
Treasury Audit

Overview

Treasury is one of the most complex but vital department in the bank. The objective of this program is to provide comprehensive knowledge of various products used by banks. The program is primarily focused on internal auditors with a view to give them good understanding of functioning of the core entity- 'Bank Treasury'.

Learning Outcome Statements

- Comprehend complexity of treasury functions
- Make auditors examine necessary checks & balances for the treasury

Key Contents

- Overview of Treasury
- Introduction to Treasury and Treasury Products
- Foreign Exchange Market Products
 - A review of the Foreign Exchange Market
 - Spot Foreign Exchange Transactions
 - Forward Foreign Exchange Transactions
 - Foreign Exchange Swaps
- Money Market & Capital Market Products
 - A review of Money Market and Capital in Local Economy
 - Commonly used Money Market Products
 - Borrowing and Lending
 - Floating Rate notes
 - Bonds
 - Repos and Reverse Repos
 - Islamic Transactions
 - Commonly used Islamic transactions
 - Islamic Swap
 - Other forms of Islamic products used in the treasury
- Introduction to Derivatives Products
 - The overview of derivative markets
 - Swaps Contracts
 - Creating long-dated FX contracts
 - Introduction to FX Options & Structured Products

- Introduction to Market & Credit Risk Management & Related issues – Key points
 - The need for understanding market risk
 - Risk assessment and management process
 - Types of Market risk
 - Managing risk
 - Risk Management process
 - Framework of price risk
 - What is Value at Risk?
 - Risk measurement and accounting
 - Price risk management
 - Trading accounts limits
 - Trading accounts triggers
 - Accrual Account limits
 - Risk management controls
 - Liquidity risk & liquidity monitoring
 - Role of ALCO
 - What is volatility?
 - Confidence interval
 - Probability of loss
 - Concept of Zero coupon discount rates and factors
 - Concept of forward rates
 - Calculation of factor sensitivity
 - Duration & modified duration
 - Credit Risk in Treasury

- Other Controls
 - Model validation
 - Certification of Financial Models
 - Model validation process
 - Rate reasonability
 - Stress Testing
 - Product Programs
 - Dealing room practices
 - Off premises trading procedures
 - After hour trading procedures
 - Suitability standards for derivative business

- Auditing Treasury
 - Issues of Control
 - Roles and responsibilities
 - Maker Checker Controls
 - Customer Relationship and documentation
 - Internal compliance
 - Regulatory Compliance
 - Accounting Issues
 - Legal Issues
 - Market Risk Functions and related control issues
 - Checks and balances
 - Personnel review
 - Technology review
 - Process review
 - Product control process and review