The CFO's Treasury Health Check:

11 QUESTIONS EVERY TREASURY LEADER SHOULD BE ABLE TO ANSWER

Most CFOs would describe their treasury function as "under control." Fewer could answer all 11 of the questions below without hesitation. The gap between knowing and estimating is where financial risk quietly accumulates.

This isn't a technical audit. It's a strategic sense-check – the kind of conversation a strong treasury function should make easy, not uncomfortable.

Cash & Liquidity

1. What is your true global cash position, right now?

Not yesterday's. Not an approximation based on last night's bank feeds. Right now, across every entity, every currency, and every bank account.

If the honest answer is "we'd need a few hours to pull that together," you have a visibility problem. Companies that can't see their cash in real time are routinely holding 10–15% more liquidity than necessary as a buffer against uncertainty – capital that has a cost, whether it's sitting idle, drawn on a revolving credit facility, or unavailable for deployment into the business.

→ **Optimal Solution:** A live or near-live consolidated cash position, accessible without manual intervention.

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2. How accurate is your 13-week cash flow forecast?

Forecasting accuracy is one of the most telling indicators of treasury maturity. AFP benchmarking data consistently shows that best-in-class treasury functions achieve forecast accuracy of 95%+ at the one-week horizon and 85%+ at four weeks. Most organizations fall short.

Poor forecast accuracy has a direct cost: it drives higher precautionary cash balances, increases reliance on short-term credit facilities, and limits the CFO's ability to make confident capital allocation decisions. If your team can tell you their forecast variance with confidence, treasury is better-positioned to serve as a trusted business partner in strategic planning.

→ **Optimal Solution:** Documented forecast accuracy metrics, tracked weekly, with a process for understanding and minimizing variances.

3. Are you optimizing cash deployment?

With interest rates remaining high, idle cash has never been more expensive to ignore. Yet many treasury functions default to overnight deposits or low-yield operating accounts simply because a more active investment approach hasn't been formalized.

A disciplined liquidity tiering strategy – segmenting cash into operating, reserve, and strategic pools with appropriate instruments and time horizons for each – can meaningfully improve returns, minimize interest expense, and support reinvestment in the enterprise without taking on inappropriate risk. Without a clear strategy, Treasury is leaving money and business growth on the table.

→ **Optimal Solution:** A documented investment policy with tiered liquidity management, risk tolerance, and regular review of yields against benchmarks. An established process to incorporate capital planning into liquidity strategy.

FX & Risk Management

4. Do you know your net FX exposure across all entities – and is it hedged to policy?

FX risk is one of the most common sources of earnings volatility for companies with cross-border revenues or costs. The BIS estimates that unhedged FX exposure contributes to P&L variance of 3–8% for multinational corporates in a typical year – a swing that moves analyst forecasts and, in public companies, share prices.

The question isn't whether you hedge. It's whether your hedging program is systematic, policy-driven, and consistently executed – or whether it's reactive, incomplete, and dependent on one person's judgment.

→ **Optimal Solution:** A board-approved FX risk policy, regular exposure reporting by entity and currency, and documented hedge ratios with clear tolerances.

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5. Is your hedge accounting documentation audit-ready?

Many companies hedge but don't formally account for it under IFRS 9 or ASC 815 – either because their systems don't support it or because the documentation burden feels disproportionate. The consequence is that mark-to-market movements flow through the P&L rather than through OCI, creating income statement volatility that hedge accounting was specifically designed to prevent.

→ **Optimal Solution:** Formal hedge relationships designated at inception, effectiveness testing completed each reporting period, and documentation maintained independently of the individual who executed the trade.

6. How are you managing interest rate risk on your debt portfolio?

The rate environment over the past three years has refocused CFO attention on interest rate risk in a way that the preceding decade of near-zero rates had allowed many to ignore. Companies with floating-rate debt that didn't act when rates began rising in 2022 have paid materially more in interest costs than peers who hedged.

The question now isn't just about existing debt – it's about refinancing risk, covenant headroom under stress scenarios, and whether your interest rate strategy is explicitly connected to your wider capital structure decisions.

→ **Optimal Solution:** A clear view of fixed vs. floating rate exposure, scenario analysis under rate stress, and a hedging strategy reviewed at least annually.

Banking & Counterparty

7. Is your banking structure fit for purpose?

Many organizations have accumulated banking relationships over years of organic growth and acquisition without ever stepping back to rationalize them. The result is typically too many accounts, too many banks, fragmented liquidity, and unnecessarily high bank fees.

A structured bank relationship review – assessing which banks are providing genuine value, where cash is fragmented inefficiently, and where physical or notional pooling could improve liquidity – typically identifies 10–20% in bank fee savings and meaningful improvements in interest income. It also reduces counterparty concentration risk.

→ **Optimal Solution:** A documented banking group review at least every two years, with regular concentration risk assessment and fee benchmarking.

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8. Do you have sufficient, diversified access to liquidity under stress?

Committed credit facilities, their tenor, and their covenant structure matter most precisely when you don't need them. A treasury function that has only tested its liquidity access in benign conditions has not truly tested it at all.

Best practice, varying by industry, is to maintain liquidity headroom equivalent to at least 12 months of operating cash requirements under a stress scenario – with diversified sources (revolving credit, bilateral facilities, capital markets access) and covenants stress-tested against downside forecasts.

→ **Optimal Solution:** A documented liquidity stress test, updated at least quarterly, with confirmation that committed facilities remain accessible under the scenarios modeled.

Controls & Technology

9. Is your payments strategy appropriate to adapt to industry changes and prevent fraud?

Payments fraud remains one of the highest operational risks to finance organizations, as bad actors develop sophisticated tactics to infiltrate organizations and circumvent controls. Historical approaches, such as call-backs to validate vendor master data, are now subject to the risk of AI-generated deepfakes.

A robust fraud management program that considers strong governance, prevention controls, detection controls, investigation and response protocols, and awareness can help avoid financial and reputational damage.

The industry's phased migration to ISO20022 formatted payment messages affects any organization issuing payments, whether or not they participate directly in the SWIFT network. Beyond a change in format, this migration requires enhancements to payment instructions that may not be captured in your ERP or TMS. It is critical to assess and address the impacts of these changes proactively to help avoid impact to payments execution.

→ **Optimal Solution:** Documented fraud policy, segregation of duties, robust ERP, TMS and banking portal controls, and software to validate account ownership and detect anomalies, reviewed at least annually.

An organized approach to assess the impact of ISO20022 migration on payments to assess the impact and coordinate required changes and bank testing ahead of industry cut-over timelines.

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10. Could your treasury function survive the loss of a key person?

Treasury is a function where institutional knowledge is dangerously concentrated. In many mid-market organizations, one or two individuals hold the relationships, the passwords, the unwritten processes, and the workarounds that keep the function running. The departure of that person – planned or otherwise – can create an acute operational and control risk.

Key person dependency is one of the most common findings in treasury reviews, and one of the most straightforward to address: documented processes, segregation of duties, system access controls, and a succession plan for critical roles.

→ **Optimal Solution:** Documented procedures for all material treasury processes, dual authorization on all significant transactions, and no single point of failure in system access or banking mandates.

11. Is your TMS working for your team – or is your team working around your TMS?

Technology should be the multiplier in a treasury function, not the bottleneck. If your team is routinely exporting to spreadsheets, manually re-entering data, maintaining parallel records outside the system, or performing repetitive routine tasks and analysis, the TMS is generating cost rather than eliminating it.

A treasury function that relies heavily on manual workarounds is also one with elevated operational risk – every manual step is an opportunity for error, and errors in treasury have direct financial consequences. A team not yet considering how integrating treasury data with enterprise data outside the TMS, or not yet using artificial intelligence to support key decisions, may be performing inefficient, or worse, incomplete analysis.

→ **Optimal Solution:** Core treasury workflows – cash positioning, payments, trade capture, reporting – executed within the TMS with minimal manual intervention. TMS data is enriched with ERP data to automate comprehensive management dashboards and decision support.

How Did You Score?

9-11 CONFIDENT ANSWERS

Your treasury function is well-controlled and strategically positioned. The focus should be on continuous improvement and ensuring the function scales with the business.

6-8 CONFIDENT ANSWERS

You have a functioning treasury operation with identifiable gaps. Prioritizing the areas of uncertainty – particularly around risk management and technology – will deliver measurable returns.

FEWER THAN 6 CONFIDENT ANSWERS

Your treasury function carries material financial and operational risk. An independent review should be a near-term priority, not a future consideration.

What to Do Next

A structured treasury review – assessing your current state against best practice across each of these dimensions – typically takes four to six weeks and produces a clear, prioritized roadmap for improvement.

The CFOs who get the most value from this process are those open to honest evaluation and inquiry—not just those facing the biggest challenges.

Actualize Consulting conducts independent treasury health checks for mid-market and multinational organizations. If this checklist surfaced questions you couldn't answer with confidence, email operations@actualizeconsulting.com to discuss what a structured review could look like for your business.