

**THE UNIVERSITY OF DUBLIN  
TRINITY COLLEGE**

The Minutes of the Finance Committee Meeting of 18 December 2006

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

IN ATTENDANCE The Deputy Treasurer

APOLOGIES The Secretary

(PRESENT FOR)

The Minutes of the Meeting of 29 November 2006 were approved and signed.

**Section A**

**None**

**Section B**

**FN/06 - 07/29 Funding Statements for year ended 30 September 2006**

The Committee had been circulated with

- (a) Funding Statements for year ended 30.09.2006 including KPMG draft unqualified Audit Opinion
- (b) Supplementary volume of Additional Information for year ended 30.09.2006
- (c) The proposed Letter of Representation to KPMG to be signed off on behalf of the Board
- (d) Memorandum from Treasurer dated 11.12.2006

The memorandum from the Treasurer dated 11.12.2006 addressed in detail the following:

- (i) The financial reporting requirements of the University.
- (ii) Accounting policies and format of Funding Statements.
- (iii) Issues of judgement within the Funding Statements.
- (iv) Income and Expenditure account trends and observations.
- (v) Balance Sheet trends and observations.
- (vi) Research trends and observations.
- (vii) Capital developments and the financial position.
- (viii) Other matters for the attention of the Committee including financial risk issues, funding related matters, pensions, development of the 4<sup>th</sup> level and its implications, compliance, value for money, financial governance and the Consolidated Financial Statements.

The Committee considered a number of issues arising from its review of the Funding Statements for the year ended 30 September 2006 and in particular the current and future

impact of the judgement issues and the once-off trends in the income and expenditure account for 2006. The Committee noted the very considerable impact of the unfunded Fixed Term Workers Act obligations of recent years and the extent to which the provision for the liabilities has resulted in displacement of much needed expenditure in other areas along with the significant underlying deficit position the College now finds itself facing for 2006 and future years.

The Committee considered in some detail pension (and FTWA) related issues and the current status of the deliberations of the HEA Working Party on Pensions. The Committee noted the potential impact of pension liabilities and the net asset position of the university when it presents its Consolidated Financial Statements for the period 2005/2006 and the urgent need for all pension issues to be brought to a resolution. The Committee noted that significant funding, compliance, VFM and governance related issues would impact on the College on an ongoing basis and would need to be addressed individually. In the context of research statistics the Committee noted the overhead related issues and the cost of supporting increasing levels of research. The advent of FP7 challenges the College in terms of moving towards a full economic cost model with significant progress to be made within the next year before contracts commence and noted the risks associated therewith. The Committee concluded that there are significant financial and other challenges for the College in the short to medium term.

The Committee noted that it was the intention of the Auditors to issue an unqualified Audit Opinion, subject to a subsequent events review by the date of the Board meeting. The Committee approved the Funding Statements for submission to the Audit Committee.

The Committee noted the exceptional circumstances which confronted the Treasurer's Office in bringing the financial reporting for 2006 to a conclusion within the timeframes specified and requested that its appreciation be recorded to members of the Treasurer's Office, the Deputy Treasurer and the Treasurer.

**FN/06 - 07/30 Annual Analysis of Recurrent Expenditure and Research Accounts for the year ended 30 September 2006**

The Committee reviewed the volume which is prepared as a supplement to the Funding Statements. This document provides extensive additional information on recurrent expenditure in Schools and Vice Deaneries and also gives details of all individual research accounts by School and Vice Deanery. The Committee, while noting the new presentation in School format (rather than by Department and Faculty) approved the volume for submission to the Board.

**FN/06 - 07/31 Research Accounts Statistics**

The Committee received and accepted two memoranda and supporting schedules dated 11 and 12 December 2006 respectively from Ms D. Savage setting out statistical information in relation to research activities during the year to 30 September 2006. In addition the Treasurer drew attention to the following:

- Risk issues associated with high levels of growth in research activity.
- Levels of indirect costs and associated overhead contributions and issues associated therewith particularly in the context of the growth in activity but also the blurred definitions regarding what overhead contributions are intended to cover.
- The transitioning of legal sign-off on research grants and contracts from the Treasurer's Office to the Research and Innovation Office in the near future.
- Fitness for purpose of the integrated College systems to deliver on the research activity aspired to as part of the Strategic Plan.
- The necessity to continue to monitor the profile of research in the context of activity profile, activity levels, external environment, audit requirements, sponsors terms and conditions and legislative obligations among others.

The Committee expressed its thanks to the Research Team for the helpful documentation

provided for this presentation in an area of such importance and further requested that its good wishes be extended to Ms Savage.

**FN/06 - 07/32 Ghala Limited**

The Committee accepted the Financial Statements of Ghala Limited. (a 100% owned subsidiary of the College) along with an unqualified Audit Report from KPMG for the year ended 30 September 2006. The Financial Statements had been signed by the Directors and the Committee requested that the Financial Statements be forwarded to the Board for noting along with the signed Letter of Representation on behalf of Ghala Limited.

**FN/06 - 07/33 Prompt Payment of Accounts Act, 1997 (2005/06)**

The Committee had been circulated with an Opinion from KPMG dated 8 December 2006 pursuant to Section 13 of the Prompt Payment of Accounts Act, 1997 as amended by the European Communities (Late Payment in Commercial Transactions) Regulations 2002 indicating that College had complied in all material aspects with the provisions thereof.

**FN/06 - 07/34 DMMC**

(Minute FN/05-06/51 (ii) of 8.02.2006 refers)

The Committee considered draft Financial Statements of the DMMC for the year ended 30 September 2006 and noted an email from the Secretary indicating that the DMMC funding is secure until 31 December 2007 arising from an agreement between the HEA and PIs. The Committee noted that the DMMC is now part of the Irish Research Network (ICRIN) which in turn allows membership of its European equivalent (ECRIN) and DMMC expects that this will offer further opportunities for core funding. It was also reported that the constitution of the DMMC is likely to be reviewed in the coming year arising from co-operative arrangements with UCC and NUIG.

**Section C**

**FN/06 - 07/35 Taxation Annual Report - 2005/06**

The Committee had been circulated with a report from Mr M. Kiely dated 11 December 2006 outlining work which had been undertaken in the area of training, PAYE, Benefit in Kind, Scholarships, Value Added Tax and Foreign Taxation during 2005/06 along with the recent Revenue Audit. The Committee noted that further work needed to be carried out in a number of these areas and in the context of the imminent introduction of the Code of Governance (which will require universities to commit themselves to exemplary tax compliance) the Committee emphasised the need for ongoing vigilance in relation to continued maintenance and enhancement of a positive compliance environment with assurances to be provided under the Code of Governance of Irish Universities.

**FN/06 - 07/36 Procurement Annual Report - 2005/06**

A memorandum from Mr B. Hartnett dated 11 December 2006 had been circulated to the Committee. The memorandum set out the background and the remit of the Procurement and Contract Office, the procurement projects undertaken in the period under review and planned activities during 2007. The memorandum noted that the area requires detailed data analysis in relation to recurrent spend areas with a view to improving compliance, rationalising the supplier base and extracting value for money where possible. It was noted that the lack of an integrated financial information system continues to hamper efforts of understanding and managing College's complex and ever-increasing expenditure and supply base.

**FN/06 - 07/37 Financial Information Systems Development Annual Report – 2005/06**

A memorandum dated 11 December 2006 from the Financial Information Systems Group of the Treasurer's Office had been circulated to the Committee. A review of the activities of 2005/06 indicated that significant work had been undertaken in relation to systems reorganisation arising from academic restructuring which had been undertaken by the College, development of the Treasurer's Office PC infrastructure, developing an automated model to estimate costs on FTWA, implementing EFT in relation to some supplier payments, amendment of the General Ledger System to accommodate SFI OIP requirements, computerising the accounts of Ghala Limited, electronic capture of authorised signatories/research contract forms, development of the Fees module for the Student Administration System along with changes in electronic reporting. Planned projects for 2006/07 were also outlined in respect of the General Ledger, Payroll, Student Fees Systems along with updating the Treasurer's Office website. The Committee noted that detailed work would be undertaken with Accommodation and Catering in relation to refining the interaction of various systems and the handling of VAT charges.

**FN/06 - 07/38 Investment Committee**

The Committee noted and approved the draft minutes of the Investment Committee meeting held on 23 November 2006 as circulated.

The next meeting of the Finance Committee has been arranged for 7 February 2007 at **2.00 pm**, in the Board Room.

PROVOST.....

DATE.....

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