



**Gníomhaireacht Bainistíochta an Chisteáin Náisiúnta
National Treasury Management Agency**

**MINUTES OF MEETING OF THE
NATIONAL TREASURY MANAGEMENT AGENCY
HELD AT 2.00PM ON 24 MAY 2016 AT
TREASURY BUILDING, LOWER GRAND CANAL STREET, DUBLIN 2**

PRESENT: Willie Walsh, Chairperson
Maeve Carton
Brendan McDonagh
Derek Moran
Martin Murphy
Conor O'Kelly
Robert Watt
Susan Webb

APOLOGIES: Mary Walsh

IN ATTENDANCE: Adrian O'Donovan, Secretary
Ian Black, Chief Financial and Operating Officer (CFOO)
Andrew O'Flanagan, Chief Legal Officer (CLO)
Frank O'Connor, Director, Funding and Debt Management (Item 9 only)
Eugene O'Callaghan, Director, ISIF (Item 10 only)
Emma Jane Joyce, Senior Manager, ISIF (Item 10 only)

1. NOTICE AND QUORUM

The Chairperson noted that notice of the meeting and of the nature of the business to be conducted had been given to all members entitled to attend the meeting and a quorum was present. The meeting then proceeded to business.

2. DISCLOSURES OF INTEREST

For the purposes of Section 13A of the National Treasury Management Agency Act 1990 (as amended) and Section 17 of the Ethics in Public Office Act 1995, the members each declared that they had no interest in the business to be transacted at the meeting.

3. MINUTES AND MATTERS ARISING

The Chairperson noted that draft minutes of the meeting of 23 March 2016 had been circulated to the members in advance of the meeting. **IT WAS RESOLVED** that the minutes be approved and that they be signed by the Chairperson.

There were no matters arising from the minutes.

4. COMMITTEE REPORTS

4.1 Audit Committee

The Audit Committee Chairperson, Martin Murphy, reported on the Committee meeting held on 17 May. He said the Committee had completed its review of the financial statements and the letters of representation and was recommending these to the Agency (these matters would be considered separately under Agenda Item 5). He also noted that the Minister for Finance's consent to the changes in format to the financial statements of the NTMA Administration Account and the Ireland Strategic Investment Fund to adopt the FRS102 accounting framework had been received.

4.2 Risk Committee

Martin Murphy reported on the Risk Committee meeting held on 23 May. He said the Committee had reviewed and approved a number of proposed amendments to the Liquidity Risk Management Policy to reflect, in particular, a revised Strategic Liquidity Target. It was agreed that the updated Liquidity Risk Management Policy would be circulated to Agency members.

Martin Murphy also noted that the Committee had reviewed and approved the draft risk disclosure notes in the 2015 financial statements related to the National Debt and the Ireland Strategic Investment Fund and the Risk Management section of the Annual Report (to be considered separately under Agenda Items 5 and 6 respectively).

4.3 Investment Committee

The Investment Committee Chairperson, Brendan McDonagh, reported on the Committee meeting held that morning, 24 May, and on the meeting held on 25 April and briefed the Agency on the investment proposals reviewed by the Committee at these meetings. He also informed members that John Herlihy had resigned from the Committee.

4.4 Committee and Agency Appointments

The Agency Chairperson raised the issue of Investment Committee appointments. The Committee consisted of two Agency members and three external members and it would be necessary to appoint a new external member of the Committee to replace Mr Herlihy. Appointment of external members of the Investment Committee was a matter for the Agency, with the consent of the Minister for Finance. The Chairperson proposed that a formal process be put in place for such appointments and that the Remuneration Committee be tasked with reviewing candidates for appointment to the Investment Committee. Names would be brought to the Agency before referral to the Minister.

The Chairperson also suggested that a process be put in place to feed into and liaise with the Public Appointments Service process for Agency appointments to ensure that any competency or skills gaps or issues identified by the Agency were fully considered in the appointment process. Again, he suggested the Remuneration Committee would be well placed to perform this role.

The Agency agreed that the Remuneration Committee would carry out the roles as proposed by the Chairperson.

5. FINANCIAL STATEMENTS

5.1 Review of Systems of Internal Financial Control

The CFOO presented a paper on the review of the effectiveness of the NTMA systems of internal financial control. He noted that the Audit Committee had reviewed and were satisfied as to the effectiveness of these systems at its meeting of 16 March and had recommended the Statements of Internal Financial Control for inclusion in the financial statements of the NTMA and the Carbon Fund. No control weaknesses had been identified since the date of the Audit Committee meeting.

The Agency reviewed the effectiveness of the systems of internal financial control and, on the recommendation of the Audit Committee, concluded that it was satisfied as to the effectiveness of these systems.

IT WAS RESOLVED that the Statements of Internal Financial Control as presented to the Agency for inclusion in the financial statements of the NTMA and the Carbon Fund be approved.

5.2 Financial Statements 2015

The CFOO presented the draft financial statements for the year-ended 31 December 2015 noting that they had been reviewed by the Audit Committee and recommended for Agency approval. He also noted that the Risk Committee had reviewed and recommended the risk disclosure notes to the National Debt and ISIF financial statements.

The Agency considered the financial statements. It requested that a more general discussion on the Carbon Fund be made an agenda item for a future Agency meeting.

IT WAS RESOLVED that the financial statements in respect of the year-ended 31 December 2015, as presented to the Agency, be approved.

5.3 Letters of Representation

The CFOO briefed the Agency on the detailed sign-off matrix in place with regard to each of the representations contained in the letters and noted that the letters of representation had been recommended by the Audit Committee. The Agency reviewed the letters of representation. **IT WAS RESOLVED** that the letters of representation in respect of the NTMA and the Carbon Fund, as presented to the Agency, be approved.

6. ANNUAL REPORTS 2015

The Agency considered the NTMA Annual Report 2015 and the Carbon Fund Annual Report 2015.

IT WAS RESOLVED that:

- (i) The NTMA Annual Report 2015, substantially in the form presented to the Agency, be approved, subject to any further non-material changes or necessary changes for post-balance sheet events as may be agreed by the Chief Executive; and
- (ii) The Carbon Fund Annual Report 2015, substantially in the form presented to the Agency, be approved, subject to any further non-material changes or necessary changes for post-balance sheet events as may be agreed by the Chief Executive.

The Agency noted the draft letter prepared for the Chairperson's signature in respect of the separate report required under Section 13.1 of the Code of Practice for the Governance of State Bodies.

7. CHIEF EXECUTIVE'S REPORT

The Chief Executive presented his report. He briefed the Agency on a range of items including the recent credit rating upgrade from Moodys, State Savings schemes developments, recent ISIF investments and current NewERA projects. He also updated the Committee on the SCA organisational review, the Primary Care Centres PPP which was scheduled to reach financial close on 25 May and HR developments.

The Chief Executive noted that, following on from the finalisation of the NTMA Remuneration Policy in March, the SBCI and NAMA boards were looking at putting separate remuneration policies and remuneration committees in place.

The Agency noted the Chief Executive's Report. In the light of recent events pertaining to the security of the SWIFT payments system in Asia, it asked that the CFOO consider any implications for the NTMA.

The Agency noted the Report on Delegated Matters Notifiable to the Agency. The Secretary informed the Agency that, subsequent to the circulation of the Report, and as already referred to by the Chief Executive, the Management Infrastructure Committee had approved the financial close and contract award of the Primary Care Centres PPP Project to the preferred tenderer – Prime Balfour Beatty.

8. NTMA CORPORATE STRATEGY 2016-2018

The Chief Executive presented the draft *NTMA Corporate Strategy 2016 – 2018* for final approval by the Agency. He noted that, following the Agency meeting on 23 March, the draft Strategy had been sent to the Minister for Finance. The NTMA had also engaged with officials from the Department of Finance as part of this process. The Minister's comments had now been received and some minor amendments to the Strategy had been made to reflect these comments.

IT WAS RESOLVED that the *NTMA Corporate Strategy 2016 – 2018*, as presented to the Agency, be approved.

9. FUNDING UPDATE

The Director, Funding and Debt Management updated the Agency on a number of Funding and Debt Management items including:

- Progress against the 2016 funding plan to date and planned funding for the remainder of the year;
- the UK Brexit referendum on 23 June;
- Market liquidity and the ECB's quantitative easing programme;
- Feedback from recent international investor relations meetings; and
- State Savings schemes developments.

The Agency noted the planned funding for the remainder of 2016 in light of the amended Liquidity Risk Management Policy as discussed under Agenda Item 4.2.

10. ISIF SUSTAINABILITY AND RESPONSIBLE INVESTMENT POLICY

The Senior Manager, ISIF presented the ISIF Sustainability and Responsible Investment Policy. She said that the ISIF Business Plan agreed by the Agency in May 2015 stated that a Responsible Investment strategy separate to the Business Plan would be developed. At its meeting of 23 March 2016, the Investment Committee had agreed to recommend the Sustainability and Responsible Investment Policy to the Agency.

The Agency reviewed the Sustainability and Responsible Investment Policy. It noted that it was a high level document and a detailed implementation process would be required.

IT WAS RESOLVED that:

- (i) the ISIF Sustainability & Responsible Investment Policy as presented to the Agency be approved; and
- (ii) the Policy be published on the ISIF website.

11. AOB

There being no items under AOB, the Chairperson brought the meeting to a close.



Willie Walsh
Chairperson

12 July 2016