

**THE UNIVERSITY OF DUBLIN
TRINITY COLLEGE**

The Minutes of the Finance Committee Meeting of 17 December 2008

PRESENT: Provost (in the Chair), Bursar, Vice-Provost-Chief Academic Officer, Registrar, Chief Operating Officer, Mr. C. Reilly, Treasurer (Acting) – Secretary of the Committee.

IN ATTENDANCE: Research Accounting Manager

APOLOGIES Professor M. Marsh, Professor D. Singleton, Ms. P. Murphy.

The Minutes of the Meeting of 17 November 2008 were approved and signed.

Section A

No Items

Section B

FN/08 – 09/26 TCIN

(Minute FN/07-08/17 of 26.11.2007 refers)

Prof. Marina Lynch and Ms. Barbara Hewitt attended for this item.

In accordance with the Guidelines for the Financial Management of Trinity Research Institutes approved by the Finance Committee in June 2007, Professor Marina Lynch (Director of the TCIN) presented the circulated memorandum from Ms B Hewitt (Interim Accountant of the TCIN), dated 10 December 2008, outlining the overall activity and the significant achievements of the TCIN over the past twelve months including the increased public awareness of neuroscience programmes in Ireland. The Committee noted the forecasted financial position of the TCIN to 30.09.2009 (analysed between general TCIN research activity and MRI activity) and the four-year funding arrangements associated with the animal MRI scanner. The Committee congratulated the Director on the success of the TCIN to date and acknowledged that the activities undertaken form an integral part of the research mission of the College as outlined in the Strategic Plan.

The Committee was concerned to note the deficit now arising on the cost of the MRI installation and requested the Director of the TCIN and the Director of Buildings to provide a report for the next meeting identifying the source of funding to meet the costs incurred.

The Committee noted that, while future billable activity of the human MRI scanner will contribute to its running costs, the animal MRI scanner will not have sufficient chargeable activity to fully meet its operating costs going forward as it has a greater role in cutting-edge research and educational functions. Following consideration of TCIN's request to support the MRI activity beyond 2009, the Committee requested the Funding Group to consider the options available to the TCIN in order to secure its overall long term financial sustainability.

Action:

26.1 The Director of the TCIN and the Director of Buildings to provide a report for the next meeting identifying the source of funding to meet the costs incurred on the installation of the MRI scanners.

26.2 The Funding Group to consider the options available to the TCIN in order to secure its overall long term financial sustainability.

FN/08 – 09/27 Science Gallery

(Minute FN/07-08/75 of 27.06.2008 refers)

The Director of the Science Gallery and the Chairman of the Science Gallery Board attended for this item.

The Director of the Science Gallery made a brief presentation setting out the activities and achievements of the Gallery in the ten months since its opening in February 2008 along with commentary on the status of the Gallery finances which had been set out in the circulated memorandum dated 9.12.2008. In congratulating the Gallery on its outstanding success in the first year of operation, the Committee noted that expenditure in 2007/08 was in line with budget and that the level of deficit at 30.09.2008 arose primarily due to the delay in funding from two specific sources. The Committee welcomed the establishment of a Finance Sub-Committee by the Science Gallery Governance Board to oversee the finances of the Gallery.

The proposed breakeven budget for 2008/09 for the Gallery (achieved through scaling back the planned programme of activities/other identifiable cost reductions and approved by the Science Gallery Governance Board on 5.12.2008) was approved as presented. The Committee requested the Director to provide an update on the Gallery finances in Trinity Term 2009.

Action:

27.1 The Director of the Science Gallery to provide an update on the Gallery finances in Trinity Term 2009.

FN/08 – 09/28 Research & Related Accounts

(Minute FN/07-08/62 of 26.05.2008 refers)

The relevant PI's attended for this item.

The Committee, having been circulated with detailed financial reports and related schedules, received separate presentations from two specific Principal Investigators (PI) with regard to the overall financial situation of their respective groups of research accounts. The Committee, noting the support provided by the Faculty Financial Advisor and the Treasurer's Office, welcomed the proposal put forward by the first PI to revert to the Committee with a plan in Hilary Term which would outline the financial sustainability of the research activity in the short to medium term.

The Committee requested the second PI to bring the group of accounts in question into balance within the next twelve months and to report to the Committee in Michaelmas Term 2009.

The Committee was circulated with detailed Treasurer's Office schedules regarding the overall financial situation of two further specific PIs. Having considered tabled correspondence from the Head of School of one of the PIs, the Committee noted with concern that the agreed annual repayment in 2007/08 had not been met by the School and requested the School to make this repayment with immediate effect. Furthermore, the Committee, reiterating that the remaining debt should be fully repaid by the School over time, requested that the Head of School agree a repayment schedule with the Faculty Dean and for the Committee to be notified in this regard.

The Committee noted the improved outlook in relation to the schedule of accounts of the fourth PI and recommended that this group of accounts be reviewed in June 2009.

Action:

28.1 The relevant PI to revert to the Committee with a plan in Hilary Term which would outline the financial sustainability of the research activity in the short to medium term.

28.2 The relevant PI to bring the group of accounts in question into balance within the next twelve months and to report to the Committee in Michaelmas Term 2009.

28.3 The School to make the annual repayment for 2007/08 with immediate effect. The Head of School to agree a repayment schedule with the Faculty Dean and for the Committee to be notified in this regard.

28.4 The specific group of research accounts for the relevant PI to be reviewed by the

Committee in June 2009.

FN/08 – 09/29 Funding Statements for year ended 30.09.2008

Ms. Janet Byrne, Financial Resources Manager, attended for this item.

The Committee had been circulated with:

- (a) Memorandum from Treasurer (Acting) dated 8.12.2008;
- (b) Funding Statements for year ended 30.09.2008 including the draft unqualified Audit Opinion from KPMG;
- (c) Funding Statements - Additional Information for year ended 30.09.2008;
- (d) Draft Letter of Representation to KPMG

The Committee noted the financial reporting requirements associated with the Funding Statements which had been prepared in accordance with the agreed harmonisation policy adopted by all Irish Universities. The Treasurer (Acting) outlined that the Funding Statements represent Part 1 of the financial reporting requirements under Section 37 of the Universities Act, the format of which was approved by the Higher Education Authority for the current year in September 2008. The status of Part 2 of the financial reporting requirements was noted.

The Treasurer (Acting) briefed the Committee on the audit status of the Funding Statements as presented and that the Board-appointed external auditors (KPMG) expected to issue an unqualified audit opinion in due course. The Committee noted that there were no adjusted or unadjusted audit differences or no material control weaknesses identified by the external auditors.

By way of presentation from the Treasurer (Acting), observations and analysis on the income & expenditure account and balance sheet to 30.09.2008 were considered by the Committee, noting in particular the strategic allocations made during the year arising from the identification of unrestricted funding, the amount transferred to capital to fund in full the accumulated capital deficit, the pay:non pay ratio, the recurrent deficit of €0.9m and the accumulated deficit of €9.8m. The Treasurer (Acting) advised the Committee that, as it is widely anticipated that the University's pension assets and liabilities will transfer to the State in the near future, it is important that the College is not disadvantaged in the future for adopting a prudent approach to financial management over the past five years by making a provision for unfunded legislative obligations.

After adjusting for the Fixed Term Workers Act provision, the Committee noted the research activity at €71.1m which represented 25.3% of total income and supported 1,720 staff compared with 1,448 in 2007. Research investment from the State accounted for 78% of activity compared with 83% in the previous year. The Committee considered the impact of the increased number and level of audits being undertaken by sponsors and the related hidden cost of same (79 research grants audited in 2008 compared with 67 research grants audited in 2007). The Treasurer (Acting) highlighted that research activity which does not fund an appropriate contribution to support infrastructural and academic/administrative services will continue to put pressure on resources required for teaching and unfunded research.

The Committee noted the fundamental financial priorities required to underpin the College's next Strategic Plan 2009-2013 and also the financial challenges facing the College in the current economic climate. Furthermore, it welcomed the Provost's initiative of establishing a Funding Group chaired by the Vice Provost-Chief Academic Officer which had been tasked with examining all aspects of the College's projected financial situation and which is expected to report to Board in Hilary Term.

The Committee acknowledged that the effective break-even financial outturn in the year under review has been satisfactory (when the range and extent of the challenges facing the College is considered) and that the College is currently well positioned from a financial perspective, relative to the sector, to face the difficult budgetary environment that lies ahead. The Funding Statements as presented were approved for submission to Board.

The Committee along with the Treasurer (Acting) expressed their appreciation, on behalf of

the College, to all the staff in the Treasurer's Office and in particular the senior management team for their dedication, energy and commitment during the year, in delivering such clear and concise year-end information within a very tight timescale and for the effective manner in which the financial affairs of the College continue to be managed.

Action:

29.1 The Treasurer (Acting) to forward the draft Funding Statements and Letter of Representation to Board.

FN/08 – 09/30 Annual Analysis of Recurrent Expenditure and Research Accounts for year ended 30.09.2008

The Committee reviewed the circulated Annual Analysis of Recurrent Expenditure and Research Accounts (Green Book) for the year ended 30.09.2008 which is prepared as a supplement to the Funding Statements. This document provides extensive additional information on recurrent expenditure in academic areas across pay and non-pay headings and income and expenditure for all individual research accounts. The Committee approved the volume for submission to Board.

Action:

30.1 The Treasurer (Acting) to forward the Annual Analysis of Recurrent Expenditure and Research Accounts (Green Book) to Board.

FN/08 – 09/31 Annual Analysis of Research Accounts ('Green Book') and Research Statistics

The Committee noted the circulated memorandum and supporting schedules from the Research Accounting Manager dated 10.12.2008 setting out analysis and statistical information in relation to research activities during the year to 30.09.2008. By way of presentation, the Research Accounting Manager highlighted the growth of research expenditure over the last 3, 5 & 10 years, sources of income by Irish and non-Irish Sponsors, total overheads earned, top research income earning Schools, number of research staff employed and active research accounts in 2007/08.

The Research Accounting Manager highlighted the following:

- The risk associated with the reliance on State Funding, particularly in light of the current economic climate;
- The adequacy of the recovery of indirect cost/overhead contributions to College from funding agencies, which in proportion to activity generated is calculated at approximately 14% per annum over the last number of years;
- The move by the European Commission on FP7 Contracts to a Full Economic Costing (FEC) model may present a funding risk to College if the College is unable to move to such a system prior to 2010;
- That whilst the growth in research activity over 5 years is 57%, the numbers of research staff employed has only increased by 28%.

The Committee expressed its appreciation to the Research Section in the Treasurer's Office for the clear and concise circulated documentation.

FN/08 – 09/32 Quarterly Accounts to 30 September 2008

Ms. Janet Byrne, Financial Resources Manager, attended for this item.

The Committee received a memorandum dated 10 December 2008 with accompanying Quarterly Accounts schedules for the period to 30.09.2008 from the Financial Resources Manager and Research Accounting Manager. The Committee was briefed by the Financial Resources Manager on capital projects (funded by the HEA and not funded by the HEA), Faculty Accounts, Administrative and Other Areas, Service Departments, Subsidiary Activities and the Strategic Initiative Fund.

The Committee noted the position in relation to capital projects, the overall level of unspent balances/reserves and the outturns for the year in relation to Service Departments and Subsidiary Activity. The continued advice in relation to unspent balances was acknowledged.

In relation to research activity the Committee noted that 156 new research accounts had

been opened up in the three months to 30.09.2008 of which only c. 40% provided a contribution to overheads. The Committee welcomed the 4.5% increase in research activity over the equivalent period last year.

FN/08 – 09/33 Control Exception Report

The Committee reviewed the bi-annual Control Exception Report for the period to November 2008 and the accompanying memorandum from the Finance Operations Manager dated 8.12.2008 as circulated. The Committee approved the change in the reporting of procedural breakdowns as requested in order to further support full and complete transparent reporting in the new devolved financial environment. The Committee requested that the Control Exception Report be circulated to the Faculty Deans for Heads of School and also circulated to the Chief Operating Officer for Heads of Service and Support areas.

Action:

- 33.1 Procedural breakdowns to be identified and reported by specific area in future bi-annual Control Exception Reports.
- 33.2 The Treasurer (Acting) to forward the Control Exception Report to Faculty Deans for onward distribution to Heads of Schools and also circulate to the Chief Operating Officer for Heads of Service and Support areas.

FN/08 – 09/34 Treasurer's Office Annual Report 2007/08

As circulated the Committee received the first annual report of the Treasurer's Office for 2007/08 (set out in the agreed format), along with the accompanying memorandum from the Treasurer (Acting) dated 10.12.2008. The Committee, noting that the annual report had been discussed and approved by the Chief Operating Officer, congratulated the Treasurer's Office on the content and quality of the report that highlighted its key achievements in 2007/08 and future objectives/targets for 2008/09.

Section C

FN/08 – 09/35 Ghala Limited

The Committee accepted the Financial Statements of Ghala Limited (100% owned subsidiary of the College) signed by the Directors along with an unqualified Audit Report from KPMG for the year ended 30 September 2008 as circulated. The Committee requested that the Financial Statements be forwarded to the Board for noting along with the Letter of Representation signed by the Directors on behalf of Ghala Limited dated 4.12.2008.

Action:

- 35.1 The Treasurer (Acting) to forward the Ghala Limited Financial Statements and signed Letter of Representation to Board for noting.

FN/08 – 09/36 Draft Prompt Payments of Accounts Act, 1997 2007/08

The Committee noted the tabled final audit report from KPMG dated December 2008 (which replaced the circulated draft audit report) indicating that, in their opinion, College had complied in all material aspects with the provisions of Section 13 of the Prompt Payment of Accounts Act, 1997, as amended by the European Communities (Late Payment in Commercial Transactions) Regulations 2002 and disclosed in the Statement of Payment Practice.

Action:

- 36.1 The Treasurer (Acting) to forward the KPMG Audit Report to Board for noting.

FN/08 – 09/37 Policy and Control on Reimbursements

The Committee welcomed the circulated memorandum from the Finance Operations Manager dated 8.12.2008 and accompanying documentation which set out the current Board policy (as detailed in the College's finance manual) and the existing strong internal controls in relation to reimbursement claims. The Committee agreed that it was timely to review and update the existing policy in relation to air travel and requested the Vice Provost - Chief Academic Officer and the Chief Operating Officer to bring forward a revised policy on air travel expenditure for the next meeting of the Committee, following which a revised Finance Manual will be circulated to the College Community. The Committee noted the tabled correspondence from the HEA dated 12.12.2008 reminding the College of the need to ensure efficiency and effectiveness in respect of expenditure of public funds generally and in particular in relation to business and subsistence expenditure.

Action:

37.1 The Vice Provost - Chief Academic Officer and the Chief Operating Officer to bring forward a revised policy on air travel expenditure for the next meeting.

FN/08 – 09/38 Minutes of Sub-Committees

The Committee noted and approved the minutes of the following sub-committee meetings, as circulated:

- (a) Investment Committee meeting of 18.11.2008;
- (b) ARAM Taskforce meetings of 17.09.2008, 6.10.2008, 20.10.2008, 4.11.2008, 10.11.2008 and 24.11.2008;
- (c) FECF meeting of 15.10.2008.

The next meeting of the Finance Committee has been arranged for 4th February 2009 at 2.30p.m. in the Board Room.

PROVOST.....

DATE.....

/fcmin 17.12.2008