

Specialist Treasury Audit

Comment from past participants

“This is the one and only known course on Treasury Audit offered in this region and the content of the course is very relevant and useful for those who are involved in Treasury Governance such as Compliance and Internal Audit. The course instructor is a seasoned Treasury dealer who also is very experienced in market risk and Treasury Audit.”

– Mr. Nor Hakim bin Ismail, RHB Bank Berhad, Malaysia.
[Class of May 2017]

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Highlights

- Trading Room Operations is today a major area of every financial institution. However the complexity of the trading process, the speed of changes of markets, as well as continually developing products makes this a high risk and high return sector of the financial industry. Recent incidences where established and supplicated international banks suffered colossal losses in its Trading Room operations is an indication that greater attention must be given to this area. The Annual Treasury Audit therefore provides an extra and important layer of scrutiny and safeguard to the institution.
- Gain an insight into the activities and characteristics of traders, potential impact of their trading, and the most crucial areas to assess and audit.
- Learn about areas in the trading operations processes, transaction detail and portfolios, and where the unexpected are most likely to reside.
- Be introduced to the most common products traded, and the area of audit attention.

Seminar Facilitator
Mr. Christopher H. L. Chan, B.Ec., MBA

Seminar Duration
3 Days, 9:00am to 5:00pm

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Seminar Background

This Program is tailored for financial institutions' Internal or External Auditors who specialise in auditing the Trading Room Operations, as well as for Risk Managers and Trading Room administrators and support staff.

The program covers the Trading procedures as well as the monitoring, control and oversight of the Treasury and Global Market operations of financial institutions, viz. the foreign exchange, money market and derivative operations of the typical Asian financial institutions. It focuses on the full commercial banks as well as their regional branch trading operations, to their smaller investment banks' trading activities.

It also deals with the overall environment of discipline and control of trading staff members, trading activities, the different risk exposures that auditors should focus on, and the different stages in the trading, and settlement process.

Seminar Content

- **Global Markets, the Trading Room, their Evolution and impact on present day banking**
- **Different Trading Room Set-ups and Basis of Audit Attention**
 - Commercial Banks, Investment Banks and Overseas Branches
- **Pre-Audit Requests, Assessments and Coverage**
 - Request List
 - Transactional details and their Assessment
- **Governance and Trading Operations**
 - Best Practices, Policies, Guidelines
 - ACI Model Code, MAS, BNM and US guidelines
 - Trading Processes and Best Practice compliance
 - Traders tendencies and the Auditors Objective
- **Trading Room Systems**
 - System architecture, Portfolio Structure, its usage and Control
 - Its significance, Potential for Manipulation, and Audit Focus
- **Basic Money Market, Funding and Fixed Income Activities**
 - Basic Inter-bank Funding and Cash-flow
 - Fixed Income Instruments: Bills, Bonds, CDs, BAs
 - Classification: Trading, Available For Sale, Held to Maturity
 - ALM activities and Regulatory Maintenance
- **Foreign Exchange Trades**
 - Spot, Forward and Swaps
 - "Open Position", its reliability, and Auditors Concern
 - Inter-Bank vs. Commercial trades

- **Derivatives and Structured Products**
 - Derivatives defined, Exchange vs. OTC derivatives
 - Futures, Options, Interest Rate Swaps and Corporate Margin trades
 - Option-based Structured Products, DCI, ELI and their popularity
 - Focus of Audit Attention

- **Risk Limits, Controls and Audit Attention**
 - Market Risk Exposure, Types of Limits and Controls
 - Credit Risk Exposures, Credit Equivalent and Counter-party Lines
 - Issue of Valuation and shortcomings
 - Operational Maintenance of Limits, Controls and logistical challenges

- **Management Information and Reporting**
 - Reliability, Adequacy and Clarity of Reports, and Auditors Focus

- **Selection of Case Studies**

Benefits of Attendance

Participants will acquire a good foundation of the Trading Room set-up, the trading process, its system architecture, major activities and products traded, and the areas that Treasury Audit should focus upon. This program will allow them to have a clearer understanding of the major trading products and their associated risk exposures, and in turn provide a better overview of where the Audit Attention should be focused.

Who should attend?

Internal and External Auditors, Senior Management and members of Audit Committees, Risk Management Personnel, Treasury and Finance Personnel, Operations and Settlements Personnel.

Seminar Facilitator

Mr. Christopher H. L. Chan is a Business Domain Expert Facilitator with PI ETA Consulting Company.

Chris is currently Assistant General Manager in the Audit Division of a financial institution, covering its group and overseas Global Markets and Risk Management areas. He had been at different periods, Head of Market Risk and Treasury Risk Management Department of a Malaysian commercial bank, and Senior Vice President in the Risk Division of an Investment Bank.

Chris has been in banking for over 37 years, mainly in the field of Treasury Trading and Management, as well as Risk Management. He started his career as a Dealer in a commercial bank, and subsequently to managing a Trading Room over a period of more than 20 years, after which he moved on to Risk Management. His expertise covers area in the Foreign Exchange Market, Money

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Markets, Fixed Income Instruments and Derivatives, as well as Risk Management and Auditing. He had been involved in Asset-Liability Management and its processes for almost 30 years.

He is actively involved in training via the Malaysian Banking Institute (IBBM), as well as in making presentations to corporate clients through the years. Chris is and has been for many years, an examiner in the IBBM committee that oversee the certificate examination for treasury dealers in the Malaysian banking community. He holds a Bachelor of Economics (B.Ec.) degree from the University of Malaya and a Master of Business Administration (MBA) degree in Finance from the University of Hull.

For more information, please contact PI ETA Engagement Resource (PEER) Group at
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