

ACT

**Competency
Framework**

**GLOBAL TREASURY
STANDARDS**

TREASURY SKILLS AND CAPABILITIES DEFINED



See how you measure up against the professional treasury standards at:

treasurers.org/competencyframework

ACT

Competency Framework

GLOBAL TREASURY STANDARDS

The competency framework defines the treasury skills and capabilities needed by treasury professionals to operate successfully in today's challenging business climate.

treasurers.org/competencyframework

COMMERCIAL DRIVE AND ORGANISATION

Appreciate own position in and contribution to wider organisation and understand those of other business functions in delivering the organisation's strategic objectives. Optimise opportunities within own area of expertise to deliver efficiencies and drive costs down through effective negotiation with suppliers.

SELF MANAGEMENT AND ACCOUNTABILITY

Use skills and competencies confidently and effectively to help deliver the organisation's objectives. Understand your core strengths, as well as areas for development. Accept responsibility for own actions, and hold others accountable for theirs.

INFLUENCING SKILLS

Develop mutually beneficial working relationships with internal and external stakeholders, gaining support for ideas and plans of action. Create win-win situations which deliver value to the organisation and the broader treasury community.

WORKING EFFECTIVELY WITH OTHERS

Work collaboratively as part of a team to support the strategic direction of the organisation. Achieve team and organisation objectives by getting the best out of others, through active listening, as well as constructive challenge.

CONTEXT OF TREASURY

THE BUSINESS CONTEXT

Treasury should hold a pivotal position within the organisation to add most value and must have a detailed understanding of both the business and the implications of external events on their organisation.

ACCOUNTING, TAX AND REGULATION

Accounting rules, tax and other legislation or regulation may affect the financial markets accessed by the organisation, the activities undertaken by treasury and how such activities are reported. Regulatory requirements can change frequently so keeping up to date is key.

ETHICS AND CORPORATE GOVERNANCE

ETHICS

Ethical behaviour is a mind-set and underpins all business activity. Treasury professionals need to appreciate why ethics matter, to act ethically at all times and to lead by example.

COMPLIANCE AND AUDIT

Treasury's activities need to be clearly defined, executed and monitored and this includes the independent review provided by regular audits. Policies and procedures need to be integrated into the organisation's risk management approach. Reporting must be provided for all stakeholders (both internal and external).

RISK MANAGEMENT

RISK FRAMEWORKS

In order to explain its approach to risk management, every organisation needs a risk management framework that not only establishes the policies and processes to be followed but also articulates the risk appetite of the organisation. The process of risk management must be structured to enable visibility and support of decision making.

IDENTIFY AND ASSESS RISKS

In order to manage risk, first it must be identified, evaluated and prioritised. Strong relationships, clear communication and a straight forward process will enable treasury to work with the business in identifying financial risk - both core treasury (e.g. liquidity, working capital, foreign exchange, counterparty risk) and other financial risks that may fall under treasury's remit (commodities, pensions etc.).

MANAGE RISKS

There are a variety of approaches to managing risk: Avoid, Accept, Transfer. Management techniques range from doing nothing, through changing ways of working, to undertaking external transactions that change the nature of the risk (e.g. derivatives). Select and implement the most appropriate response to a particular risk for the organisation, dependent on its risk appetite.

RISK REPORTING

Stakeholders (both internal and external) need to understand how risk is being managed and whether the approach is effective. Ensure that the most appropriate risk evaluation and reporting methodology for the organisation is selected and implemented; included in this will be mitigations with assigned responsibilities and a feedback loop to report on residual risks, adapt policy and refine procedures.

CORPORATE FINANCIAL MANAGEMENT

CORPORATE FINANCE

Corporate finance theory (risk/reward) is applied in practice to evaluate sources and uses of finance. This encompasses everything from capital structure (debt, equity and dividend policy), through major business transformations (e.g. mergers and acquisitions) to individual financing decisions (e.g. whether to buy a particular machine).

LONG TERM FUNDING

The success of the organisation is dependent on access to funds. Identification of the most appropriate sources of funding to achieve the organisation's medium/long term objectives and putting funding solutions (including documentation) in place will ensure that funding is available whenever required.

INVESTMENT

Treasury needs to be prepared to handle cash surpluses as well as borrowing requirements. A financial investment strategy (based on security, liquidity and yield) that is consistent both with the needs of the business and with its risk appetite, should be in place as well as methodology to monitor the creditworthiness of investment counterparties.

INTERCOMPANY FUNDING

Intercompany funding of subsidiary operations is generally an efficient source of funds for an organisation. It may not be straight forward to implement or manage, as tax, legal and regulatory aspects must all be taken into account especially when setting up intercompany structures such as netting systems, in-house banks etc.

TREASURY OPERATIONS

TREASURY OPERATIONS INFRASTRUCTURE

The treasury function must be set up to support the business to reflect the needs and culture of the organisation. This includes establishing a framework of policies and procedures which enable the treasury to be resilient to external shocks (disaster recovery) and to function effectively; and building strong relationships with the business and financial institutions.

FINANCIAL PRODUCTS AND MARKETS

A thorough understanding of the various financial markets and related instruments is core to treasury. Familiarity with the intricacies of transacting such products and the risks and benefits they offer the business, as well as the ability to explain products to non-treasury members of the organisation are key.

TECHNOLOGY

The use of technology (increased automation) can improve the accuracy and security of treasury transactions, by delivering solutions to manage payments, disaster recovery etc. The wide range of systems products available need to be thoroughly evaluated to ensure those selected are aligned to the treasury's delegated powers, policies, procedures and audit requirements.

CASH MANAGEMENT

Efficient cash management is crucial to the long term success of the organisation. This involves identification and implementation of cash management solutions for day to day funding of operating units and mechanisms for remitting cash across a group.

LIQUIDITY MANAGEMENT

Liquidity management focuses on the organisation's short term need to meet payments as they fall due. This can be achieved through the development of accurate cash flow forecasting solutions, and the management of working capital and external sources of funds to ensure resilience.

TRADE FINANCE

Trade finance relates to operational cash flows and specifically to supporting customer and supplier transactions. Trade finance solutions manage the risks which arise with cross border trading. It also covers supply chain finance solutions.

BUSINESS SKILLS

BEHAVIOURAL SKILLS

TECHNICAL SKILLS

CHARACTER: Traits • Values • Virtues | COMMITMENT: Aspiration • Engagement • Dedication