



# PRESENTS

## DEMYSTIFYING RISK BASED INTERNAL AUDIT: A PRACTICAL



### Background

Risk Based Internal Auditing (RBIA) is a audit methodology that links an organisation's overall risk management framework and allows internal audit function to provide assurance to the board that risk management processes effectively, in line with risk appetite define by the Bank.

The Basel Core Principle for Effective Banking Supervision, and Basel/OECD Corporate Governance Principles of Banks requires the internal audit function to conduct the RBIA.

Principle 26: Internal control and audit of Basel Core Principle for Effective Banking Supervision requires the supervisor to determine that the banks have adequate internal control frameworks establish and maintain a properly controlled operating environment for the conduct of the business taking into account their risk profile into account.

Principle 10: Internal Audit of Basel Corporate Governance Principles of Banks states that the internal audit functions should provide **independent assurance (on the quality and effectiveness of a bank's internal control, risk management and governance system and processes)** to the board and should support board and senior management in promoting an effective governance process and the long term soundness of the bank.

The responsibility of the Board section of G20/OECD Principles of Corporate Governance requires the Board of Directors to ensure **the integrity of the corporation's accounting and financial reporting systems, including the independent audit and that appropriate** systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.

Risk Management Guidelines issued by Nepal Rastra Bank states that a sound risk management system should have a Comprehensive Internal Controls and an effective risk management framework should have a mechanism to ensure an ongoing review of systems, policies and procedures for risk management and procedure to adopt changes.

Further, Nepal Rastra Bank has developed Risk Based Supervision Manual and moved towards conducting risk based supervision of commercial banks from this fiscal year.

**Notably, transaction based audit approach in BFI's is based in practice than RBIA which takes process compliance into account rather than risks assessment and its possible impacts.**

Therefore, this one and half day training has been designed in such a way that following jobs could be done in line with RBIA:

- \* Planning of Audit
- \* Execution of Audit Plan
- \* Submission of Audit results
- \* Execution of Audit Recommendation
- \* Conducting Post Audit
- \* Submitting Improved Results

In view of the training contents, resource person have also been invited from Central Banks and Joint Venture Banks, who have years of experience in planning, executing and supervising results as per RBIA.

## Course Outline

Level	Senior/Mid
Duration (in Days)	One and half days.
Target Audience	Internal Audit heads, Compliance Heads and Risk officer/ Audit officers/ Compliance officers
Program delivery	Lecture, Discussion/Interaction & Case Studies
Program takeaway:	<ul style="list-style-type: none"> <li>• Roles and Responsibilities of IA</li> <li>• Challenges in attaining IA's objectives</li> <li>• Managing IA function</li> <li>• Concept of RBIA</li> <li>• Difference between RBIA and Compliance Based Audit</li> <li>• Understanding Risk &amp; Controls</li> <li>• Prerequisites for RBIA adoption</li> <li>• Approach to RBIA</li> <li>• Auditable Areas</li> </ul>
Program Content:	<ol style="list-style-type: none"> <li>1. What is RBIA?</li> <li>2. What are the key differences?</li> <li>3. What do we mean by Risks and Controls?</li> <li>4. What are the minimum considerations for implementing RBIA?</li> <li>5. What feeds into RBIA?</li> <li>6. Risk Assessment</li> <li>7. Annual Audit Planning</li> <li>8. Audit Fieldwork</li> <li>9. Communication of Audit Results</li> <li>10. Issues Tracking</li> <li>11. Post Audit Reporting</li> <li>12. Case Studies</li> </ol>
Date, Time & Venue	1st (3:00pm to 6:00pm) & 2nd (9:30am to 5:00pm) April 2016, NBI Hall, Kathmandu.
Facilitator/s	<p>Mr. Sanjay Ballav Pant, Country Head of Audit Group Internal Audit Standard Chartered Bank Nepal Ltd.</p> <ul style="list-style-type: none"> <li>* Worked with Nepal Rastra Bank in Financial Institutions Supervision Department for almost 6 years.</li> <li>* Worked with Kist Bank in Internal Audit and Compliance Department for 1 year</li> <li>* Worked with Janata Bank Nepal Limited in Internal Audit and Compliance for almost 3 years.</li> <li>* Associated with SCBNL since January 2013.</li> <li>* Credentials: MBA from Maastricht School of Management, The Netherlands in 2008. Chartered Accountant from Institute of Chartered Accountants of India in 2003.</li> </ul> <p>Mr. Jagdish Kumar, Assistant Director Nepal Rastra Bank</p> <ul style="list-style-type: none"> <li>* A gold medalist Chartered Accountant qualified from The Institute of Chartered Accountants of Nepal in 2009.</li> <li>* Post qualification experience of 6 years including the validation works of Basel II reporting to NRB as an internal auditor of Commercial Banks.</li> <li>* Currently working as Assistant Director of Nepal Rastra Bank since last 4 years.</li> <li>* Served in different department of NRB and currently working in Banks and Financial Institutions Regulation Department, Policy &amp; Planning Desk.</li> <li>* Active member for the formulation of New Capital Accord based on Basel III formally known as Capital Adequacy Framework 2015.</li> <li>* Excellent working level knowledge on Basel II and policy level knowledge of Base III.</li> <li>* Good speaker/instructor and has delivered different instructions on IFRS, NFRS and Corporate Governance and other banking related topics.</li> <li>* Also a tutor of NFRS since last 4.5 years.</li> </ul>