



MS IN FINANCE CAPSTONE PROJECT PUBLIC SUMMARY

STUDENT

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PROJECT DETAILS

Title
Treasury Allocation Management
Background (summary of reasons for project sponsor's interest in/significance of project)
The Treasury department, as any other support department, undergoes a periodic allocation attestation process, defining how their costs are attributed to front-end departments, and with which methodology.
Statement of key research question(s) and key issues
<ul style="list-style-type: none"> - How are costs undergone by the treasury department distributed among the business entities? - What tools and reports are necessary to get and keep an overview of the process all year long? - How is the allocation methodology chosen? - Do we have access to all the data necessary to get a full scope of the process?
Objectives
The aim of the project is to get the team a full understanding and control over this process, in order to be able to report more effectively to senior management, respond more precisely to various ad-hoc queries, recognize errors in a timely manner and identify fixes.

PROJECT SUMMARY

The Team

Corporate Treasury seeks to optimize shareholder value by providing effective management of the bank's liquidity, funding and capital resources working in close partnership with our key internal and external stakeholders. Treasury's policies and strategy are formed, in large part, by the regulatory landscape in which the bank currently operates

The Strategy and Operations Management Team spearheads a portfolio of projects to provide enhanced data transparency, improve internal efficiency and controls, reduce operational risk and interest expense, and execute on regulatory deliverables. The team's reporting and communication responsibilities include preparing consolidated analyses and briefing materials to Senior Management forums, as well as to regulators and investors, ensuring a consistent and cohesive message. In addition, manages the administrative functions of the global Treasury organization.

As part of the latter – Administrative Functions - we need to ensure that all costs incurred by Treasury are well controlled and planned over the financial year, but we also make sure that these costs are billed adequately to the profit-generating Business Units. This is where the control over the allocations process is critical.

The Project

As of beginning of last year, there was no set control and process over the costs going out of Treasury to the Business Units, creating a potential risk of wrong billing and challenges from the Profit Centers. This could lead to some conflicts and extra work due to reclassification need.

Therefore, in accordance with Senior Management's request to get more control over allocations, I had to build from scratch Control Processes and Management Decision Supporting Reports, as well as tools to facilitate the mandatory Quarterly Attestation Process that the team undergoes to validate the outgoing costs.

Cost Allocations Principles

The expenses incurred by the Cost Centers (not generating profit) have to be billed to the Profit Centers (Fixed Income, Institutional Equity, Wealth Management...).



The Pricing and Billing have to be done in a rational and measurable way, this is insured by a dedicated team, which creates and maintain the cost driver database.

Project Timeline

- July 2018 – First draft of the project, with the visit of our Executive Director from NY.
 - Training sessions for the whole team
 - Documentation of expected reports and materials to be created
- November 2018 – Kick-Off of the project
 - Research on the available information to get a deeper understanding
 - First draft of the control dashboard
- December 2018 to April 2019 – Development of the project
 - Concrete versions of the Control Dashboard
 - Review/Feedback Process with Senior Management
 - First actions taken regarding changes in the allocations process for Treasury

Outcome

The Final Control Dashboard gives the team a full and comprehensive view of the outgoing costs for Treasury. The aim of the dashboard is to report in a concise and transparent way to senior management, as well as to be able to identify potential mis-allocations or other issues, in order to be able to action on them in a timely manner, through standard change management tickets. It could also open the way to optimization opportunities in the future.

This Dashboard also allows us to facilitate and reduce the process time of the quarterly attestation that every service department endures at the end of each quarter. The former process involved the gathering of the data, the review of the past month's allocations and the sign-off on drivers and services provided. With the continuous control over Treasury's allocations, we can sign-off the past quarter's allocation almost as soon as we receive the request from the allocation team, we just need to make sure the data they provide is in line with the data we use for our continuous monitoring.

Future Possible Improvements

The control process only involves allocations that are going out of Treasury, but there is also some that are coming in (Technology for example). Next step of the project would be to include them in the reporting/management materials. More automation efforts will also be added to the process.

