

**THE UNIVERSITY OF DUBLIN
TRINITY COLLEGE**

The Minutes of the Finance Committee Meeting of 11 April 2007

PRESENT: The Provost* (in the Chair), the Bursar, the Registrar, the Senior Lecturer, Mr D. Quinn, Professor T. Brown, the Secretary, the Treasurer (Secretary of the Finance Committee)

IN
ATTENDANCE: The Deputy Treasurer

APOLOGIES Professor J. Parnell and Mr H. Kearns

(PRESENT FOR) *Minute FN/06-07/59 to FN/06-07/65

The Minutes of the Meeting of 20 February 2007 were approved and signed.

The Committee welcomed the new Registrar, Dr J. Barkhoff.

FN/06 - 07/57 **Catering – Restructuring**
(Minute FN/06-07/41 of 7.02.2007 refers)

Arising from a discussion at the Board in relation to the above minute and possible misinterpretations in relation to the application of Public Service Pay Awards it was clarified that the College had no plans to depart from well-established practices in relation to the payment of negotiated pay awards. Such matters will continue to be dealt with through well-established channels.

In relation to self-financing areas of the College the Finance Committee reconfirmed its long-standing policy that self-financing activities must break even in their own right as subsidies are not available from public funds.

FN/06 - 07/58 **Action List 2006/07 and prior**

The Committee noted the circulated Action List in respect of 2006/07, the current status in relation to the matters agreed and was briefed by the Treasurer on outstanding matters in relation to all periods.

Section A

No Items

Section B

FN/06 - 07/59 **Research - TCIN**
(Minute FN/06-07/53 of 20.02.2007 refers)

The Pro Dean of Research (Professor Prendergast) attended for this item.

The Committee had been circulated with a memorandum from the Pro Dean of Research and the Treasurer dated 4 April 2007 setting out the background, history, issues arising, review process undertaken, other issues to be addressed along with recommendations for the consideration of the Committee.

The Pro Dean of Research briefed the Committee in detail on the financial issues, the governance issues and other matters which required the attention of the Committee. During the course of a long and detailed discussion the Pro Dean of Research and Treasurer made available all information and explanations available to them from an extensive and detailed exercise which had been carried out by them. Queries were raised in relation to reallocation of recurrent building costs budget to salaries, the extent of the excess of expenditure over income and related accountability issues. The Committee was assured that the seriousness of the issues at hand had been communicated to and accepted by the Director, the Executive Director, the former Director and the former Deputy Director (currently Director of Development). In response to a query the Pro Dean indicated that there were no implications for research deliverables in respect of any grants involved. Furthermore the Committee expressed its concern in relation to the sustainability of the MRI scanner into the future and noted in particular that the original budget set under PRTL1 3 was totally inadequate in the context of the very specialist nature of the equipment and processes to be implemented and delivered in this context. The Committee noted the comments in the HEA/Forfás Report "Research Infrastructure in Ireland – Building for tomorrow 2007" which had indicated that "where specialist equipment had the potential for national use it was anticipated by the reviewers that such equipment carried a significant risk of running at a loss. It would be important that costing needed to be carefully reviewed going forward". Specific queries were raised in relation to funding transfers currently being made available to the Centre. The Committee gave consideration to the governance issues, internal control issues and audit issues which might arise, the relationship both operationally and financially of Institutes and Schools along with the responsibility for the financial affairs of Institutes in the proposed new Faculty structure.

The Committee requested a guarantee that future overspends could not happen again. The Treasurer reminded the Committee of the inadequacies of the current financial information system in relation to the recording of commitments and consequently identifying potential overspends at an early date which had been discussed on a number of occasions including the last four risk reviews of the Treasurer's Office. The Treasurer indicated that without appropriate systems to manage not just expenditure but commitments she could not give such a guarantee and accordingly reliance must be placed on budget holders within the new governance structure.

Arising from the detailed discussions the Finance Committee makes the following recommendations:

1. Financial monitoring, control, oversight and reporting should be carried out by the Executive Director of TCIN. This will require the Executive Director to be an authorised signatory on all transactions with a financial consequence associated with all TCIN grants.
2. Ongoing review by the internal and external Boards of TCIN of the individual and combined financial outcomes of TCIN grants in the context of the available budgets. The form of reporting to be adopted in the first instance was agreed.
3. There should be a bi-annual financial reporting by the TCIN Boards to the College via the Finance Committee.
4. The Executive Director should act as Secretary of the TCIN external Board. Minutes of meetings should follow the principles and style adopted by principal committees of the College.
5. The role of Directors within the Institute should be clearly specified with the terms of reference prepared by the Dean of Research and the Research Committee and ultimately agreed with the external Board.

6. The relationship between Institutes and Schools needs to be urgently addressed particularly in respect of, but not restricted to financial matters (including ARAM). It is recognised that the present situation creates a significant uncertainty for Institutes and if allowed to persist poses considerable difficulty for strategic and financial planning within Institutes.
7. The Executive and Board of TCIN should prepare and bring forward a financial plan to cover future activity of the Institute and which particularly addresses the MRI scanner and its financial viability for the June 2007 Finance Committee. The Committee also expressed its concern in relation to viability issues associated with Institutes in general where funding for Institute related research grants is strictly within short fixed funding timeframes. The core needs of the Institute require attention. If activities are to be sustained a funding requirement arises on an ongoing basis. The College should take every opportunity with both research funders and the HEA to raise these issues.
8. Guidelines for all Institutes equivalent to the recommendations above should be put in place in order to secure consistent financial controls and reporting across the Institutes in relation to grants held.
9. The Board should note the risks associated with the lack of provision of appropriate financial information systems and the consequences for financial management of large activities and for Deans and others in an environment of devolved budgeting and financial decision making.

Action:

- 59.1 Treasurer to inform TCIN of recommendations 1 to 4.
- 59.2 Dean of Research and Research Committee to develop terms of reference for Directors of Institutes and agree with Institute Boards.
- 59.3 School/Institute relationships to be urgently addressed by the Bursar and Dean of Research and in particular in relation to ARAM.
- 59.4 TCIN Executive (Internal Board) to prepare a business plan for agreement with the External Board and the College as set out in 7 above.
- 59.5 Treasurer to develop guidelines based on the recommendations above for application to institutes and large centres.
- 59.6 The Board to address the financial system needs.

The Chairman expressed his appreciation to the Dean of Graduate Studies and Treasurer for their Report

FN/06- 07/60 Governance of Irish Universities

A document entitled "Governance in Irish Universities" setting out a code of practice for the governance of Irish Universities (replacing the O'Higgins' report "The Financial Governance of Irish Universities: Balancing Autonomy and Accountability"), had been circulated to the Committee along with HEA correspondence dated 17 January 2007. The Committee had also been circulated with a briefing memorandum from the Treasurer dated 4 April 2007 along with a brief history of the development of the Code of Governance and a schedule outlining the Officers within the College with responsibility for various elements of the code of practice. The Treasurer's memorandum addressed very specifically the areas within the remit of the Treasurer and the Finance Committee and current procedures in place to meet the requirements of the Code of Governance. The Committee accepted the memorandum as presented and noted the extensive reliance that would have to be placed on the College community to fulfil their obligations in a devolved structure and conduct activities in accordance with legislation, policy and guidelines as set out by the Board. The Committee noted that the acceptance of this document in principle by the Board will give rise to application of its requirements in the financial year 2006/07. In this context the College Auditors will be obliged to express an opinion as part of the Financial Statements regarding the College's compliance with these guidelines. The Committee also noted that pay remuneration/frameworks do not fall within the remit of the Treasurer or Finance Committee.

The Finance Committee noted the current level of compliance with the recently introduced code and that practices will evolve over time in light of experience and within the resources available.

FN/06- 07/61 Consolidated Financial Statements for the year ended 30.09.2006

The Treasurer outlined for the Committee the planned reporting by June 2007 of the Consolidated Financial Statements for the year ended 30 September 2006. Arising from ongoing discussions with the HEA Pensions Working Group (in relation to FTWA and pension fund deficits) the issue of the full application within the income and expenditure account and balance sheet of FRS17 has become an issue. The College Secretary confirmed that the HEA, the Department of Education and Science and Department of Finance officials had indicated that the outcomes of the Pensions Working Group's deliberations were very close to finalisation and in that context Universities should not finalise Consolidated Financial Statements for the year ended 30 September 2006 until such time as clarity had been brought to the matter. The College had also been advised by its Auditors that if a decision by Government is imminent the finalisation of Consolidated Financial Statements for audit should be deferred pending the outcome of the deliberations. The Committee accepted the position as outlined by the Treasurer and Secretary and agreed that the planned audit of the Financial Statements would be deferred as requested by the HEA and noted that in this context it may only be possible to finalise the Financial Statements in Michaelmas Term.

FN/06- 07/62 Capital Projects: Summary Information of Financial Position and other matters

The Committee had received a supplementary circulation of an annual report on Capital Projects outlining Summary Information on the financial position and other matters (Issue 9 April 2007). The Committee was informed that this report had already been considered by the Site and Facilities Committee and that the remit of the Finance Committee was to review the financial elements of the report. In this context the Committee noted:

- that legal costs associated with the Trinity Hall project have not been fully resolved because of ongoing proceedings.
- that an amount of €4.7m capital funding allocated to provide facilities for the Nursing School at Tallaght remains unspent. The Committee noted the risks in relation to the continued availability of this funding if these facilities are not provided for the School of Nursing in the near future. The Senior Lecturer outlined concerns in relation to academic consequences of space not being made available to the School of Nursing with increased student numbers planned for October 2007. The Senior Lecturer noted the Bursar's confirmation that options for short term rental of space were being looked at at present.
- the ongoing possibility of potential claims which may be made in due course by a group of investors arising from warranties and indemnities provided to them by the College as part of a tax based financial element of the Botany Bay project.
- the extensive financial information provided in relation to the North East Corner.
- the current situation in relation to the capital element of the ICT Skills programme and the extent to which the HEA will be willing to meet the outstanding claim in the context of the much reduced student numbers. The Committee further noted that if this claim is not met by the HEA the capital deficit will increase by an equivalent amount.
- the extent of the planning which had been carried out in relation to the Pearse Street development and the An Post site.
- the financial challenges associated with the maintenance and refurbishment of capital stock and the deterioration in funding since the withdrawal of backlog maintenance grants and the ongoing reductions in and pressure on recurrent state grant for maintenance purposes.
- the modest level of the State proposed 10 year capital programme across the 3rd level sector (including IOTs).
- that fundraising to meet a capital loan of €5m towards the completion of the CRANN building is ongoing with all funds being raised allocated to this capital debt as a first priority as already notified to the Board.

The Committee noted that the presently estimated capital deficits of €7.67m arise mainly from the outcome of the North East Corner project, the purchase of property in College Green and previous provisions in relation to uncertainty regarding skills funding for the North East Corner project. The financial deficit although significant in monetary terms is reasonable having regard to the scale and pace of the College's recent capital development. The need to address this deficit in the short term had been notified by the Treasurer to the Board in the context of the Financial Statements for 2006 and by the College Auditors KPMG to the Audit Committee.

Section C

FN/06 - 07/63 Quarterly Accounts to 31 December 2006

The Committee received a memorandum dated 2.04.2007 accompanying the quarterly accounts schedules for the period to 31 December 2006 from the Financial Resources Manager and the Acting Research Accounting Manager. The Committee noted the movements, balance levels and trends arising from these quarterly accounts and the actions being taken under various headings.

The Committee had previously noted in relation to the accounts to 30 September 2006 its concern in relation to the level of escalation of debit balances on a specified number of named research accounts. Having again reviewed these accounts and had a briefing from the Treasurer the Committee requested written reports from a Director of a Centre and a PI in relation to the overall financial situation of two groups of accounts.

Action:

63.1 The Treasurer to notify the Director of Centre and PI of the requirement for a written report for the June 2007 meeting.

FN/06 - 07/64 Student Service Charge

The Committee noted that as is normal practice a detailed paper had been prepared in relation to the Student Service Charge and had been presented in detail to the Student Services Committee at its meeting of 1.02.2007 (Minute SS/06-07/38 refers) and were circulated to the Finance Committee for noting.

The President of the Students Union sought information and clarification in relation to operational matters and related charges for individual aspects of the new Sports Centre activities vis a vis previous arrangements. The Treasurer explained that operational policies and details of financial charges were not within the remit of the Finance Committee but that of the Sports and Recreation Committee. However, the Committee requested that the Deputy Treasurer meet with the President of the Students Union and the Director of Sport to address these issues.

Action:

64.1 The Deputy Treasurer to meet with the President of the Students Union and Director of Sport to progress matters in the most appropriate way.

FN/06 - 07/65 Investment Committee

The Committee noted the minutes of the Investment Committee meeting of 15.02.2007.

FN/06 - 07/66 Catering Management Committee

The Committee noted the minutes of the Catering Management Committee meeting of 14.02.2007.

FN/06 - 07/67 Residences Management Committee

The Committee noted minutes of the Residences Management Committee meeting of 19.02.2007.

The next meeting of the Finance Committee has been arranged for 30 May 2007 at **2.00 pm**, in the Board Room.

PROVOST.....

DATE.....

fmin11 04 07