



**Minutes of the Finance Committee Meeting of 25 September 2015**

**PRESENT:** Vice Provost-Chief Academic Officer (Chair), Bursar, Chief Operating Officer, Mr. J. Gorringe, Ms. C. Curtis, Chief Financial Officer (CFO) – Secretary of the Committee

**IN**

**ATTENDANCE:** Director of Financial Planning & Risk Management

**APOLOGIES:** Provost, Dean of Arts, Humanities & Social Sciences, Professor P. Coxon, Registrar, President of the Students Union, President of the Graduate Students Union, Deputy CFO

The Chair, on behalf of the Committee, welcomed the new Bursar and the Presidents of the Student's Union and Graduate Student's Union. The Chair, in acknowledging Professor Coxon's recent notification of his resignation, thanked him for his contribution to the Finance Committee.

The minutes of the meeting of 8 June 2015, along with an update on open action items, were noted and approved. A matter arising is recorded as a separately below (minute FN/15-16/2 refers).

**Section A**

**FN/15 - 16/1  
XX**

**Treasury Management Policy Derogation Request**

The Project Appraisal Manager attended for this item

In considering the circulated memorandum from the Project Appraisals Manager dated 18.09.2015, the Committee noted the supporting information provided in relation to the derogation sought from the current Treasury Management Policy and associated additional income available to the University.

In order to minimise the risk arising from the derogation sought, and to maximise the return to the University, the Committee requested that the proposed deposit be placed across a number of Tier 2 institutions rather than in a single institution as proposed.

Noting that this action would raise the deposit limit of the chosen institutions, the Committee approved the required 3-month derogation from the Treasury Management Policy and recommended it for onward consideration and approval by Board.

**Action**

**1.1** The Committee recommended the derogation sought from the Treasury Management Policy (appended to this minute), amended to include a number of Tier 2 institutions for a period of 3-months for onward consideration and approval by Board.

**Section B**

**FN/15 - 16/2**

**Update to the Financial Forecasts 2015/16**

(Minute FN/14-15/129 of 08.06.2015 refers)

The Committee requested HR to draft a set of guiding principles for each Faculty/Head of Area to drive the process to manage a reduction in pay costs over the short, medium and long term as part of the 21<sup>st</sup> Century Lean Administration Project.

## **Action**

- 2.1** HR to draft a set of guiding principles for each Faculty/Head of Area to drive the process to manage a reduction in pay costs over the short, medium and long term as part of the 21<sup>st</sup> Century Lean Administration Project.

**FN/15 - 16/3  
XX**

### **Commercial Revenue Unit (CRU) Subsidiary – NewCo Business Plan**

The Commercial Director and Mr. Michael Nason, CRU, attended for this item

The Committee, noting that the establishment of a CRU subsidiary had previously been considered by Board (Minute BD/14-15/302 of 24.06. 2015 refers), welcomed the circulated memorandum from the Commercial Director dated September 2015 setting out a proposal to establish a separate company (NewCo) to deliver on the University's commercial potential under the following headings:

- Business Rationale
- Governance Structure
- Legal Structure
- Employees of NewCo
- Assets & IP
- Initial Funding of NewCo
- Brand Internationalisation (incl Financial summary)
- Risk Register

The Committee noted that the primary purpose of the new entity is to maximise the return of the University's international brand expansion and to facilitate the management of business performance on an ongoing basis, with the necessary commercial agility to do so.

Having reviewed the upfront investment required to establish the company, and in the context of the underlying business rationale to increase non-exchequer income for Trinity College, the Committee noted that the projected surplus from NewCo's activity would be utilised in the first instance to support the University in returning to a surplus position as set out in the Strategic Plan 2015-19.

In considering the structure of the new company and the legal/licensing issues around its operation, the Committee requested that, in line with best practise, the licensing arrangements around usage of Trinity's Intellectual Property (IP) should be explored further to ensure it is kept separate from the trading activity.

The Committee welcomed the opportunity to view the new sample branded merchandise provided. Having noted the ambitious sales targets set out in the proposal, the Committee requested further detailed information on the steps to achieve these targets as part of an updated report to be considered at the next meeting. The Committee also requested that updated tax advice should be sought on the revised trading activity and included as part of the new report.

Having expressed some concern about the commercial compatibility of the proposed sales channels as outlined in the document and the resulting impact on the return to the University, the Committee requested that these issues should also be addressed in greater detail in the revised paper. As an addendum to this issue, the Committee recommended that the CRU Board be Chaired by one of the external members in order to offer additional oversight and guidance on its strategic direction, thereby providing the necessary comfort on their capacity to generate the required return.

## **Action**

**3.1** The Commercial Director to:

- a) Further explore the appropriate structures to ensure IP licensing arrangements in NewCo are kept separate from the trading activity, in line with best practise
- b) Bring forward a revised paper to the next meeting with additional details/supporting information around the sales targets along with greater details on the commercial compatibility of the proposed strategic partners/sales channels
- c) Seek updated tax advice on the revised trading activity and include it in the new report.

- 3.2 The CRU Board to be Chaired by one of the external members to provide enhanced oversight and guidance on strategic direction.

**FN/15 - 16/4  
XX**

### **Oisín House Accommodation Project**

The Dean of Students and the Projects Appraisal Manager attended for this item

The Dean of Students summarised his circulated memorandum on the Oisín House Accommodation Project, dated 25.09.2015, under the following headings:

- Scope
- Objectives
- Status – High Level Design
- Financial Summary
- Risk

Drawing the Committee's attention to the financial schedules set out in Appendix 1 to the document, the Dean outlined the main development costs associated with the project along with the projected financial performance over 35 years. In considering the scope of the project, the Committee noted the impact of the additional student services/facilities and the significant decanting costs being absorbed within the development costs (with minimal contribution from the relevant areas), and expressed concern at the resulting increase to the cost per room for the overall project. In noting the additional student services/facilities that are to be included in the development, the Committee requested the COO to consider the introduction of charges as a contribution to the new facilities.

The Committee noted that the Accommodation Steering Group is currently reviewing the charging structure for rooms both on and off campus.

Having discussed the detail set out in the accompanying schedules in terms of the funding and financing options, along with the detailed risk schedule (including mitigating actions) the Committee agreed that greater visibility around the capital costs, their components and method of calculation was necessary and requested that this information would form the basis of an updated report to be brought forward for consideration at the next meeting.

#### **Action**

- 4.1 The Dean of Students to bring forward an updated paper to the next meeting.
- 4.2 The COO to consider the introduction of the charges to support the new student services/facilities being provided.

**FN/15 - 16/5**

### **TCD-Marino Foundation Programme**

The Director of Internationalisation attended for this item

The Committee noted the memorandum and supporting schedules from the Vice – President for Global Relations and the Director of Internationalisation dated 18.09.2015, which outlined a proposal in relation to the non-renewal of the existing foundation course provider and the alternative options explored in relation to the delivery of pathway/pre-University programmes for Trinity College.

The Committee considered the key elements of the proposed agreement, under the headings:

- Financial Projections (Incl. income and expenditure)
- Recruitment
- Academic development of the programme
- Operational matters

Having noted the detail provided, including the basis of the financial and recruitment projections, the Committee endorsed the proposal as set out and requested that a detailed risk schedule would be provided for consideration at the next meeting.

#### **Action**

- 5.1 The Director of Internationalisation to provide a detailed risk schedule to be for consideration at the next meeting.

**Trinity Business School – Post Graduate Fees 2016/2017**

In the absence of the Dean of the Business School who was unavailable due to a School accreditation visit, the CFO outlined the recommendations for 2016/17 post-graduate fees for the Business School (across the full range of courses) as set out in the circulated memorandum dated 18.09.2015. The Committee, in welcoming the considerable evidence-based detail provided, noted that the proposed fee increases had previously been considered and endorsed by Planning Group. The Committee approved the fee levels as proposed and recommended them to Board for noting as set out below:

<b>Programme</b>	<b>2015/16 Fees</b>	<b>Proposed 2016/17 Fees</b>
MBA (FT)	EU: €29,500 Non EU: €29,500	EU: €31,500 Non EU: €31,500
MBA (PT)	EU: €15,000 per annum Non EU: €15,000 per annum	EU: €15,000 per annum Non EU: €15,000 per annum
MSc Finance	EU: €13,250 Non EU: €16,500	EU: €15,500 Non EU: €19,500
MSc Management (formerly MSc Business & Management)	EU: €12,500 Non-EU: €15,750	EU: €13,500 Non-EU: €17,500
MSc International Management	EU: €14,250 Non-EU: €17,500	EU: €14,250 Non-EU: €17,500
MSc Marketing (New programme)		EU: €13,500 Non-EU: €17,500
MSc Financial Risk Management (New programme)		EU: €15,500 Non EU: €19,500
Diploma in Accounting (New programme)		EU: €10,000 Non EU: €15,000

**Action**

- 6.1** Post-Graduate fee levels for the Business School for 2016/17 to be forwarded to Board for noting.

**Lease of Stack B Building**

The Bursar summarised her circulated paper dated 16.09.2015 in relation the proposed lease of the Stack B Building (in the IFSC) in order to facilitate the decant of Oisín House and other space needs. The Committee noted the urgency associated with securing a space due to the tight timelines associated with the planned commencement date of the Oisín House Project and the need to fit out/refurbish any new space before the occupants could be moved.

In considering the specific details of the Stack B lease proposal, the Committee expressed the following concerns:

- As a result of the relatively short lease term of 6 years, there is a strong risk that the planned new accommodation will not be available at the end of this period, which could potentially result in a further move/decant for the occupants
- There are significant fit out costs (in addition to dilapidation costs) associated with the Stack B building, which would not be available to the University at the end of the lease period.

In the context of the above concerns, the Committee agreed that ideally a 10-year lease would be a more economically sound option, noting however that funding was not currently available for that period. Furthermore, the Committee agreed that the fit out of any leased or rented property should allow for a range of potential occupants with minimal additional cost required to tailor them to individual needs.

Following a detailed discussion of the potential alternatives within the vicinity of the University, the Committee requested the Bursar to explore these options in more detail as a matter of urgency.

Whilst the Committee agreed in principle to the lease of the Stack B building, it requested that no action be taken until the outcome of the Bursar's exploration of the other alternatives was known. The Committee agreed that should a reasonable alternative present itself, an additional meeting would be held for its consideration/approval.

**Action**

- 7.1** The Bursar to explore alternative options for the decant of Oisín House within the vicinity of the University, with an additional meeting to be scheduled to consider any realistic options should they arise.

**FN/15 - 16/8**

**Annual Budgetary Cycle 2015/16**

The Financial Planning & Risk Manager attended for this item

In considering the circulated 2015/16 Annual Budgetary Cycle Report dated 18.09.2015, which had formed part of the Planning Group Report #13 to Board in June 2015, the Committee noted that the allocation of resources to areas has been made on the basis of projected income rather than need/expenditure requirements and recommended that this approach be reviewed given that existing expenditure commitments were already exceeding the budgets allocated to certain areas. The Committee further noted with concern the pressure on recurrent budgets in all areas and the reliance on School reserves and future buoyancy to deliver the Board mandated balanced operating budget for the University in 2015/16.

The risks associated with the significant increase in projected fee income were considered, including the impact on the University should this income not be realised.

Having discussed the challenges of maintaining overall financial control when budget allocations were unrealistic from the outset, and noting the external factors that created an additional layer of complexity, the Committee recommended that the Planning Group/ABC Sub-Group consider these matters as part of its work for 2016/17.

**Action**

- 8.1** The Planning Group/ABC Sub-Group to consider the challenges of creating realistic budgets for 2016/17 to support the overall financial control of the University.

**FN/15 - 16/9**

**Quarterly Accounts to 30.06.2015**

The Committee noted the circulated memorandum dated 18.09.2015 from the Financial Services Division, reporting on the Quarterly Accounts for the period to 30.06.2015, which set out a summary of the financial position in addition to further enhanced information across the following categories:

- Financial Analysis of College Faculties, Divisions & Other Areas (excl. Research)
- Research
- Analysis of Capital Projects

In discussing the detail of the capital projects schedule, the Committee noted the current challenges associated with the Business School being completed within budget. The Committee also noted the risk surrounding the current capacity and capability within the University to manage the volume of existing and pipeline projects and recommended that the matter be given due consideration by College Officers.

**Action**

- 9.1** The risk around the current capacity and capability within the University to manage the volume of existing and pipeline projects to be given due consideration by College Officers.

**FN/15 - 16/10  
XX**

**US GAAP Financial Statements for the year ended 30.09.2014**

The Committee noted the circulated memorandum from the Management and Financial Accounting Manager, dated 18.09.2015, which set out the basis for the requirement to prepare US GAAP financial statements for the University, along with detailed accompanying schedules setting out the key reconciling items and reporting impact between the Irish and US GAAP accounts.

As requested, the Committee noted the US GAAP Consolidated Financial Statements for the year ended 30 September 2014, and recommended them for onward consideration by Audit Committee and approval by Board, with their submission to the US Department of Education to follow thereafter.

**Action**

**10.1** US GAAP Consolidated Financial Statements for the year ended 30 September 2014 were recommended for onward consideration by Audit Committee and approval by Board, subsequent to which they are to be submitted to the US Department of Education.

**Section C**

**FN/15 - 16/11 Planning Group Report #13**

The Committee noted Planning Group Report #13, which was previously considered by Board (Minute BD/2014-15/304 of 24.06.2015 refers), as circulated.

**FN/15 - 16/12 Treasury Management Quarterly Update**

The Committee noted the quarterly Treasury Management update as set out in the circulated memorandum from the Project Appraisal Manager dated 18.09.2015.

**FN/15 - 16/13 Essentials of Finance - Training**

The Committee welcomed the circulated memorandum from the CFO dated 18.09.2015 along with the accompanying evaluation report on the training provided to Finance Committee and Board members and other interested parties on 07.09.2015, noting the improved attendance and the success of the redefined training approach as outlined.

**FN/15 - 16/14  
XX Statement of Governance and Internal Control (SGIC)**

Further to correspondence received from the HEA dated 30.07.2015, and as requested in the circulated memorandum from the CFO dated 18.09.2015, the Committee noted and approved the updated Statement of Governance and Internal Control and recommended it for onward consideration and approval by Board.

**Action**

**14.1** The updated Statement of Governance and Internal Control to be forwarded to Board for consideration and approval.

**FN/15 - 16/15      Campus MV Upgrade – ESB Networks Connection Agreement (Project ID 14-054)**

The Committee noted the circulated memorandum from the Director of Estates & Facilities dated 16.09.2015 outlining financial details associated with the Campus MV Upgrade Project and the transfer of a substation site to ESBN (previously considered by Executive Officers and approved by Board), including the payment amount and transfer details as requested. Noting that whilst the funding model had been approved in principle, the details of the overall funding sources had yet to be finalised. The Committee requested the Bursar to bring forward a further paper outlining the funding sources once this information becomes available.

**Action**

**15.1**            The Bursar to bring forward an updated paper setting out the overall funding sources for the Campus MV Upgrade project once this information becomes available.

**FN/15 - 16/16      KPMG and C&AG Management Letters and Responses**

The Committee noted the management responses, prepared by the FSD on behalf of the University, to the Management Letters received from both KPMG and the C&AG following the audit of the Consolidated Financial Statements for the year ended 30 September 2014 as set out in the circulated memorandum from the CFO and Deputy CFO dated 18.09.2015. Acknowledging the probity issues raised by the C&AG as outlined by the CFO, the committee recommended the management responses for consideration by the Audit Committee in mid-October.

**Action**

**16.1**            The management responses to the Management Letters received from both KPMG and the C&AG for the year ended 30 September 2014 to be forwarded to the Audit Committee for consideration.

**FN/15 - 16/17      Finance Committee Self-Evaluation – formal response**  
(Minute FN/14-15/133 of 08.06.2015 refers)

The Committee acknowledged the formal response from the CFO to the outcome of the 2014/15 Finance Committee Self-Evaluation process, as set out in his circulated memorandum dated 18.09.2015, under the following headings:

- Role of Finance Committee
- Oversight of Financial Issues, Risk Management and Reporting
- Support for Members
- Communications.

**FN/15 - 16/18      Minutes of Sub-Committees**

The Committee noted the draft minutes of the Investment Committee meeting of 08.09.2015, as circulated.

**FN/15 - 16/19      Minutes of Commercial Revenue Unit (CRU) Board**

The Committee noted the minutes of the CRU Board meeting of 18.05.2015, as circulated.

**FN/15 - 16/20 Minutes of Estates Policy Committee**

The Committee noted the draft minutes of the Estates Policy Committee meeting of 26.06.2015 as circulated.

**FN/15 - 16/21 Minutes of the FIS User Group**

The Committee noted the minutes of the FIS User Group meeting of 04.05.2015 as circulated, in particular ongoing work regarding purchasing structure options and the progress achieved on category proliferation and the visibility of hierarchical purchase orders as outlined.

**FN/15 - 16/22  
XX Related Entity Financial Reporting**

The Committee considered the Directors' Reports and audited Financial Statements of

- HEANet for the year ended 31 December 2014
- Science Gallery International for the year ended 30 September 2014

and recommended them to Board for noting.

**Action:**

**22.1** The Directors' Reports and audited Financial Statements of HEANet and Science Gallery International, for the years ending 31.12.2014 and 30.09.2014 respectively, to be forwarded to Board for noting

The Committee noted the next Finance Committee meeting is scheduled for **Tuesday 20 October 2015 at 10.30am** in the Provost's Boardroom.

PROVOST.....

DATE.....