



## **Minutes of the Finance Committee Meeting of 23 April 2018**

**Present:** Provost (Chair), Vice-Provost, Bursar (for Minutes 80-88), Dean of Arts, Humanities & Social Sciences, Ms. C. Curtis, Mr. J. Gorringer, Mr. L. Kavanagh, President of the Students Union, Registrar, Chief Operating Officer (for Minutes 80-88), Professor B. Lucey (for Minutes 80 - 84), Chief Financial Officer (CFO) – Secretary to the Committee

**In Attendance:** GSU President, Deputy CFO, Director of Financial Planning & Risk Management

**Apologies:** None received

**Statement of Interest:** None declared

The Committee noted and approved the minutes of the Finance Committee meeting of 07.03.2018. The updates provided under matters arising were also noted including Minute FC/17-18/80, which is recorded separately below.

### **Section A**

**No Items**

### **Section B**

**FN/17-18/80 Student Accommodation**  
(Minutes FN/16-17/106 of 03.05.2017 and FN/17-18/63 of 07.03.2018 refer)

The CFO advised that, following the outcome of the previous Finance Committee meeting, the proposal for rebalancing was now withdrawn and that rates associated with externally provided accommodation would be applied as per the agreed contracts. Furthermore, it was noted that rent adjustments for 2018/19 would now be in line with that previously approved by the Finance Committee in 2017.



**FN/17-18/81**

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**E3 Learning Foundry – Phase 1**

The Dean of FEMS, the Programme Manager for Strategic Projects and the Project Appraisal Manager attended for this item.

The Committee welcomed the circulated memorandum from the Bursar and Director of Strategic Innovation and the Dean of FEMS dated 11.04.2018 setting out a proposal for the E3 Learning Foundry across the following headings:

- Executive Summary
- Background
- Capital Cost
- Key project deliverables
- Financial summary
- Alignment with the Strategic Plan 2014-2019
- Approvals by other University Committees
- Feasibility Study/Market Analysis
- Critical success factors and KPIs
- Governance structures
- Detailed financial analysis and projections
- Risk
- Follow up & monitoring of proposal
- Request

By way of presentation, the Dean of FEMS and the Bursar outlined the ambitious E3 Learning Foundry proposal, which will involve a significant expansion and integration of the Schools of Engineering, Natural Sciences and Computer Science and Statistics to supply skilled graduates with a strong understanding of the global challenges ahead as well as the disciplinary skills to address them. Research growth and industry collaboration will underpin the Learning Foundry, which is intended to respond to increasing demographics and demand for STEM programmes to meet the needs of industry. With an emphasis on new ways of learning, E3 will entail a significant expansion of student and staff numbers and will also have new infrastructural requirements.



In considering the student growth and income summary as outlined, the Committee noted, following a ramp-up period of c.10 years, the projected steady-state student numbers and income over a 30 year period. The Committee further noted that staff numbers will only increase in line with student targets achieved. An independent review and market analysis of student number projections has concluded that they are achievable.

The Committee reviewed the capital elements of the proposal, noting the key elements of the E3 Learning Foundry, including the construction of a new building on campus along with the refurbishment of existing space necessary to facilitate the increased numbers of students and staff and the up-to-date teaching, learning and research methodologies to be employed.

In reviewing the financial elements of the proposal, the Committee considered the following:

- Capital cost
- Sources of funding
- Incremental student fee income
- Net direct & indirect costs
- Surplus before finance costs
- Interest & capital repayments
- Net surplus , IRR & NPV
- Independent validation/feasibility study/market testing

The Committee noted that the capital costs as outlined include all Trinity's build costs, levies and the refurbishment of existing space. The sources of funding identified include Government and philanthropic contributions, along with a proposed loan from the EIB and a commercial bank to be repaid from the increased activity. In considering the incremental fee income, the Committee noted that the projections were based on current market rates for new entrants in 2018/19 (previously approved by Finance Committee) along with the future average growth predicted and the income to be generated by non-EU students. The Committee also noted the direct and indirect costs, the overhead per student, the research overhead and financing costs. The impact on GAAP financial reporting and scenarios were reviewed in detail and the Committee noted that the



financial model had been rigorously reviewed and challenged with numerous scenarios modelled and sensitivity analysis conducted to arrive at the business plan as presented.

The Committee noted that the monitoring of the project as it progresses will conform to existing governance structures, including bi-annual reporting to Finance Committee and agreed to the contingencies and safeguards in place to ensure project success, in particular repayment of the capital and non-capital investment.

The Committee considered the proposal in the context of the University's other priority capital projects and the extensive supporting information provided, which included an external cost benefit analysis along with external validation of the financial assumptions and project targets as set out. Having noted the buy-in and support of the relevant Schools, the detailed risk management framework as outlined and the correspondence from the HEA confirming that the project is outside the borrowing framework, the Committee recommended the E3 Learning Foundry Business Plan to Board for approval, on condition of successfully achieving the contribution sought from the State. As requested, the Committee also approved the following:

- derogation from the existing BBM (as outlined)
- tuition fee rates previously agreed by Finance Committee be honoured (as critical to the business case feasibility)
- additional income generated to be allocated to loan interest & capital repayments in the first instance, to support the self-financing loan derogation under the borrowing framework
- the overall Project cost of c.€84m
- initial spend request of c.€1.23m

**Action:**

**81.1** In line with University policy, the E3 Learning foundry to provide bi-annual reports to the Finance Committee, with the first to come forward in Michaelmas Term 2018.



- 81.2** The E3 Learning Foundry Business Plan was recommended to Board for approval, on condition of successfully achieving the contribution sought from the State.

**FN/17-18/82 Trinity Business School (TBS)**

(Minute FN/17-18/19 of 20.10.2017 refers)

The TBS Programme Sponsor, the Dean of TBS, the Head of Capital Projects and the Programme Manager attended for this item.

The Committee reviewed the circulated memorandum from the Programme Sponsor and Dean of TBS dated 11.04.2018, which provided an update on the TBS Project across the following headings:

- Update since the last report
- Financial summary
- Financial position of project lifecycle
- Risk
- Sustainability issues

**i. TBS Development Plan**

In considering the summary presentation of the TBS Development Plan provided by the Dean of TBS, the Committee noted that the growth strategy has continued to perform very strongly, with fee income being significantly higher than the Board-approved plan. The variance in forecasted pay expenditure, and the ongoing challenges encountered by the School in recruiting and retaining teaching staff of the appropriate calibre, was also noted. However, the Committee was of the view that the existing promotion process should continue to apply equally to all staff across the University.

In considering the TBS's performance overall, the Committee noted that the space issues previously identified are being kept under review, and the School is continuing to liaise with the Bursar in this regard. The update provided on the development of the TBS auditorium and the supporting work of CRU in creating a portfolio of potential corporate clients was welcomed.

The Committee, further noting the significant increase in the surplus



generated since the last update on the growth plan and acknowledging the exceptional performance of the School, confirmed that Philanthropic Targets should remain and that the surplus over the approved business case should not be utilised at this time to support the capital costs of the project.

### **ii. Innovation & Entrepreneurship Hub (I&E Hub)**

The Committee welcomed the presentation on the Innovation and Entrepreneurship Hub, noting that its updated plan is currently with the I&E Hub's Board for review and approval. The value of recent funding applications, progress made on Hub space in the new building, staff appointments and challenges facing the I&E business plan were also noted. The Committee further noted the financial performance in Year 1 as reported and the forecasts for the current and future years.

### **iii. TBS Capital Project**

The Programme Sponsor presented an update on the capital elements of the TBS Project, as outlined in the circulated memorandum. Having noted that the project is slightly behind programme although still in scope, the Committee considered the financial update on the construction project including the commitments and spend to date. The Committee noted with concern the relatively low level of contingency at this point for a project of this scale and the specific risks outlined in this regard, along with the mitigating actions planned or taken. The status of the value engineering target was also noted, and the Committee was concerned to note that further significant savings are unlikely. The Committee also noted the reference to emerging cost pressures that may impact the project budget, which will require close monitoring.

The Committee welcomed the progress made to date on all elements of the TBS Project and the detail provided in relation to academic programme developments, the accreditation process, staff recruitment, decants and space usage, construction progress and sustainability issues. The risks in relation to the shortage of accommodation for both students and staff were noted. Having considered the risks in relation to staff retention and the impact of the 4-year probation period for new staff once again, the Committee agreed that these issues were best managed via established University procedures and fora and were not within the Finance



Committee's remit. However in this context, it was requested that future Finance Committee agendas would detail the request being made of the Committee to ensure these could be addressed or redirected as appropriate.

Thanking the Dean of TBS and the Programme Sponsor for their report the Committee requested that an update on activity be provided in Michaelmas Term 2018.

**Action:**

**82.1** Future Finance Committee agendas to detail the request being made of the Committee (approval, noting etc.) to ensure these can be addressed or redirected as appropriate.

**82.2** An update on TBS activity to be provided in Michaelmas Term 2018.

**FN/17-18/83  
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**Modular Fees, Fees for Supplemental Exams and Multi-Year Students**

(Minutes FN/17-18/59 of 07.03.2018 refers)

The Committee considered the circulated memorandum and accompanying documents from the CFO dated 17.04.2018, setting out a proposal in relation to modular fees, fees for supplemental exams and multi-year students across the following headings:

- Introduction (Board meeting of 28.03.2018)
- Additional costs of system changes
- Impact on projected income
- Risks
- Other issues for consideration
- Request

By way of presentation, the CFO outlined the background to the proposed fees including the recent Board decision on fee certainty and the recommendation (Minute BD/17-18/187 of 28.03.2018) that Finance Committee approve the fee proposal under existing agency arrangements and the projected loss of future income of €2.6m over 3 years, noting that Planning Group will be considering how best to offset this loss of income via three key mechanisms. In considering the costs associated with



implementing the changes, the Committee further noted that whilst the required staff time will be absorbed by the various units, the costs of the system change needed to be met, noting that the COO will engage with Planning Group in this regard.

Having noted the risks of both adoption and non-adoption, considered previously by Board, along with the issues outlined in relation to previously approved benchmarking adjustments and agreed E3 Learning Foundry fee rates, the Committee approved the following :

- A 5% fee increase for incoming students in 2018/19; 3% increase per annum thereafter
- No increase on fee rates for existing students in 2018/19; 3% increase per annum thereafter

The Committee also agreed that the above increases will apply to postgraduate EU and non-EU and undergraduate non-EU fee rates and that the previously approved benchmarking adjustments (including Medicine and Dentistry fees) and E3 Learning Foundry arrangements as outlined would be maintained.

#### **FN/17-18/84**

#### **Graded Contingency Plan for Managing Cash Levels**

(Minutes FN/17-18/2 & 66, of 22.09.2017 & 07.03.2018 respectively, refer)

The Committee welcomed the circulated memorandum from the Director of Financial Planning and Risk Management dated 12.04.2018 (deferred from the previous meeting) and the detail provided across the following headings:

- Introduction
- Graded contingency plan
- Conclusion and request

In the presentation, the Director of Financial Planning & Risk Management summarised the University's most recent cash flow forecasts and the key assumptions underpinning them. Noting that the majority of the University's year-end accumulated cash balance is fully committed to funding the capital programme, the Committee considered the high impact,





strategic and operational options presented to better manage the University's cash levels as presented.

The Committee acknowledged that, due to reducing cash balances, using operational cash to fund capital projects was no longer desirable and agreed that the options as set out provided realistic alternatives to assist the University in managing its cash levels to ensure they stayed above the "45 days" recommended level. On this basis, the Committee approved the plans as presented for immediate implementation and recommended that in the meantime, the University should focus on its cash flow management and consider its impact as part of the decision making process in the University.

**Action:**

**84.1** The University should focus on its cash flow management and consider its impact as part the decision making process in the University.

**84.2** FSD to implement the cash management options presented with immediate effect.

**FN/17-18/85 Analysis of Reserve Balances**  
(Minute FN/17-18/38 of 18.12.2017 refers)

The Committee considered the circulated memorandum from the Management and Financial Accounting Manager dated 16.04.2018, which set out an updated analysis of reserve balances held at 30.09.2017.

In considering the updated position, summarised by the Management and Financial Accounting Manager by way of presentation, the Committee noted the increase in reserves in FAHSS, FHS and ASD, and the reductions in the remaining areas, which resulted in a small decrease in operational reserves from the prior year-end. The Committee, noting the levels of strategic and unrestricted reserves as set out, agreed that unspent balances of this magnitude would be not be recognised in other sectors and expressed concern at the risks arising in this regard.

Furthermore, having welcomed the School of Medicine's plans to utilise its



reserves strategically, the Committee reiterated its recommendation that the utilisation of reserves be integrated with School strategic plans and requested the Vice-Provost, via Planning Group, to work with the Faculty Deans to co-ordinate a strategic approach to spending in this regard and report back to the Committee in Michaelmas Term 2018.

**Action:**

**85.1** The Vice-Provost, via Planning Group, to work with the Faculty Deans to co-ordinate a strategic approach to implement the recommendation that the utilisation of reserves be integrated with Schools strategic plans and report back to the Committee in Michaelmas Term 2018.

**FN/17-18/86 TDA Campaign Update**

(Minute FN/17-18/41 of 18.12.2017 refers)

The Director of TDA and Interim Director of Operations attended for this item.

The Committee considered the circulated memorandum from the Director of TDA dated 13.04.2018, which set out an update on philanthropic pledges as part of the Board-approved TDA campaign, across the following headings:

- Full review of outstanding pledges
- Ageing of pledges
- Forecasted cash flow (payment plans)
- Income received in year to date
- Performance to 30.03.2018 compared to approved business plan
- Operating costs/performance

The Director of TDA highlighted the key points of the memorandum in her presentation, including the level of outstanding pledges of €138m at February 2018, following a full review by the Interim Director of Operations of the Raiser's Edge database, their RAG status and a cash flow forecast to assist in the management and recoument of the outstanding pledges. The Director of TDA also provided an update on the TDA Campaign, which is on track overall, with 61% of the overall Funds Raised Target (pledges). In the context that just 11% (€4.1m) of the 2017/18 pledges target of €34.5m has



been raised to date, the Director of TDA also advised that, whilst she had no indications that the target would not be met, TDA was keeping the situation under very close review however, predicting the timing of results was challenging due to the nature of fundraising. The operating costs of the Campaign, which are less than budgeted in the business plan, were also outlined.

The Committee welcomed the update provided, in particular the analysis of aged pledges versus cash collected and the cash flow forecast, along with payment plans for outstanding pledges (noting that 2 pledges accounted for over 70% of the outstanding amounts). In considering the aged debt analysis, the Committee noted the write-offs of unrecoverable pledges of €1.8m (1.3% of total pledges outstanding) and the work in progress to assess the recoverability of the balance of pledges that are over 4 years old. The Committee also welcomed the introduction of a new gift acceptance process which is now in place.

The Committee noted that an action plan to address the issues raised by the University's Internal Audit reviews of TDA's operations and recommendations/observations contained in KPMG's management letter has been agreed by both the TDA and TCD Audit Committees and progress is being reported to the TDA Audit Committee on an ongoing basis

Having noted the performance to 31.03.2018 along with the budget update provided, the Committee thanked the Director of TDA for her report and requested a further update in Trinity Term 2018.

#### **Action**

**86.1** The Director of TDA to bring forward a further update in Trinity Term 2018.

#### **FN/17-18/87**

#### **Role & Sustainability of TRIs – Interim Update**

(Minute FN/17-18/33 of 18.12.2017 refers)

The Associate Dean of Research attended for this item.

The Committee considered the circulated memorandum from the Dean of Research dated 11.04.2018 and the summary presentation across the following headings:



- Background
- Quality Review
- General Comment

Noting the quality review status of each of the TRIs as outlined, along with the commentary regarding the importance of the role played by the institutes in terms of the University's mission, the Committee indicated that in the context of the ongoing delay, a detailed report on the future of the TRIs should now come forward for consideration at the next meeting. The Committee also noted the update regarding TBSI and requested that the TBSI business plan be incorporated into the Dean of Research's paper coming forward to the next Finance Committee meeting.

#### **Action**

- 87.1** An updated report to be brought forward by the Dean of Research for consideration at the June meeting, incorporating TBSI's business plan and update.

#### **FN/17-18/88 External Audit 2016/17 – Management Letters (Minutes FN/17-18/50 of 18.12.2017 and FN/17-18/60 of 03.03.2018 refer)**

The Committee noted the circulated memorandum from the Deputy CFO dated 16.04.2018 along with three accompanying documents as follows:

- FY2016/17 C&AG Management Letter
- FY2016/17 KPMG Management Letter
- Control Exception Report November 2017 (previously circulated)

A summary of the audit findings, encompassing the financial risks and control issues facing the University as identified by both the external auditors and internal reporting mechanisms, was provided by the Deputy CFO by way of presentation.

In considering the audit findings set out in the C&AG and KPMG's management letters, and the associated management responses, the Committee noted the issues flagged in relation to:

- procurement non-compliance
- risk management



- payroll
- review of useful lives of buildings
- travel and subsistence
- hospitality
- credit card expenditure
- IT processes and controls

Having reviewed the detail provided with regard to the areas of focus and findings of the Board-appointed external auditor (KPMG) and the C&AG, the Committee noted the ratings as follows:

Auditor	No. of audit findings		
	High	Medium	Low
C&AG	8	1	2
KPMG	10	1	6

Noting that there were 2 medium rated IT findings from KPMG, the Committee recommended that further integration between IT Services and University governance was required to ensure a consistent standard for key IT processes such as User Access Management/Change Management and practices etc., as currently these practises vary significantly from unit to unit.

The Committee noted that all 6 of the internal findings, as set out in the circulated Control Exception report, had been previously notified to the relevant areas.

**Action**

**88.1** Further integration between IT Services and University governance was required to ensure a consistent standard for key IT processes such as User Access Management and Change Management and Practices etc., as currently these practises vary significantly from Unit to Unit.

**FN/17-18/89 Review of Subsidiary Companies**  
 (Minute FN/16-17/125 of 27.06.2017 refers)

In considering the circulated memorandum from the Deputy CFO and Projects Accounting Manager, dated 16.04.2018, the Committee noted, by



way of presentation, the following:

- Introduction and scope
- Approach and Methodology
- Key findings
- Next steps

In considering the outcome of the recent review of subsidiaries/related entities, the Committee noted that of the 5 subsidiary companies, it was the 3 most recently incorporated that required a number of policy and procedural changes in the areas of payments and purchasing. The Committee further noted the level of compliance across the 5 companies and welcomed the agreed actions to align each of the subsidiaries with the University's internal control environment.

Thanking the Deputy CFO for her report, the Committee requested an update in Michaelmas Term 2018.

**Action**

**89.1** An update to be brought forward in Michaelmas Term 2018.

**Section C**

**FN/17-18/90 SU Loan Application for Student Spaces**

The Committee considered the circulated memorandum from the CFO dated 16.04.2018 and the accompanying joint memorandum from the President of the Students Union and the Chair of the Central Societies Committee dated 12.03.2018, regarding the Students Union request for a short term loan of €180k from the University funded from the approved student levy to improve student spaces, with the Capitation Committee acting as guarantor for the loan.

Having noted that Academic Registry and IT Services are working together to ensure that IT systems are configured to collect the approved levy, the Committee approved the loan request sought.



**FN/17-18/91 FIS Transition Programme Update**  
(Minute FN/17-18/7 of 22.09.2017 refers)

The Committee noted the memorandum from the FIS Transition Programme Manager dated 16 April 2018 which set out an update on the Programme under the following headings:

- Progress since the last update
- Priorities for the next quarter

The Committee noted that the transition to a new Managed Service Provider was completed successfully and that the upgrade to new Storage Area Network was also delivered. The updates on the priority areas of accounting and payroll commitments, along with the restructuring of the team, the review of reporting tools and interfaces, and the removal of the interim workflow were also noted.

The Committee requested an updated report in Michaelmas Term 2018.

**Action**

**91.1** An updated report on the FIS Transition Programme to come forward in Michaelmas Term 2018.

**FN/17-18/92 Research Funding Diversification Strategy Update**  
(Minute FN/17-18/46 of 18.12.2017 refers)

The Committee noted the circulated memorandum from the Research Development Manager and Director of TR&I dated 03.04.2018, which provided an update on the Research Funding Diversification Strategy across the following headings:

- Executive Summary
- Update since the last report
- Financial Summary
- Financial Position of Project Lifecycle (to 30.09.2017)
- Risk
- Sustainability Issues

The Committee noted the ongoing success in terms of the funding levels



achieved by Trinity, with the strategy already achieving an overall surplus position for the 5-year strategy at the beginning of year 4, and with expenditure being underspent against budget at present. The Committee further noted that Trinity continues to top the national rankings and perform competitively in Europe across all higher education institutions engaged in the H2020 programme and that the combined value of US and international grants has already surpassed the 5-year target.

The Committee suggested that FSD engage with TR&I to clarify terminology usage in advance of the next report. Noting the risks as outlined, the Committee requested the Research Development Manager and Director of TR&I to provide an update in Michaelmas Term 2018.

**Action**

**92.1** The Research Development Manager & Director of TR&I to provide an updated report in Michaelmas Term 2018.

**92.2** FSD to engage with TR&I to clarify terminology usage in advance of the next report.

**FN/17-18/93**

**Science Gallery Update**

(Minute FN/17-18/47 of 18.12.2017 refers)

The Committee noted the circulated memorandum from the Science Gallery Director dated 04.04.2018, and the update provided across the following headings:

- Update since the last report
- Financial Summary
- Financial Position of Project Lifecycle
- Risk
- Sustainability Issues

The Committee, as requested, noted the performance against target to date for the 2017/18 financial year, along with the risks and sustainability issues associated with the outcome of impending funding renewals and the uncertainty around securing ongoing commercial, philanthropic and





corporate funding. The Committee further noted that the additional income flowing to the Gallery in the current year will be reported as part of its financial position. The Committee also agreed to the request to amend the timing of the mid-year repayments as outlined.

The Science Gallery Director was requested to provide an updated report in Michaelmas Term 2018.

**Action**

**93.1** The Science Gallery Director to provide an updated report in Michaelmas Term 2018.

**FN/17-18/94  
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**Borrowing Framework and Loan Guarantees**

In considering the circulated memorandum and accompanying documents from the Project Appraisal Manager dated 16.04.2018, setting out the Borrowing Framework template for the academic year 2016/17 along with projections for 2017/18, the Committee noted the University's compliance with the current framework and requested that it be forwarded to Board for noting.

**Action**

**94.1** The Borrowing Framework template to be forwarded to Board for noting.

**FN/17-18/95**

**Offer/Acceptance Deposit for Singapore Students**

The Committee noted the memorandum from the Head of the School of Medicine dated 13.04.2018 setting out the background to a proposal to increase the offer and acceptance deposit for Singapore students to minimise late withdrawals. The Committee noted that the Irish Universities and Medical Schools Consortium (IUMC) decision to charge a full-year fee as a non-refundable deposit has been implemented by all other institutions in the Sector. Having noted the financial risk for the University arising from late withdrawals, the Committee agreed that the proposed change be implemented for the academic year 2018/19, on the basis that any costs associated with making the required system changes to SITS be met by the



School.

**Action:**

**95.1** The proposed change to the offer/acceptance deposits for Singapore students to be implemented for the academic year 2018/19, on the basis that the costs associated with making the required system changes to SITS be met by the School.

**FN/17-18/96 Stafford Loan Program – Auditors Report year ended 30.09.2017**

The Committee, having been circulated with a memorandum from the Director and the Activity Lead of the Academic Registry dated 13.04.2018 along with the Report of Independent Auditor, Bender, Ciccotto & Co. for the year ended 30 September 2017 in relation to the University's compliance with the Federal Family Education Loan Program (Stafford Loan Program), noted the unqualified opinion issued by the auditors for the year under review.

**FN/17-18/97 Minutes of the Audit Committee**

The Committee noted the memorandum from the CFO dated 16.04.2018 along with the minutes of the Audit Committee meeting dated 13.02.2018 and draft minutes of the meeting dated 20.03.2018, as circulated.

**FN/17-18/98 Minutes of the FIS Oversight Group**

The Committee noted the memorandum from the CFO dated 16.04.2018 along with the draft minutes of the FIS Oversight Group meeting of 12.03.2018, as circulated.

**FN/17-18/99 Related Entity Financial Reporting**  
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The Committee noted the circulated memorandum from the CFO dated 16.04.2018 and recommended the Directors' Report and audited Financial Statements of Trinity Brand Commercial Services Limited (TBCSL) for the



year ended 30.09.2017 to Board for noting.

**Action**

**99.1**

The Directors' Report and audited Financial Statements of the TBCSL to be forwarded to Board for noting.

The Committee noted the next Finance Committee meeting is scheduled for Friday 6 July 2018 at **9.30am** in the Provost's Library.

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