



THE SYSTEM CFO SERIES
HINDOL DATTA

FREE ASSESSMENT

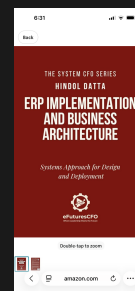
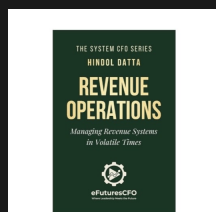
PILLAR 2: CASH & CAPITAL MANAGEMENT | TOOLKIT #13 OF 37

THE FX AND MULTI-CURRENCY RISK SCORECARD

*Managing Currency Exposure Before
It Manages Your P&L*

20-Question Diagnostic | 5-Page Assessment

Score Your Organization 1-5 Across Four Dimensions
Identify Gaps and Build Your Action Plan



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Where Leadership Meets the Future

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QUESTIONS 1-5

Section A: Currency Exposure Identification and Measurement

Do You Know Your Full FX Exposure — or Are Hidden Risks Lurking in Your Operations?

Currency risk is not just a treasury problem — it is embedded in every international revenue contract, every cross-border vendor payment, every intercompany transaction, and every balance sheet translation. Most organizations dramatically underestimate their FX exposure because they only measure transactional risk and ignore translational and economic exposures. The System CFO maps the full currency risk landscape before building hedging strategies.

A. CURRENCY EXPOSURE IDENTIFICATION AND MEASUREMENT

1	All currency exposures are identified and categorized — transactional (cash flow), translational (balance sheet), and economic (competitive position) — with quantified amounts for	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
2	The organization maintains a currency exposure register — listing every material foreign currency receivable, payable, intercompany balance, and committed transaction with expected	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
3	Natural hedges are identified and quantified — revenue and expenses in the same currency that offset each other are mapped, and only the net exposure after natural hedging is	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
4	The P&L impact of currency movements is modeled — the organization knows how a 5% and 10% move in each major currency pair would affect revenue, COGS, operating expenses.	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
5	Balance sheet translation exposure is measured — the organization quantifies the impact of currency movements on consolidated equity through the cumulative translation	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best

SECTION A SCORE: Total: ____ / 25 Average: ____ / 5

QUESTIONS 6-10

Section B: Hedging Strategy and Execution

Are You Hedging Strategically — or Just Reacting to Volatility?

A hedging strategy without a policy is just speculation with accounting treatment. The System CFO builds a hedging framework that defines what to hedge (and what not to), how much to hedge, which instruments to use, and how to measure effectiveness — all documented in a board-approved policy that prevents both under-hedging (excessive risk) and over-hedging (unnecessary cost).

B. HEDGING STRATEGY AND EXECUTION

6	A formal FX hedging policy exists — approved by the board, defining hedging objectives, authorized instruments, maximum hedge ratios, tenor limits, counterparty requirements, and	1	2	3	4	5
		Non-Ex	Ad Hoc	Dev	Estab	Best
7	Hedging decisions are based on the net exposure after natural hedges — the organization does not hedge gross exposures, avoiding unnecessary hedging costs on naturally offset	1	2	3	4	5
		Non-Ex	Ad Hoc	Dev	Estab	Best
8	The organization uses appropriate hedging instruments — forwards, options, or natural hedging strategies are selected based on cost, flexibility, accounting treatment, and the	1	2	3	4	5
		Non-Ex	Ad Hoc	Dev	Estab	Best
9	Hedge accounting is applied where appropriate — the organization has evaluated whether its hedging activities qualify for hedge accounting under ASC 815 or IFRS 9 to	1	2	3	4	5
		Non-Ex	Ad Hoc	Dev	Estab	Best
10	Hedging costs are tracked and compared against the cost of being unhedged — the organization measures the all-in cost of its hedging program and can demonstrate its value relative to	1	2	3	4	5
		Non-Ex	Ad Hoc	Dev	Estab	Best

SECTION B SCORE: Total: ____ / 25 Average: ____ / 5



QUESTIONS 11-15

Section C: Multi-Currency Operations and Accounting

Can Your Systems Handle Multi-Currency Accurately — From Transaction to Consolidation?

Multi-currency operations create complexity at every level: transaction recording, intercompany settlements, financial consolidation, and tax reporting. The ERP must handle multiple functional currencies, automated revaluation, and compliant translation. The System CFO ensures that the technology infrastructure supports multi-currency operations without manual workarounds that introduce errors and delay the close.

C. MULTI-CURRENCY OPERATIONS AND ACCOUNTING

11	The ERP system supports multi-currency natively — transactions are recorded in both the transaction currency and functional currency with automated rate application at the correct date.	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
12	Exchange rates are sourced from a reliable, consistent provider — with documented rate types (spot, monthly average, period-end) applied consistently across all entities and	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
13	Month-end revaluation of foreign currency balances is automated — unrealized gains and losses on monetary assets and liabilities are calculated and posted without manual	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
14	Intercompany transactions in different currencies are settled and eliminated correctly — with transfer pricing, withholding tax, and currency conversion handled systematically during	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
15	The consolidation process handles CTA (cumulative translation adjustment) correctly — translating subsidiary financials at appropriate rates with equity roll-forward and minority	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best

SECTION C SCORE: Total: ____ / 25 Average: ____ / 5



QUESTIONS 16-20

Section D: FX Governance, Reporting, and Board Communication

Does Leadership Understand the Currency Risk — and Is the Governance Framework Adequate?

Currency risk governance requires clear ownership, regular reporting, and board-level visibility. The System CFO builds a reporting framework that translates complex FX exposures into decision-useful information — showing the board not just where the exposures are, but what the potential impact is, what has been hedged, and what residual risk remains.

D. FX GOVERNANCE, REPORTING, AND BOARD COMMUNICATION

16	FX risk management has a named owner — one person is responsible for monitoring exposures, executing hedges, evaluating effectiveness, and reporting to senior leadership	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
17	Monthly FX reporting includes exposure summary, hedge coverage, realized and unrealized gains/losses, and sensitivity analysis — presented in a format accessible to	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
18	The board receives quarterly FX risk updates — including material exposures, hedging activity, policy compliance, and the estimated impact of currency movements on annual financial	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
19	FX controls include segregation of duties — the person who identifies exposures is different from the person who executes hedges, and all transactions require dual authorization above	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
20	The FX strategy is reviewed annually — incorporating changes in the business (new markets, shifted revenue mix, new suppliers) and market conditions (volatility regime, interest	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best

SECTION D SCORE: Total: ____ / 25 Average: ____ / 5

OVERALL ASSESSMENT SCORE
 Section A: ____ / 25 Section B: ____ / 25 Section C: ____ / 25 Section D: ____ / 25 TOTAL: ____ / 100 AVG: ____ / 5

GAP TO GOAL

Gap-to-Goal Action Plan

Bridging the Gap — FX and Multi-Currency Risk Scorecard

Transfer your five lowest-scoring questions. For each gap, define the target state, specific actions, owner, timeline, and success metric. Focus on highest-impact gaps first.

GAP #	Q REF	CURRENT	TARGET	SPECIFIC ACTION TO CLOSE GAP	OWNER	DEADLINE	METRIC
1	Q__	___/5	___/5	_____	_____	_____	_____
2	Q__	___/5	___/5	_____	_____	_____	_____
3	Q__	___/5	___/5	_____	_____	_____	_____
4	Q__	___/5	___/5	_____	_____	_____	_____
5	Q__	___/5	___/5	_____	_____	_____	_____

ASSESSMENT SUMMARY

Completed by: _____ Date: _____

Overall average score: ___ / 5 Items scored 1-2 (critical): ___

Items scored 3 (developing): ___ Items scored 4-5 (strong): ___

Top strength: _____

Most critical gap: _____

One action this week: _____

READY TO GO DEEPER?

This free assessment identified your gaps. The Premium System CFO Toolkits provide the frameworks, templates, and action plans to close them. Visit EfuturesCFO.com





READY TO GO DEEPER?

This Assessment Identified the Gaps. The Premium Toolkit Closes Them.

PREMIUM: The Cash Conversion Cycle Optimizer (12 Pages)

The full premium toolkit includes the complete cash conversion framework with multi-currency working capital analysis, FX exposure mapping templates, hedging strategy decision matrices, intercompany settlement optimization tools, and the integrated treasury governance

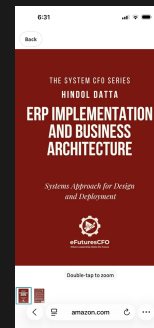
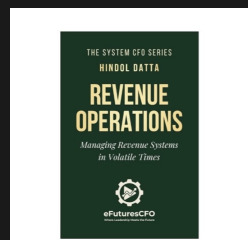
*Plus: Access the ^{dashboard} Super Exclusive 46-Page
System CFO Organizational Finance Assessment Kit*

ABOUT THE AUTHOR

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