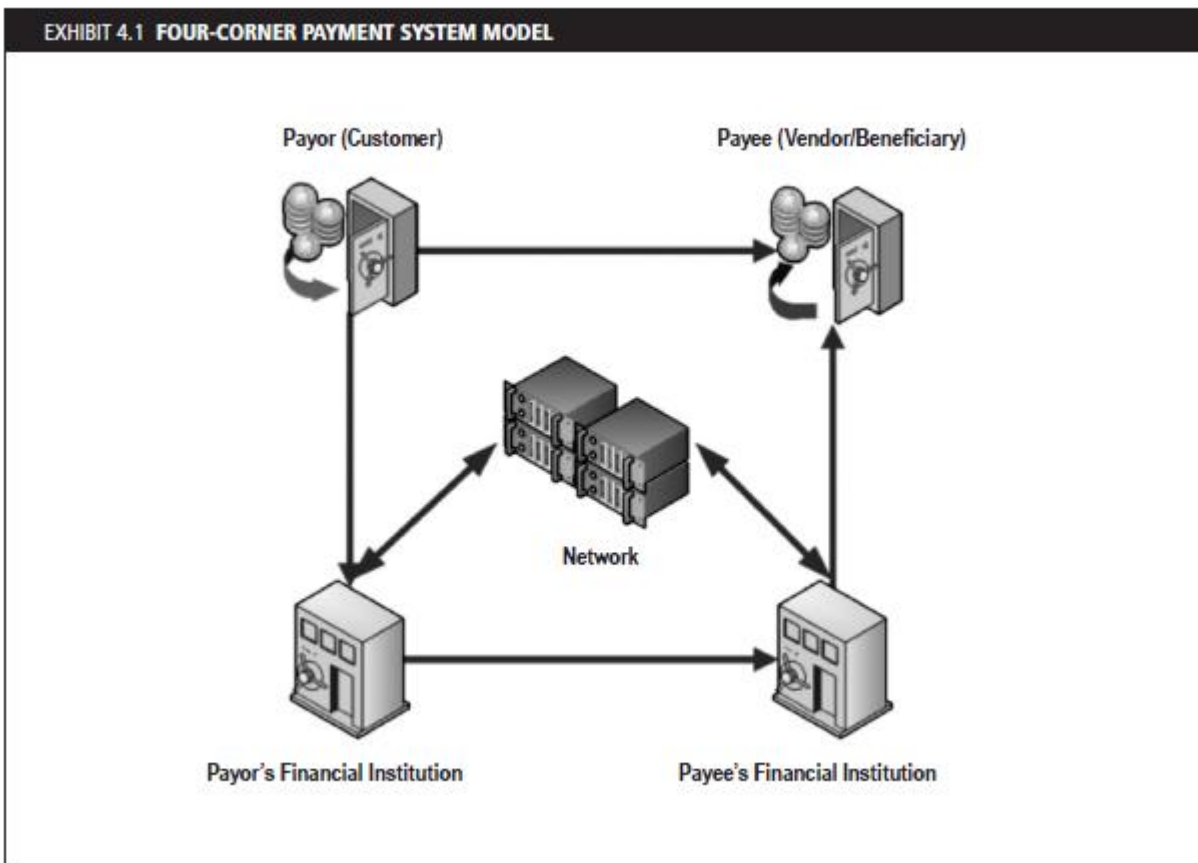


ERRATA

Essentials of Treasury Management 5th edition

Edits Published in Second Printing – July 2017

Page 74, Exhibit 4.1 replaced with image below:



Pages 166 – 167, Section V - Replaced *Section A. Assessing Operational Risk of FSPs* due to regulation changes, new text below:

An FSP's operational risk can be monitored via the provider's *SOC 1 Report*¹. The Statement on Standards for Attestation Engagements (SSAE) No. 18, *Attestation Standards: Clarification and Recodification*, was finalized by the Auditing Standards Board of the American Institute of Certified Public Accountants (AICPA) in 2016 and is the authoritative guidance for reporting on service organizations. Performance and reporting requirements for SOC 1 Reports are covered in SSAE 18, AT-C section 320, *Reporting on an Examination of Controls at a Service Organization Relevant to User Entities (footnote 1) Internal Control Over Financial Reporting*.

SSAE 18 complies with the International Standard on Assurance Engagements (ISAE) No. 3402, *Assurance Reports on Controls at a Service Organization*, which was issued in December 2009 by the International Auditing and Assurance Standards Board (IAASB), part of the International Federation of Accountants (IFAC). ISAE 3402 was developed to provide an international assurance standard for allowing public accountants to issue a report for use by user organizations and their auditors (i.e., user auditors) on the controls at a service organization that are likely to be a part of the user organization's system of internal controls over financial reporting.

FSPs receive significant value from having an SOC 1 or ISAE 3402 engagement performed and report issued. An FSP's audit report with an unqualified opinion that is issued by an independent accounting firm differentiates the FSP from its peers by demonstrating the establishment of effectively designed control objectives and activities. A service auditor's report also helps an FSP build trust with its customers.

Without a current service auditor's report, an FSP may have to entertain multiple audit requests from its customers and their respective auditors. Multiple visits from user auditors can strain the organization's resources. A service auditor's report ensures that all user organizations and their auditors have access to the same information. This will satisfy the user auditor's requirements in many cases.

The service auditor's reports provides valuable information on the FSP's controls and the effectiveness of those controls. The customer receives a detailed description of the FSP's controls and the suitability of the design of the controls (i.e., a Type 1 report) and an independent assessment of whether the controls were placed in operation, suitably designed, and operating effectively (i.e., a Type 2 report).

The firm should provide the service auditor's report to its auditors. Without a service auditor's report, the firm would likely have to incur additional costs in sending its auditors to the FSP to perform additional audit procedures.

¹ An SOC 1 Report is the first of a set of Service Organization Controls (SOC) Reports introduced by the AICPA. SOC 1 is designed for engagements performed under SSAE 18.

Page 208, Present Value Calculation:

- = \$178.57 + \$318.88 + \$427.08 = **\$927.53**

Was changed to:

- = \$178.57 + \$318.88 + \$427.08 = **\$924.53**

Page 276, Section IX, B:

- Deleted Sentence: Some countries (e.g., China, Brazil, and India) disallow the practice altogether.

Page 630, Glossary:

- Added Term: **Smart Safe** - An alternative to having armored cars collect deposits from a firm's retail outlets is a product referred to as a smart safe (also known as a virtual vault). The armored carrier, working in conjunction with the firm's depository bank, provides a special safe (i.e., smart safe) to the retail outlet that records deposits into the safe and reports them to the armored carrier and the bank. The bank provides provisional credit at the time of the deposit into the safe, and the armored carrier picks up the contents of the safe on a reduced schedule, perhaps weekly instead of daily. – CH12