

Boards Reassessing Their Treasury Function's Investment Authority

In a recent survey conducted by KPMG's Audit Committee Institute and KPMG's Advisory practice, 57 percent of directors and financial executives said their boards have reassessed the adequacy of their Treasury function's investment policies and procedures in light of the financial economic crisis, and another 9 percent said that their boards have discussed doing so.

Of the executives and directors who said their boards have reassessed their policies, 16 percent reported that the level of investment authority granted to the CEO, CFO, and/or Treasurer has been changed (thereby increasing the number of transactions requiring board approval).

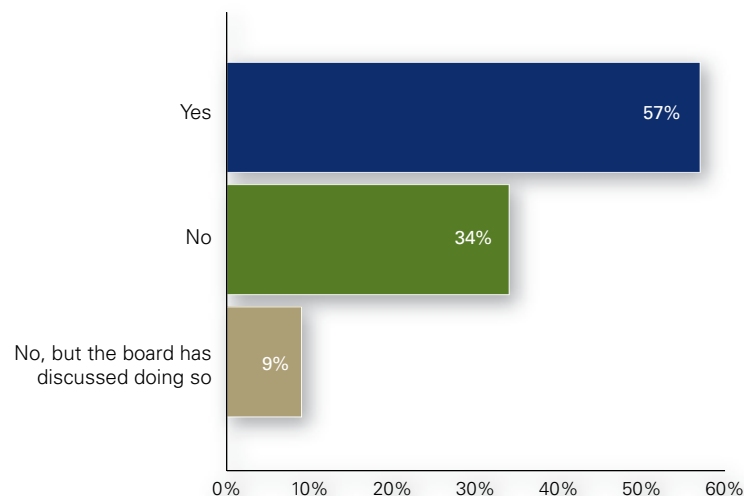
Nearly all directors and financial executives (93 percent) said their board imposes limitations or constraints on the Treasury function's investment authority. These include limitations on permissible investment categories, exposure to any one bank or entity, certain investment grades, and certain short-term financing vehicles.

There was no consensus regarding where oversight of Treasury's investment policies resides on the board: Some 28 percent of respondents said the full board has this responsibility, 35 percent said the audit committee, and 20 percent said the responsibility resides with another committee. Interestingly, 17 percent said there is no board-level review.

These survey findings highlight the increased focus on the Treasury function's investment authority, given the array of challenges and risks posed by the financial crisis and economic uncertainty.

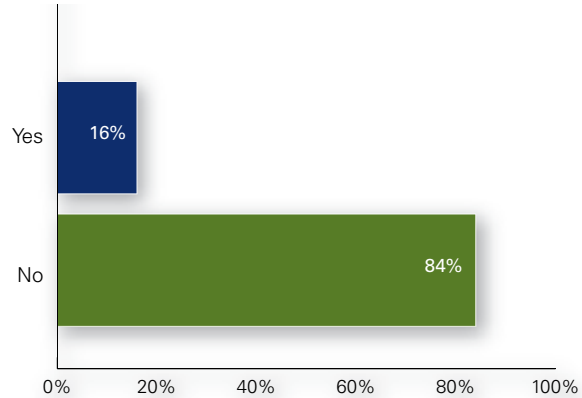
The survey was conducted among directors and financial executives, primarily from FORTUNE 1000 companies, during March/April 2009, with 170 respondents participating. Following are detailed results from the survey:

In light of the financial crisis, has your board (or a board committee) reassessed the adequacy of the Treasury function's investment policies and procedures?



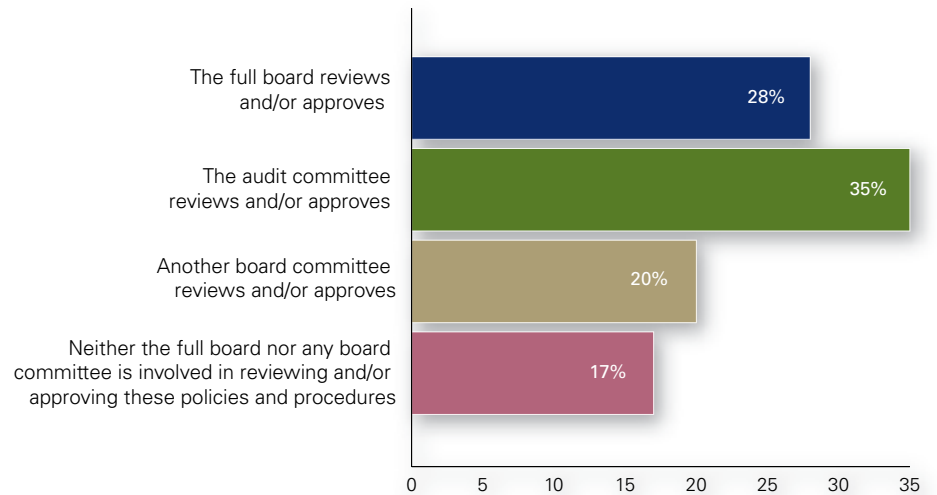
Among those whose board reassessed the adequacy of the Treasury function's investment policies and procedures:

Has your board changed the level of investment authority granted to the CEO, CFO, and/or Treasurer, thereby increasing the number of transactions requiring board approval?

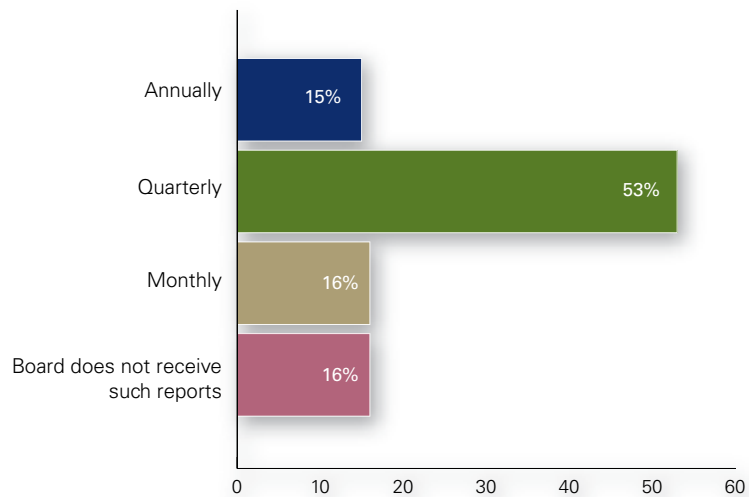


Among those who have formal policies and procedures governing its Treasury (or Finance) function's investment activities:

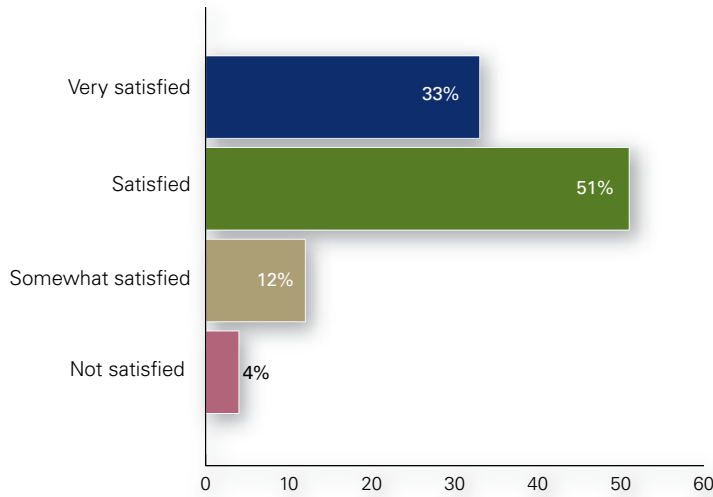
What is the involvement of your board in reviewing and/or approving the Treasury function's investment policies and procedures?



How frequently does your board or board committee receive reports regarding the Treasury function's investment activities and performance?



How satisfied are you that your board or board committee receives adequate and timely information to effectively monitor the Treasury function's investment activities and to identify, early on, any performance problems?

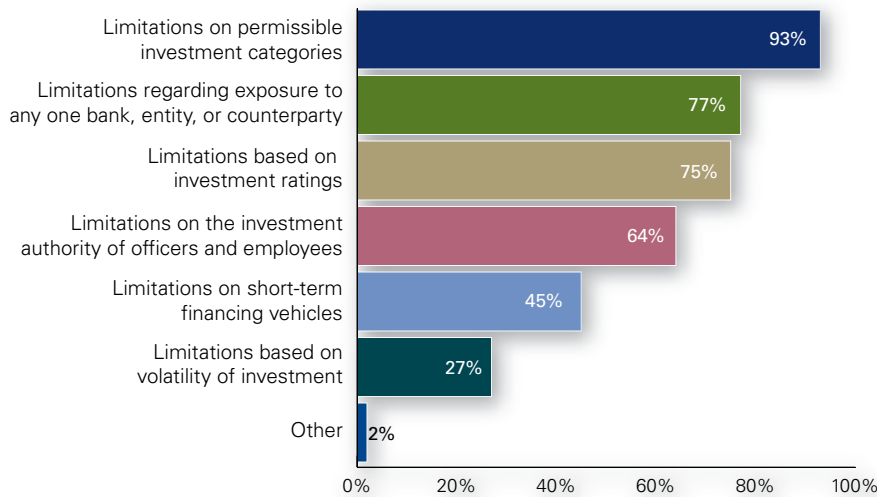


Respondent Information

Primary industry:

- Industrial Manufacturing/Chemical: 23%
- Retail/Consumer Goods: 17%
- Banking/Financial Services: 17%
- Energy/Natural Resources: 17%
- Healthcare/Pharmaceuticals: 12%
- Technology/Software: 12%
- Transportation: 3%

Which of the following constraints or limitations are included in your Treasury function's investment policies and procedures? (Select all that apply)



(Multiple Responses Allowed)



KPMG's Audit Committee Institute

Established in 1999, KPMG's Audit Committee Institute (ACI) provides information, resources, and knowledge-sharing opportunities—through a variety of forums, surveys, and publications—to help audit committee members and their boards enhance the effectiveness and integrity of the financial reporting process. Throughout the year, ACI's Roundtable Series, Audit Committee Issues Conference, Audit Committee Fundamentals program, and quarterly Webcasts bring directors, senior executives, and corporate governance luminaries together to discuss common challenges and leading practices in the oversight of financial reporting and related risks. Learn more about ACI (and the benefits of an ACI membership) at www.auditcommitteeinstitute.com, 1-877-KPMG-ACI, or auditcommittee@kpmg.com.

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