5.1.1 Factors in the Design of a Treasury

Unit: Unit 1 – Treasury Strategy

Module: Module 5 – Treasury structure

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Summary: A look at the factors that go into what a treasury looks like, from who decides, to the firm footprint to the cultural style of the firm. We also look at some more minor issues including staff issues and ethics.

Keywords: treasury objectives, treasury risk management committee, compliance, delegated authority, reserved powers, culture, feedback, decentralisation, operational risk, segregation, ethics

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Learning outcomes:

1. Treasury design may be embedded in a firm but is nevertheless open to change.
2. Power in a firm stems from the board of directors (in a limited company).
3. A technique has to be found to delegate power to allow day to day decision making.
4. A common approach in treasury is for a committee to be formed, possibly called “Treasury Risk management Committee” but this is by no means the only model.
5. Delegation is done formally with delegated authorities or reserved powers. These can be useful for a treasurer to control treasury issues in a complex group.
6. Broad influences into treasury design include:
   a) investment choices, such as geography, asset types and earnings volatility
   b) financial strategy
   c) risk management issues
7. Broad outputs for treasury design revolve around:
   a) role
   b) authority
   c) policies
   d) control
   e) measurement
8. Other responsibilities of the treasurer (outside treasury) may also form an influence.
9. Culture can be defined by many things but can be an influence on treasury design.
10. One approach to culture description lies in the risk v feedback speed.
11. Operational risk is a factor in treasury design as these risks must be able to be dealt with.
12. Operational risk includes: business continuity, system risk, fraud risk, data integrity and human resources risk.
13. Small treasuries have special issues around operational risk.
14. Staff issues, especially availability of new staff, is a key factor in treasury design.
15. Treasurers must obey ethical guidelines and a condition of membership of the ACT is compliance with an ethical code.

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1 Introduction

Most treasurers join an existing treasury where the design has already been decided and shaped and moulded by the many factors of company strategy, financial strategy, history and culture. To that extent there is often little that can be done to influence any changes to treasury design. If a treasurer feels, for example, that he does not have enough resources, there will always be some battle to try and increase them. Alternatively, if a treasurer feels that he has too many resources, he will be quite brave to sacrifice them.

However, change does happen and there are also start up treasury projects, where the department needs to be designed from scratch.

Example 1: Unexpected changes in treasury
CUS minus 1 plc was a highly rated conglomerate which operated a very small central treasury, as cash management and debt raising was very de-centralised, as was most risk management activity. Following a merger with another conglomerate, the business faltered and liquidity became a major factor in the consideration of financial strategy. Tasks such as cash management, debt raising and bank guarantee issuance (a major feature in the firm) were centralised, requiring a larger staffed treasury, despite the shrinking turnover caused when CUS minus 1 started to sell some of the businesses in its portfolio.

The treasurer must not be afraid to change the treasury to reflect the changing needs of the business, financial strategy and risk management but often some shock is needed to persuade management of the firm to accept the need for change.

Example 2: Shocks leading to change
JGB SA operates in the capital goods sectors and makes tenders for the supply of machinery and services where there is significant mismatch between the currencies of income and expenditure. The tenders have a typical life of six months. Prior to 2008 there was no particular regard given to the risk in this arrangement, carrying tender to contract risk. The currency swings of 2008 led to losses on contracts taken up, where JGB suddenly became a very cheap supplier compared to its competitors. Accordingly the treasury design was changed to better manage this risk.

2 The root of power

A treasury carries substantial amounts of power in most firms. It is quite usual for a treasurer to decide arrangements for cash management for a newly acquired subsidiary, for example, and what normally happens is that the treasurer, or one of the treasury team, simply turns up and tells the subsidiary's management what is going to happen. This is usually accepted and so it is important to understand where this authority comes from. Similarly the treasurer will conduct talks with banks from a similar standpoint and lead the firm into arrangements with them. While such arrangements are often subject to formal ratification, the basic design will originate with the treasurer.

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This also operates at a lower level within treasury. Many day to day decisions involve the selection of one bank over another for a particular product. A classic example will be around foreign exchange or money market transactions, where dealing staff often make important decisions.

2.1 The formal root of power

Authority of individuals to conduct business on behalf of a firm has its roots in corporate governance. In order to ensure compliance with good corporate governance and with policy, the Board will require certain controls to be established. The control framework should specify the roles and responsibilities for each level of management, together with the decision-making, and approval process. The chart below shows one solution as to how a company might typically define roles and responsibilities for controlling the treasury organisation. A key element of this is the formation of a committee to provide closer control and support of treasury than the board could offer. This is a key feature in many large companies.

Exhibit 1: Roles and responsibilities

Management level	Roles and responsibilities
Board of Directors	• Establishes treasury objectives within the context of corporate policy and objectives. • Approves the control process. • Establishes the Treasury Risk Management Committee (TRMC) as a committee of the Board. • Reviews the TRMC's recommendations on treasury policy, strategy and performance. • Approves any significant or material changes to treasury policy and strategy.
Treasury Risk Management Committee (TRMC)	• Oversees compliance with policy and procedures. • Establishes, measures and reviews treasury performance. • Approves changes to policy and strategy that do not require Board approval.
Finance Director or Chief Financial Officer	• Responsible for management of treasury and finance departments. • Reviews and approves annual treasury budget. • Approves treasury strategy and any changes that do not require Board or TRMC approval. • Reports to TRMC and Board on treasury activities and performance.
Treasurer	• Manages the treasury function. • Establishes and proposes annual treasury budget. • Implements policy through detailed operating procedures. • Develops policy and control procedures. • Documents compliance and performance through reports to the CFO, the TRMC and Board of Directors. • Approves treasury initiatives and transactions within level of authority.

3 Delegated authority / reserved powers

The board of directors and its equivalent in other jurisdictions has the highest level of authority in any firm and in theory is the only body which can take decisions or bind the company. Of course, this is impractical on any day to day basis and directors will usually confine themselves to strategic decisions and contracts. For day to day matters, directors therefore must delegate their authority and the use of a TRMC is one way to achieve this in the treasury area. The use of a TRMC is not the only solution to this problem and many firms will rely on the CFO / treasurer connection. However, whatever the arrangement, the delegation of power from the board must be very clear, otherwise the potential for confusion and problems is substantial.

Many groups operate through subsidiaries, each with a board of its own, and with power dictated by company law, rather than the parent company. The parent company really only has the power to dismiss the board, rather than actually interfere in decision making; and indeed, directors may be personally liable for the decisions they make on behalf of their company. These factors must be considered when delegating authority.

The delegation issue arises in areas way beyond simply treasury. Examples include acquisitions, disposals, capex, contractual issues, approach to intellectual property, real property transactions, and many others, but each area must be subject to some form of control by the board. This is often set out in a long document talking about delegated authority, or talking about which powers are reserved for the board itself, or for higher levels of management (so-called ‘reserved powers’).

The document can serve three purposes for the treasurer.

- Firstly, it can be moulded to give the power to the treasurer to run the treasury on a day to day basis and to perhaps select different providers for financial products and services.
- Secondly, it can be used by the treasurer to implement controls required in order to comply with covenants in loan agreements or other financial arrangements.

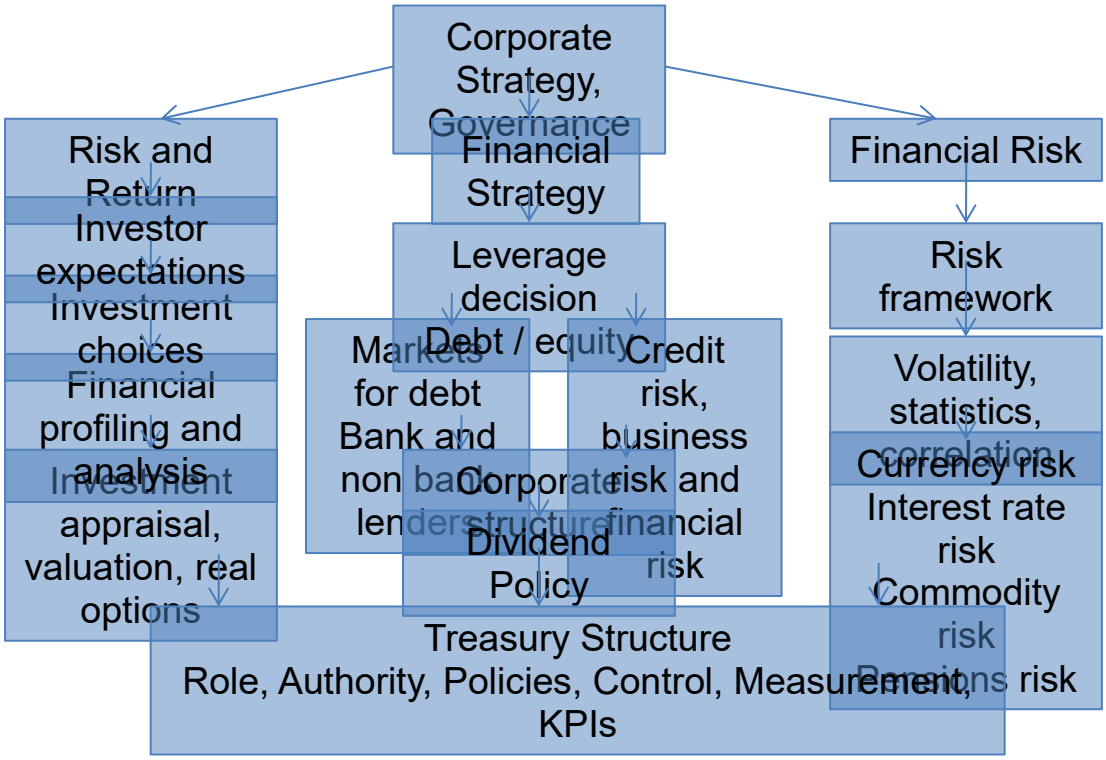
Example 3: Non financial covenants
CUS minus 1 plc was a highly rated conglomerate but has become sub investment grade following consistently weak performance. CUS minus 1 has raised debt in the High Yield markets where the associated bank finance has very strict negative pledge clauses, broadly prohibiting all forms of security. CUS minus 1’s delegated authority document is amended to ensure that no local manager in any subsidiary around the world can give any form of security to any lender or creditor.

- Thirdly, it can be used to control issues sensitive to the treasurer such as maintenance of bank accounts, leasing, guarantee issuance, trade finance and so on, where control over the ‘whole balance sheet’ is desirable.

4 The influences on treasury design

To see the influences on treasury design, we see from the following diagram (used to show the MCT course) that all the issues that have been covered in Unit 1 have an influence on treasury design.

Exhibit 2: The decisions of a treasurer



So the broad inputs into treasury design are:

- Investment choices
  - Geography (more countries imply more complications, e.g. cash management, tax, legal, language, culture)
  - Type of assets (high value assets commonly imply asset based finance)
  - Volatility of returns
- Financial strategy
  - Leverage
  - Debt market usage (high leverage implies more markets required, e.g. among utilities)
- Risk management
  - Financial risk (higher risk implies a more sophisticated treasury)

This broad influence mirrors the three broad questions that face a firm:

- What to invest in?
- How to finance it?
- How to manage the risks that arise?

This merely emphasises how important it is that a treasury is there to serve the firm and must not consider itself to be an independent silo.

The broad outputs for treasury design, as seen in the diagram, are:

- Role
- Authority
- Policies
- Control
- Measurement (e.g. with Key Performance Indicators)

The treasury structure will primarily be influenced by the relative importance of the five core elements of treasury[1], i.e.:

- Cash and liquidity management
- Capital markets and funding
- Risk management
- Corporate financial management
- Operations and controls.

Where the treasurer has additional responsibilities such as in tax, insurance, pensions, ERM, trade finance, investor relations, credit control, then the design of the treasury may be different but most treasuries will still be aligned with the five core elements.

5 Company and treasury culture

If we follow the logic of going from the influences on treasury design, we may well infer that the treasuries of all utilities or of all retailers might look the same, because each sector will share the same broad corporate strategy and will to a certain extent share the same financial strategy. However, there are differences and these can broadly be described by the term 'culture'.

An organisation is usually described by referring to its formal structure. However, when we are asked what it's like to work in an organisation, we often respond by describing its culture. The term organisational culture has become very popular in recent years. It is claimed that culture has been responsible for many corporate successes and failures. Whether such claims stand up after in-depth examination is open to question. However, different organisations, and different parts of the same organisation do have different cultures - and it does affect the way work is conducted. Some common cultural differences are highlighted below:

- What combination of obedience and individual initiative are expected from staff?
- Do formal work hours matter or does it only matter that the work gets done?

[1] Also now reflected in the Competency Framework used by the ACT: https://www.treasurers.org/competencyframework

- Do committees control the organisation or do individuals have autonomous decision making authority?
- Are committees rubber stamping decisions or actually debating issues seriously
- Do policies actually reflect what is going on?
- Will the organisation tolerate a wide range of dress and personal expression or are there strict codes regarding dress and manner?

The treasury function within any large organisation will normally take on certain core components of the organisation's culture. However, due to the nature of its job, a treasury sub-culture can often develop, which is somewhat different from that of the rest of the organisation.

One way to think about the type of culture which may exist in each work environment is shown in Exhibit 3, in rather more detail than the broad differences outlined above. This illustrates a framework which puts forward the view that the type of culture which is developed is a function of two variables. First is the relative degree of risk involved in each decision taken. For example, if every action required was seen as critical, i.e. life or death, then a high risk culture would develop. Examples might include police, surgeons and, to a lesser extent, venture capitalists and management consultants. At the other end of the spectrum is an environment where each individual decision and or action is mundane and its success or failure has no lasting impact on the organisation. That is, the action occurs so often (and repetitively) that failure or success with any individual action would not normally make a great deal of difference to the firm. This can be said to create a low-risk culture. This might include telephone receptionists, employees working on a production line, and so on.

The second variable is the speed by which the result of a decision or action is known. If the feedback is provided very quickly, then a fast decision feedback culture develops. Alternatively, you might not know the ultimate result of an action for a very long time, and hence patience is required. A matrix was developed to illustrate the types of culture as illustrated below.

Exhibit 3: Organisational culture

Speed of decision feedback

Risk	Fast	Slow
High	**Tough Guy, macho culture** - high risk takers - high rewards, stars, non-conformity - short termism, no teamwork, no learning eg. investment banks, advertising, surgeons	**Bet-your-company culture** - big, long-term decisions - deliberate, analytical, sharing - short-term vulnerability eg. aerospace, oil, pharmaceuticals
Low	**Work hard, play hard culture** - persistence, consumer service - high level of activity, initiative - disillusionment, sloppy work eg. retailing, equipment suppliers, food chains	**Process culture** - bureaucratic, formal, technical, scientific - not receptive to change eg. building societies, utilities, chemicals

Each culture can be considered separately.

Process culture

Characteristics

- low risk, slow feedback culture
- memos and reports disappear in a ‘black hole’
- focus is on how something is done, not what is done
- dwells in detail and minutiae
- attention paid to titles and formalities
- values technical perfection, determining risk and communicating the solution in a scientific fashion, e.g. an emphasis on mathematical proof.

Examples

- tax authorities
- insurance company head offices
- heavily regulated industries
- large accountancy practices.

Advantages

- can put order in work that has to be predictable
- suitable for large mass production activities
- provides clear career for employees.

Weaknesses

- internal focus
- lack of identifiable success for good performers
- cannot perceive environmental change very well.

Bet-your-company culture

Characteristics

- high risk, but slow feedback
- size of each investment decision means that the future of the company is at stake
- importance of making the right decision fosters a sense of deliberateness
- business meetings are rituals with a strict hierarchy
- decision making is top down
- great respect for authority and technical competence
- emphasis on sharing knowledge to ensure correct decision is arrived at.

Examples

- aircraft manufacturers
- high capital investment companies (including R&D)
- oil exploration companies
- pharmaceutical companies.

Advantages

- can lead to high quality inventions and major scientific breakthroughs
- takes a longer term view of competitive opportunities.

Weaknesses

- can move very slowly
- vulnerable to short-term fluctuations in the economy and cashflow cycle.

Work hard, play hard culture

Characteristics

- small risks, but quick feedback
- success is seen to come from persistence
- permeated by idea of providing good customer service
- demands a high level of activity and initiative from employees
- frequent employee get-togethers, promotional events, conventions, etc.

Examples

- large scale selling organisations
- door-to-door sales
- office equipment suppliers
- most retail organisations
- fast food restaurant chains.

Advantages

- a lot of work gets done
- ideal for active people who thrive on quick, tangible feedback.

Weaknesses
- emphasis on volume can displace quality
- tendency towards back of the envelope calculations that can backfire
- can suffer high turnover if workforce is disillusioned.

Tough guy, macho culture
Characteristics
- populated by individuals who manage high risks and get quick feedback on whether their actions were right or wrong
- focus on speed, not endurance
- values risk-taking
- provides very high rewards for star performers.

Examples
- fighter pilots
- surgeons
- private equity houses
- financial markets traders.

Advantages
- allows companies to survive in high risk, quick return environments
- encourages individuals to become 'star' performers
- 'outlaw' behaviour is tolerated – if you're a star.

Weaknesses
- emphasis on quick feedback diverts resources from long-term investments
- risk of little internal cooperation or teamwork – in some cases individual competition can be destructive
- risk of little organisational learning from past mistakes and successes.

The culture of the treasury operation can exhibit elements of all four of the stereotypes illustrated above. The culture which best describes a particular treasury function depends upon a number of factors:

5.1 Culture and business of the organisation
If the organisation is very process-oriented (low risk of decisions and slow feedback), then it is likely to manifest itself in the treasury operation. For example, treasury might take a highly analytical approach to using financial derivatives or maintain a very precise model of matching exposures. In a work-hard, play-hard culture, treasurers might expect to earn respect and recognition by putting in consistent 14 hour days and encouraging operating units to try out new products.

5.2 Style of management (hands-on versus hands-off)
A hands-off style of management often occurs in organisations where there is a likelihood of a period of stability. As a consequence, top management can delegate downwards in the confidence that their subordinates will pursue strategies and make decisions as they would likely have done themselves. This often manifests itself in a desire to institutionalise decision

making through manuals, policy statements, etc. – all indications of a process culture. A hands-on style is usually an indication of a high potential risk of any potential decision - therefore requiring top management approval. This tends towards the 'bet-your-company' culture.

5.3 Degree of centralisation or decentralisation

A high degree of centralisation can indicate the perceived risk of the decisions undertaken in treasury. As such, it is possible that centralisation develops in response to a bet-your-company or tough guy culture. Similarly, in a decentralised treasury where a large quantity of small value transactions takes place, aspects of the work hard, play hard culture may be evident.

5.4 Profit or cost orientation of treasury

The tendency of the treasury function to adopt a profit or cost focus to its operation will have an impact on its culture. A profit orientation may foster a bet-your-company or tough guy culture as success is more clearly identified and rewarded. A cost focus may create a culture designed to maximise efficiencies (process culture) or to get the most out of the personnel (work hard, play hard).

6 Treasury operational risk

Treasury design must be able to deal with the following operational risks:

Risk	Description
Business continuity	The treasury must be able to continue to operate under all circumstances. For instance, modern techniques allow cash anywhere in the world to be managed from one place, which multinationals do routinely. This generates significant efficiencies, but the whole business can depend on the robustness of infrastructure, procedures, and personnel in just one place.
IT	Modern treasuries can probably cite usage of 5 or more different IT systems in their treasury, including bank software, SWIFT software, dealing and confirmation software, TMS, accounting, ERP, netting and probably proprietary systems as well. These all become critical to the business mission both individually and collectively.
Fraud	Because of the significant amounts of cash and value it handles, treasury activity is a natural home for fraud. Several well publicised cases influence treasury culture, which no treasurer wants to be 'on watch' for.
Mistake	Whereas fraud is the intentional diversion of value away from the firm, mistakes are also easy to make unless proper controls are in place.

Data integrity	Perhaps part of system risk, but treasury depends on the accuracy and integrity of data.
Human resources	This could also be considered part of business continuity risk, but extends over a much longer period, where succession planning, training, motivation and training play a huge part. For treasury in particular, location can be important. Many treasuries are located in major financial centres such as London, New York, Singapore and Hong Kong, and it can be comparatively difficult to recruit elsewhere. There does seem to be quite a high turnover in treasury staff which can make planning difficult.

7 Small treasuries

Many treasurers will at some time in their career have experience of working inside a small treasury, of two or three people, or even have sole responsibility for the function. This, of course, gives enormous problems around many of the operational risk issues described here. The main issues arising include:

Issue	Description	Possible solution
Segregation of duties	A key aspect of control is, of course, segregation of duties, so that dealing, confirmation and settlement are each separated. Without enough staff, this becomes impossible.	Usually another person or department is trained up to match confirmations, for example, but it is often unsatisfactory because of staff turnover in that department, vacation, lack of education or understanding and possibly intimidation by the treasurer, just to get things done.
Payments	Modern payment systems usually require three, or a minimum of two people to initiate a payment. Like segregation of duties this can be difficult to achieve.	Usually another person or department is trained up to execute payments, but again it can be an unsatisfactory solution for the same reasons as above. The use of standard settlement instructions for treasury payments can reduce the risk.

Issue	Description	Possible solution
Vacation	It can be very difficult to manage vacations, especially as most people want to holiday at the same times. However vacation enforcement can be a crucial part of fraud prevention.	Careful management of maturities and alternate staff training. Possibly use of temporary staff or consultants.
Illness	Difficult to manage	Alternate staff training. Possibly use of temporary staff or consultants.
Business trips	Difficult to mange	Modern technology does allow many things to be managed remotely
Loneliness	A lone treasurer risks having no-one to bounce ideas off, even among lesser trained or experienced staff who can at least go some way to understanding the issues facing the treasurer.	Active involvement in an appropriate professional association such as the ACT, and in other networks. Maintaining active relationships with other finance and operating unit personnel in the business, with advisors, and with relationship banks.

8 Staff issues

Treasury design must take into account the availability of staff to operate the treasury. There is little point in establishing a large treasury at some remote location, perhaps with a Shared Service Centre, if there is little chance of recruiting suitable treasury staff. This is why treasury departments tend to be located in financial centres such as London or Singapore. Such locations have a large pool of the following types of staff and services:

- financial service companies
- experienced staff at all levels
- qualified staff at all levels
- recruitment agencies
- system suppliers
- educational facilities
- training facilities
- consultants experienced in treasury

All of which are frequently required by modern treasuries.

It can even be quite significant for a head office (and its treasury) to move from a central location elsewhere, as this can affect the appetite of staff to work there.

Example 4: Head office location
Leo plc ran its head office in central London, including a treasury department of 8 people. It moved the head office to near Heathrow airport, partly for cost reasons, partly because the Chief Executive lived near Oxford (about 40 miles beyond Heathrow) and partly because of ease of airport access for its executives. This was inconvenient for many of the staff and 5 people from treasury left, causing significant disruption.

Alligator Inc makes a well know international brand of consumer durables, and is based in the country some 70 miles from San Francisco. Despite the attractions of a rural location, a well-known name and an interesting, challenging role, it took Alligator nearly a year to recruit a suitable treasury manager, during which time the company had to rely on temporary staff.

These issues must be considered for any region where a treasury is located.

Where treasury is more decentralised and when operating unit staff carry out treasury functions on a part time basis, then more often than not, treasury takes a back seat when recruitment is concerned. In such cases the emphasis may be on training, so that any incumbent must be trained in the principles of treasury and the practice of the firm.

(Note that ACT qualifications are available worldwide.)

9 Ethics

Many organisations publish a code of ethics for treasury professionals. IGTA (the International Group of Treasury Associations) has a code of best practice, the ACT (UK) an ethical code and the AFP (Association for Financial Professionals in the U.S.) Standards of Ethical Conduct. The ACT's ethical code is reproduced as a separate resource. The most recent version of the ACT's Ethical Code can be found at: http://www.treasurers.org. Other influences include modern legislative initiatives such as the Bribery Act in the UK. Ethical codes, including that of the ACT, are almost always a bit behind the curve. Social media, big data, executive pay, ownership transparency and tax avoidance are some of the more modern topics that from toady's debate on ethics.

Most treasurers will understand that the dimensions of ethical behaviour are governed by common sense but many issues are brought about not by the issues surrounding the treasurer but by issues concerning colleagues and superiors. The treasurer is normally a very senior person but superiors can be often entrepreneurial and sometimes even aggressive and it is frequently from this direction that problems can arise.

Here is a summary of principles which may apply in an ethical code:

- honesty / integrity
- using independent judgement
- professional courtesy & consideration
- professional competence
- confidentiality
- compliance with law (although one view of ethics is that it starts where the law stops)
- compliance with rules of other membership bodies as appropriate

All of these can be challenging areas, and perhaps the most difficult are honesty / integrity, independence and confidentiality. The following two examples from past MCT exam papers will give a flavour of the dimensions which can be tested:

Example 5: Sale of shares prior to profit warning
On 12 January 2012, Tesco plc issued a Christmas and New Year trading statement which disappointed investors and caused the share price to fall by around 15%. It is common practice that quoted companies have a 'closed period' prior to such announcements whereby directors and senior employees are prohibited from trading shares in their company, obviously because of the high probability that they will have inside knowledge of news that will have an effect on the share price (Price sensitive information'). Naturally anyone with such inside knowledge would benefit by selling any shares they own prior to such an announcement (usually labelled a 'profit warning').

It quickly emerged that the Chief Operating Officer of the UK business had sold a fairly large chunk of shares three days prior to the start of the closed period on 4th January 2012. While this was within procedures, it carries a certain 'smell' about it. The UK business forms a very large part of Tesco as a whole and it is hard to see how he could not have known about the issue.

Another executive had sold shares on 22 December 2011.

Executives should be 'whiter than white' in these issues and the ethics of this issue did seem to have tainted Tesco.

Example 6: Ethics question from past exam papers
Background
You are Treasurer of a medium sized publicly quoted manufacturer which has been going through a difficult patch due to the recession and which is currently working near the limits of its banking facilities. Along with your Finance Director, you are just about to meet your main bankers for the quarterly review when you learn from the Sales Director that two of your major customers, representing 30% of turnover, have radically reduced their order levels for the next quarter. Unless this sales volume is replaced, the company is likely to exceed its bank facilities. There is no time to check out the full truth of the Sales Director's news. You are in favour of disclosing this possibility to your bankers, but the Finance Director forbids it.

Required:
What do you do and why? (5 marks)

Suggested answer

The treasurer has no time to check out with the sales director the likelihood of finding replacement sales to make good the short fall. The treasurer wishes to disclose to the bank but the finance director expressly forbids it. The question is firstly about whether to alert the bank about a future event which is still uncertain and risk over-reaction from the bank or to keep quiet about it during the meeting and then clarify the situation over the next few days; and secondly, if the treasurer considers disclosure a "must", how to act in light of the finance director's orders.

This situation raises legal, ethical, managerial and commercial issues:

- disclosure of information on a timely basis
- duty of care to bankers
- loan documentation: may include default clauses triggered by material adverse changes, failure to disclose and/or potential breaches
- realistically, can the lost revenue be replaced and will there be further reductions?
- should the finance director's order be disobeyed?

Firstly, regarding whether or not to alert the bank, the guiding principle should be not to mislead while at the same time not to unnecessarily alarm due to being overly scrupulous. The issue is a mix of commercial and ethical judgements for the treasurer: commercially,
given the information available at the time, does he/she believe that a breach is probable? If so, ethically the bank should be informed. Clearly, in these circumstances it would help if a strong relationship based on mutual trust already existed between the banker and treasurer.

Secondly, if the decision is to disclose, how should this be handled managerially in light of the finance director's view? A realistic way out for the treasurer could be to decline to attend the meeting and to settle the matter immediately afterwards, involving the managing director if necessary.