PART A: INTRODUCTORY

21. Procedure of the Committee – Declarations of Interest
   No declarations were made.

22. Minutes
   The minutes of the meeting held on 19 November 2008 were approved, after the word
   'Fellow' in minute 11 (Declarations of Interest) had been replaced by the word
   'Member'.

23. Straightforward and reported business: agenda items starred as straightforward
   A paper listing straightforward and reported business was received and is attached to
   the minutes. The Committee approved matters for decision contained in the confirmed
   list of straightforward or reported business, and received the other material.

24. Future business and work plan
   An updated work plan for 2008-09 was received as Paper FC(09)2.

PART B: SUBSTANTIVE BUSINESS

25. Financial Internal Controls
    Annual Audit Report

    The following documents were received:
The Registrary, as Secretary of the Audit Committee, commented on the Annual Report of the Committee, and drew particular attention to the satisfactory Opinion on page 3 of the Report. The Annual Report would this year and in future years be published.

The Registrary informed the Finance Committee that the Audit Committee, after a process of selection, was on the point of proposing to the Council the appointment by Grace of PricewaterhouseCoopers, in succession to Deloitte, as external auditors for the coming period. After consultation with the Local Examination Syndicate and the Press Syndicate (representatives of which had taken part in the process) it was expected that the Council would then be asked to appoint PricewaterhouseCoopers as external auditors for those two bodies. This would achieve the unified audit arrangements which were needed.

It was expected that market testing of internal audit services would take place soon for the period from 31 July 2009.

The Registrary also introduced the Annual Report of the internal auditors and referred to the firm statement of assurance given by the internal auditors; pointed out that the number of fundamental and significant recommendations was falling; and that the Audit Committee was encouraging the internal auditors to work increasingly on a risk-based approach. Attention was drawn to the increased emphasis given, for HE institutions generally, to the need for data quality to be improved and assured; Cambridge data quality was already satisfactory, but due assurance would need to be given.

Action: Registrary

26. Financial Systems

The Minutes of the meeting of the Financial Systems Management Committee (FSMC) held on 31 October 2008 (Paper FC(08)148 re-circulated) and the FSMC Annual Report to the Finance Committee (Paper FC(08)149 re-circulated) were received. The Director of Finance drew attention to improvements which had taken place, and to the coming CUFS 2010 project, including upgrade of software.

27. Accounts

Management Accounts for the first quarter of 2008-09 were received as Paper FC(09)1 (the 'red book') together with a summary for November 2008 (Paper FC(09)15). The Committee also received the first quarter summary financial reports by Schools and other institutions (the 'green book') (unnumbered).

The Director of Finance pointed out that the summary statement to November 2008 indicated a surplus ahead of budget but this was a very preliminary prediction. Research grants and contracts income was satisfactory; recovery of overheads was up absolutely, but unsatisfactory in percentage terms and required and would receive urgent attention; staff costs were ahead of budget, because of the recent national pay
settlement. The full year forecast (but not the Budget) would be revised fully at the mid-year stage.

CUP and Cambridge Assessment were performing satisfactorily against budget in the final quarter.

Increased depreciation reflected recent reclassification of laboratory buildings, agreed by the Committee, for depreciation over a twenty rather than a fifty year period.

The Director of Finance reported on developments related to exposure to banks related to Iceland which amounted to £11 million over two institutions. The University had attended recent creditors' meetings and substantial recovery was expected, over a period.

The Committee agreed that it was no longer necessary for it to receive the green book quarterly, but that the end of year document should be received, and if necessary discussed, and the Director of Finance should draw any specific quarterly information to the attention of the Committee were that necessary. It was hoped to include a summary of School information in future editions of the quarterly red book.

Action: Director of Finance,
PVC (Planning and Resources) (research overhead recovery)

28. Pensions

The following papers were received:

Paper FC(09)6 Annual report of the Cambridge University Assistants’ Contributory Pension Scheme 2007-08.

Paper FC(09)7 Letter from CPS Trustee Limited formally requesting that employer's contribution be increased to 4% from August 2009.

Paper FC(09)20 A paper setting out proposed rule changes to the CPS.

Professor Barker, as Chairman of the CPS trustee company, introduced this business. The Registrary reported on national discussions which were taking place about HE pensions matters generally, through the Sector Pensions Forum. Discussions were to take place nationally with UCU about USS. Within Cambridge it was proposed that the Pensions Working Group (established by the Finance Committee) should work in the coming weeks to make an evaluation of factors affecting the Cambridge pension schemes, including CPS. Options would be brought to the Finance Committee for consideration.

The trustee company had recommended that a 4% increase in the employer’s contribution to CPS should be introduced from 1 August 2009. This was in respect of existing commitments. Members of the Committee questioned whether it was prudent for this increase to be approved as an open-ended long term commitment, but noted that an increase in the contribution rate, rather than the lump sum, needed to be made if recovery was to be obtained through research grant and similar routes. After
discussion the Committee agreed that an increase as recommended should be introduced, but only for two years at the present time, the decision to be reviewed on receipt of a report from the Pensions Working Group to be brought forward during the early part of the current year focusing on what measures might need to be taken to secure the long term sustainability and affordability of the scheme.

The Committee agreed to recommend to the University Council that CPS rule changes set out in paper FC(09)20 should be put forward for approval by Grace.

**Action:** Registry, Draftsman (Grace)

### 29. University Companies

The Financial Statements of the University’s wholly-owned subsidiary companies for 2007-08 were received as papers FC(09)8 and 9. The Committee noted that detailed discussion with the Chief Executive of Cambridge Enterprise Limited was scheduled to take place at the meeting in May 2009.

### 30. Finance Committee Membership

The following Papers were received:

- **Paper FC(09)16** Current membership of the Finance Committee
- **Paper FC(09)17** Proposal for the co-option of an external member, arising from the recent process for nomination of external members of the Council itself

The Finance Committee agreed to co-opt Mr Robert Chote, O, Director of the Institute of Fiscal Studies, to serve as a co-opted member of the Committee to 31 December 2010.

**Action:** Registry, Administrative Secretary

### 31. Financial Strategy

A letter to the Yale community from the President of Yale about the impact of the current economic conditions on that university and steps which were being taken there was received for information as Paper FC(09)18.

The Vice-Chancellor would be writing to accompany the forthcoming Campaign report, referring to factors which affected Cambridge. However, the financial position of Cambridge was different from that of the major US private universities, especially in that there was less dependence on endowment towards the operating budget.

In a wide ranging discussion the Committee noted that steps were being taken to arrive at sensible options for the budgets for 2009-10 and, in particular, 2010-11, in response
to what were expected to be various, largely adverse, changes to the financial situation of the University. Various options would be brought to the Finance Committee at an early meeting.

The Committee noted that the separate process of developing financial strategy for the long term (aimed at maintaining the University in the top five universities globally over a twenty-five year period) was continuing, and that although this would take account of current economic and financial circumstances, its purpose was much broader and longer term.

Vice-Chancellor
4 March 2009
Finance Committee 7 January 2009: Straightforward and reported business submitted for decision or report

Paper No.

1. **Committees**

   The Committee approved the following nominations and appointment:

   (i) ADC Executive Committee – a member of the Regent House as Chairman, appointed by Council on the nomination of the Finance Committee - nominated Mr Martin Reavley, K.

   (ii) Theatre Syndicate: Class (d) one member of the Finance Committee of the Council, appointed by the Council on the nomination of the Committee – nominates Mr S. Summers, CTH.

   (iii) Finance Committee Business Committee – Ms Debbie Lowther, G *(vice Dr G. A Reid)* appointed.

2. **Purchasing**

   **EU Public Procurement**

   The Committee confirmed that selection and appointment of fund managers by the Investment Office to manage components of the CU Endowment Fund were exempted from the need to follow the EU Procurement procedures.

3. **Minutes**

   Received the Minutes from the following Committees:

   - Audit Committee - 20 November 2008
   - Investment Board - 26 November 2008
   - Planning & Resources Committee - 26 November 2008

4. **The University’s Cash Balances and Authorised Investments Limits**

   Status noted.

5. **Sealings**

   Received.