



## **Minutes of the Finance Committee Meeting of 4 February 2020**

**Present:** Vice-Provost (Chair), Bursar, Dean of Health Sciences, Ms. C. Bryce, Mr. L. Kavanagh, Ms. N. Holland, President of the Students Union, Professor S. Alyn Stacey (dialling in), Chief Financial Officer (CFO) – Secretary to the Committee

**In Attendance:** GSU President, Deputy CFO

**Apologies:** Provost, COO, Registrar and Director of Financial Planning & Risk Management

**Statement of Interest:** None declared

The Committee noted and approved the minutes of the Finance Committee meeting of 18.11.2019, with the exception of Minute FN/19-20/34; an update on this item is set out under Minute FN/19-20/43 below.

### **Section A**

**FN/19-20/38 XX Revised Policy & Procedure on Externally Contracted Service Providers**  
(Minute FN/16-17/51 of 19.12.2016 refers)  
The College Secretary attended for this item.

The Committee welcomed the College Secretary, who summarised his circulated memorandum dated 27.01.2020, including the revisions made to the current Policy and Procedure on Externally Contracted Services, in order to align with the recommendations of an Internal Audit Report (December 2017) and which served to strengthen and clarify the policy and process.

The Committee noted that the Corporate Services Division (CSD) is the primary area in the University where such providers are engaged, with one external resource also shared between CSD and the Financial Services Division. The College Secretary advised that no other engagement of externally contracted service providers had been notified to the Secretary's Office and that a downward trend in the use of such externally provided services has been observed, with invoiced costs reducing significantly in the period between February 2017 and June 2019. This has been achieved through the combined regularisation of posts, termination of contracts of engagement as appropriate and greater awareness of the policy and procedures.



Having considered the revised Policy and Procedure in detail, the Committee recommended it for onward consideration and approval by Board and requested it be reviewed by the College Secretary annually with a report to come forward to Finance Committee for consideration.

**Action:**

**38.1** The revised Policy and Procedure to be forwarded to Board for onward consideration and approval by Board.

**38.2** The College Secretary to review the Policy and Procedure annually and bring forward a report to Finance Committee for consideration.

**Section B**

**FN/19-20/39 Financial and Performance Highlights – Q4 2018/19**

The Group Financial Manager and Projects Accounting Manager (Capital & Research) attended for this item.

In considering the Q4 2018/19 Executive Summary (along with appendices) and detailed reports from the Group Financial Manager and the Projects Accounting Manager dated 04.02.2020 as circulated, the Committee welcomed the updated information, including the key messages as set out (by way of presentation) and highlights across the following headings:

- Financial Performance FY18/19 (Draft subject to audit finalisation)
- FY18/19 Financial Summary Dashboard
- Draft Income Statement FY18/19 – Actual v Prior Year v Budget
- Student numbers trend FY16-20
- Executive Summaries (Research and Capital) FY18/19
- FY18/19 Cashflow
- Trinity's Gearing - Loans/Debt Profile
- Trinity Endowment Fund FY18/19
- FY18/19 Budget to Actual Variances (by Faculty, Division and School)

The CFO briefed the Committee on the status of the annual external audit, advising that the University was on track to meet the reporting deadlines as



planned. The CFO drew the Committee's attention to the University's financial performance for the year, including the draft projected outturn (subject to audit), highlighting the surplus position which has been achieved for the second consecutive year, in line with budget and prior year. In considering the draft actual versus budget results for 2018/19, income and expenditure analysis, and year-on-year comparison of financial performance, the Committee welcomed the continued improvement in the University's financial position, whilst noting the underlying deficit position prior to unrealised gains and losses (not budgeted for), which is broadly in line with the budgeted deficit for the year, with the variance against budget due to:

- A slight increase in revenue
- Increased pay reflecting increased Research activity
- Intercompany transactions eliminated on consolidation
- Decreased Net Interest Payable lower due to capitalised interest

The improved operational position – i.e. earnings before interest, tax, depreciation and amortisation (EBITDA) and the factors contributing to the growth in income, including academic fees, commercial and philanthropic activity, was also welcomed.

The Committee noted the increase in staff costs year-on-year, due to increased staff numbers along with increments and pay restoration costs.

The Committee noted the University's continued successful research performance, with FY18/19 income ahead of prior year by 2%. It is anticipated that research activity (expenditure) will once again exceed €103m, with activity now 18% higher than that reported 5 years ago (FY14/15). It was further noted that while SFI award spend in the year decreased compared to prior year activity, this was offset by increases in awards from other sources, including industry, which has increased by 143% over 5-years.

The Committee noted the average indirect cost recovery rate of 17.7% for the year, consistent with prior year but still significantly less than the University's FEC rate. Having reviewed the total value of grant proposals during the year, along with the value of new research awards signed, the Committee noted that the increase in new awards was the second highest ever recorded by the University – the only year which recorded a greater level of new awards was



2015/16, which included the significant GBHI Award from Atlantic Philanthropies.

The update on capital project activity was noted, including the top 5 approved projects by value and the overall capital portfolio value along with the decrease in capital expenditure (largely due to the completion of the TBS project in June 2019) and an analysis of funding received from external sources. The Committee noted the increase in expenditure relating to the Printing House Square Project, which is now expected to be completed in July 2020 and within budget. The status of the E3 Learning Foundry project was also noted.

In considering the updated cash-flow forecast (operational and capital), the Committee noted the cash increase in the year, driven by working capital improvements and loan drawdowns for capital projects, partly offset by capital expenditure in the year. The final quarter of the year shows the forecasted closing cash position at year-end is in line with expectations and indicates that the University will continue to hold minimum year-end cash balances greater than 45 days cash.

The Committee considered the update on the University's gearing and loan/debt profile, noting the recent loan drawdowns (pre and post FYE) and the further loan drawdown in January 2020 to fund the purchase of a property at Grand Canal.

The Endowment Fund update was also noted, including net income for FY18/19 (slightly higher than prior year), the increased market value of the Fund and status of the portfolio restructure.

Thanking the Group Financial Manager and the Projects Accounting Manager for their presentations, the Committee noted the results as outlined and requested that an update on Q1 2019/20 activity be provided in Hilary Term 2020.

**Action:**

**39.1** An update on Q1 2019/20 activity to be provided in Hilary Term 2020.



**FN/19-20/40      University Budget 2019/20 and 5-Year Financial Forecasts  
XX**

In considering the circulated memorandum and appendices from the Financial Planning & Risk Manager dated 29.01.2020, the Committee noted the detail provided under the following headings:

- Introduction
- Summary FY20 Income & Expenditure (I&E) and Cashflow Budgets
- FY20 Budget Risks
- 5-Year Financial Forecasts

By way of presentation, the CFO summarised the FY20 budget and 5-year financial forecasts across the following headings:

- Overall Timeline
- University Budget
- Student Numbers
- Income, Expenditure, and Non-EBITDA Assumptions
- Cashflow
- Budget - Key Risks
- Strategic Plan 5-Year Forecasts 2020-24 – Update
- Financial Forecasts – Key Risks

The Committee welcomed the CFO's presentation and, having considered the timelines of the budget process as outlined, noted that the FY20/21 budget process will be completed by September 2020, in advance of the next financial year.

The Committee reviewed the overall University budget for the year, noting the increase in revenue and EBITDA year-on-year as set out. The student number projections were also reviewed, and the Committee noted the critical role that successful delivery of growth strategies such as TBS and E3 will play in reaching the required targets.

Having reviewed the income and expenditure budget assumptions, the Committee noted the budgeted growth in expenditure, driven mainly by the Baseline Budgeting Model (BBM). The Committee further noted that the increased costs in CRU, along with income projections, will be considered in



more detail as part of CRU's next report in March 2020 and that a new commercial strategy is currently being developed.

Noting that the BBM process for allocating budgets to Faculties and Divisions is under review by Planning Group and is anticipated to be finalised in early 2020 for implementation in the FY20/21 Budget process, the Committee was advised that recommendations will be brought forward for consideration at the May 2020 meeting.

The Committee noted the risks as outlined in relation to reserves spend, funding of pay restoration, income target delivery and increased operating costs. Having reviewed the updated 5-year financial forecasts and associated risks, mitigating factors and controls as set out and noting that the FY20 budget had previously been considered and endorsed by Executive Officers and Planning Group, the Committee recommended the budget for onward consideration and approval by Board.

Thanking the CFO and the Financial Planning & Risk Manager for their report, the Committee requested an update in Michaelmas Term 2020.

**Action:**

**40.1** The FY20 Budget was recommended for onward consideration and approval by Board.

**40.2** The Committee requested an update on the FY20 budget and 5-year financial forecasts in Michaelmas Term 2020.

**FN/19-20/41 Review of internal control environment in Subsidiary Companies**

(Minute FN/17-18/89 of 23.04.2018 refers)

In considering the circulated memorandum from the Deputy CFO and Projects Accounting Manager, dated 27.01.2020, the Committee noted, by way of presentation, the update provided under the following headings:

- Introduction and scope
- Interim Report to Finance Committee
- Banking Arrangements
- General Data Protection Regulations



- Final Review – Key Findings
- Conclusion

In considering the outcome of the final review of the University's subsidiaries/related entities, the Committee noted the policy and procedural changes in the areas of payments and purchasing that had been undertaken since the interim report in 2018. The Committee welcomed the enhanced level of compliance across the 5 companies and acknowledged the benefits of the application of consistent policies, the adoption of Oracle's financial information system, along with standardised supplier approval, payment and banking processes in ensuring the companies' internal control environment mirrors that of the University.

Thanking the Deputy CFO for her report, the Committee noted that any outstanding actions will be implemented by the Companies' Directors, with progress to be detailed in the relevant company's annual report to Finance Committee.

**Action:**

**41.1** Outstanding actions regarding enhancements to the internal control environment of the subsidiary companies to be implemented by the Companies' Directors, with progress to be detailed in the relevant company's annual report to Finance Committee.

**FN/19-20/42 Annual Report of the Investment Committee 2018/19**

The Committee welcomed the memorandum from the Chair of the Investment Committee dated 27.01.2020, as circulated, which set out the Investment Committee's Annual Report for the year ending 30.09.2019 across the following headings:

- Quarterly investment performance
- Investment Managers' performance
- Investment strategy and income targets
- Portfolio review and restructure
- Investment Policy Statement
- Portfolio Risk Review
- Fundraising campaign



- Endowment Fund brochure
- Self-evaluation questionnaire
- Financial Statements 2017/18
- Consideration of Total Return Basis of Allocation
- Departure of Former CFO
- Activity for 2019/20

The Committee noted the value of the Endowment Fund at 30.09.2019, which exceeded the target set in the 2014-19 Strategic Plan and welcomed the investment performance in the year against relevant benchmarks. The Committee also welcomed the detail provided on the performance of each of the investment managers, noting the planned actions for the coming year in terms of further infrastructure and property investments, along with development of an Investment Policy Statement (IPS) to provide a framework for future investment decisions.

The Deputy CFO advised the Committee that the portfolio restructure was ongoing, with continued diversification across both asset classes and geographic markets to minimise risk by reducing exposure to any particular market segment. Indicative cashflow forecasts had been monitored over the drawdown periods of the new infrastructure and property investments and the Committee noted that the Target v Actual asset allocations will not be fully aligned until those investments are completed.

Having noted the update provided on the portfolio risk review, the Fundraising Campaign, the Endowment Fund Brochure and changes to the Investment Committee membership during the year, the Committee thanked the Deputy CFO for her presentation and, in line with University policy, requested the Chair of the Investment Committee to provide a further update in Hilary Term 2021. The Committee further requested that a quarterly portfolio performance summary be circulated along with the Investment Committee minutes going forward.

**Action:**

- 42.1** The Chair of the Investment Committee to provide a further update in Hilary Term 2021.
- 42.2** The Committee to be circulated with a quarterly portfolio-performance summary going forward.





**FN/19-20/43 Casual Pay Rates**

(Minute FN/19-20/34 of 18.11.2019 refers)

The Deputy Director of HR and the Head of Strategic Planning & Process Improvement attended for this item.

Further to a discussion of concerns raised by the GSU and SU Presidents and other Committee members, it was agreed that the previous decision approving revisions to casual pay rates (Minute FN/19-20/34 of 18.11.2019 refers) be set aside. The Committee requested a paper be brought forward for detailed consideration at the next meeting in March 2020.

**Action:**

**43.1** A paper on Casual Pay Rates to be brought forward for detailed consideration at the March 2020 meeting.

**Section C**

**FN/19-20/44 Intellectual Property Policy, Practice and Regulations 2019**

(Minute FN/18-19/20 of 23.11.2018 refers)

The Committee noted the memorandum from the Head of Office of Corporate Partnerships and Knowledge Exchange dated 22.01.2020, which provided an update on the Year 1 performance of the revised IP Policy, Practice and Regulations, approved and published in January 2019. The Committee noted the update as set out, in particular in relation to the equity arrangements for new spinouts and the revised licensing income disbursement method. On the basis that it will take a further 12 months to fully assess the impact of the revised IP Policy, the Committee requested an updated report be brought forward for consideration in Hilary Term 2021.

**Action:**

**44.1** An updated report to come forward for consideration in Hilary Term 2021.



**FN/19-20/45 Historic Accommodation Building Refurbishment Project**  
(Minute FN/19-20/4 of 01.10.2019 refers)

The Committee welcomed the circulated memorandum from the Dean of Students (Project Sponsor) dated 04.02.2020, which provided an update on this project under the following headings:

- Overview
- Update of Contract Status
- Update on Financial Plan
- Preplanning Work
- Design Development and Scope
- Next Update

The Committee noted the update on the proposed accommodation allocations within the refurbished space, further noting that professional teams have now been appointed and early designs, scope assessments and tenders for surveying work are now under way. Having noted the updated financial summary and commitments to date, the Committee noted that an updated report will be brought forward for consideration in June 2020, prior to submission of a planning application. The next report will include a more accurate cost estimate following investigative works along with greater detail on the works schedule and design.

**Action:**

- 45.1** An updated report to come forward for consideration in Trinity Term 2020.

**FN/19-20/46 Binary Hub Nominations Agreement 2020/21**

The Committee noted the circulated memorandum from the Head of Accommodation & Commercial Property dated 23.01.2020, which set out an update on the nomination agreements in place with two external student accommodation providers. As requested, the Committee noted that, with the approval of Executive Officers, a revised 1-year agreement had been put in place for Binary Hub (for the academic year 2020/21) in November 2019, on the basis of the benefits of the Binary Hub accommodation as outlined along with the fact that there was no rate increase.



**FN/19-20/47      Financial Services Division Annual Report 2018/19  
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The Committee noted FSD's Annual Report for 2018/19 as circulated, noting the goals and targets achieved in the year, key performance statistics along with the priorities and planned objectives for 2019/20 and agreed that the Report be forwarded to Board for noting in February 2020.

**Action:**

**47.1**              FSD's Annual Report 2018/19 to be forwarded to Board for noting in February 2020.

**FN/19-20/48      Control Exception Report**

The Committee noted the bi-annual Control Exception Report for the period to November 2019 from the Financial Operations Manager as circulated, and the exceptions occurring in the reporting period along with updates on the progress to address external audit recommendations. In accordance with normal practice, the Control Exception Report will be circulated to the Faculty Deans for Heads of School and also to the Chief Operating Officer and Vice Provost/Chief Academic Officer for circulation within CSD and ASD respectively.

**Action:**

**48.1**              The Control Exception Report to be circulated to the Faculty Deans and also to the Chief Operating Officer and Vice Provost/Chief Academic Officer for circulation within CSD and ASD respectively.

**FN/19-20/49      Annual Financial Report of Capitation Committee 2018/19**

The Committee noted the Capitation Committee's Annual Financial Report 2018/19, circulated for oversight purposes at the request of Board, including the updates provided under the following headings:

- Role
- Committee
- Committee Meetings
- Financial Reports



The Committee noted that the audited financial statements of the 5 capitated bodies for FY18/19 had been considered at a Capitation Committee meeting in December 2019, further noting the distribution of income as outlined.

**FN/19-20/50 Sub Committee – Extension of Tenure of External Members of Investment Committee**

The Committee noted and approved the circulated memorandum from the CFO dated 28.01.2020 proposing an extension of tenure of two existing, external Investment Committee members.

**FN/19-20/51 Minutes of the Sub-Committees**

The Committee noted the circulated memorandum from the CFO dated 28.01.2020 along with draft minutes of the Investment Committee meeting of 26.11.2019, which included the following items:

- Endowment Fund 30.09.2019
- Update on portfolio review and restructure
- Investment Committee Annual Report 2018/19
- Investment Committee Self-Evaluation 2018/19

**FN/19-20/52 Minutes of the Commercial Revenue Unit (CRU) Advisory Board**

The Committee noted the circulated memorandum from the CFO dated 28.01.2020 along with minutes of the CRU Advisory Board meeting dated 20.11.2019, which included the following items:

- Draft minutes of CRU Advisory Board meeting held on 28.11.2019
- Matters Arising
- CRU Financial Performance 2018/19, Draft 2019/20 Budget



### **FN/19-20/53 Minutes of the Audit Committee**

The Committee noted the circulated memorandum from the CFO dated 28.01.2020 along with minutes of the Audit Committee meeting dated 04.06.2019, which included the following items:

- Annual Report to Board
- Audit Committee Terms of Reference
- Audit Committee Recommendations Log
- Review of the Control Exception Report
- Review of Oversight Arrangements for Trinity Related Bodies
- Policy Management Report
- Audit Work-Plan
- Audit Committee Meeting Schedule 2019-20 – Draft
- Audit Function Risk Register
- Financial Sustainability of TRIs
- Board Papers
- Committee Membership

### **FN/19-20/54 Minutes of Estates Policy Committee (EPC)**

The Committee noted the circulated memorandum from the CFO dated 28.01.2019 along with minutes of the EPC meeting dated 21.06.2019 and the draft minutes of the meeting dated 02.12.2019, which included the following items:

- E3 Learning Foundry planning application
- Historic Accommodation Buildings-Rubrics and Chief Steward House
- Dartry Accommodation Project
- TBS Building Management Committee
- Estates Strategy document
- Old Library Redevelopment Project
- TTEC project update
- Campus masterplan
- EPC terms of reference



**FN/19-20/55 Minutes of FIS Oversight Group**

The Committee noted the circulated memorandum from the CFO dated 28.01.2020 along with the draft minutes of the FIS Oversight Group meeting of 19.11.2019, which included the following items:

- FIS Development Log and User Group Updates
- FIS Project Update
- FIS Stakeholder Engagement & Communications

**FN/19-20/56 Minutes of FIS Transition Project Steering Committee**

The Committee noted the circulated memorandum from the CFO dated 28.01.2020 along with the draft minutes of the FIS Transition Programme Steering Committee meeting of 12.11.2019, which included the following items:

- FIS Transition Programme Update
- FIS Oversight Group (FOG) Update

**FN/19-20/57 Related Entity Financial Reporting**

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The Committee noted the circulated memorandum from the CFO dated 28.01.2020 and recommended the Directors’ Report and audited Financial Statements of the following entities to Board for noting:

- Central Applications Office (CAO) for the year ended 31.12.2018
- Irish Universities Association (IUA) the year ended 31.12.2018

**Action:**

**57.1** The Directors’ Report and audited Financial Statements of Central Applications Office (CAO) and Irish Universities Association (IUA) for the year ended 31.12.2018 to be forwarded to Board for noting.

The Committee noted the next Finance Committee meeting is scheduled for **3 March 2020 at 10.00 am** in the Provost’s Library.

PROVOST.....

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