



PRESENTS

RISK BASED INTERNAL AUDIT

Background

The evolution of financial instruments and markets has enabled banks to undertake varied risk exposures. Capital maintained by a bank under new Basel Capital Accord will be more closely aligned to the risks undertaken and NRB moved towards risk-based supervision (RBS) of banks.

A sound internal audit function plays an important role in contributing to the effectiveness of the internal control system. The audit function should provide high quality counsel to management on the effectiveness of risk management and internal controls including regulatory compliance by the bank.

There is a need for widening as well as redirecting the scope of internal audit to evaluate the adequacy and effectiveness of risk management procedures and internal control systems in the banks. To achieve these objectives, banks will have to gradually move towards risk-based internal audit (RBIA) which will include, in addition to selective transaction testing, an evaluation of the risk management systems and control procedures prevailing in various areas of a bank's operations.

The course begins with the basic understanding of what risk-based internal audit is and how it is applied in real life scenario.

Program Details:

Level: Mid to Senior Level

Duration: Two day (8 sessions, 12 hours)

Target Audience: Internal auditors (Sr. Officer to Manager/Chief Internal Auditor)

Program Delivery: In-class training/Workshop

Date: 16th & 17th Poush, 2078

Time: 9:30am- 4:45pm

Program Venue: NBI Hall, Naxal, Kathmandu

Program Outline

Program Takeaway

- Practical knowledge on implementation of risk-based internal audit ;
- Enhancing effectiveness of internal audit

Program Content

- RBIA - Overview
- Understanding the Risk Environment in Banking
- Planning and Executing RBIA
- Audit of Risk Management Function
- RBIA Reporting
- Strategic Internal Audit

Day 1

Time	Details
Session 1	Understanding Credit Risk Management – Mr. LD Mahat <ul style="list-style-type: none"> • Internal Audit Identity Crisis • Changing the Focus • What is Risk Based Internal Audit? • IA – CM Levels • Risk Principles <i>Quiz</i>
Session 2	Understanding the Risk Environment – Mr. LD Mahat <ul style="list-style-type: none"> • What is Risk • Identifying Risks • Risk Tolerance • Risk Culture • Risk Assessment • Risk Treatment • RM Approach • Integration of IA with Risk Management <i>Quiz</i>
Session 3	Planning Risk-based Audit – Mr. Sudeep Khanal <ul style="list-style-type: none"> • Identification of Auditable Units • Risk Based Categorization of Auditable Units • Frequency of RBIA Based on Risk <i>Exercise: Deciding on Audit Frequency</i>
Session 4	Intensity of RBIA – Sudeep Khanal <ul style="list-style-type: none"> • Audit Sampling of Credit Area • Audit Sampling of Operational Area • Audit Sampling of Other Area <i>Exercise: Audit Sampling</i>

Day 2

Time	Details
Session 5	Executing RBIA – Mr. Sudeep Khanal <ul style="list-style-type: none"> • Conducting RBIA • RBIA Documentation <i>Exercise: Audit Documentation</i>
Session 6	Audit of Risk Management Function – Mr. LD Mahat <ul style="list-style-type: none"> • Credit Risk Management • Operational Risk Management • Market Risk Management • Liquidity Risk Management • Other Risk Management <i>Exercise: Inherent vs. Residual Risk</i>
Session 7	RBIA Reporting – Mr. Sudeep Khanal <ul style="list-style-type: none"> • RBIA Report ~ Key Considerations • Management Letter • Post Audit Activities <i>Exercise: RBIA Reporting</i>
Session 8	Strategic Internal Audit – Mr. LD Mahat <ul style="list-style-type: none"> • IA Framework • Creating a Strategic Foundation for success • Focusing on Tactical Execution • Enhancing Effectiveness of reporting <i>Quiz</i>

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Facilitators' Profile



LD Mahat is a Chartered Accountant, Financial Adviser and Risk Management Specialist possessing over 28 years of diverse experience across several sectors covering a wide spectrum of assurance, business advisory and taxation disciplines. LD is a committed, highly motivated and result-oriented professional, consistently developing and nurturing client relationships and building long-lasting relationships with diverse clients. He has the ability to define issues, propose customized solutions that significantly add value and contribute to client's success. LD has got master's in risk management form New York University, Stern Business School. He has undergone executive education at Harvard Business School and Insead Business School. He was risk management specialist in several Asian Development Bank Funded projects. He has provided risk management advisory services in various Nepalese corporate sectors. LD has worked on large projects jointly with big 4 international accounting firms ~ PwC, Deloittee, Ernst & Young and KPMG in the field of Assurance, Diagnostic Review, Capacity Building, e-Government Procurement, e-Governance, Special Review, Investment Climate, and IFRS Implementation.

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Mr. Sudeep Khanal recently retired on his own from NIC Asia Bank as Assistant CEO. He is a senior Chartered Accountant (ICAI), and Certified Information System Auditor (CISA, USA) by profession, and also holds the Masters Degree in Business Administration (E-MBA) from KU. He has post qualification experience of 15 years comprising of one year in heading Internal Audit Function of Soaltee Group, 1 year in Rastriya Banijya Bank (during the financial reform period of the Bank) as Deputy Head of Internal Audit Department, 1 year in Rastriya Banijya Bank (during the financial reform period of the Bank) as Compliance Officer and Head of Internal Audit Department, 10 years in Nepal SBI Bank as Head of Internal Audit and Compliance Department, Branch Manager and Regional Manager, and about two years in NIC Asia Bank as Chief Corporate Banking Officer, Chief Support Officer and Assistant CEO-Support Service Ecosystem. Recently, he has restarted his Chartered Accountancy practice. Thus, he has 15 years of experience in management of risks and operations of Banking industry. Risk Focused Internal Audit was introduced in Nepal SBI Bank under his leadership.

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