

UNIVERSITY OF WARWICK

COUNCIL

Minutes of the meeting of the Council held on 24 November 2006

Present: Mr J Leighfield (Chair), Professor S Bassnett, Professor L Bridges, Professor A Caesar, Professor Y Carter, Sir George Cox, Professor R Freedman, Mr M Greenlees, Mr J Higgins, Professor R Lindley, Professor S B Palmer, Mr A Rivett, Mr N Sanders, Professor M Smith, Professor Sir John Temple, Professor N Thrift, Mr P Varney, Professor M Whitby, Mr B Woods-Scawen.

Apologies: Mr M Angle, Mr B Duggan, Mr M Dunn, Mr P Dunne, Miss V Gooding, Professor A Harris, Ms S J Hobson, Professor J Jones, Miss R Thorne, Registrar, Director of Estates.

In Attendance: Director of Finance, University Secretary, Ms Y Salter Wright.

23/06-07 Minutes

RESOLVED:

That the minutes of the meeting of the Council held on 5 October 2006 be approved.

24/06-07 Council Members Induction and Updating Session (minute 4/06-07 refers)

REPORTED: (by the Pro-Chancellor)

That, in view of the fact that the meeting of the Council to be held on 13 December would include an induction event for new and continuing members of the Council, the meeting would be held at the University rather than in London as previously scheduled.

25/06-07 Chair's Action

REPORTED:

- (a) That the Pro-Chancellor had taken action on behalf of the Council to appoint Mr Paul Varney as Chair of the Audit Committee following the appointment of Mr Brian Woods-Scawen as Honorary Treasurer of the University.
- (b) That the Pro-Chancellor had taken action on behalf of the Council to appoint the following persons to the Committees of Council as indicated:
 - (i) Chair of the Lord Rootes Memorial Fund Committee: Dr Ken Flint, Department of Biological Sciences.
 - (ii) External member of the Art Collection Committee: Ms Ceri Lewis: Curator of Collections of the Contemporary Art Society.
 - (iii) Postgraduate student member of the Research Ethics Committee: Ms Wendy Kellagher.

26/06-07 Development of the University Strategy

RESOLVED:

- (a) That the informal meeting of the Council scheduled to be held in February 2007 be cancelled in view of the fact that strategic discussions involving Council members would be taking place at today's 'Awayday' session following the formal meeting of the Council.
- (b) That, in future years, Council level strategic and development discussions be scheduled during the latter part of the Autumn Term, to co-incide with the formal Council meeting to be held in late November each year at which the University accounts are approved, in order that strategic and policy issues may be assessed and any policy guidance incorporated into the very earliest stages of the University's financial planning round.

27/06-07 Vice-Chancellor's Business

REPORTED: (by the Vice-Chancellor)

- (a) That Mr Martin Angle had recently been appointed as non executive Chairman of the NEC.
- (b) That the University has agreed to establish a new award, to be termed the Benefactors' Medal, to be awarded to those who have made a significant personal benefaction to the University.
- (c) That the first award of the Benefactors' Medal would be made on 6 December to Ted and Myrtle Pridgeon who have contributed significant sums to support the University in the fields of neuro and biological sciences, including a Chair in neuro-science held by Professor Nick Dale.

28/06-07 Membership of the University Council

RECEIVED:

A statement of the membership of the Council for the 2006/2007 academic year (C.16/06-07).

CONSIDERED:

- (a) An oral report from the Pro-Chancellor on the progress of the Nominations Committee in identifying new lay members of the University Council noting that the Committee had agreed that an advertisement would be placed for appointment to lay membership of the Council in the Spring Term.
- (b) A recommendation from the Nominations Committee that Mr David Holmes be appointed as of a lay member of the University Council for the period to 31 July 2009 (C.20/06-07).

RESOLVED:

- (a) That Mr David Holmes be appointed as of a lay member of the University Council for the period to 31 July 2009.

- (b) That, notwithstanding the provisions of University Ordinance 4 on the Procedure for the Appointment of Lay Members of the Council, any recommendations from the Committee for appointment to current vacancies in lay membership of the Council arising from approaches made by the Pro-Chancellor and the Vice-Chancellor to potentially suitable individuals identified by the Nominations Committee be submitted for the approval of the Council in writing in advance of the meeting of the Council to be held on 13 December 2006.

29/06-07 Report from the Finance & General Purposes Committee

CONSIDERED and ADOPTED with the resolutions set out below a report from the meetings of the Finance and General Purposes Committee held on 16 October and 14 November 2006 (C.17/06-07 {Parts 1 and 2}) together with an oral report and presentation from the University Treasurer.

- (a) University Consolidated Accounts 2005/06 and Financial Reporting Standard (FRS) 17: 'Retirement Benefits'

REPORTED: (by the Treasurer)

That the Finance Office had undertaken a significant amount of work in summarising the internal controls in place in relation to each of the points raised in the management representation letter and this summary would be circulated for the information of members of the Council with the minutes of the meeting.

RESOLVED:

That the actuarial assumptions used in £11.6m FRS deficit valuation of the University of Warwick Pension Scheme be approved and that the University Consolidated Accounts for the year ending 31 July 2006 be approved, printed and circulated as set out in the Report from the Finance and General Purposes Committee (C.17/05-06 {Part 1}) and that the revised management representation letter be signed by the Vice-Chancellor and the University Treasurer.

- (b) Revision of the University Financial Plan

RESOLVED:

- (i) That the revised expenditure plans for the University to invest in projects to enhance the University's research profile and to invest in research excellence be approved as set out in paper FGPC8/06-07 noting that the University surplus might be adversely affected in 2007/08 by up to £1.4m.
- (ii) That responsibility for ensuring that final costs associated with the new investments outlined in paper FGPC8/06-07 are manageable within future budgets be delegated to the Treasurer and the Vice-Chancellor.

- (c) Changes to the HEFCE Financial Memorandum

RESOLVED:

That the revised HEFCE model financial memorandum Deed of Agreement between the HEFCE and the University be approved as set out in paper FGPC20/06-07 subject to a satisfactory legal review of the terms of the Deed of Agreement.

(d) TDA Financial Memorandum

RESOLVED:

That the revised TDA model financial memorandum be approved subject to the resolution of the queries raised by the Finance and General Purposes Committee and outlined in paper FGPC21/06-07 and that responsibility for resolution of these queries and final approval of the amended TDA model financial memorandum be delegated to the Vice-Chancellor and the Finance Director.

(e) Future Financial Commitments

RESOLVED:

That the following potential additional future financial commitments be noted as outlined in paper FGPC34/06-07:

- (i) Lease commitments for 39 months with regard to the NHS Centre for Involvement (Department of Health Funded).
- (ii) Professional fees of up to £150k plus VAT to scope the refurbishment of the Butterworth Hall.

(f) Update on Mercia Fund

RESOLVED:

That the continuation of the University's investment of £400k in Mercia Fund 2 be approved.

(g) India 60th Anniversary

RESOLVED:

That an increased budget of £109k (£40k in 2006-07 and £69k in 2007-08), to support the programme of events leading up to the August 2007 60th Anniversary of India and Pakistan's independence from Britain be approved.

(h) Student Development and Enterprise Activities

RESOLVED:

That additional expenditure above plan of £60k in each of the years 2006-07 and 2007-08 be approved to sustain University Student Development and Enterprise Activities, subject to plans for the use of this resource as well as for sustaining the Student Development and Enterprise Centre in the longer term being presented to a future meeting of the Finance and General Purposes Committee.

30/06-07 Report from the Audit Committee

CONSIDERED and ADOPTED a report from the meeting of the Audit Committee held on 22 November 2006 (C.18/06-07, tabled at the meeting) together with an oral report from the incoming Chair of the Audit Committee.

Annual Report from the Chair of the Committee

CONSIDERED:

The Annual Report from the incoming Chair of the Audit Committee summarising the Committee's work for the year, including its scrutiny of the external auditor's management letter, a range of reports prepared by Internal Audit and the Committee's conclusion that the University's audit arrangements for the 2005/06 financial year were satisfactory.

RESOLVED:

That the Annual Report of the Chair of the Audit Committee be received and noted.

The following paper has been attached at the request of the Treasurer. It follows a discussion at Finance & General Purposes Committee about the types of internal controls that are in place to ensure that the Council has sufficient assurance to sign off the management representation letter to the University's external auditors KPMG. This year's representation letter was approved by the Council at its meeting on 24 November and this attachment to the minutes is therefore for information only.

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UNIVERSITY OF WARWICK

Attachment to the minutes of the meeting of Council held on 24 November 2006

Internal Controls Relating to Matters Raised in Management Representation Letter

This paper sets out at a summary level the internal controls that are in place within the University in relation to each of the points raised in the management representation letter to KPMG. The numbers shown below correspond to the paragraph numbers in the letter.

1. Financial accounts are prepared by appropriately qualified staff, who undertake relevant continuing professional development to ensure they are aware of current Financial Reporting Standards.
2. All accounting records are recorded on SAP, to which the auditors have access. Financial regulations provide the control environment for postings to SAP. The financial statements are reconciled to SAP. The auditors have full access to committee papers and minutes.
3. Compliance with terms and conditions of grants is monitored by appropriately qualified staff within Research Support Services, the Finance Office and the Estates Office as relevant.

Many European grants are audited separately by external audit.

Data contained in the HESA and HESES returns is prepared and reviewed by suitably qualified staff within the central administration before submission.

All taxation matters are considered by the University's qualified tax experts. External professional advice is sought as required.

The Director of Warwick Ventures has confirmed the details of all University spin off companies existing at the balance sheet date. Chairs of department are required to declare the details of any companies set up in their departments as part of the pre-audit questionnaire.

Oversight of endowment fund payments and the Scarman House operating lease is undertaken by qualified staff within the Finance Office.

4. Senior officers are required by external audit to sign a statement of awareness of potential breaches of law / regulations and actual / suspected frauds.
5. As per item 4 above. Furthermore, departmental chairs are required to complete and sign a pre-audit questionnaire which asks them to state awareness of any frauds. The University's Financial Regulations seek to minimise the risk of fraud.

6. The declaration by senior officers in item 4 also requires a statement of any known related party transactions. The Council members' register of interests is also reviewed for any possible related party transactions.
7. Fair value measurements are undertaken by external professionals and the reports are available for audit inspection.
8. The university's financial regulations set out rules that prohibit the creation of liabilities without appropriate approval and the creation of suitable accounting postings on SAP. Review of the financial statements by senior finance staff and by FGPC ensures that material known liabilities have not been overlooked.
9. All known legal action against the University that might lead to material costs is reported to FGPC. This ensures that such liabilities are formally recorded and are brought to the attention of those staff preparing the financial statements.
10. Relevant senior officers, including the Directors of Personnel, Estates and Finance are required to bring any such material gains or losses to the attention of FGPC. This ensures that appropriate accounting records are maintained on such items and that they are brought to the attention of those staff preparing the financial records.
11. The University takes all necessary external professional advice in respect of the pension fund transactions and the Director of Finance oversees their appropriate inclusion in the accounts.