

## REQUEST FOR ASSISTANT DIRECTOR DECISION – ADD2404

### Title: Treasury Management Systems Specification

#### Executive Summary:

Following an internal and external review of the GLA's Group Treasury function, recommendations were made in both reports for further investment in compliance for the treasury management system.

This ADD seeks authority to incur expenditure on the services of a treasury management systems consultant to deliver an in-depth review of the existing operational systems and create a system specification for tackling the operational challenges faced by the Group Treasury function.

Once the specification is completed there would be a need to procure the delivery of the system identified.

#### Decision:

That the Assistant Director Group Finance approves the expenditure of up to £45,000 on systems consultancy services for the treasury management system for a period of up to 5 weeks commencing from December 2019.

#### Assistant Director of Group Finance

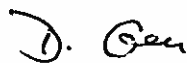
I have reviewed the request and am satisfied it is correct and consistent with the Mayor's plans and priorities.

It has my approval.

**Name:** David Gallie

**Position:** Assistant Director of Group Finance

**Signature:**



**Date:**

10 / 12 / 19

## **PART I - NON-CONFIDENTIAL FACTS AND ADVICE**

### **Decision required – supporting report**

#### **1. Introduction and background**

- 1.1. The Group Treasury Team is responsible for advising on and managing the investments and borrowings of the GLA and its shared service partners. The team also supports the Chief Investment Officer, Assistant Director – Group Finance and Executive Director of Resources in the analysis and appraisal of major capital spending and investment decisions.
- 1.2. Following an internal review in 2018, including an independent report commissioned from Link, the GLA's treasury advisor, various measures have been taken to resource the treasury function for its increased role and responsibilities. For instance, in order to achieve separation of duties, the Group Treasury team is supported by a Treasury Accountant within Financial Services and an external Custodian, State Street Global Services, who settle, hold, value and report on the GLA's investments.
- 1.3. The internal audit review also highlighted that the Group Treasury Team currently rely on the use of spreadsheets to support the treasury process. Whilst this approach has been adequate and has supported the treasury function over many years, the inherent risk associated with the use of spreadsheets, together with the growth in the value of the funds under management, supports the need for the consideration of the investment in a treasury management system. This point was also raised in the external review by Link. Previous consideration has been given to using a treasury management system, but it has not been possible to identify an economically viable option.
- 1.4. The GLA has also established a wholly-owned subsidiary, London Treasury Limited ("LTL") to conduct the investment decision making and advisory aspects of the Group Treasury team's work within an environment that is authorised and regulated by the Financial Conduct Authority ("FCA"), thereby demonstrating market standards of professionalism, competence and individual accountability. This will also facilitate the expansion of services to London Boroughs who, under the relevant legislation for shared services, cannot delegate investment functions to the GLA itself.
- 1.5. The GLA seeks to appoint a Treasury Management Systems Consultant to provide specialist advice, work with the GLA officers to conduct a review of the current operational systems and create a specification that will define the criteria for tackling the operational challenges faced by the Group Treasury Team. It is anticipated that the cost of the producing a suitable system specification would not exceed £45,000.

#### **2. Objectives and expected outcomes**

- 2.1. An initial review of potential counterparties will identify the most suitable consultant who will ultimately be appointed to provide specialist advice.
- 2.2. The specialist advice will reduce the likelihood of implementing a system that is unsuitable to the needs of the function and ensure the treasury team have a robust operational control framework on which to make decisions. It is envisaged that the consultant will work closely with the group treasury team in establishing a specification for the criteria that reflect the necessary changes that need to be made to meet the business objectives set by management. The consultant may also be used by Housing and Land to assist the development of the loans systems they require. Any additional expenditure in this regard will have to be met from within the overall Housing and Land budget.
- 2.3. The specification for the design of a new Treasury System will facilitate the improvement of operational resilience, data integrity, protection of personal liability for Treasury staff, and other internal controls as recommended by the two treasury reviews.

### **3. Equality comments**

- 3.1. Under Section 149 of the Equality Act 2010 as a public authority, the Mayor of London in the exercise of its functions must have 'due regard' of the need to eliminate unlawful discrimination, harassment and victimisation as well as to advance equality of opportunity and foster good relations between people who have protected characteristic and those who do not.
- 3.2. The Systems Consultant Service is a key element in providing efficient treasury activities which in turn underpins the GLA's finances and its ability to promote the Mayor's policies on equality, diversity and social inclusion. There are no direct equality implications arising from this Decision. The appointment of the systems consultant would assist the delivery of pan-London GLA regeneration initiatives, which in turn would help promote the Mayor's policies on Equality, Diversity, Inclusion, Social Mobility and Social Integration.

### **4. Other considerations**

- 4.1. None.

### **5. Financial comments**

- 5.1. Expenditure relating to assessment of the necessary system specification can be met from within the overall Group Treasury budget.

### **6. Planned delivery approach and next steps**

<b>Activity</b>	<b>Timeline</b>
Complete an initial review of potential candidates	Early December 2019
Short-list candidates and select treasury management consultant	Early/Mid December 2019
Award and draw up contract	Mid/Late December 2019
Delivery start; up to 5-week appointment	Late December 2019
Delivery end; consultant completes and delivers specification report	Late January 2020

### **Appendices and supporting papers:**

None.

**Public access to information**

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FoIA) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after it has been approved or on the defer date.

**Part 1 - Deferral**

**Is the publication of Part 1 of this approval to be deferred? NO**

**Part 2 - Sensitive information**

Only the facts or advice that would be exempt from disclosure under FoIA should be included in the separate Part 2 form, together with the legal rationale for non-publication.

**Is there a part 2 form - NO**

**ORIGINATING OFFICER DECLARATION:**

Drafting officer to  
confirm the  
following (✓)

**Drafting officer:**

Mads Nielsen has drafted this report in accordance with GLA procedures and confirms the following:

✓

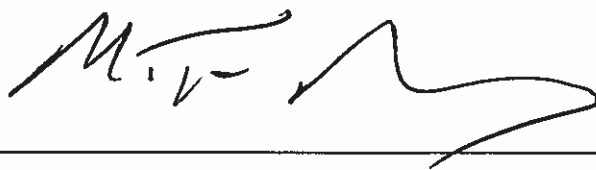
**Corporate Investment Board**

This decision was agreed by the Corporate Investment Board on 9 December 2019.

**ASSISTANT DIRECTOR OF FINANCE AND GOVERNANCE:**

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

**Signature**



**Date**

09.12.19