

Bank Internal Audit School

Understanding banking, the
associated risks and how to control
them



INTERNAL AUDIT

5 DAY COURSE:
23 - 27 March 2012
London

Course Director

Dennis Cox

Dennis is leading financial services risk
management specialist.

‘Excellent practical
experience, gave some
real-life insights’

Director of Internal Audit,
EFG Eurobank

- The key elements of modern banking
- Understanding derivatives, hedging and risk
- The impact of payment systems on banking
- The audit of credit and market risk
- The differences between retail and corporate banking audits
- Auditing the dealing room
- Auditing transmissions and clearing services
- Understand and audit trade finance and private banking

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Course Director

Dennis Cox

Dennis Cox, is a leading financial services risk management specialist. He has held senior management positions within the banking and accountancy profession as Director, Risk Management at HSBC Insurance Brokers Limited and Director, Risk Management, Prudential Portfolio Managers. Formerly he held a number of roles within the audit profession including Senior Audit Manager (Compliance) at HSBC Holdings PLC and Senior Manager (Banking and Finance) at both BDO Binder Hamlyn and Arthur Young. He has significant expertise in total risk management, risk-based internal audit, forensic accounting, money laundering deterrence, treasury, credit, liquidity, operational and market risk.

Dennis specialises his advisory services and lectures on treasury, liquidity and risk management of Islamic banking as a driver for organisational change, risk-based bank internal audit and international accounting standards (both traditional and Islamic). He is a specialist in enterprise risk issues, credit, treasury and operations departments and functions including plus accountancy issues related to the Basel Accord, the ISFB, AAOIFI and the dynamics of changing global and regional regulation and business banking competitiveness.

He is a Fellow, Co-founder and Chairman of the Risk Forum for the UK Chartered Institute for Securities and Investments. A Fellow of the Institute of Chartered Accountants in England and Wales (FCA), he has also been a National Council Member for 15 years. He holds a BSc Honours degree in Mathematics from London University.

Dennis is an accomplished international conference chairman and lecturer, and is the author of a number of publications including *Banking and Finance: Accounts, Audit and Practise* (1993 Butterworths, being updated and republished in 2010 by BPP), *The Mathematics of Banking and Finance* (2006 Wiley Finance) and *Frontiers of Risk Management* (2007 Euromoney). He is currently writing two books, *An Introduction to Money Laundering Deterrence* (2010) and *The International Handbook of Money Laundering Deterrence* for Wiley Finance for publication 2011 on the topic of anti-money laundering and terrorist financing regulations and techniques in global markets.

Course focus and features

The financial services industry represents a challenge to internal auditors – there is the language to understand and the complexity of the products to deal with.

This course is specifically designed to provide internal auditors with the key skills that they require prior to commencing internal auditing assignments within financial service institutions. Looking at the various different components of the banking industry, the course considers the internal audit approaches that would be appropriate in each case and assists delegates to design suitable internal audit programmes.

Within the course the delegates will address each of the key areas of banking including retail banking, corporate banking, trade finance, e-banking and derivative activities. By the end of the course they will appreciate all of the different areas within a firm, the nature of the audit approach to be adopted and the areas where problems tend to arise in practice.

Methodology

A combination of classroom style presentations mixed with interactive case studies. Internal audit techniques will be considered at each stage of the course.

Who Should Attend

Internal audit staff, external audit staff

Prerequisite

Some knowledge of basic audit techniques and also of the financial market would be an advantage.

Advanced Preparation: None

Training Type: Group-Live

Learning Level: Intermediate

Price: GBP £3,145

CPEs: 37



British Accreditation Council



Telephone:

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Day One:

Friday 23rd March

Session 1: How to audit a bank

- Planning
 - Materiality
 - Risk appetite
 - The risk assessment exercise
 - Fraud and money laundering deterrence responsibilities
 - The relationship to external audit
 - Home/host regulation
 - Branch and representative office audits
 - Introduction to the Basel Accord
- [Case study / exercise: Prepare a audit planning memorandum](#)

Session 2: Deposits and deposit taking

- How are banks funded
 - Current accounts
 - Deposit accounts
 - Retail funding
 - Customer identification
 - The customer recording process
 - Payments in and out of deposits
 - Dormant accounts
 - Notice accounts
 - Reporting deposits
 - Key risk issues within deposits and deposit taking
- [Case study / exercise: Develop an audit programme for deposits and deposit taking](#)

Session 3: Funds transmission and clearing services

- Payment mediums
 - Bulk paper clearing
 - Cash and debit cards
 - Credit cards
 - Internet banking
 - ATM machines
 - SWIFT and international payments
- [Case study / exercise: Develop an audit programme for funds transmission and clearing services](#)

Session 4: Personal lending

- The customer
 - Connected lending
 - Overdrafts
 - Personal loans
 - Mortgage lending
 - Retail customer analysis
 - Credit scoring
 - Use of external agencies
 - Know your customer
 - The drawdown process
 - Reporting personal lending
- [Case study / exercise: Develop an audit programme for personal lending](#)

Session 5: Corporate lending

- The customer
 - Connected lending
 - The credit application
 - Rating agencies
 - Project finance
 - Structured lending
 - Sovereign debt
 - Reporting corporate lending
- [Case study/exercise: Develop an audit programme for corporate lending](#)

Day Two:

Saturday 24th March

Session 1: Branch banking

- What roles are conducted at a branch?
 - The nature of the audit work to be conducted
 - Review of branch records
 - Human resources issues
 - Compliance issues
 - Reporting and management
- [Case study / exercise: Develop an audit programme for a retail bank branch](#)

Session 2: Security and provisioning

- Introduction
 - Fixed charges
 - Floating charges
 - Life policies
 - Guarantees
 - Indemnities
 - Mortgages
 - Provisioning
- [Case study / exercise: Develop an audit programme for security and provisioning](#)

Session 3: Investment banking

- Long term finance
 - Venture capital
 - Debt financing
 - Underwriting
 - Structured finance
 - Due diligence processes
 - Documentation and liability
 - Income generation
- [Case study / exercise: Develop an audit programme for investment banking](#)

Session 4: Trade finance and finance of trade

- What is trade finance
 - Bills of exchange
 - Promissory notes
 - Export credits
 - Factoring and forfeiting
 - Invoice discounting
- [Case study / exercise: Develop an audit programme for trade finance and for finance for trade](#)

Day Three:

Sunday 25th March

Session 1: Foreign exchange

- Calculation of foreign exchange rates
 - The foreign exchange market
 - The language of foreign exchange
 - Spot rates and cross rates
 - Systems of accounting
 - International accounting standards
 - Principles of valuation
- [Case study / exercise: Develop an audit programme for foreign exchange](#)

Session 2: Forward contracts

- Calculation of forward foreign exchange rates
- Advantages and disadvantages
- Positions and hedging
- Spot and forward transactions
- Principles of valuation

- Forward rate agreements
 - Forward – forward contracts
 - International accounting standards
- [Case study / exercise: Develop an audit programme for forward contracts](#)

Day Four:

Monday 26th March

Session 1: Dealing and the dealing room

- The difference between the trading book and the banking book
 - The deal process
 - Telephone dealing
 - Electronic dealing
 - Controls and the control environment
 - The Basel rules on operational risk
 - Compliance and general conduct
- [Case study / exercise: Develop an audit programme for dealing and the dealing room](#)

Session 2: Futures and the futures market

- Introduction to financial futures
 - Futures exchanges
 - Types of futures contracts
 - Quotation of futures contracts
 - Margin accounting
 - Confirmation and control
- [Case study / exercise: Develop an audit programme for futures and the futures market](#)

Day Five:

Tuesday 27th March

Session 1: Options and the options market

- Introduction to options
 - Types of options contract
 - Premiums, margin and exercise
 - Option terms
 - Option payoffs
 - Confirmation and control
- [Case study / exercise: Develop an audit programme for options and the options market](#)

Session 2: Swaps and the swaps market

- Interest rate swaps
 - Currency swaps
 - Credit derivatives
 - Weather derivatives
 - Advantages of swap structures
 - Pricing a swap
 - Credit risk and collateral
 - ISDA documentation
 - Hedging and hedge accounting
 - Control and confirmation
- [Case Study/Exercise: Develop an audit programme for swaps and the swaps market](#)

Private Banking

- The services of a private banker
 - Asset management
 - Offshore bank accounts
 - Politically exposed persons
 - Key risks in personal banking
- [Case Study/Exercise: Develop an audit programme for private banking](#)

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- 4 Each course is reviewed and revamped regularly to ensure it addresses the latest legislative and market changes
- 5 We are registered with NASBA. You will be able to gain CPE points towards your accreditation
- 6 We have been accredited by the British Accreditation Council (BAC). The BAC is recognized the world over and represents the clearest mark of educational quality. BAC is recognized by the UK Border Agency
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3 delegates -
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4 delegates -
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5 delegates -
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**Available for delegates from one organisation attending the same course

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Accommodation:

All training venues will be confirmed 3-4 weeks prior to the course start date. MIS Training Institute has negotiated special accommodation rates in 4 star hotels in central London (Zone 1) for UK courses.

VAT:

All delegates attending are liable to pay VAT. Overseas delegates can claim a VAT refund under the European Union (EU) 8th and 13th Directives on all eligible business expenses such as course fees, hotel accommodation, meals, car hire etc., provided you are not registered for VAT in the UK. For more information please visit www.mistieurope.com/VAT or email training@mistieurope.com.



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