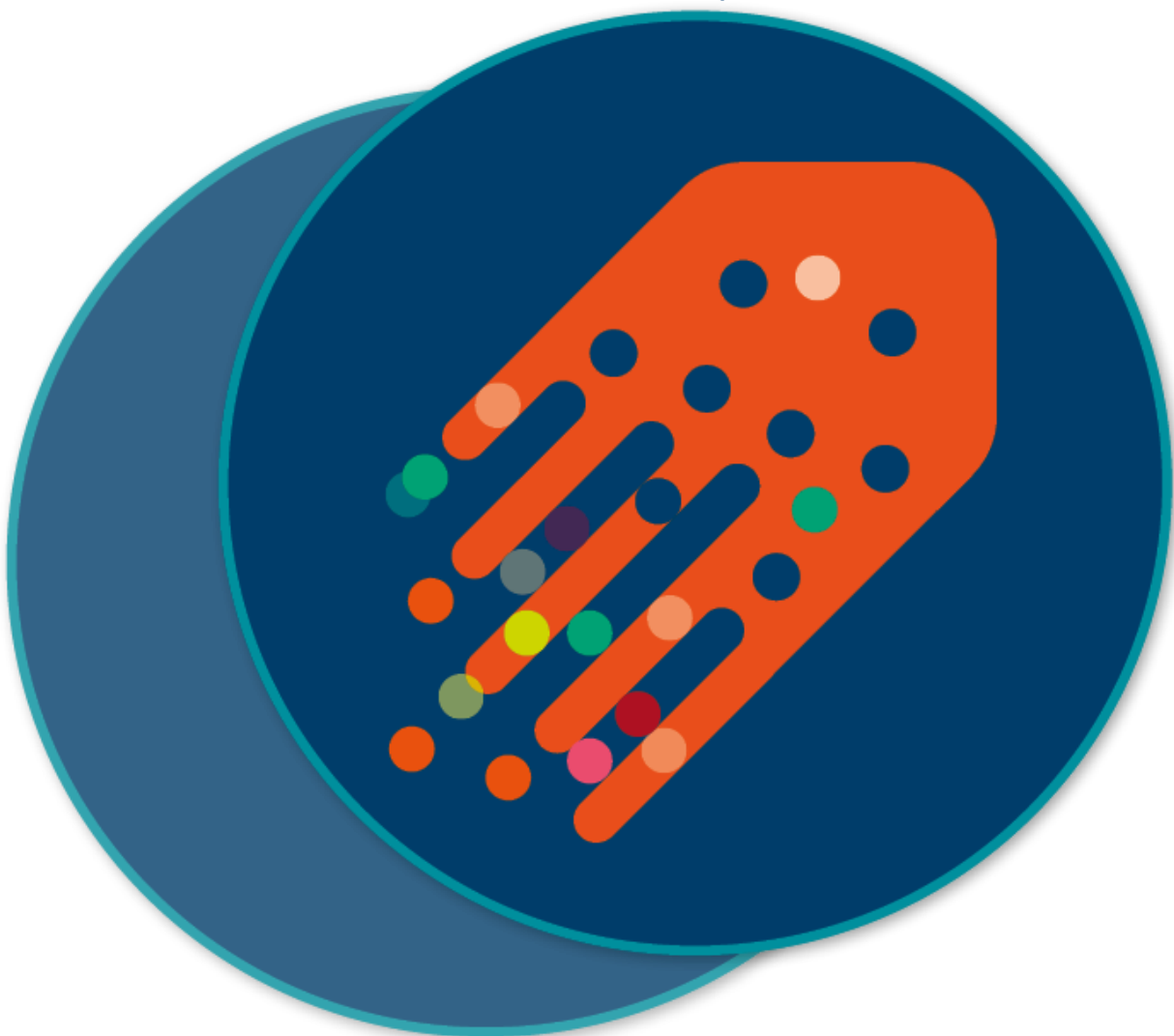


ACT Practice Paper

Certificate in Treasury – MicroCredentials
Treasury operations and sustainability
Practice Paper



Practice paper for the Certificate in Treasury – MicroCredential – Treasury operations and sustainability (TOS)

Based on the syllabus assessed from 07 October 2025.

Introduction

This practice paper has been produced by the Awarding Body at the Association of Corporate Treasurers (ACT) to assist students in their preparation for the TOS MicroTest. It contains a practice assessment for the specified MicroTopic as well as practice answers.

Ideally, you should have completed the majority of your studies for TOS before attempting this practice paper. You should allow yourself 45 minutes to complete the exam. You should then review your performance to identify areas of weakness on which to concentrate the remainder of your study time.

Although the practice paper in this guide is typical of a TOS assessment, it should be noted that it is not possible to test every single aspect of the Learning Outcomes in any one particular assessment. To prepare properly for the MicroTest, you should make full use of the tuition options where available and read as widely as possible to ensure that all Learning Outcomes have been covered.

Assessment technique: TOS

The best approach to multiple choice assessments is to work methodically through the questions. You should not spend too much time on any one question. If you cannot make up your mind, you should leave the question, flagging it to come back to later.

When all of the questions have been answered, it is prudent to use any remaining time to go through each question again, carefully, to double-check that nothing has been missed. Altering just one incorrect response to a correct response could make the difference between passing and failing.

Assessment information

The TOS assessment consist of 22 questions, split into sections A, B and C; and is worth a total of 40 marks.

TOS MicroTest specification:

Section	Number of questions	Marks available	Question format
Section A	10 Multiple Choice questions (MCQs) and 5 Multiple Response questions (MRQs).	15	This section will test a cross-section of knowledge to achieve breadth of syllabus coverage.
Section B	1 mini scenario with 5 accompanying MCQs.	5	This section will test a cross-section of knowledge to achieve breadth of syllabus coverage.
Section C	2 longer form questions.	20	This section will be based on mini-scenarios common to practice. Questions will test knowledge, analysis, application and justification as appropriate.
Total	22	40	

Under exam conditions, 45 minutes is allowed for the TOS MicroTest.

When you take your actual MicroTest, you will be sitting online using your own PC/Laptop. You have access to an online scientific calculator, but for the purpose of this test, you may use a non-programmable scientific calculator.

Questions

SECTION A

Section A is made up of 10 Multiple Choice questions and 5 Multiple Response questions and is worth a total of 15 marks.

10 Multiple Choice questions: 10 x 1 mark questions.

5 Multiple Response questions: 5 x 1 mark questions.

The purpose of this section is to test a cross-section of knowledge to achieve breadth of syllabus coverage.

1 Question Text:

When compared to other divisions, operational risk experienced in treasury is considered:

Options

- A*** higher as the turnover of money is higher.
- B** lower as treasury is a back-office function.
- C** lower as treasury is not dealing with customers.
- D** the same as in other divisions.

Mark/Score: 1

2 Question Text:

Key performance indicators are most likely to be used to:

Options

- A** calculate corporation tax payable.
- B** define the remit of external auditors.
- C*** measure the effectiveness of treasury policy.
- D** set the treasury team's future strategic vision.

Mark/Score: 1

3 Question Text:

Which of the following is an important characteristic of an effective evaluation system for treasury policy?

It must:

Options

- A*** be quantifiable and objective whenever possible.
- B** contain measurements which are in addition to the stated policy.
- C** focus exclusively on internal measurement.
- D** measure only one type of risk.

Mark/Score: 1

4 Question Text:

To ensure that files are not tampered with or intercepted between the sender and the receiver, an internet security method must give confidence in which of the following areas?

Options

- A*** Authorisation.
- B** Automation.
- C** Digitisation.
- D** Risk identification.

Mark/Score: 1

5 Question Text:

Which of the following types of treasury management system (TMS) is most appropriate for a small, single-line business?

Options

- A*** Off the shelf solution.
- B** In-house bespoke solution.
- C** Treasury module within a group-wide ERP system.
- D** A 'best of breed' configuration.

Mark/Score: 1

6 Question Text:

The use of limits within a treasury management system (TMS) is an example of:

Options

- A*** operational controls.
- B** audit trails.
- C** external controls.
- D** application controls.

Mark/Score: 1

7 Question Text:

When choosing a treasury system, which of the following actions within an organisation's selection process is likely to be the most effective in helping to identify an optimum supplier?

Options

- A*** Holding detailed discussions with a small number of potential suppliers.
- B** Attending IT industry conferences.
- C** Designing a scoring matrix that fits closely with the 'request for proposal'.
- D** Discussing options with a large number of stakeholders involved in the selection project.

Mark/Score: 1

8 Question Text:

Which type of entity would most likely opt for the implementation of a 'best of breed' treasury management solution?

Options

- A*** Larger treasuries, like a bank.
- B** Small, single-user site business.
- C** A new start-up technology company.
- D** A local manufacturing company.

Mark/Score: 1

9 Question Text:

The demand for systems in treasury has developed to keep pace with:

Options

- A*** the search for greater cost efficiencies.
- B** the need for decentralisation.
- C** the growth of profitable companies.
- D** the new skills of treasury staff.

Mark/Score: 1

10 Question Text:

Typical limits maintained on a treasury management system (TMS) include:

Options

- A*** counterparty exposure.
- B** cyber risk assessment.
- C** spreadsheet controls.
- D** application service provider requirements.

Mark/Score: 1

11 Question Text:

Which of the following are operational controls provided through the enhanced security within a treasury management system?

Select **ALL** that apply.

Options

- A*** Audit trails.
- B** IFRS 9 compliant spreadsheets.
- C*** Limit management.
- D** Manual processes.
- E*** Workflow controls.

Mark/Score: 1

12 Question Text:

Which **THREE** of the following are sources of operational risk in treasury?

Options

- A*** Unlawful activity.
- B** Foreign exchange.
- C** Insurance.
- D*** Procedures.
- E*** Systems.

Mark/Score: 1

13 Question Text:

Which of the following would be contained in an operational risk report?

Select **ALL** that apply.

Options

- A*** Amended deals.
- B** Earnings before interest and tax.
- C*** Limit breaches.
- D** Operating costs.
- E** Transfer pricing costs.
- F*** Unreconciled items.

Mark/Score: 1

14 Question Text:

In a transaction workflow, which of the following is true about the settlement process?

Select **ALL** that apply.

Settlement occurs:

Options

- A*** after deal input.
- B*** before payment.
- C** after payment.
- D** before establishing the cash position.
- E** before creating entries for recording purposes.

Mark/Score: 1

15 Question Text:

Which **TWO** of the following are roles of internal audit?

Options

- A*** Understand the risks and controls of the company.
- B*** Monitor the effectiveness of company controls.
- C** Establish a 'true and fair view' of financial statements.
- D** Determine and own group policy.
- E** Apply appropriate accounting standards to exchange-traded products.

Mark/Score: 1

SECTION B

Section B consists of 1 case study based scenarios, each containing 5 multiple choice questions (MCQs), **worth 1 mark each**, relating to the case study.

These questions are all single response MCQs.

Section B will focus on smaller sections of the syllabus and requires more depth of knowledge and application to practice.

Section B – Case Study 410-12-5

A business analyst (BA) has been hired by **Automotive Manufacturing Inc** (AMI) to undertake an assessment of Component Parts Group (CPG), which AMI is hoping to acquire. There are some concerns, amongst AMI's board members, that CPG's culture does not align with AMI's. They are particularly concerned about AMI's pursuit of risk and its risk capacity. In addition, CPG has received some negative media coverage in the past about unethical practices amongst its sales and procurement teams. The BA has already highlighted this as a risk for AMI if the acquisition goes ahead. The BA has also raised concerns about the large amount of debt CPG has to finance especially as it has very low profitability. A key financial ratio has been deteriorating annually in relation to this concern.

More positively, CPG has state-of-the-art systems which could easily be extended across the enlarged business. CPG's treasury management system (TMS) includes automated bank reporting and reconciliation tools with cash positions updated continually throughout the day, reflecting any changes as payments are made and collections received. CPG's system also includes very clear and detailed records of all transactions, who approved them, when they were processed and by who.

16 Question Text:

Which of the following risks might AMI face if it buys CPG?

Options

- A* Culture and ethics risk.
- B Foreign exchange risk.
- C Low financial risk.
- D Cybersecurity risk.

Mark/Score: 1

17 Question Text:

The BA has highlighted which type of risk for AMI?

Options

- A** Counterparty risk.
- B** Credit risk.
- C*** Reputational risk.
- D** Systemic risk.

Mark/Score: 1

18 Question Text:

Which of the following is a main concern regarding CPG's finances?

Options

- A** An inefficient treasury management system (TMS).
- B*** High financial leverage and poor performance.
- C** Lack of integration with banks or ERP systems.
- D** Delayed or inaccurate data.

Mark/Score: 1

19 Question Text:

CPG's treasury management system includes which of the following?

Options

- A** Hedge accounting software.
- B*** Real-time reporting.
- C** Sales management tools.
- D** Spreadsheet analysis.

Mark/Score: 1

20 Question Text:

CPG's system provides which of the following?

Options

- A*** Audit trail.
- B** Continuity management.
- C** Encrypted messaging.
- D** Risk management.

Mark/Score: 1

SECTION C

Section C is made up of 2 case study questions and is worth a total of 20 marks.

2 longer form questions: 2 x 10 mark questions.

Please note that some questions may be broken into sub-questions (for example a,b,c) on the next page.

Questions will be based on mini-scenarios common to practice. Questions will test knowledge, analysis, application and justification as appropriate to level descriptors.

Please ensure you open and read the associated Case Study information before answering the question. This can be found above the answer box.

Case Study 412-1

EXpresso (EX) is a large and mature European corporate group. It sources, blends, roasts, packages and distributes coffee. EX has a global presence, with some form of business activity in over 75 different countries (many of which are in Africa, South America and Asia, given its core product).

While EX attempts to prioritise clear client communication and risk management, it has recently experienced two significant operational shortcomings. The first led to an important client being invoiced in the wrong currency and the second led to a large invoice not being raised at all.

As a result, the senior leadership team and the treasurer have agreed that it is a strategic priority to update the legacy management systems that currently exist across the EX group. A significant budget for the update has just been approved by EX's board. Ample funds will be made available to pay for any one of the four broad categories of treasury management system (TMS), as long as the system chosen meets the needs of EX in the most cost-effective way.

The treasurer is leading an implementation project with the objective of delivering a new TMS which is capable of:

- managing multiple currencies
- streamlining client communications
- prioritising risk reporting across the group.

The detailed requirements for the new system have now been completed and are signed off by EX's senior leadership team.

21 Question Text:

Recommend and justify the most effective TMS solution from the four broad categories available which will meet the stated requirements of EX.

(7 marks)

Mark/Score: 7

22 Question Text:

Outline the THREE initial selection process steps EX should take to identify a suitable provider for its new TMS.

(3 marks)

Mark/Score: 3

Case Study 412-5

The HRL Group (HRL) is a UK-based operator of all-inclusive holiday resorts for tourists visiting the Caribbean. HRL is responsible for resort and villa development, service standards, and day-to-day operations. Located throughout the Caribbean, HRL has twelve resorts, (two private island resorts, four beach resorts and six villa properties).

The package holiday market is highly competitive, with several other main players offering all-inclusive destinations. During the peak season for travel, the shift in patterns of demand has created challenges for HRL. On several occasions, holidaymakers who made bookings, arrived at their resorts only to find that their rooms were already occupied. Therefore, many of them were forced to move to inland hotels because all of the beach resorts were fully booked.

At present, HRL has a small finance and treasury department and most of its processes are manual and inadequate. As part of its growth strategy, the treasurer is interested in implementing a new treasury management system (TMS). This is expected to offer centralised services and provide the appropriate infrastructure to support the company's future aspirations.

The risk manager for HRL is also concerned about the impact of climate change on HRL's resort and villa properties.

23 Question Text:

Discuss **ONE** risk under each of the following categories that is likely to be faced by HRL:

- regulatory or legal risk
- processing and systems failures
- external events and catastrophic risk.

(6 marks)

Mark/Score: 6

24 Question Text:

Explain how implementing a treasury management system (TMS) would assist HRL in its risk management process of the treasury function.

(4 marks)

Mark/Score: 4

Case study mark scheme

Case study 412-1

Q1a	<p>Mark Scheme</p> <p>There are four primary models of TMS; features as follows</p> <p>In-house solutions</p> <ul style="list-style-type: none"> • Designed and built systems generally meet the requirements of the larger more complex treasuries • Organisations with the resources to build and to maintain such a solution are provided with a custom build that is specifically tailored to meet their own particular needs • Although no longer common, in-house bespoke systems are still used. <p>Off the shelf solutions</p> <ul style="list-style-type: none"> • Dedicated treasury management systems provided by specialist software suppliers. • Evolved from being relatively simple transaction management systems to becoming very powerful stand-alone treasury tools embracing a great deal of flexibility. <p>‘Best of Breed’ configuration</p> <ul style="list-style-type: none"> • Utilised where highly specialised solutions are required. • Some or all of the systems may come from different suppliers. • Complex systems integration and the need for multiple in-house systems expertise are required. <p>Treasury modules of group-wide ERP systems</p> <ul style="list-style-type: none"> • If an ERP solution is being used for financial and other purposes across the group, then there is a natural business logic in also implementing the treasury module. • However, due to the non-specialised nature of this solution, and the fact that an ERP solution is typically driven by a wider Group transformation and integration drive, this option should be considered as part of a thorough selection process to ensure that the specific, defined needs of the treasury operation are best served. <p>Justification and recommendation</p> <p>Key facts relevant to the eventual TMS selection:</p> <ul style="list-style-type: none"> • EX has complex needs (multi-currency and multi-jurisdiction). 	<p>½ mark per model solution named</p> <p>½ mark per appropriate brief description of the models drawn from the bullet points shown</p> <p>For markers: comments regarding delivery options (i.e. hosted vs on-prem) may be considered but must be relevant to the case and the recommendation</p> <p>(max 4 marks)</p> <p>Up to 2 marks for the justification and 1 mark for the recommendation</p>
-----	--	---

<p>Q1b</p>	<ul style="list-style-type: none"> EX is seeking multiple points of integration (potentially CRM and ERP). EX is bringing multiple legacy systems together. <p>There is the potential for either a:</p> <ul style="list-style-type: none"> Best of Breed solution; or ERP solution (and specific/ bespoke modules) to offer EX its required performance against each of these critical criteria. <p>Both will likely incur significant cost but as the case suggests, it is of high importance to EX and therefore the expense may be justified.</p> <p>The three initial steps of EX's selection process should be:</p> <ul style="list-style-type: none"> initial research vendor demonstrations request for proposal. <p>(students may outline RFI as an independent step) ½ mark per model solution named</p> <p>½ mark per appropriate brief description of the models drawn from the bullet points shown</p> <p>For markers: comments regarding delivery options (i.e. hosted vs on-prem) may be considered but must be relevant to the case and the recommendation</p>	<p>(max 3 marks)</p> <p>1 mark for each appropriate step named (up to 3 marks)</p> <p>Total: 10 marks</p>
-------------------	---	--

Case study 412-5

Q2a

Figure 2: regulatory/legal risk

Description	Examples
Being exposed to criminal or civil court proceedings, or regulatory action.	<p>Breaking a law is typically a criminal offence, punishable by a fine (for the company or for individuals) or jail (for individuals). Typical examples include company, employment, health and safety, insolvency and tax law.</p> <p>Civil proceedings include contract disputes (e.g. disputed transactions) resulting in a claim for damages for repudiation of (cancelling) the contract.</p> <p>Regulators may impose fines of their own account; regulatory breach may also give rise to criminal proceedings.</p>

2 marks for each risk identified and discussed, maximum - 6 marks.

Figure 4: processing and systems failures

Description	Examples
Organisational risk: inappropriate treasury structure for the roles expected of it.	A company with a small treasury where operations are decentralised decides to offer central services without the necessary infrastructure or ability to maintain segregation of duties.
Systems and business continuity risk: key systems (such as those involved in payments and deal execution) are inadequate or become unavailable.	Telephone or internet failure can stop all treasury activity.
Procedural risk: procedures are inadequate, not up to date or not implemented and allow unauthorised trading to occur.	The treasury management system (TMS) may allow the same person to enter into and authorise deals, allowing payments to be made without the principle of segregation.

Figure 3: external events and catastrophic risk

Description	Examples
External events are those events whose cause is external to all systems associated with normal and emergency operations situations.	<p>Access to the office or key IT infrastructure is restricted due to:</p> <ul style="list-style-type: none"> • high winds and tornadoes • external floods • transportation and nearby facility accidents • protesters • public health concerns • seismic events • internal fires. <p>There is a strong correlation between external event risk and business continuity risk.</p>

<p>Q2b</p>	<p>Risk management</p> <p>TMS's assist in risk management in several ways:</p> <ul style="list-style-type: none"> • firstly, they hold large amounts of transaction data and so risk positions can easily be evaluated for accounting and exposure management purposes, and they can also either contribute to or directly answer sensitivity, scenario and value at Risk (VaR) analyses • secondly, they hold liquidity data which can be used for liquidity risk management and might also hold cash forecast data • they also hold historical data (for the life of the installation, or longer if old records were incorporated), allowing historical comparisons • the main contribution, however, is in the management of operational risk in treasury by enhancing security and control, particularly in relation to workflow management. <p>Syllabus Ref: LO10/LO12:</p> <p>Q2a - Operational Risk, Compliance and Control - Reading 4.1.2; section 2, pages 3-4.</p> <p>Q2b – The Digitisation of Treasury and Treasury Management</p>	<p>2 marks for each valid point raised maximum 4 marks /holistic and positive marking</p> <p>Total: 10 marks</p>
-------------------	--	--

ACT (Administration) Limited

10 Lower Thames Street

London

EC3R 6AF

www.treasurers.org

Copyright © ACT (Administration) Limited 2025

All rights reserved. Except as permitted under current legislation you may not photocopy, store in a retrieval system, publish, perform in public, adapt, broadcast, transmit, record or reproduce in any form or by any means or medium any part of this work without ACT (Administration) Limited's permission.

We intend this publication as a guide and not professional advice. Although we have made every effort to ensure that the contents are correct at the time of publication, ACT (Administration) Limited makes no warranty that the information in this publication is accurate or complete and accepts no liability for any loss or damage suffered by any person acting or refraining from acting as a result of anything in this publication.