

# Contents

Preface	ix
About the Author	xi
<b>PART ONE Cash Management</b>	<b>1</b>
<b>Chapter 1 Treasury Department</b>	<b>3</b>
Role of the Treasury Department	3
Treasury Controls	6
Treasurer Job Description	7
Position of Treasury within the Corporate Structure	7
Treasury Centralization	8
Treasury Compensation	10
Bank Relations	10
Treasury Outsourcing	13
Summary	18
<b>Chapter 2 Cash Transfer Methods</b>	<b>21</b>
Check Payments	21
Wire Transfers	27
ACH Payments	28
Procurement Cards	31
Cash Payments	32
	iii

	Fees for Cash Transfers	32
	Summary of Cash Transfer Methods	32
	Cash Transfer Controls	34
	Cash Transfer Procedures	43
	Summary	48
<b>Chapter 3</b>	<b>Cash Forecasting</b>	<b>49</b>
	Cash Forecasting Model	49
	Information Sources for the Cash Forecast	53
	Measuring Cash Forecast Accuracy	54
	Cash Forecasting Automation	55
	Bullwhip Effect	57
	Business Cycle Forecasting	58
	Cash Forecasting Controls	60
	Cash Forecasting Policies	62
	Cash Forecasting Procedure	62
	Summary	62
<b>Chapter 4</b>	<b>Cash Concentration</b>	<b>67</b>
	Benefits of Cash Concentration	67
	Cash Concentration Strategies	69
	Pooling Concepts	70
	Physical Sweeping	70
	Notional Pooling	73
	Comparison of Account Sweeping and Notional Pooling	74
	Nonpooling Situations	75
	Bank Overlay Structure	75
	Cash Concentration Controls	76
	Cash Concentration Policies	78
	Cash Concentration Procedures	79
	Summary	81

<b>Chapter 5</b>	<b>Working Capital Management</b>	<b>83</b>
	Working Capital Variability	83
	Cash Management	85
	Credit Management	85
	Receivables Management	87
	Inventory Management	88
	Working Capital Metrics	95
	Summary	102
<b>PART TWO</b>	<b>Financing</b>	<b>103</b>
<b>Chapter 6</b>	<b>Debt Management</b>	<b>105</b>
	Types of Debt	105
	Credit-Rating Agencies	116
	Accounting for Debt	118
	Debt-Related Controls	130
	Debt-Related Policies	134
	Debt-Related Procedures	135
	Summary	136
<b>Chapter 7</b>	<b>Equity Management</b>	<b>141</b>
	Stock Registration	141
	Exemptions from Stock Registration	147
	Accounting for Stock Sales	150
	Equity-Related Controls	152
	Equity-Related Policies	154
	Equity-Related Procedures	156
	Summary	163
<b>Chapter 8</b>	<b>Investment Management</b>	<b>165</b>
	Investment Criteria	165
	Investment Options	166
	Investment Strategies	169

Outsourced Investment Management	172
Risk-Reduction Strategies	173
Accounting for Investments	174
Investment Journal Entries	182
Investment Reporting	188
Investment Management Controls	188
Investment Management Policies	191
Investment Management Procedures	195
Summary	199
<b>PART THREE Risk Management</b>	<b>205</b>
<b>Chapter 9 Foreign Exchange Risk Management</b>	<b>207</b>
Foreign Exchange Quote Terminology	207
The Nature of Foreign Exchange Risk	208
Data Collection for Foreign Exchange Risk Management	209
Foreign Exchange Hedging Strategies	210
Hedge Accounting	223
Foreign Exchange Hedge Controls	232
Foreign Exchange Hedge Policies	234
Record Keeping for Foreign Exchange Hedging Activities	235
Foreign Exchange Hedge Procedures	236
Summary	238
<b>Chapter 10 Interest Risk Management</b>	<b>239</b>
Interest Risk Management Objectives	239
Interest Risk Management Strategies	240
Accounting for Interest Risk Management Activities	253
Interest Risk Management Policies	266
Record Keeping for Interest Rate Risk Management	267

Interest Risk Management Procedures	267
Summary	267
<b>PART FOUR Treasury Systems</b>	<b>271</b>
<b>Chapter 11 Clearing and Settlement Systems</b>	<b>273</b>
Characteristics of Clearing and Settlement Systems	273
Overview of the Clearing and Settlement Process	273
Fedwire	275
Automated Clearing House (ACH) System	275
Clearing House Interbank Payments System (CHIPS)	277
Check Clearing	278
The Continuous Link Settlement (CLS) System	280
Summary	281
<b>Chapter 12 Treasury Systems</b>	<b>283</b>
Treasurer's Technology Needs	283
Treasury Management System	285
SWIFT Connectivity	287
Summary	288
Index	289

<http://www.ibbookshop.com>

<http://www.pbookshop.com>