

Finance Process overview

	Summary Details
Process Name	Treasury and Cash Management
Process Owner	Kathryn Edwards
Process Objective	Ensure cash and cash related assets are managed effectively and the amounts recorded in the ledger are accurate and complete.
Process Scope	<p>The process includes:</p> <ul style="list-style-type: none"> i. Maintaining banking relations or managing banking accounts and credit facilities ii. Maintaining liquidity including cash forecasting iii. Managing cash payments and receipts iv. Hedging <p>Investment of excess cash resources is excluded from this process. This is covered under the Investment process.</p>

Summary of Findings and Recommendations

Below is a list of findings or recommendations identified in the process:

	Summary Details	Classification (design gap, control gap, process improvement)
1	A list of bank accounts being used globally is maintained by Finance on a spreadsheet. The list is updated with any bank accounts opened or closed. The list also shows account payment authorisers for each bank account. To ensure that this list is up to date, it is recommended that an annual reconciliation of the bank accounts on the list to external bank confirmations requested by external auditors and accounts in Agresso is completed. Also Group Finance should review the list against submissions of payment authorisers from all locations to ensure that there are adequate numbers of payment authorisers with appropriate level of experience for each bank account.	control gap
2	There a risk that the BACS payments file may be manually manipulated whilst stored on the application server: \\UKPRAP071\DATA EXPORT\BACS during the payment process. It is recommended that access to the server is restricted.	control gap
3	There is a risk that some direct debit payments may continue to be paid to suppliers after service or contract has ceased. We recommend that Accounts Payable team annually review the list of direct debit payments to ensure the service/contract is still active and required.	control gap
4	Deutsche Bank statements are currently on a book date value rather than the value date. Bank confirmations which are requested by the external auditors are on value date and there could potentially be a material difference between the two. We recommend annual reconciliation for Deutsche bank	control gap

	Summary Details	Classification (design gap, control gap, process improvement)
	accounts bank statement to bank confirmations and posting of any material differences.	
5	The last banking service providers review was completed in 2014. Consider having such reviews on a scheduled timetable so that the reviews are completed on a set periodic basis	process improvement
6	The quarterly review of banking providers of Letter of Credit (LOC) is currently not a global process. Consider extending this review to all global locations.	process improvement
7	As part of the leavers' process, managers are required to confirm to IT Support whether the leaver had access to approve payments on Deutsche bank account. This is to ensure that the access is removed. Consider extending the access confirmation process over Deutsche bank to include all bank accounts and other systems e.g. Barclaycard system and Moneycorp system.	process improvement
8	There is no formal checklist for closing a bank account. There is a risk that some tasks may not be appropriately completed when closing a bank account. Suggest create a checklist is maintained and reviewed by a senior management before a bank account is closed.	process improvement
10	In some instances there are different bank accounts of the same currency which are under with same general ledger code. This makes it difficult uniquely identify each bank account. Suggest using a unique general ledger code within each entity for each unique bank account. Finance should maintain the spread sheet showing each bank account and the associated general ledger code and balances to help in the short term.	process improvement
11	Some conversions of foreign currency denominated bank accounts to the reporting currencies are being done outside of Agresso. This makes it difficult to agree the bank balances to the bank statements. This issue should be addressed by the implementation of Agresso Multi-client. However, in the interim a spread sheet showing the calculations and the exchange rates used to convert the balances from the local currency to the reporting currency could help to address this issue.	process improvement

Future Development Requirements

Below is a list of future development requirements identified in the process.

	Summary Details
1	Automation of bank reconciliations using Autorek. Autorek will perform bank reconciliations with transactions data feeds directly from the bank and Agresso. Most of transactions will be automatically matched any unmatched items will be investigated and manually matched.

Risk Register Controls

Below is a list of controls identified for the risk register.

POAP Major Process Objective (s)	Risk Register Control	Status/Comment
Ensure adequate controls and relationships with bank and investment partners	In the last 12 months, the treasury policy has been reviewed, is up to date and has been approved by the Operations Committee as evidenced in the meeting minutes. The treasury policy has been communicated within the Finance department (Control #: Treasury Policy-C2320).	This is an existing control which is in the risk register and should be maintained.
	The financial conditions and covenants attaching to our debt facilities have been reviewed in the past quarter (and when otherwise required) to ensure Beazley is compliant with the requirements set out in the agreement. Documentation of compliance has been completed in the form of a spread sheet detailing the requirements and reporting deadlines, which has been reviewed to ensure it contains accurate and up to date information (control #: Covenant requirements working-C2314).	This is an existing control which is in the risk register and should be maintained.
	In the past quarter, the credit ratings of the banks that are providing the letter of credit facility have been reviewed. If there has been an adverse change Lloyd's have confirmed that they are still an acceptable bank (control #: Beazley plc. facility agreement counterparty credit ratings-C0953).	This is an existing control which is in the risk register and should be maintained.
Ensure bank accounts are reconciled to third party supporting documentation	The balance sheet accounts & Dashboard are reconciled on a quarterly basis. (Control #: Balance Sheet Dashboard).	Existing control - Keep control
Ensure maximise use of cash and meet covenant requirements	In the past month, the daily cash process has not been missed more than two unplanned, inconsecutive days or more than three planned consecutive days. Planned gaps of up to three days have been approved by the Global Head of Finance (Control #: Daily cash-C2321).	This is an existing control which is in the risk register and should be maintained.
Reduce the foreign currency exposure on the Balance Sheet for known and unknown payments	In the past month, a review of the effectiveness of hedging has been conducted. Any gaps and P&L exposures have been identified and addressed where possible. Confirmation of this review along with a description of the approach and findings has been reported to the Executive Committee and Board, as evidenced in the committee/ board papers and minutes (control #: Review of hedging- C0521).	This is an existing control which is in the risk register and should be maintained.

Financial Reporting Processes

3 Treasury &
Cash
Management

3. Treasury and Cash Management POAP.vsd



