Risk Management Policy and the College high-level risk register which had been considered by the Board on 3 May 2006. In the context of the need to review on an ongoing basis the risks that threaten the achievements of the objectives of the College, the Treasurer's Office had undertaken a control risk self-assessment of its functions and services. The results of this review were outlined in a memorandum from the Treasurer and the Deputy Treasurer dated 27 September 2006. Risks arising included

- the inadequacy of the current financial management information systems, coupled with the lack of a robust Governance Structure,
- lack of a co-ordinated implementation plan/overall management of the current change process,
- ongoing difficult funding environment within which the College operates
- Pension Scheme and Fixed Term Workers Act issues,
- the possibility that certain legislative obligations and Government guidelines are not being adhered to arising from the current limitations on supplier management and
- the risk that the full implementation of ARAM as currently operating will not be achievable within the current structure of 24 Schools.

The Committee reviewed and considered the risks identified and approved the Treasurer's Office risk schedule for inclusion in the College's overall 2006 risk assessment process. The Committee noted that the risks identified will be considered in the context of the overall risks of the College by Executive Officers in due course.

Action:

- 5.1 Deputy Treasurer to forward a copy of the Treasurer's Office Control Risk Self-Assessment to the Secretary for inclusion in the College's overall Risk Review.

FN/06 - 07/06 HEA Funding Allocation Model

(FN/05-06/52 8.02.06 refers)

The Committee noted correspondence to the HEA from the Treasurer dated 25 July 2006 which set out issues of concern in relation to the HEA Funding Allocation Model. Matters addressed included issues associated with future student number growth, planned increases in Ph.D. numbers and the treatment of SIF, SSTI and PRTLl initiatives and a range of other more detailed issues which need consideration. The Committee noted that no response had been received from the HEA.

FN/06 - 07/07 Trust Funds Financial Statements for the year ended 30 June 2006

The Committee had been circulated with a copy of the Financial Statements of the Trust Funds (Benefactions) for the year ended 30 June 2006 which had already been considered by both the Investment Committee and Audit Committee. The Committee noted that it was the intention of the Auditors to issue an unqualified audit opinion in the approval of the accounts by the Board.

Action:

- 7.1 The Funds Financial Statements needs to be before the Board for approval at its meeting of 25 October 2006.

Section C

- FN/06 - 07/08 Quarterly Accounts to 30 June 2006**
The Committee had received a memorandum dated 27.09.2006 with accompanying Quarterly Accounts schedules for the period to 30.06.2006 from the Deputy Treasurer and Research Accounting Manager. The memorandum set out the agreed basis of reporting to the Finance Committee and requested the Committee to note the movements, levels and trends in reserves/balances in the period to 30.06.2006 and actions being undertaken in the areas of Capital Projects, School/Vice Deanery/Faculties Reserves, Administration, Service Activities, Subsidiary Activities and Research. The Committee agreed that this form of report should be presented in respect of all future quarters.
- FN/06 - 07/09 Student Fees & Other Charges – 2006/07**
The Committee noted and approved the following as circulated –
- (i) A memorandum and accompanying schedules of proposed Student Fees and Other Charges for 2006/07 from the Financial Resources Manager dated 18.08.2006.
 - (ii) Correspondence from the Irish Universities Medical Consortium dated 28.06.2006 setting out the recommended 2007/08 non EU fee for undergraduate Medicine/Dentistry.
 - (iii) Correspondence dated 27.07.2006 from the Higher Education Authority to the Treasurer outlining the approval of an increase of 6.5% in full-time EU undergraduate tuition fees for the academic year 2006/07 and in addition an increase in the student registration fee from €775 to €800.
 - (iv) A memorandum from the Head of Teaching & Learning (Postgraduate) and Head of the School of Education dated 12.07.2006 proposing an increased fee per module for 2006/07.
- FN/06 - 07/10 Strategic Initiatives Scheme 2006**
The Committee noted correspondence from the Higher Education Authority to the Provost dated 3.08.2006 as circulated setting out the overall approved allocations for various initiatives amounting to €710,000 made to the College for 2006 along with specified conditions attaching to the funding.
- FN/06 - 07/11 Pay, Non-Pay & Recurrent Equipment Allocations – 2006/07**
The Committee noted and approved a memorandum dated 1.08.2006 as circulated from the Deputy Treasurer setting out the minimum guaranteed level of Pay, Non-Pay and Recurrent Equipment baselines for 2006/07 based on 100% of the previous year's level.
- FN/06 - 07/12 Haughton Institute**
(FN/05-06/99 of 21.06.2006 refers)
As circulated, the Committee noted the unqualified Independent Auditor's Report dated 9.05.2006 on the financial statements of the Haughton Institute for the year-ended 31.12.2005.
- FN/06 - 07/13 Catering Management Committee**
The Committee noted the draft minutes of the Catering Management Committee meeting of 12.06.2006 as circulated.

FN/06 - 07/14 Stafford Loan Programme: Audit Certificate for 2004/05
The Committee noted a memorandum as circulated dated 18.08.2006 from the Financial Resources Manager enclosing the unqualified audit opinion issued by independent US based auditors for the year-ended 30.09.2005 in relation to College's compliance with the US Federal Family Education Loan Program (Stafford Loan Program).

FN/06 - 07/15 House Purchase Loan
The Committee approved the house loan as circulated.

FN/06 - 07/16 Revenue Audit

The Committee noted that a Revenue, PAYE and PSWT audit covering the period 1 January 2004 to 29 August 2006 had commenced on Tuesday 3 October 2006 and that the Committee would be briefed on the outcomes of the audit in due course.

The next meeting of the Finance Committee has been arranged for 29 November 2006 at **2.00 pm**, in the Board Room.

PROVOST.....

DATE.....

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