

LOMAS, Phil

From: bankofengland.co.uk>
Sent: Wednesday, 7 August 2013 12:45 AM
To: JANAKOULIS, Tas
Cc: bankofengland.co.uk';
Subject: RE: RBA Gold Holdings Verification at BOE
]

Tas, hi

Just wondering if you are now in a position to confirm the precise dates for your gold inspection? At present we are holding the week of 23rd September. I have also copied my colleagues and into this email – grateful if you could dates confirm asap.

With best regards

Bank of England | Threadneedle Street | London EC2R 8AH |

From: bankofengland gov.uk
Sent: Tuesday, July 09, 2013 8:51 AM
To: 'JANAKOULIS, Tas'
Cc: bankofengland.co.uk
Subject: RE: RBA Gold Holdings Verification at BOE

Hi Tas,

Good to hear from you.

In offering gold inspections, we will be as accommodating as we can, subject to the principle that we can continue to run our normal vault operations. We hold a large amount of gold, and are both a long-term storage and active working vault. With this in mind, inspections should last no more than 2 or 3 days.

Approximately 1 month in advance of the inspection we will send you a bar list

Each bar is marked with a unique BoE number and our inventory system records the location of each bar. The following link contains an image of one of our vaults – this may help you to visualise the way we store bars.

<http://www.flickr.com/photos/bankofengland/5832575048/in/photostream/>.

When we met, I recall that you asked if it would be possible for you to randomly select a few bars during the inspection and observe these being located and retrieved from within our vault.

If you have any further questions Tas, please let me know.

Bank of England | Threadneedle Street | London EC2R 8AH |

From: JANAKOULIS, Tas
Sent: Tuesday, July 09, 2013 5:52 AM
To:
Subject: RBA Gold Holdings Verification at BOE

This email has reached the Bank via the Internet or an external network

Hi

I hope you are very well.

Just a quick touch base regarding the forthcoming gold verification, scheduled in late September 2013.

We are seeking input from various sources regarding the overall approach i.e. what is considered a reasonable sample size of bars to inspect,

We would appreciate your thoughts and feedback on the same, including how much time, BoE resources, proposed access arrangements, type of equipment etc. that would be made available to complete the task.

This information will help us to formulate the scope of the review and to confirm the logistics in advance of the visit. During the visit we also hope to get a very high level overview of the BoE gold safe custody / security arrangements etc.

Separately, it will be opportune for the gold safe custody arrangements between the RBA and the BoE to be formally clarified, including the frequency of any future gold verification checks.

Kind regards

Tas

From: JANAKOULIS, Tas
Sent: Saturday, 1 June 2013 4:15 AM
To:
Cc: ROSS, Darryl; DEBELLE, Guy; RANKIN, Bob
Subject: RE: gold inspections [BOE-BANKING]

Hi

Thank you, it was very good to meet with you and your colleagues at the Bank of England.

I will be in touch again shortly, to confirm the mutually acceptable arrangements for the inspection of our gold holdings.

As discussed, it would be beneficial during the visit to obtain a high level understanding of the relevant safe custody, security and stocktake processes at the Bank.

Kind regards

Tas

From: bankofengland.co.uk
Sent: Saturday, 1 June 2013 1:11 AM
To: JANAKOULIS, Tas
Cc: bankofengland.co.uk
Subject: RBA: gold inspections]

Tas, hi

It was good to meet you earlier this week.

Clearly, our discussions with you are already well advanced, but I just wanted to let you have sight of the text of the letter we are sending – this is copied below.

We have your visit pencilled in for the week beginning 23rd September – when you are ready to discuss further, drop me an email.

Best regards

As you may know, the Bank of England's vault operation is somewhat unique in that it facilitates both long term central bank storage and active trading.

I am pleased to tell you that we will now allow inspections of a suitable random sample of your bars. We will follow a principle of doing everything we can to accommodate requests, subject to us maintaining our ability to run the vault efficiently.

The workload associated with these visits, combined with regular operations means that you will need to agree the scope and timing of any inspection with us in advance. Furthermore, there will need to be some constraints around the date, sample size and frequency of visits depending on the overall demand,

Due to the number of customers we have, we may not be able to accommodate your request immediately but, we will do everything we can to accommodate you as soon as is reasonably practicable.

If you would like to discuss further details, please contact your Relationship Manager

Bank of England | Threadneedle Street | London EC2R 8AH |

WARD, Sylvana

From: LOWE, Phil
Sent: Thursday, 8 August 2013 11:25 AM
To: ROSS, Darryl
Cc: DEBELLE, Guy
Subject: RE: Gold review [SEC=UNCLASSIFIED]

Categories: TRIM pls

Approved

From: ROSS, Darryl
Sent: Wednesday, 7 August 2013 3:45 PM
To: LOWE, Phil
Subject: Gold review [SEC=UNCLASSIFIED]

Phil

As you may be aware, Financial Markets Group has asked Audit to undertake a review of the Bank's gold holdings at the Bank of England. We seek your approval for the proposed approach (D13/316099).

Darryl

WARD, Sylvana

From: CAMPBELL, Frank
Sent: Wednesday, 7 August 2013 2:40 PM
To: ROSS, Darryl
Cc: ELPHICK, Anthony; MIDDLETON-JONES, Robert
Subject: RE: Gold review - budget variation [SEC=UNCLASSIFIED]

Categories: TRIM pls

Darryl

Approved

Frank

From: ROSS, Darryl
Sent: Wednesday, 7 August 2013 12:41 PM
To: CAMPBELL, Frank
Cc: ELPHICK, Anthony
Subject: Gold review - budget variation [SEC=UNCLASSIFIED]

Frank

Audit Department (AD) has been asked by Financial Markets Group to undertake a physical verification of the Bank's gold holdings at the Bank of England (BoE). The BoE recently changed its policy to allow such reviews by customers. We propose to undertake the review in late September;

The Assistant Governor (Financial Markets) supports

this proposal.

The expected cost of the review is based on travel expenses of and

AD's approved budget for 2013/14 includes

I will seek the Deputy Governor's approval for the proposed trip.

Regards
Darryl

DEPUTY GOVERNOR

GOLD REVIEW

Audit Department has been asked by Financial Markets Group to undertake a physical verification of the Bank's gold holdings at the Bank of England (BoE). The BoE recently changed its policy to allow such reviews by customers.

We propose to undertake the review in late September; it will take one week to complete and will involve two Audit staff, based on a sample of

The attached note provides more details on the proposed scope of the review (D13/317529). The Assistant Governor (Financial Markets) supports this proposal.

The expected cost of the review is based on travel expenses of (2 staff
and

AD's approved budget for 2013/14 includes

I recommend you approve the proposed review.

Darryl Ross
Head of Audit
6 August 2013

VERIFICATION OF GOLD HOLDINGS

In February 2013, the Assistant Governor (Financial Markets) requested Audit Department include in its audit program a review of the Bank's gold holdings at the Bank of England (BoE). The Chief Representative in EU approached the BoE to facilitate this review,

In late May 2013, initial planning discussions were held with the _____ and other staff at the BoE. It was tentatively agreed that the gold holdings review would be undertaken in late September 2013.

Recently, the BoE outlined its preferred approach and some of the logistics and _____ involved with the review. Following a review of professional guidance on gold reviews (which is limited), discussions with the Assistant Governor (Financial Markets) and taking into account information from the BoE, we propose a review as follows:

- An on-site physical verification commencing 23 September 2013, which will take 4-5 days to complete, assuming two RBA auditors are involved given the proposed scope.
- As a first time review of the Bank's gold holdings,
 - There is limited professional guidance in terms of determining a suitable sample size. A sampling rate _____ is consistent with an inspection of gold bullion in the vaults at _____ and _____
 - _____ were consulted.
 - The BoE suggested a review of _____ They also outlined their conditions for the gold review
- The review will involve checking the details of these bars against the Bank's inventory list.
- We would also observe the weighing _____ by BoE staff using their equipment.
- Randomly select an additional _____ and observe these being located and retrieved from their vault (plus verifying the details and weighing them).
- Obtain a high level understanding of the BoE gold safe custody
- Continue discussions for a comprehensive safe custody agreement between the RBA and BoE.

The Assistant Governor

(Financial Markets) supports these proposals.

T Janakoulis
Senior Manager
6 August 2013

LOMAS, Phil

From: @bankofengland.co.uk>
Sent: Tuesday, 13 August 2013 2:10 AM
To: JANAKOULIS, Tas
Cc: SendandFileMailbox; ROSS, Darryl; DEBELLE, Guy
Subject: RE: Gold Review

Tas, hi

Could you give me a call to discuss please? I will be in the Bank from 07:30 hrs tomorrow and available until 11:00 hrs – alternatively, free from 16:00 hrs until 17:30 hrs

Thanks

Bank of England | Threadneedle Street | London EC2R 8AH |

From: JANAKOULIS, Tas
Sent: Monday, August 12, 2013 4:46 AM
To:
Cc: SendandFileMailbox; ; ROSS, Darryl; DEBELLE, Guy
Subject: Gold Review

This email has reached the Bank via the Internet or an external network

Hi

This is to confirm that the on-site physical verification of the Bank's gold holdings will proceed as planned, on 23 September 2013.

As a first time review of the Bank's gold holdings,

We have allowed 4-5 days to complete the verification involving two RBA auditors, and our proposed scope is outlined below:

- bars against the Bank's inventory list. We will advise the sample bar numbers in advance, as per your requirements.
- We would also like to observe the weighing on a small subset of the above, by BoE staff and using your equipment.
- Randomly select an additional bars and observe these being located and retrieved from the vault (plus verifying the details and observe the weighing

As part of the review, we would also like to obtain a high level understanding of the BoE gold safe custody

We would also like to continue discussions for a comprehensive gold safe custody agreement between the RBA and BoE.

Please advise if the proposed scope is reasonable and achievable within the allocated timeframe.

Kind regards
Tas

Tas Janakoulis | Senior Manager, Audit Department
RESERVE BANK OF AUSTRALIA | 65 Martin Place, Sydney NSW 2000
| w: www.rba.gov.au

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LOMAS, Phil

From: bankofengland.co.uk>
Sent: Tuesday, 20 August 2013 11:57 PM
To: JANAKOULIS, Tas
Cc:
Subject: RE: Gold inspection

Tas.

Thanks for your time earlier.

can explain that further.

I look forward to hearing back from you on the other point.

Regards

Banking Services
Bank of England

Tel:

-----Original Message-----

From: JANAKOULIS, Tas
Sent: Tuesday, August 20, 2013 8:21 AM
To:
Cc: ROSS, Darryl
Subject: RE: Gold inspection

This email has reached the Bank via the Internet or an external network

Hi

Good to hear from you, I will try and touch base with around 10 am your time today.

Kind regards

Tas

-----Original Message-----

From:
Sent: Tuesday, 20 August 2013 1:59 AM
To: JANAKOULIS, Tas
Cc:
Subject: Gold inspection

Tas

I hope you are well - we met in a meeting with _____ a few months back.

_____ advises me that we still need to agree a sample size. I was hoping we might discuss this quickly - perhaps you or your assistant could advise _____ of some times when we could speak. If you are in Australia, I am happy to do out of hours at this end.

Best Regards

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LOMAS, Phil

From: bankofengland.co.uk>
Sent: Friday, 23 August 2013 12:43 AM
To: JANAKOULIS, Tas
Cc: ; ROSS, Darryl
Subject: RE: Gold inspection

Tas - many thanks for your flexibility - I very much appreciate it your time in discussing this with and I. We are fine with the details below, but as mentioned before would remind you that the bars will need to be chosen from similar areas to the bars we will already be working with. can explain exactly what that means.

As I mentioned, the RBA relationship is very important to us, so pls do not hesitate to let me know if I can help further.

Regards

Banking Services
Bank of England

Tel:

-----Original Message-----

From: JANAKOULIS, Tas
Sent: Thursday, August 22, 2013 3:01 PM
To:
Cc: ; ROSS, Darryl
Subject: Re: Gold inspection

This email has reached the Bank via the Internet or an external network

Hi
Thank you, it was good to talk to you. We have thought about the sampling
Of this sample, we would still like to weigh
For the extra random sample we will observe being retrieved from your vaults,
You feedback would be appreciated. Regards Tas.

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----- Original Message -----

From: [@bankofengland.co.uk](mailto:bankofengland.co.uk)
Sent: Tuesday, August 20, 2013 01:59 AM

To: JANAKOULIS, Tas
Cc:
Subject: Gold inspection

bankofengland.co.uk>;

bankofengland.co.uk>

Tas

I hope you are well - we met in a meeting with _____ a few months back.

_____ advises me that we still need to agree a sample size. I was hoping we might discuss this quickly - perhaps you or your assistant could advise _____ of some times when we could speak. If you are in Australia, I am happy to do out of hours at this end.

Best Regards

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LOMAS, Phil

From: DEBELLE, Guy
Sent: Friday, 23 August 2013 11:28 AM
To: JANAKOULIS, Tas
Subject: RE: Gold Review [SEC=UNCLASSIFIED]

Thanks Tas, that still should be fine.

From: JANAKOULIS, Tas
Sent: Friday, 23 August 2013 11:26 AM
To: DEBELLE, Guy
Cc: ROSS, Darryl; RUSSIAN VILLALBA, Maria
Subject: Gold Review [SEC=UNCLASSIFIED]

Guy,

The [redacted] offered that we can go back in 12 months to review if required.

At this stage, we have agreed with the BoE to proceed as follows:

- We will verify details [redacted] against the inventory list,
- Of the above, we will weigh [redacted]
- Observe the retrieval of an extra [redacted], and perform the same checks above.

Before we start the physical verification process,

Please let me know if require any further clarification regarding the proposed approach.

Regards
Tas

Tas Janakoulis | Senior Manager, Audit Department
RESERVE BANK OF AUSTRALIA | 65 Martin Place, Sydney NSW 2000
| w: www.rba.gov.au

LOMAS, Phil

From: CARTER, Matthew
Sent: Wednesday, 2 October 2013 10:54 AM
To: JANAKOULIS, Tas
Cc: NEWMAN, Vicki
Subject: Gold Bars at the BoE [SEC=UNCLASSIFIED]

Tas,

With Vicki away until next week I am unable to give you a definitive answer to your question about detailed inventories of the Bank's gold bars.

In the interim, I spoke with the dealers on our gold desk who said the Bank receives a monthly gold balance registry from the Bank of England. They are under the impression that any detailed inventories of gold bars we may have would be provided by the Bank of England (as you suspected).

I'll come back to you next week with a more complete response.

Matt

Matthew Carter | Manager, Currencies & Gold | Foreign Exchange Dealing
RESERVE BANK OF AUSTRALIA | 65 Martin Place, Sydney NSW 2000
| w: www.rba.gov.au