

AUDITING THE CREDIT DEPARTMENT

Understanding the key issues relating to control within the credit function and its role within the business



Why Attend This Workshop?

- Understand the key issues relating to control within the credit function and its role in the business.
- Appreciate best practice techniques for the management of credit risk.
- Understand implications of the Basel Accord for credit audit.
- Auditing likelihood of default.
- Develop practical approaches and planning materials to auditing credit risk that can be directly applied within your institution.

Internal Audit

2 Day Course: **CPD 12hrs**

16-17 July 2018 Hennessy Park Hotel, Ebene

Course Director: Allan Lombard

Experienced Financial Internal Auditor and seasoned IFRS Specialist, Allan is the owner of InspiredFR, providing financial reporting consulting and training, as well as audit firm quality control services across Africa. He is also a highly sought after professional speaker and the co-author of Applying IFRS for SMEs.

Participation Fees

Rs 18,000 per delegate
including lunches and tea breaks
(2 Day Course)



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Course Focus And Features

Credit Departments within banks have become increasingly complex driven by the demands of regulation and the business. The level of sophistication has accelerated in recent years as many banks have developed credit departments with enhanced responsibilities. Basel II has set additional challenges both in terms of modelling and data collation which has exacerbated the need for change.

Since the internal audit function needs to address all areas of a financial institution, including the credit department, this provides auditors with additional challenges. This workshop looks at the credit function and considers the approach that internal auditors should adopt when conducting an audit and it will also ensure a better understanding of the internal audit function by those who have to interact with this function.

Learning Objectives

- To enable delegates to appreciate the key issues relating to control within the credit function and to understand its role with the business.
- To ensure that delegates understand what are the main techniques currently employed and key approaches to this developing subject.
- Using a series of practical case studies, delegates will be taken through the key approaches and will learn lessons to be applied within their own organisations.

Who Should Attend

- Credit and other Internal Auditors
- Middle and back office staff
- Non-executive directors
- Audit Committee members
- External auditors
- Risk Department staff
- Compliance Department staff

Course Director: Allan Lombard

Allan Lombard is an IFRS and IAS specialist. He has spoken at, and attended many technical IASB conferences and workshops, World Bank events and accounting institute conferences. He is an IFRS Foundation certified trainer. Allan has been providing IFRS, IFRS for SMEs and IPSAS consulting and training services since 2007 when he joined WConsulting as a founding member, director and financial reporting specialist. He was a member of the Accounting Practices Board and served on several Accounting Practices Committee sub-committees. He managed projects for national accounting institutes such as SAICA's 'micro-gaap' project and IPSAS implementation for the Institute of Chartered Accountants of Nigeria.

Allan obtained his CA (SA) in 2003, after he completed his three-year practical training contract with KPMG. He has accounting degrees from the universities of Stellenbosch, Cape Town and Pretoria. Allan gained regulatory compliance experience as the senior technical manager at the Independent Regulatory Board for Auditors of South Africa. He also has extensive auditing experience gained as an audit partner at LDP Inc., as well as his 6 years at KPMG as an audit manager. His clients included multi-national companies, reporting in accordance with IFRS and US-GAAP, as well as governmental departments and SMEs.

InspiredFR operates in Southern Africa, with a focus on providing audit quality control and financial reporting consulting services, and related training. InspiredFR is dedicated to provide value to audit firms through assessments of statutory compliance of a firm's quality control policies and implementation (i.e. ISQC1), as well as financial reporting consulting and training services (i.e. IFRS, IFRS for SMEs and IPSAS).

Most importantly, Allan provides education and tools to help you make your career and your business thrive. Through books, speeches, courses, and workshops, Allan is dedicated to helping you grow your capabilities and to get you up to date.

Session 1: Introduction to Credit Risk

- The functions of the credit department
- Policies and procedures
- The role of the Credit Committee
- Reporting lines for the credit department

Discussion session: The role of the credit department within a major financial services organisation, by reviewing public information on current company structures.

Session 3: Corporate Credit Analysis

- Balance sheets and financial analysis
- The use of ratings
- Non- financial analysis
- Repayment structures
- Off balance sheet risks
- The credit report
- The problems of corporate data
- Stakeholder assessment
- Corporate collateral and collateral management
- Corporate credit documentation
- The approval process and disbursement
- Reviewing credit data
- Planning the audit of Corporate Credit

Case Study: Develop an audit plan to address corporate credit.

Session 5: Regulatory Requirements

- The implications of the Basel Accord for credit audit
- Insight into the latest tools and techniques to measure, manage and monitor credit risk
- Auditing the loss given default
- Auditing the exposure at default
- Auditing likelihood of default
- Auditing the capital calculation

Case study: Develop a series of audit plans to address these issues.

Session 7: Management Issues

- Model risk and the credit function
- How should the credit function consider complex transactions?
- Securitisation
- Credit arrears and arrears reporting
- What are the key skills required within the audit team
- Auditing credit risk calculations

Case study: Develop an audit approach for risk modelling and complex transactions.

Session 2: Lending

- Understanding the risks of lending decisions
- The difference in approach between personal and corporate lending
- The difference in audit approach between the audits of personal and corporate lending
- Planning the audit

Case Study: Develop a planning memorandum for auditing the credit risk management function.

Session 4: Personal Credit Analysis

- Credit evaluation
- Credit scoring and the use of external information
- Pricing policy and risk grading
- The approval process and disbursement
- Collateral valuation
- Know your customer
- Personal credit documentation
- Planning the audit of Personal Credit

Case Study: Develop an audit plan to address personal credit.

Session 6: Audit Techniques

- Auditing credit risk sensitivity analysis
- Auditing credit risk stress testing
- Auditing credit risk scenario analysis

Case study: Consideration of what is the level of stress that should be applied. Develop a series of audit plans to cover the subjects from this session.

Session 8: Analytical Reviews

- Planning analytical reviews
- Reviewing documentation
- The role of credit risk management in compliance and money laundering deterrence

Case study: Develop a comprehensive audit programme for the credit risk management function.