

Treasury Advisory for Charities and Not For Profit Organisations



As households increasingly watch their expenditure through the economic downturn, is your charitable income protected and working as hard as it should?

The changing role of treasury

During the economic crisis, finance directors have increasingly turned to their treasury departments for assurance of the financial risk and liquidity position facing their organisation. This increased demand for information has raised the profile and scrutiny around treasury operations, driving an increased demand for risk and control reviews and advisory services from Deloitte.

As a result the treasury profession has gone “back to basics” to ensure that their approach to understanding and managing risk is still appropriate. Key areas include:

- **Counterparty risk** – is your treasury policy appropriate to cover your risk exposure and sufficient to address changes in the risk of the banks with whom you hold relationships?
- **Cash optimisation** – can your current approach to the collection and utilisation of cash be enhanced to increase the size of your investable funds?
- **Foreign exchange** – are all your foreign exchange risks identified and understood within the value chain? Is a hedging strategy required and would the hedging risk reward profile match your organisation’s risk appetite?
- **Governance and control** – are all your market risks fully identified and understood with an appropriate framework to monitor and control these risks?

Treasury Advisory

Here at Deloitte, we recognise that there will be times when you may require specialist treasury consulting advice e.g. setting up an international humanitarian project. Our dedicated Treasury Advisory team consists of qualified ex-corporate Treasurers, Chartered Accountants, Project Managers and Auditors who can provide a unique one-stop solution to your needs. We can provide a tailored consultation service providing you with the right services when you need them. A typical offering may include:

- Four meetings per year to discuss treasury issues or requirements covering areas such as:
 - Annual process and controls review.
 - Policy and procedures review.
 - FX accounting and reporting.
 - Development and implementation of a hedging strategy.
- Year-round hotline.
- Up to 40 hours of advice.

This is a suggested approach but we would be happy to discuss an alternative to suit your particular circumstances and tailor a solution to best meet the needs of your organisation.

Transaction processing and effective use of cash

With the abolition of cheque clearance services by 2018, the migration to electronic payments could significantly change your operating model. We have service expertise to help you through these transformations, providing you with a best practice methodology for potential changes to your working capital, such as the efficient utilisation and forecasting of your cash which will provide increased visibility of cleared funds.

Additional areas of typical advisory services include:

- Assistance with bank relationship management and negotiation of banking fees and services.
- An independent audit review of externally outsourced treasury operations.
- Assistance with treasury software selection and implementations projects.
- Development of controls and reports for monitoring bank account openings and closures.
- A best practice benchmarked treasury health check review of key controls (payment process) and control reporting framework.
- Review interest rate risk exposures e.g. tail risk within an investment portfolio.

Financial reporting for charities

The Accounting Standard Board (ASB) has proposed a three tier structure for financial reporting for Charitable Companies. The size and accountability of the institution will ultimately determine which reporting tier applies to your charity. The Financial Reporting Exposure Drafts (FRED) 43 and 44, are an attempt to bring the UK and Republic of Ireland in line with International Accounting Standards.

Some of the reclassification and valuation methodology proposed under these FREDs could impact any parental guarantees and financial covenants within your organisation. Alongside our Treasury specialists, our accounting and tax specialists can assist you in managing the impact of the changes to UK financial reporting.

For further information please contact any of our integration team:

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