

# Internal audit review

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Investments in Icelandic banks

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December 2008

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 **audit**  
commission

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# 1 Purpose of report and summary points

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## 1 Purpose of report and summary points

**1.1** The Chief Executive has asked the Head of Assurance to undertake an audit of the circumstances in which the Commission's cash funds were placed on short-term deposits with two Icelandic banks, Heritable and Landsbanki. This audit concentrates on assessing the past events leading up to the Icelandic banking crisis.

**1.2** This report sets out the results of the Head of Assurance's review. The overall conclusion of the review is that adequate assurance can be given that the deposits complied with the Commission's approved treasury management policy and procedures, with one exception. The exception and other key issues determined by the Head of Assurance are as follows:

- a the Commission made a deposit with one bank (Heritable) that was a subsidiary of an existing deposit taker (Landsbanki), without taking sufficient account of the increased risk created by Heritable's reliance on a guarantee from Landsbanki;
- b the Commission relied on the short-term credit ratings issued by Fitch to support investment decisions, without considering the long-term negative outlook warnings in respect of the Icelandic banks or other sources of information;

c deposits were made on a rolling, routine basis without due consideration of a wider range of market information; and

d decisions to place deposits were not made at a senior level within the organisation.

**1.3** The Commission has taken appropriate action to safeguard its position following the nationalisation of the Icelandic banks. The Commission has registered itself as a creditor of both banks and is actively pursuing the recovery of its funds.

**1.4** The Commission's banking and treasury management policies are reviewed and approved annually. The recent rapid and unprecedented changes to market conditions have prompted a further internal review of these policies. Options have been developed to tighten the investment criteria and shorten the term deposit maturity criteria. On 11 December 2008, the Audit Committee discussed and agreed its risk appetite and investment strategy framework, with particular regard to the investment criteria. This risk appetite and framework will be formalised into a revised treasury management policy to be approved by the Audit Committee as a matter of urgency.

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- 1.5** The policy in place at the time the deposits were made (April and July 2008) should have required a more senior level of authorisation that was based on supporting documentation to explain the reasons for the recommended deposit taker, the sum to be invested and the investment term.
- 1.6** The Commission has engaged an independent treasury management specialist. The independent specialist has examined this review by the Head of Assurance and advised the Commission that the scope of this report is thorough and that the conclusions drawn are supported by the facts.

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# 2 | Recommendations

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## 2 Recommendations

**2.1** The Audit Committee has considered and accepted the Head of Assurance's findings and recommendations. Following consultation with the Chairman and Chief Executive, the report is now released for publication as intended. The Head of Assurance has made two significant recommendations.

### 2.2 Recommendation 1

All decisions to place funds on deposit should be authorised by the Managing Director, Finance and Corporate Services. This decision should be made on consideration of a report from the Head of Procurement and Financial Services. The report will make recommendations for an investment decision supported by a risk assessment and a portfolio of documented evidence to support the decision (see paragraph 4.21). The main elements of the investment recommendation will include:

- the counterparty to the investment;
- the type of instrument (overnight, instant access, short-term deposit, gilts);
- the sum to be invested; and
- the term of the investment.

### 2.3 Recommendation 2

The Commission's current review of its policy should address the specific issues raised in this report, including specifying the Commission's appetite for risk. It should make explicit that subsidiaries, group companies and other relationships between approved deposit takers constitute one deposit taker. The policy should require a wider range of information sources to inform investment decisions. The policy should also specify the documentation required to support investment decisions (see paragraph 4.47).

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# 3 | Background to the issue

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## 3 Background to the issue

**3.1** On 8 October 2008 the Icelandic government took control of the failing bank Landsbanki, with the result that deposits placed with the bank could be at risk. The Audit Commission has two deposits, one with Landsbanki, and another with its subsidiary, the UK bank Heritable, each of £5 million. These deposits mature on 29 April 2009 and 29 June 2009 respectively.

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# 4 | Findings of the internal audit review

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## 4 Findings of the internal audit review

**4.1** The review was commissioned by the Chief Executive to answer the following key questions and determine whether the Commission had acted appropriately with regard to the deposits made with Heritable and Landsbanki.

**What was the rationale for placing the deposits with Heritable and Landsbanki, and was this in accordance with the Commission's approved policy?**

**4.2** The rationale for investments is set out in the Commission's prime financial policy on treasury management and banking. The policy states that the Commission will 'seek to optimise cash flows and investment income in an environment of controlled risk'.

**4.3** The principal criterion used by the Commission was that banks and building societies must be rated at least F1 by Fitch for short-term investments. Long-term credit ratings and outlooks were not included in the criteria. The F1 rating indicates that these bodies have a strong capacity to meet their financial commitments in the short term. Fitch's definition of short term is less than 13 months, so the 11- and 12-month deposits made with the Icelandic banks were correctly deemed to be short term.

**4.4** The timing of the maturity of deposits was coordinated with the payroll run, when the Finance Manager also reviewed cash flow forecasts and working capital requirements. Any surplus cash in excess of the limit for overnight deposits was to be placed on short-term deposit.

**4.5** The brokers ICAP were consulted and they referred potential deposit takers who met the Commission's criteria. On receiving the ICAP referral, the Finance Manager confirmed the short-term ratings directly with Fitch.

**4.6** In practice, the policy translated into a rolling programme of short-term deposits of £5 million each, which matured and were reinvested at regular intervals.

**How were these deposits approved, and was relevant information and advice used to inform these decisions?**

**4.7** The Landsbanki deposit made on 29 May 2008 was a renewal of an original deposit made in January 2007 and rolled over in May 2007. The May 2008 deposit renewal was approved by the Finance Manager and the Head of Procurement and Financial Services signing a fax from ICAP confirming that the deposit had been arranged. Direct confirmation was received from Landsbanki that they had received the deposited sum. Approval was based on Fitch's F1 credit rating of Landsbanki's

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# Findings of the internal audit review

short-term deposits and a press release issued by Fitch on 9 May 2008. Fitch was the only market indicator used.

**4.8** The press release stated that Fitch had reviewed their credit ratings of the Icelandic banks, in anticipation of deterioration of the Icelandic and UK economies, and that there could be a 'hard landing' for the Icelandic economy. They downgraded the long-term (over 13 months) credit ratings for Glitnir and Kaupthing to A- from A and confirmed that Landsbanki's long-term rating would remain at A.

**4.9** Fitch posted a 'Negative Outlook' notice with regard to the long-term deposits of these banks, and commented specifically on Landsbanki, saying that 'the Negative Outlook reflects Fitch's anticipation of deterioration in the Icelandic and UK economies, two of Landsbanki's core markets, although the bank's asset quality is still sound. Investment banking revenues are likely to be vulnerable to a weakening of operating conditions in markets.'

**4.10** The Commission's deposit was a short-term (less than 13 months) investment and Fitch's short-term rating for Landsbanki remained at F1. A credit update report for Landsbanki that Fitch issued on 15 May 2008 reiterated the negative outlook alert for long-term investments, but the F1 rating for short-term investments was confirmed.

**4.11** The updated report commented that 'the ratings of Landsbanki Islands (Landsbanki) reflect its leading position in its domestic market, the growing diversification of its earnings, its comfortable capitalisation and its sound liquidity position. They also take into account its still large equity portfolio and potential volatility in performance due to more difficult conditions in its domestic market and in capital market-related activities'. The Commission relied on the short-term credit rating to support its decision.

**4.12** The deposit with Heritable was made on 2 July 2008 and was approved by the Finance Manager and the Head of Procurement and Financial Services signing the fax from ICAP stating that the deposit had been arranged. Direct confirmation was received from Heritable that they had received the deposit. The relevant CHAPS transfer was signed by the authorised signatories, the Director of Business Information Services, and the Director of Finance.

**4.13** These approvals were given on the basis of a F1 rating from Fitch for Heritable's short-term deposits, as set out in their credit report for the bank. Fitch's credit report stated that Heritable was vulnerable to a downturn in the property market but placed reliance on the guarantee from its parent, Landsbanki. Fitch continued at this time to maintain an F1 short-term credit rating for Landsbanki as well. As with

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Landsbanki, Fitch was the only market indicator used, and reliance was placed on the short-term, rather than long-term, credit ratings.

**4.14** The officers considered Fitch's press release of 9 May 2008 regarding the negative outlook warnings for long-term deposits with the Icelandic banks. However, the press release also reiterated that the short-term deposit credit rating for both Landsbanki and Heritable was still at F1.

**4.15** Fitch issued an updated credit report for Heritable on 25 September 2008. This credit report flagged the negative outlook for foreign long-term deposits, but still rated short-term deposits as F1 and emphasised again that Heritable's rating position was strengthened by the underlying guarantee from its parent, Landsbanki. No concern was expressed in this report about the ability of Landsbanki to meet this obligation. The content of the 25 September 2008 report was substantially the same as that in the credit report used to support the Commission's investment decision in July, and again gave no indication of any imminent serious problems with Heritable's short-term deposits.

**4.16** The Head of Assurance has concluded that the Landsbanki and Heritable deposits were made in accordance with the elements of the Commission's policy which restricts deposits to banks and building societies that are awarded a short-term rating of at least F1 by Fitch.

**4.17** Fitch's credit ratings and reports, while expressing some concern about the long-term position, continued to give significant assurances on short-term deposits and did not give any indication that either bank was unlikely to be able to repay the deposits on or prior to maturity. The investment decision was taken on the basis of Fitch's short-term credit ratings and it is reasonable to expect that more consideration would have been given to the long-term negative outlook assigned to the banks' longer-term position.

**4.18** The prime financial policies report to the Audit Committee of 12 June 2008 indicated that the range of brokers to be consulted was to be extended to include two further credit rating agencies. These prime financial policies were formally approved by the Commission's Board on 24 July 2008. As the two deposits were made before the formal ratification of the amended policy by the Board, they complied with the policy that was then in place of using Fitch. The current review of the treasury management policy confirms the need to use more sources of information, including at least two rating agencies and other market indicators such as credit default swap spreads of potential counterparties.

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# Findings of the internal audit review

**4.19** Copies of Fitch's credit rating reports are maintained. However, ICAP's notification of potential deposit takers is given verbally and there is no written confirmation of the decision to place money with a named deposit taker.

**4.20** ICAP send a fax confirming that they have arranged the deposit, which is countersigned by both the Finance Manager and the Head of Procurement and Financial Services as evidence of their approval. The transfer of funds is made by a CHAPs payment authorised by two signatories. Subsequent written

confirmation is given by the deposit taker that the funds have been received. Such confirmation has been received for all current deposit holders.

**4.21** The Head of Assurance has concluded that the policy and procedures in place should require a proper audit trail of the evidence supporting decisions to place funds on deposit. Given the high volumes of funds involved, the decision to place monies on deposit should be authorised at a senior level.

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## Recommendation 1

All future decisions to place funds on deposit will be authorised by the Managing Director, Finance and Corporate Services. This decision will be made on consideration of a report from the Head of Procurement and Financial Services. This report will include an explicit recommendation to make the deposit, based on a signed checklist confirming that the Commission's treasury management policy has been followed. The checklist must be supported by a written record of ICAP's notification of potential deposit takers, copies of the relevant credit rating reports, and an evaluation of market confidence in the deposit taker based on information such as credit default swap spreads and the outlook for the longer-term position. The report must include a risk assessment of the investment, compared to the Commission's defined investment risk appetite, as well as consideration of the nature and duration of the investment. This recommendation is deemed significant.

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**When did the Commission become aware of the potential problems with the Heritable and Landsbanki short-term deposits?**

**4.22** The Commission became aware of the potential problems with the Icelandic banks on Monday 6 October. Fitch had notified the Commission by email at 22:00 on Friday 3 October that they were downgrading the short-term deposit ratings for both Landsbanki and Heritable from F1 to F3. The F3 rating indicated that the banks were considered to have an adequate (as opposed to strong) capacity to meet their financial obligations. An F3 rating is below that deemed to be an acceptable risk in the Commission's treasury management policy.

**Was prompt action then taken to mitigate the Commission's exposure with regard to the Icelandic bank deposits?**

**4.23** The Finance team immediately contacted the brokers, ICAP, on the morning of Monday 6 October to seek repayment of the deposits. The response was that the deposits could not be repaid until maturity.

**4.24** The news that the Icelandic banks had been nationalised broke on Monday 6 October, and the Icelandic government initially announced that it was to guarantee all deposits made by customers. However, as the week progressed, this guarantee was withdrawn.

**4.25** The Director of Finance and Planning sought advice from the Commission Solicitor on the morning of Wednesday 8 October regarding the legal status of the Commission's deposits and whether they were covered by Treasury guarantees. The Commission Solicitor confirmed that there were no Treasury guarantees in place for the Commission's deposits. External legal advice was taken, which confirmed that government compensation would be provided to retail depositors under the Financial Services Compensation Scheme. The Commission does not qualify as a retail depositor, and by implication is deemed a wholesale depositor.

**4.26** On Wednesday 8 October, ING Direct announced that it was acquiring the retail deposits of Heritable and Kaupthing Edge, and on the 9th December, the Administrators in their report considered that a material dividend could likely be expected by the creditors. However commercial sensitivities, and the uncertainties associated with realisation of the assets, have meant that the Administrators have not yet quantified the likely return to creditors.

**4.27** The situation with Landsbanki remains less certain. Individual and retail depositors will receive compensation but there are no guarantees in place that wholesale depositors will receive payment. The government and Local Government Association are currently working together to

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# Findings of the internal audit review

resolve the issue and protect public authority deposits. Deloitte have been appointed by the Resolution Committee of Old Landsbanki to assist with the communication and consultation with all remaining creditors.

**4.28** The Audit Commission has taken all reasonable steps to formally register as a creditor of both Heritable and Landsbanki. The Commission is contacting Ernst and Young and Deloitte on a weekly basis to ensure that its interests are properly represented. The Commission has also informed the Department for Communities and Local Government that it has deposits in the Icelandic banks.

**4.29** The Head of Assurance has concluded that the Commission acted promptly and appropriately to protect its interests on being alerted to the downgrading of the short-term credit ratings of the Icelandic banks.

## At what point was the Accounting Officer informed of the issue?

**4.30** The Commission's Accounting Officer is the Chief Executive, who was briefed on the morning of Thursday 9 October. The Head of Assurance has ascertained the timetable of events and the level at which the issue was being managed prior to the Chief Executive being notified. This is set out in detail in the paragraphs below.

**4.31** The Director of Finance and Planning was aware of the situation soon after the Commission received Fitch's notification of the downgrading of the Icelandic banks from F1 to F3 on the morning of Monday 6 October. He sent an email to the Managing Director, Finance and Corporate Services later on the same day. The Managing Director, Finance and Corporate Services picked up the email while on leave, after close of business on 6 October. He emailed back asking to speak to the Director of Finance and Planning the following day.

**4.32** On 6 October, the Icelandic government announced that they were offering an unlimited guarantee to all customers with savings in the affected banks. It was anticipated that this would restore the banks' F1 rating. The Icelandic government repeated this assurance on Tuesday 7 October. In the context of this assurance the following action was taken:

- a the Director of Finance and Planning and the Managing Director, Finance and Corporate Services spoke on Tuesday 7 October. The Managing Director requested that an options paper on treasury management should be prepared for the Chief Executive, suggesting tighter criteria for short-term deposits in the new and more volatile market conditions;

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- b this options paper was to be drafted for the return from annual leave of the Managing Director, Finance and Corporate Services on Thursday 9 October; and
  - c the Director of Finance and Planning consulted the Commission Solicitor on the legal status of the Commission's deposits and external advice was sought on Wednesday 8 October.

**4.33** Over the course of Wednesday 8 October, the position deteriorated. There was some good news when ING announced it was taking control of the savings in Heritable, but the Chancellor of the Exchequer announced that Landsbanki was likely to be made insolvent. Over the course of the day it became increasingly clear that the guarantees from the Icelandic government would not materialise, and by the evening the extent of local authority exposure was beginning to emerge. The Director of Finance and Planning called the Chief Executive to brief him early the following morning (Thursday 9 October).

**4.34** The period from Monday 6 October, when the Commission became aware of the downgrading of the banks' ratings, and Thursday 9 October, when the Chief Executive was told, was one of intense activity. During this period the exposure of the Audit Commission changed and was never fully clear until the evening

of Wednesday 8 October. The decision to tell the Chief Executive was taken on Wednesday evening and was carried out early in the morning of Thursday 9 October. The Head of Assurance has concluded that, notwithstanding the fast-moving and changing circumstances, the Chief Executive should have been informed earlier.

**Have any deposits been made with other institutions that do not comply with the Commission's approved policy, or which expose the Commission to further risk?**

**4.35** All other short-term deposits with counterparties have been made in accordance with the Commission's policy. Following the nationalisation of the Icelandic banks, the portfolio has been examined by the Commission's legal advisors and remains under review while action is taken to seek repayment of these funds at the earliest opportunity. The Director of Finance and Planning is taking the advice of the Commission Solicitor on further recovery action.

**4.36** The Commission is reviewing its current investment policy to reflect the changed market conditions. The deposits in the current portfolio were made under the previous policy and F1 investments will not meet the new investment criteria. It will be August 2009 before the last of these deposits matures. The Commission is actively pursuing the early recovery of the deposits with institutions rated below F1+.

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# Findings of the internal audit review

## Are the Commission's treasury management policies appropriate and subject to regular review?

**4.37** The Commission's treasury management and banking policy was subject to an internal audit in December 2006. This audit was undertaken by a leading accountancy firm. At the time, this firm was contracted to the Commission to manage the internal audit function. At the time of this audit, the criterion for deposit takers' credit ratings was F1+, the only rating higher than F1, and the maximum amount for deposits was £5 million. The audit concluded that this policy should be reconsidered as the Commission was not fully maximising its income.

**4.38** The Audit Committee were invited to relax the minimum credit rating criterion from F1+ to F1, as the F1 rating gives a high degree of protection, and to consider increasing the maximum deposits with F1+ rated bodies to £10 million. The Audit Committee agreed to amend the criteria to allow deposits to be made with F1 bodies but maintained the maximum deposit limit as £5 million. The minutes of the Audit Committee for 6 December note that these criteria are consistent with those applied by similar public bodies, and that increasing the choice of financial institutions would help to distribute risk.

**4.39** The Commission's prime and detailed financial policies are subject to internal review every year. The most recent review of the prime policy for treasury management was undertaken by the Audit Committee on 12 June 2008. This review retained the F1 rating requirement and £5 million deposit limit, and agreed that the Commission would, in future, widen the credit agencies used, to include other credit rating agencies. The policy was formally approved by the Commission's Board on 24 July 2008.

**4.40** The investment criteria in the Commission's current treasury management policies require a very high credit rating for potential deposit takers. However, there are three areas for reconsideration in the light of the collapse of the Icelandic banks.

**4.41** The first is whether risk could have been reduced by having shorter-term or smaller deposits, which are repayable on demand. It should be noted that the Commission's 12-month deposits for £5 million were not unusual in this particular market. However, banks will not allow for the early withdrawal of term deposits.

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**4.42** The second is whether the policies should have allowed investments to be made with overseas banks, given that these banks would not be subject to the regulation of the Financial Services Authority. However, the Icelandic banks are subject to the scrutiny of their own regulatory body. Under the scheme by which Iceland pays the first £16,000 compensation, they would have provided assurances regarding their financial regulatory framework.

**4.43** The third is whether deposits totalling £5 million should have been made with Heritable, given that this bank is the subsidiary of Landsbanki, an existing depositor. The Commission's policy does not allow deposits of more than £5 million with one deposit taker. The Commission's policies do not provide specific criteria to define a separate deposit taker. The Head of Assurance has established that the rationale for deciding that Heritable was a separate deposit taker was that this bank is a separate legal entity that is registered in the UK and governed by the FSA.

**4.44** The decision to deposit funds with Heritable also took account of the then strong short-term credit rating of its parent. It was considered that the investment policy did not intend to restrict investments in bodies that were separate legal entities, on the principle that risk would be spread by increasing the number of potential deposit takers in a market where most are owned by larger financial institutions. However, the policy did specify a limit of £5 million to be placed with any one deposit taker. The fact that Heritable was Landsbanki's subsidiary should have been taken into account, irrespective of the fact that both bodies were separate legal entities.

**4.45** The Head of Assurance has concluded that the Commission's policies reflected the Audit Commission's investment risk appetite, in light of the market conditions at the time that the Icelandic deposits were made. However, it would be reasonable to expect the policies to have required consideration of a wider range of market information, a greater degree of challenge, and more senior authorisation of decisions to place funds on deposit.

# Findings of the internal audit review

**4.46** The policy does not provide specific criteria for defining a separate body, and does not comment specifically on the subject of investing in subsidiaries. The interpretation of the policy to assume that Heritable was a separate legal entity was questionable and has increased the Commission's exposure. The policy is currently subject to review in the light of the Icelandic investments issue.

**4.47** The Head of Assurance is satisfied that the Commission has reviewed and updated its policies on a regular basis, subject to the issues noted in paragraphs 4.45 and 4.46 above. The Commission is responding promptly to review its policies to address these points and reflect the recent changes in economic conditions.

## Recommendation 2

The Commission's review of its investment policy will address the following issues:

- a** guidance on the treatment of subsidiary/group companies, specifically that these should be treated as one body for the purpose of investment, regardless of whether they are separate legal entities;
- b** a definition of the investment risk appetite of the Commission, stating the acceptable balance between risk and return;
- c** the use of a wider range of information to support investment decisions;
- d** specific requirements to document the rationale for investment decisions;
- e** the application of documented formal processes for approval to overnight deposits; and
- f** guidance on the type of investment and definition of short and long term.

This recommendation is deemed significant.

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# 5 | Wider implications

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## 5 Wider implications

- 5.1** The Director of Finance and Planning's review of the Commission's treasury management policies has pointed out the financial implications of restricting the criteria for short-term (maximum 12 months) investment and suggests a review of the Commission's sources of professional advice.

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# 6 | Risk management

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## 6 Risk management

**6.1** The specific risk implications of the current treasury management policy and the options to amend it are set out in a separate paper to the Chief Executive, prepared by the Director of Finance and Planning and the Head of Procurement and Financial Services.

**6.2** The Director of Finance and Planning has added a risk to the Corporate Risk Register to the effect that the Commission's existing banks may fail to meet their financial commitments. The risk is currently rated high, largely due to the significant monetary impact that this risk would have and the immediate proximity of the issues with the Icelandic banks.

**6.3** The mitigating actions for the risk are:

- daily checks on credit agency ratings;
- credit default swap spreads of the approved counterparties;
- the review of the treasury management policy potentially increasing the criteria for new deposits to F1+; and
- all new and renewed deposits to be approved by the Managing Director, Finance and Corporate Services.

**6.4** This risk will be monitored and reported in accordance with the Commission's risk management policies and procedures.

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# 7 | Conclusion and next steps

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## 7 Conclusion and next steps

- 7.1** The overall conclusion is that the Commission acted appropriately and in accordance with its policy when placing the deposits with the Icelandic banks, given the market conditions and credit rating market indicators available at the time the deposits were made. However, the process of investment had become too routine and was not scrutinised at a senior level. In practice, the function of offering deposits to counterparties should have given more consideration to:
- a the negative outlook about the long-term Icelandic deposits and press speculation at the time; and
  - b the decision to place £5 million with a subsidiary of an existing deposit taker.

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## 8 Appendices

- 8.1** A summary of the recommendations is attached as an Appendix to the report.

# Appendix

## Appendix - Summary of recommendations

No.	Para	Recommendation	Category	Accepted Y/N	Management comment	Due date	Manager responsible
1	4.21	All decisions to place funds on deposit will be authorised by the Managing Director, Finance and Corporate Services. This decision will be made on consideration of a report from the Head of Procurement and Financial Services. This report will include an explicit recommendation to make the deposit, based on a signed checklist confirming that the Commission's treasury management policy has been followed. The checklist must be supported by written record of ICAP's notification of potential deposit takers, copies of the relevant credit rating reports and an evaluation of market confidence in the deposit taker based on information such as credit default swap spreads. The report must include a risk assessment of the investment, compared to the Commission's defined investment risk appetite, as well as consideration of the type of investment and length of maturity.	Significant	Y	To apply to any new deposits	Nov 2008	Managing Director of Finance and Corporate Services

No.	Para	Recommendation	Category	Accepted Y/N	Management comment	Due date	Manager responsible
2	4.47	<p>The Commission's review of its investment policy will address the following issues:</p> <ul style="list-style-type: none"> <li>a guidance on the treatment of subsidiary/group companies, specifically that these should be treated as one body for the purpose of investment, regardless of whether they are separate legal entities;</li> <li>b a definition of the investment risk appetite of the Commission, stating the acceptable balance between risk and return;</li> <li>c the use of a wider range of information to support investment decisions;</li> <li>d specific requirements to document the rationale for investment decisions;</li> <li>e the application of documented formal processes for approval to overnight deposits; and</li> <li>f guidance on investment type and definitions of short and long term.</li> </ul>	Significant	Y	To be included in the revised treasury management policy	Nov 2008	Managing Director of Finance and Corporate Services





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