



Minutes of the Finance Committee Meeting of 15 December 2010

PRESENT: Provost (in the Chair), Registrar, Bursar, Professor H. Biehler, Professor D. Singleton, Mr. Nikolai Trigoub-Rotnem, Treasurer – Secretary of the Committee

IN

ATTENDANCE: Research Accounting Manager

APOLOGIES: Pro Vice-Provost/Chief Academic Officer, Chief Operating Officer, Ms. Helen Keelan

The Minutes of the Meeting of 3 November 2010 were approved and signed.

Section A

FN/10 – 11/25 Hospitality and Entertainment Policy

The Committee were circulated with:

- (i) Internal Audit Report to Audit Committee titled “Review of Travel and Subsistence, Hospitality and Entertainment” dated November 2010
- (ii) Draft Hospitality and Entertainment Policy, considered and approved by Executive Officers at their meeting of 09.11.2010.

Having noted the Internal Audit Report and the recommendations contained therein, the Committee agreed the draft Hospitality and Entertainment (H&E) Policy (attached to these minutes) which set out the purpose, definition, scope, responsibilities of the claimant and authoriser, guidelines and reporting arrangements for approval by Board in Hilary Term 2011.

Action:

25.1 The Treasurer to bring forward the draft Hospitality and Entertainment Policy to Board for approval in Hilary Term 2011.

Section B

FN/10 – 11/26 Long Room Hub

(Minute FN/09 - 10/76 of 25.05.2010 refers)

The Academic and Executive Directors of the Long Room Hub attended for this item.

The Committee, in considering the Trinity Long Room Hub (TLRH) Financial Report dated November 2010, noted that funding is in place to meet its commitments for the academic year 2010/11 with other ring-fenced funds held for specific projects/purposes. The Academic Director advised the Committee of the projected deficit in 2011/12 and that a proposal for core sustainable funding along with the TLRH’s Strategic Plan will be submitted to the Planning Group for consideration in early 2011.

The Committee invited the TLRH to update the Finance Committee in Trinity Term 2011.

Action:

26.1 TLRH to update the Finance Committee in Trinity Term 2011.

FN/10 – 11/27 Science Gallery

(Minute FN/09 – 10/77 of 25.05.2010 refers)

The Director of the Science Gallery attended for this item.

The Committee were circulated with:

- (i) Internal Audit Review of the Science Gallery to Audit Committee dated October 2010
- (ii) Memorandum from the Director of the Science Gallery dated 06.12.2010.

The Committee, having reviewed the Internal Audit Report to the Audit Committee and noting that there were no operational issues of concern, agreed with the recommendations outlined whereby the Finance Committee will continue to closely monitor funding of the Gallery and that the Gallery be brought within the College's Risk Management Framework.

In presenting an update on the financial status of the Gallery, the Director referred to recent successes in relation to income generation and the projected modest surplus for 2010/11, which will be off-set against start-up costs. The Committee noted the additional financial investment planned by the Gallery in order to achieve their ambitious income targets.

The Committee invited the Director of the Science Gallery to update the Finance Committee in Trinity Term 2011.

Action:

27.1 Science Gallery to be brought within the College's Risk Management Framework.

27.2 Science Gallery to update the Finance Committee in Trinity Term 2011.

FN/10 – 11/28 TCIN

(Minute FN/09 – 10/66 of 13.04.2010 refers)

The Director and the Finance and Business Planning Manager of TCIN attended for this item.

The Committee, in considering the circulated memorandum, appendices and strategic plan from the Director of TCIN dated 02.12.2010, noted the significant cost-control exercise undertaken, the positive financial position of TCIN for 2009/10 and the projected shortfall of income over expenditure by 2013. The Director outlined that a proposal for core sustainable funding will be considered by the Planning Group in early 2011.

While welcoming the positive development associated with securing the contracted funding on a specific commercial research contract, the Committee requested the Treasurer and the Dean of Research to consider the issues where existing contractual commitments by research sponsors are not fulfilled.

The Committee considered and agreed in principle with TCIN's proposal to clear the legacy MRI capital deficit subject to agreement by the relevant School Executive.

The Committee invited TCIN to update the Finance Committee in Hilary Term 2011.

Action:

28.1 The Treasurer and the Dean of Research to consider the issues whereby existing contractual commitments by research sponsors are not fulfilled.

28.2 School of Psychology Executive to agree the TCIN funding proposal to clear the legacy MRI capital deficit.

28.3 TCIN to update the Finance Committee in Hilary Term 2011.

FN/10 – 11/29 CRANN

(Minute FN/09 – 10/75 of 25.05.2010 refers)

The Director and Executive Director of CRANN attended for this item.

The Committee, having been circulated with a report and related appendices by the

Executive Director of CRANN dated December 2010, considered the overview of the current financial position of CRANN, key issues and associated risks.

The Committee acknowledged CRANN's successful delivery of its vision to date, however the issue of sustainability in the immediate future was recognised. It was agreed that the Planning Group will consider financial sustainability of CRANN alongside all other TRI's in Hilary Term 2011.

Action:

29.1 CRANN to update the Finance Committee in Hilary Term 2011.

FN/10 – 11/30 Institute of Catholic Theology

(Minute FN/09-10/26 of 16.12.2009 refers)

The Director of Strategic Initiatives and the Financial Planning Manager attended for this item.

The Committee noted the circulated memorandum and accompanying appendices from the Registrar and the Director of Strategic Initiatives setting out the principle elements of the revised financial arrangements associated with the Institute of Catholic Theology, now titled the Loyola Institute of Theology (LIT).

The Committee approved the revised proposal and financial projections as set out and noted that the Director of Strategic Initiatives and the Registrar would present them to Board in Hilary Term 2011.

Action:

30.1 The Director of Strategic Initiatives and the Registrar to present the revised proposal and financial projections in respect of the LIT to Board in Hilary Term 2011.

FN/10 – 11/31 Funding Statements for year ended 30.09.2010

The Financial Accountant attended for this item.

The Committee had been circulated with:

- (i) Memorandum from the Treasurer dated 8.12.2010
- (ii) Funding Statements for year ended 30.09.2010
- (iii) Funding Statements - Additional Information for year ended 30.09.2010
- (iv) Draft Letter of Representation to KPMG dated 26.01.2011

By way of presentation, the Committee noted the financial reporting requirements associated with the Funding Statements, which represented 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 in November 2010). The timing associated with the completion of Part 2 of the reporting obligations was also noted.

The Treasurer briefed the Committee on the audit status of the Funding Statements and advised that the Board-appointed external auditors (KPMG) expected to issue an unqualified audit opinion following approval by Board in January 2011.

The Committee, in welcoming the outturn of an excess of income over expenditure of €0.18m for 2009/10 and the level of accumulated core funding reserves of €0.15m at 30 September 2010, noted the financial performance that included the –

- 9 month impact of the absolute reduction of 26% (€22.7m) in the 2010 calendar Grant notified in February 2010.
- increase in the student charge of €600 to €1,500 from 1 October 2009 (€6m).
- national pay rate reductions effective from 1 January 2010 (€8m).
- achievement of €6m expenditure savings target set out in Report No 1 of the Planning Group.
- allocation of €2m to Faculty Deans and the COO for strategic purposes following Board approval in June 2010.
- release of €3.8m (€1.3m Academic & Related Services; €2.5m Research) against

pay costs relating to an unfunded provision held in respect of liabilities associated with the Model Pension Scheme that is no longer required following sectoral discussions with the HEA/IUA.

- State grant deferred to 2010/11 of €7.3m to meet the potential future costs of a College Incentivised Voluntary Early Retirement Initiative (VERI) if/when such a scheme is approved by the HEA.

The Committee considered the total income and expenditure (excluding funded research) from exchequer/non-exchequer sources, and the pay : non pay ratio for the period 2006 – 2010. The decrease in turnover in College's ancillary activities due to challenging trading conditions was noted.

The Research Accounting Manager highlighted the level of research activity for 2009/10 including the proportion of research investment from exchequer and other sources in the period 2006 – 2010. Given the high proportion of research activity currently funded by the State, the Committee noted the risk associated with any future downward adjustment in State research investment. In that context, the Committee were presented with the research funding projections and trends over the forthcoming five year period to 2014/15 that are currently being considered by both the Planning Group and Research Committee.

The Treasurer presented key highlights in terms of net assets, fixed asset additions, long-term liabilities and new disclosures. The Committee noted that the College has no accumulated capital deficit at 30.09.2010 and that cash holdings were managed in accordance with the Board approved policy, which has proven to be robust in the period of considerable turbulence within the banking sector.

The Committee, acknowledging that College is currently reliant on exchequer sources of revenue; expected to manage its financial affairs within the parameter of the Universities Act, 1997; deliver its objectives in the absence of frameworks for multi-annual funding and expected to manage financial resilience/renewal, agreed that the College should pursue a financial strategy where –

- income generation and diversification is promoted and motivated
- cost management is supported by procurement and where efficiency initiatives are prioritised
- activity is managed within budgeted resources over the medium term where possible.

The Committee agreed that the College ended 2009/2010 on a solid financial platform as a result of the recommendations developed by the Planning Group in 2009 and approved by Board along with the continued flexibility and goodwill shown by students and staff. The satisfactory financial outturn for the year continues to provide the Board with assurances that a strong financial framework is in place. The Committee, acknowledging that the environment of steadily rising public funding has ended, agreed that the College faces a much less certain and predictable financial future, particularly in the context of exchequer funding.

In these challenging times, the Committee agreed that all opportunities are embraced going forward and that Board approves (where appropriate) continued investment in capital related activities such as Biosciences; recurrent activities such as Ussher posts; effective and dynamic resource planning tools such as RPM and management information systems that meet College's requirements through the eStrategy initiative.

The Treasurer thanked the Treasurer's Office for the efficient and effective manner in which the College's finances continue to be managed.

In the context of the revised Terms of Reference (FN/10-11/14 of 03.11.2010 refers), the Committee, having considered and noted the draft funding statements and letter of representation to KPMG as presented, requested that they be submitted to the Audit Committee for review and recommendation for approval by Board.

Action:

- 31.1** The Treasurer to forward the draft funding statements for 30.09.2010 and letter of representation to KPMG to the Audit Committee for review and recommendation for approval by Board.

FN/10 – 11/32 Quarterly Accounts to 30.09.2010

The Financial Accountant attended for this item.

The Committee were circulated with a memorandum dated 10.12.2009 from the Treasurer's Office reporting on the Quarterly Accounts for the period to 30.09.2010. The Treasurer outlined the revised format of the report which provided detailed explanations and trends associated with the balances on hand across the following categories:

- Areas under the remit of the Chief Academic Officer (CAO)
- Areas under the remit of the Chief Operating Officer (COO)
- Areas outside the remit of the CAO and COO
- Research
- Capital

The Committee noted the report on the Quarterly Accounts as presented.

FN/10 – 11/33 Postgraduate Fees and Undergraduate Non-EU Fees 2011/2012

The Financial Planning Manager attended for this item.

The Committee, having considered the circulated memorandum from the Financial Planning Manager dated 9.12.2010 with attached schedules, approved the proposed fees for EU and non-EU Postgraduate Fees and other non-EU fees for the academic year 2011/12. The Committee, noting that the majority would remain at 2010/11 levels, agreed to revisit fee levels in Hilary Term in light of the outcome of the 2011 State grant. The fee levels set by external bodies were noted.

Action:

- 33.1** Finance Committee approved the proposed fee levels for the academic year 2011/12 and agreed they would revisit fee levels following the outcome of the 2011 State grant in Hilary Term 2011.

Section C

FN/10 – 11/34 Analysis of Academic Recurrent Expenditure and Research Accounts (Green Book) and Research Statistics for year ended 30.09.2010

The Committee noted the circulated memorandum from the Research Accounting Manager and Deputy Research Accounting Manager dated 8.12.2009, along with the Annual Analysis of Recurrent Expenditure and Research Accounts (Green Book) for the year ended 30.09.2010 and related schedules. The Committee reviewed the Green Book, noting the extensive additional information on recurrent expenditure in academic areas (across pay and non-pay headings) and income and expenditure for all individual research accounts.

FN/10 – 11/35 Treasurer's Office Annual Report 2009/2010

The Committee noted the annual report of the Treasurer's Office for 2009/10 as circulated that outlined attainment of goals and targets in 2009/10 as well as planned future objectives/targets for 2010/11. The contribution from the School of Biochemistry and Immunology and the staff of the Treasurer's Office in the preparation of the report was acknowledged.

- 35.1** The Treasurer's Office Annual report to be circulated to the Office of the Chief Operating Officer.

FN/10 – 11/36 Treasury Management

The Committee were circulated with a memorandum and accompanying appendices from the Financial Planning Manager dated 09.12.2010 which, in accordance with the Treasury Management Policy, set out the first quarterly Treasury Management update and a review for 2009/10.

FN/10 – 11/37 Control Exception Report

The Committee noted the bi-annual Control Exception Report for the period to November 2010 as circulated, which included issues in relation to the repetitive nature of certain control exceptions (namely non-use of preferred suppliers and the use of reimbursements for items purchased by staff), breaches of the travel policy and issues associated with unrecorded liabilities. In accordance with normal practice, the Control Exception Report will 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:

37.1 The Control Exception Report to 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.

FN/10 – 11/38 Related Entity Financial Reporting

- (i) The Committee noted the circulated Financial Statements of Ghala Limited for the year ended 30.09.2010 and the related Letter of Representation to KPMG dated 30.11.2010.
- (ii) The Committee noted the Director’s Report and Financial Statements for the year ended 31.12.2009 for the National Digital Research Centre Limited (NDRC)

The Committee requested that both reports be forwarded to Board in Hilary Term 2011.

Action:

38.1 Financial Statements of Ghala Limited (including the Letter of Representation to KPMG), and the Director’s Report and Financial Statements of NDRC to be forwarded to Board in Hilary Term 2011.

FN/10 – 11/39 Prompt Payments of Accounts Act, 1997

The Committee noted the circulated report from KPMG dated 8 December 2010 indicating that, in their opinion, College had complied in all material aspects in 2009/10 with the provisions of the Prompt Payment of Accounts Act, 1997, as amended by the European Communities (Late Payment in Commercial Transactions) Regulations 2002 as disclosed in the Statement of Payment Practice.

Action:

39.1 The Treasurer to forward the KPMG Report to Board for noting.

FN/10 – 11/40 Annual Report of Sub Committee of Finance Committee for 2009/2010

The Committee noted the Investment Committee annual report for the year ended 30.09.2010 which set out the achievements in 2009/10 and the planned activity for 2010/11.

FN/10 – 11/41 Sub Committee Terms of Reference – Investment Committee

The Finance Committee noted and approved the revised terms of reference of the Investment Committee as circulated.

FN/10 – 11/42 Minutes of Sub Committees

The Committee noted and approved the minutes in respect of:

- (i) FECF meeting of 23.11.2010
- (ii) Investment Committee meeting of 16.11.2010

The next meeting of the Finance Committee has been arranged for 23 February 2011 at 2.30p.m. in the Board Room.

PROVOST.....

DATE.....