

Treasury Audit Workshop, (Two Days)

This workshop is designed for an Audit department undertaking a Treasury review. It is designed to focus on the business conducted in a treasury, the risks that can be generated and the appropriate controls and structures that should be in place to assist in the efficient use of resources and the prevention of unexpected losses. The workshop will cover:

- Identification and recognition of risk in Treasury
- Understanding how and why failures have arisen in the industry
- The role that controls and reports have in reducing risk
- Consideration of what constitutes "best practice"
- Establishing appropriate parameters for an audit of a Treasury department

Training will be in a workshop format. This will include a mixture of presentation and case study material. The course is designed for up to ten staff.

Below is a summary of the workshop content. The content of each day has been placed in a logical sequence and addresses the key topics.

Day One

Introduction to workshop

- Objectives
- Format

The role of Treasury

- Business models
- Management objectives
- Role of ALCO
- Business plan
- Risk culture & risk awareness

Performance measurements

- P&L, benchmarking, transfer pricing
- Conflicts

Reporting lines

- Clarity/documentation
- Segregation of duties
- Mandates

Function of risk management

- Resources
- Independence

Market Risk

- What it is & why we measure it
- Gap reporting
- Duration
- Basis point value
- Value at risk
- Back testing
- Stress testing
- Earnings at risk

Liquidity risk

- What it is, why we measure it
- Liquid assets, ratios, cash flow report
- Funding sources

Credit risk

- What it is, how it occurs
- Credit spreads

Day Two

Operational risk

- Overview

Risk reporting

- Timeliness/availability
- Understanding
- Validity of data
- Accuracy
- Reporting of excesses and action

Limit structures

- What is an appropriate limit structure?
- Do they capture all the risks?

Operational issues

- Confirmations
- Sampling
- Trade data capture
- Escalation processes

New products

- What should be completed before dealing

Complex products

- Pricing models
- Validation & testing

Documentation

- Record keeping
- Use of standard master agreements
- External legal opinions

Disaster recovery

- How should it work?

How banks have lost money

- Selected examples

End of workshop & review

