

Current Loan and Funding Management Process

Overview

Co-operative Housing Ireland currently manages a significant loan and funding portfolio through a series of interconnected Excel workbooks. These workbooks support monthly, quarterly and year-end reporting for multiple public, private and sector-specific funding sources, including loan facilities, capital funding arrangements and related availability-based income arrangements.

Loan registers, repayment schedules, maturity analyses, interest accrual calculations, funding forecasts, reconciliations and statutory disclosures are currently maintained through a combination of finance system outputs and spreadsheet-based processes.

Loan Portfolio Administration

The current process requires the maintenance of detailed loan records across a large number of individual facilities and project phases.

For each loan, finance staff manually maintain information including:

- Lender and facility details
- Loan reference numbers
- Drawdown dates
- Original loan amounts
- Interest rates
- Loan terms and maturity dates
- Outstanding balances
- Project and cost centre allocations
- Funding source classifications
- Principal and interest repayment schedules

Many developments are funded through multiple facilities and project phases, requiring separate schedules and reporting streams before being consolidated into portfolio-level reporting.

Loan Portfolio Characteristics

Whilst the current loan management process is highly dependent on Excel-based administration and reporting, the underlying debt portfolio is relatively straightforward in structure.

The majority of loans within the portfolio are fixed-rate facilities for their full contractual term. As a result:

- Full amortisation schedules are available for almost all loans at the point of drawdown.
- Future principal and interest repayments can be forecast with a high degree of certainty.
- There is limited exposure to rate resets, refinancing events or variable-rate calculations.
- Loan maturity dates and repayment profiles are generally known throughout the life of each facility.
- Long-term repayment forecasting and funding planning are supported by established repayment schedules.

Although the debt portfolio itself is not unusually complex, the process would benefit from greater automation and integration across loan records, balance updates, drawdowns, accruals, journals, reconciliations, maturity analyses and management and statutory reporting. These activities are currently supported through multiple linked Excel workbooks alongside the finance system.

Loan Drawdown Management

Loan drawdowns are tracked manually in Excel.

When new developments close or additional funding is drawn:

- Drawdowns are recorded in loan registers.
- Future repayment schedules are manually updated.
- Interest calculations are recalculated.
- Maturity reports are amended.
- Forecast cashflows are revised.
- Budget and funding planning reports are updated.

This process is particularly complex where developments are funded in stages, or where projects contain multiple phases requiring separate funding tranches.

Interest Accrual Calculations

Interest accrual accounting is currently performed outside the finance system using spreadsheet calculations.

Monthly activities include:

- Calculating accrued interest for each loan.
- Producing separate accrual journals.
- Posting accruals to the finance system.
- Reversing previous accruals where required.
- Reconciling accrual balances to lender statements and repayments.
- Allocating interest costs to projects and cost centres.

Separate methodologies are required for different funding arrangements, each with varying repayment structures and reporting requirements.

Development Pipeline, Budgeting and Forecasting

The Development Team provides forward-looking project pipeline information to support finance planning, budgeting and forecasting activities.

The Finance Team uses this information to prepare forecasts and budgets across key planning areas, including:

- Capital expenditure (CAPEX)
- Loan drawdowns and funding requirements
- Interest and financing costs
- Payment & Availability (P&A) income
- Rental income and management fee income
- Operating expenditure
- Cashflow forecasts
- Funding and cashflow planning forecasts
- Long-term financial projections

Forecasting assumptions are reviewed throughout the year as project information develops and planning assumptions are refined.

Where project assumptions change, related forecasts may require updates across areas such as:

- Loan drawdown timing
- Interest costs

- Debt balances
- P&A income commencement dates
- Rental income commencement dates
- Annual surplus or deficit projections
- Cashflow and funding planning forecasts
- Statutory and regulatory financial projections

The majority of these forecasts are currently maintained in Excel and require finance staff to manually update assumptions, recalculate funding requirements, amend cashflows and regenerate management reporting.

Forecast models are updated during the year to reflect changes in project pipeline assumptions. The ability to automate the relationship between project pipeline information, forecast funding activity, projected income streams and cashflow reporting would be a significant benefit of the new Financial Management System.

Amortisation and Repayment Schedules

Amortisation schedules are generated and maintained manually in Excel.

These schedules calculate:

- Principal repayments
- Interest repayments
- Remaining balances
- Future cash commitments
- Repayment forecasts extending to maturity

Some schedules extend over 25 to 30 years and require ongoing maintenance whenever:

- New loans are added
- Interest rates change
- Refinancing occurs
- Project timelines are amended
- Loan balances are corrected

Each schedule contains complex formulae and linked calculations that require regular validation.

Maturity Analysis and Financial Statement Reporting

Preparation of statutory disclosures requires manual production of loan maturity analyses.

Finance staff currently:

- Categorise balances between short-term and long-term liabilities.
- Produce maturity profiles by lender.
- Forecast future repayments by year.
- Reconcile maturity schedules to financial statements.
- Update year-end disclosures.

These reports are prepared using spreadsheet-based calculations and reconciliations, with outputs aligned back to the accounting system for statutory reporting purposes.

Funding and Cashflow Forecasting

Funding and cashflow forecasting is currently maintained in Excel.

This includes:

- Future drawdown forecasts.
- Repayment forecasts.
- Principal and interest cashflows.
- Cashflow planning analysis.
- Funding requirement forecasts.
- Long-term repayment forecasting.

Forecasts are updated manually as projects progress and funding arrangements change. Multiple models are maintained and reconciled before being incorporated into finance and funding reports.

Reconciliation Activities

A significant proportion of staff effort relates to reconciliation.

Monthly and quarterly reconciliations include:

- Loan schedules to general ledger balances.

- Interest accruals to lender statements.
- Repayment schedules to bank transactions.
- Funding balances to internal reporting outputs.
- Budget forecasts to actual results.
- Maturity schedules to statutory disclosures.

Numerous control checks are maintained within spreadsheets to identify variances requiring investigation.

Journal Creation and Posting

Many loan-related accounting journals are prepared manually.

Examples include:

- Interest accrual journals.
- Accrual reversals.
- Principal repayment postings.
- Loan drawdown postings.
- Reclassification journals.
- Short-term and long-term liability adjustments.
- Month-end and year-end corrections.

The process involves preparing and validating journal information before transactions are uploaded or posted to the finance system.

Current Process Improvement Drivers

The current Excel-based environment presents opportunities to improve process efficiency, consistency, automation and reporting resilience:

- Reduce the level of manual effort required each month.
- Minimise duplication of data across multiple spreadsheets.
- Support greater consistency and knowledge sharing across the process.
- Simplify maintenance of calculations and supporting schedules.
- Improve version control and document governance.
- Strengthen validation controls and reduce manual rework.
- Streamline reconciliation activity and exception follow-up.
- Improve the timeliness and consistency of management and statutory reports.
- Increase automation across key loan lifecycle events.
- Enhance auditability across loan, funding and reporting processes.

The future solution should reduce reliance on interdependent spreadsheets by providing clearer process ownership, stronger audit trails, improved automation and a more consistent source of information for loan accounting, funding administration and financial reporting.

Desired Future State

The new Financial Management System is expected to provide an integrated loan and funding management capability that will:

- Maintain a centralised loan register.
- Automate loan drawdown processing.
- Generate repayment and amortisation schedules automatically or have the ability to upload.
- Calculate and post interest accruals.
- Manage maturity profiles and liability reporting.
- Produce automated funding and cashflow forecasts.
- Perform balance sheet and lender reconciliations.
- Generate month-end and year-end journals.
- Provide audit trails and approval workflows.
- Deliver standard management, funding and statutory reporting with reduced reliance on manual spreadsheet manipulation.

This would reduce manual effort, improve auditability, strengthen controls and support a more consistent source of information for loan and funding management.