Treasury Management System Restructured

Charter Hall

ABOUT

Since its launch in 1991, Charter Hall Group has grown to become one of Australia's leading property groups, with a total managed property portfolio of $12.1 billion. Charter Hall owns and manages 209 commercial properties around Australia, including office buildings, supermarket anchored retail centres, and a rapidly growing stable of industrial assets, on behalf of its institutional, wholesale and retail investors.

KEY RESULTS

- Successful automation of previously manually processed GL journals into Charter Hall's accounting system
- Eliminated the impact of human error in producing treasury calculations
- The ability to capture and report the amortisation of assets

The Challenge

In 2013 the Charter Hall Treasury team identified the need for a centralised Treasury model across front, middle and back office functions for all Charter Hall funds - each with their own debt facilities. Stuart King, Group Treasurer and Ian Ko, Treasury Operations Manager at Charter Hall led the restructure and selected the GTreasury treasury management system (TMS) to play a key role in the treasury management restructure.

The Solution

The treasury management restructure was driven by the need to improve internal processes and build better integration with the various teams across Charter Hall.

After a detailed scoping exercise and liaison with multiple stakeholders the key system requirements were identified. These were:

- Re-design and strengthening of treasury operations with an enforced internal control structure.

- Implementation of a general ledger (GL) interface to automate the posting of treasury accounting events and reduce manual involvement.

- Harmonisation of Charter Hall's accounting principles across the entire business.

- Automation of Treasury calculations.

- Improved system stability, reliability and flexibility through the use of a robust SQL back-end infrastructure and accessed via a private cloud service.

- Outsourced disaster recovery plan.

Throughout the implementation period, Charter Hall participated in internal and external audits to ensure the feasibility of the solution and that the project was meeting key milestones. This process resulted in the identification of unforeseen issues and new opportunities which meant scoping requirements changed on an as-needed basis. Throughout this process, the GTreasury implementation team were able to respond to the concerns raised by the Charter Hall treasury team quickly and effectively, resolving any issues and creating tailored solutions to meet any new or varying requirements.

Ian Ko explains: "Corporate Treasuries are often faced with ongoing and necessary internal measures to ensure the successful execution of something of this nature, scope and

"The immediate results of the GL interface were significant. What originally took 20 fund accountants a day per month to process across 25 funds, now is centrally managed by an automated interface. This process improvement has allowed the fund accountants to transition from a data processing role to focus on other value add activities,"

—Iam Ko, Treasury Operations Manager

size. Whilst this internal pressure can often lead to delays in projects, the flexibility GTreasury were able to provide enabled the project to progress with minimal disruption. This allowed for a timely and successful implementation".

Once the final reengineered solution was implemented and user acceptance testing had been completed, Charter Hall's internal and external auditors reviewed and signed off the TMS ensuring it met the standards set by the company.

The Result

The implementation of the new treasury management system has already yielded strong results for Charter Hall, most significantly through time saved, improved workflow processes and the automation of complex calculations.

GL Interface: One of the key successes from the adoption of the GTreasury system is its GL interface solution which saw the successful automation of previously manually processed GL journals into Yardi – Charter Hall's preferred accounting system. The implementation of the interface transformed a formerly manual process which required producing 1500 lines of GL journals per month. Automating this process saved an estimated 20 working days per month along with the overheads associated with these man hours.

The automation of GL journals also significantly improved internal controls by mitigating the risk of human error and fraudulent activity. As part of the GL solution, Charter Hall undertook a process to harmonise accounting treatment of all Treasury transactions across all Charter Hall funds with accounting treatment being centrally managed via GL Mapping within GTreasury.

Automation of treasury calculations: Treasury calculations such as accruals on debt, derivatives and fees, and amortisation were previously manually calculated in spreadsheets increasing the risk of error. Automation of these treasury calculations reduced the impact that human error played in producing these figures, as well as removed any inconsistent methodologies used across the Group.

Amortisation: Whilst carrying out the implementation of the new treasury management system, the need to capture and report the amortisation of assets was realised. As a result, the scope of the project was expanded to cover amortisation of borrowing costs with the amortisation schedules centrally managed within GTreasury to produce regular journals for the life of the borrowing costs.