



Minutes of the Finance Committee Meeting of 7 March 2018

Present: Provost (Chair), Vice-Provost, Bursar, Dean of Arts, Humanities & Social Sciences (for Minutes 59 - 62), Ms. C. Curtis, Mr. J. Gorringe, Mr. L. Kavanagh, President of the Students Union, Chief Operating Officer, Chief Financial Officer (CFO) – Secretary to the Committee

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

Apologies: Registrar, Professor B. Lucey

Statement of Interest: None declared

The Committee noted and approved the minutes of the Finance Committee meeting of 18.12.2017, subject to amendments to Minutes FN/17-18/31 and FN/17-18/44. The circulated Status Report on the Finance Committee Action List dated February 2017 was also noted. Matters arising from the minutes are recorded separately below (Minute FN/17-18/59 refers).

Section A

No items

Section B

**FN/17-18/59
XX** **Trinity Education Project (TEP) implications for Finance Policy & Income**
(Minute FN/17-18/31 of 18.12.2017 refers)

Following the Board meetings in January and February 2018 where the matter was discussed in detail, the VP-CAO updated the Committee on the funding options to support the introduction of the new billing structure. The Committee noted that whilst a number of proposals had been presented to both Board meetings, including cost neutral options, Board had agreed a compromise proposal of a flat fee of €450 for re-assessment for undergraduate students, which achieved partial cost neutrality for the University. The strong concerns referenced by the SU and GSU Presidents regarding the final flat fee approved by Board along with their dissent and that of the CFO (on cost neutrality grounds) from the decision of Board were also noted.

Following a lengthy discussion, some members were concerned by the observations made by the SU President regarding the role of the Finance Committee. In the context of the estimated recurrent costs of c.€220k



annually arising from the Board decision, the Committee stressed the need to achieve cost neutrality regarding any policy changes in the future given the current financial situation.

**FN/17-18/60
XX**

Draft Consolidated Financial Statements to 30.09.2017

The Committee considered the circulated memorandum from the CFO and Deputy CFO dated 28.02.2018 and the accompanying Draft Consolidated Financial Statements for the year ended 30 September 2017 (including the CFO Report) and noted the audit status and the draft qualified audit opinion (technical qualification arising from the inclusion of a retirement benefits asset in the Statement of Financial Position) from the Board appointed auditor and the unqualified audit opinion of the State auditors.

By way of presentation, the CFO and Deputy CFO outlined the key details of the Consolidated Financial Statements 2016/17, under the following headings:

- Summary financial position and historical trends
- Consolidated income analysis
- Research activity & awards signed FY2013 - 2017
- Other income
- Consolidated expenditure analysis
- Capital expenditure
- Procurement
- Key performance indicators (KPIs) 2016/17 and historical trends vs. strategic targets
- Actual vs sustainability target

In considering the outturn for 2016/17, the Committee noted the movement in income and expenditure and welcomed the resulting positive earnings before interest, tax, depreciation and amortisation (EBITDA), an increase of 25% over the previous year. The Committee further noted the update from the Deputy CFO regarding the ongoing discussions between the HEA, Department of Education and Skills and the Department of Public



Expenditure and Reform to resolve the pension funding issue and the associated qualification on the University's financial statements from the Board appointed auditors and that the HEA has confirmed that it is appropriate for the University to account for the pension asset on this basis.

The Deputy CFO drew the Committee's attention to the University's positive performance across a number of headings including increases in income generated and endowment assets along with the significant procurement savings achieved. The Committee welcomed the increase in research activity for the fourth consecutive year, with income exceeding €100m for the first time. The growth in academic fees and other income over the prior-year, which reflects the University's investment in non-Exchequer revenue generating strategies and resulted in an improved Exchequer: Non-Exchequer income ratio to 59%:41%, was also noted. In reviewing the net contribution to the University from commercial activities, and noting the existing controls in place to monitor the CRU's contribution, the Committee requested that further detailed information be provided by the COO and Commercial Director, including an analysis of margins achieved across each line of business along with a comparison to relevant industry benchmarks as part of the next update on the Commercial Strategy.

The Committee further noted that despite the ongoing financial challenges the University faces, significant progress has been made in achieving its key strategic financial objectives as illustrated by the improvements in the reported KPIs, including a reduction in staff costs as a percentage of income and noted the HEA's comments received during the year about the University's resilience during a prolonged period of austerity.

Welcoming the improved operating surplus for the year, the Committee noted the sustainability gap between the reported deficit and the target surplus and the need for careful management over the coming years to achieve a financially sustainable position. Furthermore, noting that the University's financial position continues to be challenging, the Committee acknowledged the need to generate significant cash balances from operations if the necessary investment in Trinity's capital infrastructure and other strategic priorities is to be supported, including promotion of the student experience.



Thanking the CFO and his team for their work in producing the Draft Consolidated Financial Statements and completing the audits in a timely manner, and welcoming the clarity of the narrative in the CFO Report in particular, the Committee agreed they should be forwarded to Audit Committee for consideration and onward recommendation to Board for approval.

Action

60.1 The Draft Consolidated Financial Statements for the year ended 30.09.2017 to be forwarded to Audit Committee for consideration and onward recommendation to Board for approval.

60.2 The COO and Commercial Director to provide an analysis of margins achieved across each line of commercial activity/business along with a comparison to relevant industry benchmarks as part of the next update on the Commercial Strategy.

**FN/17-18/61
XX**

Draft Endowment Fund Financial Statements to 30.09.2017

The Committee had been circulated with the draft Trinity Endowment Fund Financial Statements and the draft Letter of Representation to KPMG for the year ended 30 September 2017, dated 28.03.2018.

By way of a brief presentation from the Deputy CFO, the Committee noted the main highlights of the Fund in the financial year along relevant with historical trends across the following headings:

- Investment performance FY 2013/2017
- Investment Objectives & Asset Allocations FY 2017
- Growth in Endowment Fund 1996 -2017

The Committee also noted the significant restructuring of the Fund during the financial year, that fossil fuel divestment had been fully implemented by May 2017 and the plans for further restructuring in 2018.

Noting that the Auditors intended to issue an unqualified audit opinion, the Committee agreed that the draft Financial Statements be submitted to



Audit Committee for review and onward recommendation to Board for approval. Once approved by Board, the Financial Statements will be submitted to the Charities Regulatory Authority.

Action:

61.1 The draft Endowment Fund Financial Statements and Letter of Representation to KPMG for the year ended 30 September 2017 to be submitted to Audit Committee for review and onward recommendation to Board for approval.

61.2 Once approved by Board, the Financial Statements to be submitted to the Charities Regulatory Authority.

FN/17-18/62

Financial and Performance Highlights – Qtr. 1 2017/18

The Management & Financial Accounting Manager and Projects Accounting Manager attended for this item.

In considering the Q1 executive summaries and detailed report from the Management & Financial Accounting Manager and the Project Accounting Manager dated 28.02.2018 as circulated, the Committee welcomed the updated and enhanced information provided and the key messages. The Committee once again acknowledged the significant level of work undertaken by FSD in bringing such a comprehensive report forward.

The Committee noted (by way of presentation) the key highlights set out across the following headings for the period Q1 17/18:

- Financial summary dashboard
- Budget to Q1 forecast
- Adjusted budget to forecast variances by Faculty/Division
- Variance by School
- Executive summary: research
- Executive summary: capital
- Preliminary cash flow forecast (operational & capital as requested)
- HEA provisional 2018 grant and RGAM
- BBM income reconciliation to current income forecast
- Key messages



The Committee considered the financial summary and the budget to latest forecast for 2017/18 in detail, noting the forecasted deficit to 30.09.2018 after depreciation and before unrealised gains and losses. The Committee also noted the shortfall in forecasted income vs BBM FY17/18 income and the compensatory reduction in planned spend on strategic initiatives.

In noting the material underspends in Faculties in Q1 and the projected favourable variances to budget to year-end as outlined, the Committee noted the challenge in predicting the final year-end outturn due to the dependence on the timing of spend within the Faculties and Divisions. In this context, the Committee recommended that Schools/Faculties engage in strategic financial planning to mitigate the consequential volatility in Trinity's annual financial results and the related impact on future cash flows.

Welcoming the newly introduced Recurrent Grant Allocation Model (RGAM) slide, the Committee was concerned to note Trinity's declining share of the State Grant, which had fallen from 17.3% to 15.5% in the 9 consecutive years from 2009, as a result of certain student weighting changes and the lack of growth in under-graduate student numbers relative to the Sector, and further noted that whilst modest growth in overall student numbers has been achieved in recent years (c.3% from FY15-16), preliminary numbers for FY17/18 do not indicate year-on-year growth and when finalised, could equate to FY2014/15 levels. Given that the University's focus on increased student fee income to improve its financial position remains a strategic priority, the Committee requested the VP-CAO, via Planning Group, to:

- a) review the final student numbers for 2017/18 (per the HEA return) and bring forward a detailed breakdown by School, with prior year comparators, for consideration at the next meeting
- b) in the context of the above, put in place mechanisms to increase offers made in 2018/19 in order to manage attrition and ensure complete uptake of available places.

The Committee noted the University's continued successful performance in the research arena, with Q1 17/18 research expenditure being significantly ahead of the same period in the prior year and, whilst the average indirect



cost rate recovered on new awards in the quarter had increased slightly, indirect cost recovery rates remain a concern.

The updated information on the capital project activity, including the top 5 approved projects by value and the year-on-year comparative data, was noted along with the value of the recently approved capital budgets for the Trinity Education Project and the CORE HR upgrade.

The Committee once again welcomed the preliminary cash-flow forecast (operational and capital) as set out and noted the key assumptions and the update in relation to the cash contingency plan, which had been circulated for separate consideration.

Thanking the Management and Financial Accounting Manager and the Project Accounting Manager for their presentations, the Committee requested that an update on Q2 17/18 activity be provided in Trinity Term 2018.

Action:

62.1 The VP-CAO, via Planning Group, to:

- a) review the final student numbers for 2017/18 (per the HEA return) and bring forward a detailed breakdown by School, including prior year comparators, for consideration at the next meeting
- b) in the context of the above, put in place mechanisms to increase offers made in 2018/19 in order to manage attrition and ensure complete uptake of available places.

62.2 An update on Q2 17/18 activity to be provided in Trinity Term 2018.

**FN/17-18/63
XX**

Student Accommodation

1. Centralisation of Room Allocations – Update

(Minute FN/17-18/21 and 35 of 20.10.2017 and 18.12.2017 refers)

The Dean of Students attended for this item.

By way of presentation, the Dean of Students updated the Committee on the progress of the Working Group to put in place procedures to manage the growing and diverse accommodation stock, whilst ensuring an



appropriate demographic mix, thus supporting the University's strategic aims and reducing financial risk.

The Committee noted the terms of reference and membership of the Working Group and the strategic and operational issues as outlined, including the determination of annual quotas and allocations to specific sites. The Committee further noted that the current basis for allocations, including quotas and provisions, were historical and could be changed.

The Dean of Students outlined the need for price banding to simplify the allocations process and ensure the necessary diversity by removing rates as the sole driver in accommodation selection. Noting the progress made to date in terms of the draft principles and procedures for allocations and the potential to issue early provisional offers to CAO students, the Committee indicated that a cost-neutral solution, which provides the necessary clarity to students, needed to be in place for the 2018/19 intake. In this context, the Committee understood the Working Group would now conclude on its terms of reference and bring forward a proposal to manage the allocation of student accommodation centrally for approval by the Provost in Trinity Term 2018.

2. Residential Rent Increases – 2018/19

(Minute FN/17-18/106 of 03.05.2017 refers)

The Accommodation Officer attended for this item.

In reviewing the circulated memorandum from the Commercial Director dated 26.02.2018, the Committee noted its previous decision in May 2017 approving phased rental increases over a three-year period, with the additional revenue generated to support an accelerated renovation programme and a sinking fund. In approving the phased rental increases, the Committee had requested that the 2018/19 and 2019/20 rates be brought back for further consideration to address the impact of additional operating costs. In this context the Committee considered the proposals outlined by the Accommodation Officer by way of presentation.

Having noted the proposed increase in operating costs as set out, the Committee requested the Commercial Director/Accommodation Officer to provide further analysis of the costs associated with the proposed 2% rate increase. However, having reviewed the information provided on the proposal to co-ordinate/re-balance the rental rates of heritage rooms on



campus with off-site, leased accommodation, and the two proposed options in this regard, the Committee expressed concern at the cumulative 2-year impact on the plans to upgrade accommodation quality and the student experience by deferring the planned rental rate increases for 2018/19.

Following a detailed discussion of the issues raised, the Committee requested the Commercial Director to bring forward a revised proposal for consideration at the next meeting that would include:

- a detailed analysis on the maintenance and renewal plans if the previously approved increase for 2018/19 is deferred
- further analysis of the projected operational cost increase underpinning the proposed 2% rate increase
- options to address the risk of perpetuating the requirement to re-balancing rents on an ongoing or indefinite basis if new off-campus student accommodation is commissioned.

In addition, noting the risk of not achieving full occupancy at approved rental rates, the Committee requested the Accommodation Working Group to consider the broader implications on student accommodation currently being planned or built, and the pricing of same.

Action:

63.1 With regard to the proposed residential rent increases, the Commercial Director was requested to bring forward a revised proposal following for consideration at the next meeting to include:

- a detailed analysis on the maintenance and renewal plans if the previously approved increase for 2018/19 is deferred
- further analysis of the projected operational cost increase underpinning the proposed 2% rate increase
- options to address the risk of perpetuating the requirement to re-balance rents on an ongoing and indefinite basis if new off-campus student accommodation is commissioned.



- 63.2** In the context of the risk of not achieving full occupancy at approved rental rates, the Accommodation Working Group to consider the broader implications on student accommodation currently being planned or built, and the pricing of same.

FN/17-18/64

Annual Report of Sub Committee of Finance Committee 2016/17

Mr. Tony Haslam, external member of the Investment Committee attended for this item.

The Committee welcomed Mr. Tony Haslam (attending on behalf of the Chair of the Investment Committee) and considered the memorandum from the CFO dated 28.02.2018, as circulated, which set out the Investment Committee's Annual Report for the year ending 30.09.2017.

Mr. Haslam presented the key objectives and related achievements of the Investment Committee in the reporting period, including a review of the -

- quarterly investment performance
- investment strategy and income targets
- portfolio review and restructure
- revised asset allocations
- divestment considerations
- fundraising campaign
- Endowment Fund brochure
- self-evaluation questionnaire

The Committee noted the investment performance in the year against benchmark as reported and welcomed the detail provided on the restructuring of the portfolio during the year, the revised asset allocations and the current restructuring considerations. The Committee also noted the update provided to the Investment Committee on the fundraising campaign, the revised Endowment Fund brochure along with the findings of the self-evaluation process.

Given the significant portfolio restructure underway, the Committee queried the reasons for the fundamental change in asset allocation and were advised of the exceptional market conditions in terms of the low yield environment and the difficulties with income generation in recent years.



Following a query, the Committee requested the Investment Committee to model the likelihood of a fall in value of the Fund following disposal of the fixed income portfolio, as this could adversely affect the net assets of the University and its ability to raise external finance. The CFO confirmed that the Fund is passively managed and asset manager performance and fees are reviewed regularly.

The Committee thanked Mr. Haslam for his very clear and informative presentation and, in line with University policy, requested the Chair of the Investment Committee to provide a further update in Hilary Term 2019.

Action

64.1 The Investment Committee to model the likelihood of a fall in value of the Fund following disposal of the fixed income portfolio.

64.2 The Chair of the Investment Committee to provide an update in Hilary Term 2019.

FN/17-18/65

Graded Contingency Plan for Managing Cash Levels

(Minute FN/17-18/2 of 22.09.2017 refers)

Due to time constraints, consideration of the circulated memorandum from the Financial Planning & Risk Manager dated 28.02.2018 was deferred and the Committee requested it be brought forward for consideration at the next meeting.

Action:

65.1 The Graded Contingency Plan for Managing Cash Levels to be brought forward for consideration at the next meeting.

Section C

FN/17-18/66

Travel & Subsistence Rates 2018

The Committee considered the memorandum from the CFO dated 28.02.2018 noting that there had been no changes to the Department of Finance-approved travel and subsistence rates applicable for all University-related travel in the period 1 January to 31 December 2018.



In this context, the Committee was asked to note that the “Travel and Subsistence Rates for Ireland and Abroad 2018” booklet will be circulated to Faculty Deans, Heads of School, Heads of Support Areas and Principal Investigators and will also be made available on the University’s website.

Action:

66.1 The “Travel and Subsistence Rates for Ireland and Abroad 2018” booklet to be circulated to Faculty Deans, Heads of School, Heads of Support Areas and Principal Investigators and made available on the University’s website

FN/17-18/67 Treasury Management Update

In accordance with the Treasury Management Policy, the Committee noted the circulated memorandum and accompanying appendices from the Project Appraisal Manager dated 28.02.2018, setting out an update for the first quarter of the financial year from 01.10.2017 to 31.12.2017 and the comparative data for the same period in the previous financial year. The Committee also noted the information provided in relation to current negative interest rates, the EIB loans and associated covenants, along with the update on the HEA borrowing framework calculation.

FN/17-18/68 Analysis of Income and Expenditure of Research Accounts for 2016/17

The Committee noted the circulated memorandum from the Projects Accounting Manager dated 20.02.2018, incorporating an extract of the Annual Analysis of Recurrent Expenditure and Research Accounts for the year ended 30.09.2017, including information on:

- income and expenditure for all individual research accounts by Faculty/School/ Discipline
- the number of active research accounts
- research income by source.



FN/17-18/69 Provost's Expenses (01.07.2017-31.12.2017)

The circulated memorandum from the Secretary to College dated 21.02.2018, setting out the bi-annual report of the Provost's expenses for the period 01.07.2017 to 31.12.2017, was noted. Furthermore, the Committee noted that, as indicated, all expenses incurred were approved in line with relevant University policies, no exceptional items of expenditure were incurred and that reimbursement claims (and associated supporting documentation) were available for review at the meeting.

FN/17-18/70 Assessment of Financial Risk of Cyber Fraud
(Minute FN/17-18/39 of 18.12.2017 refers)

The Committee considered the circulated memorandum from the Director of IT Services dated 27.02.2018 and the guidance provided on assessing the monetary value of and the approaches being taken to mitigate cyber risks which include the following:

- fraud arising from a compromised staff network account
- externally originating cyber fraud
- the direct and indirect costs of both.

The Committee noted the programme of work to be undertaken to introduce additional IT security safeguards, including Multi-Factor Authentication for all staff and encryption for machines and support for enhanced data protection.

FN/17-18/71 Current levels of investment in Student Services and future plans for further investment
(Minute of FN/17-18/17.2 of 20.10.2017 refers)

The Committee noted the memorandum from Chief Operating Officer dated 07.03.2018 and on foot of queries from the GSU President requested that, following further engagement with the Students Union and Graduate Students Union Presidents, an updated paper be brought forward for discussion at the next meeting.



Action:

- 71.1** Following further engagement with the Students Union and Graduate Students Union Presidents, the COO to bring forward an updated paper for discussion at the next meeting.

FN/17-18/72

Fee Derogation Update

(Minutes of FN/16-17/80.1 and FN/16-17/83.1 of 06.02.2017 refers)

Further to its previous request, the Committee noted the circulated memoranda from the School of Medicine and the School of Psychology respectively, regarding derogations from approved fee increases and requested the appropriate Faculty Deans to review and approve the requests, if appropriate, and report back to the Committee on the outcome at the next meeting.

Action:

- 72.1** The Faculty Deans to review and approve the fee derogation requests, if appropriate, and report back to the Committee on the outcome at the next meeting.

FN/17-18/73

Minutes of the Sub Committee

The Committee noted the memorandum from the CFO dated 28.02.2018 along with the draft minutes of the Investment Committee meeting of 13.02.2018, as circulated.

FN/17-18/74

Sub Committee - Appointment of New Member

The Committee noted and approved the circulated memorandum from the CFO dated 28.02.2018 proposing a new member of the Investment Committee, Mr. James Garvey, along with his attached biography.



FN/17-18/75 Minutes of the Commercial Revenue Unit (CRU)

The Committee noted the memorandum from the CFO dated 28.02.2018 along with the draft minutes of the CRU meeting of 05.12.2017, as circulated.

FN/17-18/76 Minutes of the Audit Committee

The Committee noted the memorandum from the CFO dated 28.02.2018 along with the draft minutes of the Audit Committee meetings of 05.12.2017 and 15.12.2017, considered by Board on 31.01.2018 as circulated.

FN/17-18/77 Minutes of the FIS Oversight Group

The Committee noted the memorandum from the CFO dated 28.02.2018 along with the draft minutes of the FIS Oversight Group meeting of 22.01.2018, as circulated.

**FN/17-18/78
XX Related Entity Financial Reporting**

The Committee noted the circulated memorandum from the CFO dated 28.02.2018 and recommended the Directors' Report and audited Financial Statements of the following entities to Board for noting:

- Haughton Institute for the year ended 31.12.2016
- Ghala DAC for the year ended 30.09.2017, along with the Letter of Representation to KPMG dated 19.01.2018 and KPMG's Completion of Audit letter
- Trinity Online Services Limited (TOSL) for the year ended 30.09.2017 along with the Letter of Representation to KPMG dated 21.02.2018, the Management Letter from KPMG dated 12.02.2018 and a Letter of Support from the University dated 21.02.2018.

The Director's Report and audited Financial Statements of Trinity Brand Commercial Services Limited (TBCSL) for the year ended 30.09.2017 were



unavailable for circulation as they are awaiting approval by the Board of TBCSL.

Action

78.1 The Directors’ Reports and audited Financial Statements of the Houghton Institute, Ghala DAC and TOSL to be forwarded to Board for noting.

FN/17-18/79 Finance Committee Self Evaluation 2017-18

The Committee considered the circulated memorandum from the CFO dated 28.02.2018, and accompanying link to the web-based, draft Finance Committee Self-Evaluation Survey for 2017/18, which replaces the former paper-based questionnaire.

Following the incorporation of any amendments sought by the Committee, the link to the finalised survey will be circulated to Committee members for timely completion in order that the outcome of the process may be considered at the meeting scheduled to take place on 19.06.2018.

Action

79.1 The final self-evaluation survey to be circulated for completion following the incorporation of any amendments sought by the Committee.

79.2 The outcome of the Self-Evaluation process to be considered on 19.06.2018.

The Committee noted the next Finance Committee meeting is scheduled for Monday 23 April 2018 at 2.30pm in the Provost’s Library.

PROVOST.....

DATE.....