

Recommendations	Management Response/Actions	Owner	Progress
<p>3. Treasury Governance</p> <p>The Treasurer must ensure that he receives sufficient information on all treasury matters from the MPS and provide effective challenge over the treasury and investment activities.</p> <p>The members of the Finance and Resources Committee must fulfil their responsibility for oversight of the treasury management operations through reviewing quarterly reports on treasury performance and the approval of an annual treasury management policy and strategy in accordance with the committee's terms of reference.</p>	<p>Daily reports on investment activity and changes in market conditions together with monthly treasury management performance reports are provided to the Treasurer. A minimum of monthly meetings between the Treasurer and MPS treasury management staff and the Director of Resources and Director of Finance provide sufficient information.</p> <p>Detailed quarterly monitoring reports on treasury performance are presented to the Resources Sub Committee, as agreed in its terms of reference. Reports on the annual treasury management policy and strategy, together with half year and full year reports are presented to the Finance and Resources Committee.</p>	<p>Treasurer</p> <p>Chair of MPA Finance and Resources Committee/ Treasurer</p>	<p>Implemented</p> <p>Implemented. The Resources Sub Committee has considered the quarter end reports at its March and April meetings.</p> <p>The annual treasury management strategy was reported to the meeting of Finance and Resources Committee on 19 March 2009, and will be reviewed and updated annually thereafter.</p>
<p>4. Treasury Management Policy</p> <p>The treasury management policy statement should be updated for the changes in policy set out in the</p>	<p>The treasury management policy statement will be updated and presented to Finance and</p>	<p>Treasurer/ Director of Exchequer</p>	<p>The TM Policy Statement was reported to the April 2009 Finance and Resources Committee.</p>

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<p>annual investment strategies since 2000 and updated to reflect the current financial market conditions.</p> <p>The revised treasury management policy statement should be approved by the Finance and Resources Committee and a procedure developed to ensure that it is kept up-to-date.</p>	<p>Resources Committee in April. A procedure is now in place to ensure updating as part of the monthly meetings between Treasurer and MPS Director of Exchequer Services.</p> <p>As a minimum, there will be an annual update reviewed at March meetings of Finance and Resources Committee.</p>	<p>Services</p> <p>Chair of Finance and Resources Committee</p>	<p>Implemented.</p> <p>The policy statement update was reported to the April 2009 meeting of the Finance and Resources Committee and I future will be reported to the March meetings of the Finance and Resources Committee.</p>
<p>5. Treasury Reports</p> <p>The MPS should ensure that the Treasurer is sent a copy of the monthly treasury report on a timely basis.</p> <p>The Director or Exchequer Services should discuss the additional reporting requirements for the Treasurer and implement as required. This may include a copy of the daily dealing list including the investments and lending list.</p>	<p>Monthly treasury reports are being sent to the Treasurer within five working days.</p> <p>The Director of Exchequer Services has discussed requirements with the Treasurer and daily dealing list including investments and the lending list are being provided.</p>	<p>Director of Exchequer Services</p> <p>Director of Exchequer Services/ Treasurer</p>	<p>Implemented</p> <p>Implemented</p>

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<p>6. Treasury Processes</p> <p>The Director or Exchequer Services should ensure that the treasury management practice notes are updated and approved by senior management in consultation with the Treasurer.</p>	<p>The existing twelve treasury management practice notes are being reviewed to reflect the changed economic climate and revised TM Policy and Strategy. They will be approved by the Director of Resources, Director of Finance and the Treasurer.</p>	<p>Director of Exchequer Services</p>	<p>Deadline 30 April 2009 The review of the 12 TMPs is complete.</p>
<p>7. Credit Ratings</p> <p>The Treasury Management team should collect additional information on counterparties such as credit default swap prices, counterparty share price and additional credit ratings from S&amp;P and Moody's.</p>	<p>MPS Treasury Management Services are currently liaising with KPMG on the most cost efficient way to monitor credit default swap prices, counterparty share prices will be monitored on a daily basis by the in house Treasury Management Team. Additional credit ratings service has already been procured from Moody's and the MPS are in discussion with S&amp;P for provision of their rating service.</p> <p>The need for an agreed set of ratings criteria will be brought to the Resources Sub Committee for its consideration.</p>	<p>Director of Exchequer Services</p> <p>Treasurer</p>	<p>KPMG were unable to provide credit default swap prices but the Treasury Management Team has obtained this information from a money market broker. Moody's credit information is being received. The MPS received prices for S&amp;P's rating service and the Treasurer is considering possible procurement options with the GLA group.</p> <p>Specialist Treasury Management training has now been provided to members of the Resources Sub Committee, including an appreciation of the use of credit ratings. It is now planned to bring a</p>

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			report to the July meeting of the Resources Sub Committee.
<p>8. Lending List</p> <p>The Director of Finance Services should approve the revised lending list before it is circulated.</p> <p>The Investment and Fund Manager should include the Acting Director of Finance Services, the Director of Resources and the Treasurer on the distribution list when sending out the revised lending list.</p>	<p>The Director of Finance Services approves the lending list before circulation.</p> <p>Investment and Fund Manager to include Director of Finance and Director of Resources when distributing the revised lending list.</p>	<p>Director of Finance Services</p> <p>Investment and Fund Manager</p>	<p>Implemented</p> <p>Implemented</p>
<p>9. Requests and Instructions</p> <p>The Treasurer should ensure that all future requests and instructions to the MPS Treasury Management team are clear and unambiguous.</p> <p>The Director of Exchequer Services should ensure that all future requests and instructions received from the Treasurer are acted on and followed up to an agreed resolution with the Treasurer.</p>	<p>Process agreed with MPA/MPS. Monthly meetings with recorded actions supplemented by appropriate action sheets are taking place.</p>	<p>Treasurer/ Director of Exchequer Services</p>	<p>Implemented</p>

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<p>10. Confirmations</p> <p>All confirmations should be matched by an individual who is independent of the dealing process on a timely basis. Any unmatched confirmations should be immediately investigated and reported to the MPS Director of Resources and the MPA Treasurer.</p>	<p>An independent member of staff will be assigned.</p> <p>Unmatched confirmations will be reported immediately to the Director of Resources and the Treasurer.</p>	<p>Director of Exchequer Services</p>	<p>Implemented</p>
<p>11. Segregation of Duties</p> <p>Individuals involved in the back office and control activities should not be authorised dealers.</p>	<p>MPS will ensure an additional independent individual will act as an authorised dealer should any exceptional circumstances arise. Any resulting confirmation process will be checked by the MPS Director of Exchequer Services.</p>	<p>Director of Exchequer Services</p>	<p>Implemented</p>
<p>12. Use of Brokers</p> <p>The Director of Finance should investigate the benefits of MPS dealing directly with counterparties and/or using an on-line dealing portal.</p>	<p>MPS will research this matter and report to the Treasurer.</p>	<p>Director of Finance</p>	<p>This is an ongoing action. Of the reduced counterparty list only one counterparty is currently taking money market deposits but does not deal directly.</p>
<p>13. Treasury Systems</p> <p>The Acting Director of Finance should review the investment</p>	<p>Further investigations will take place once the present upgrade to</p>	<p>Director of Finance</p>	<p>The review of investment processes in this low risk recommendation</p>

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<p>processes and assess the possibility of using SAP more effectively or a standalone treasury system to support the Treasury Management team.</p>	<p>SAP has been evaluated.</p>		<p>includes a review of SAP functionality. This is on the list of priority work Finance Dept has raised with the systems support team but progress is dependent upon prioritisation of work which includes higher risk areas such as upgrade of payment processing (cheques and BACS). In the short term this is not likely to progress as the systems team need to carry out a feasibility study to assess resource allocation requirements.</p>