

# Assessing Banking Risks

## For Internal Auditing, ERM, and Management

### Course Overview

#### MAJOR TOPICS

- Risk Terminology
- Roles of IA, ERM, management
- Risk-based Auditing
- Macro-level Risk Assessment
- Micro-level Risk Assessment
- Entity-level Internal Controls – The COSO Map
- Identifying Risks Efficiently and Effectively
- The Risk Matrix and Risk Mapping
- Risk Assessment Errors
- The Basel Requirements
- Key Risk Factors for Banking

Banks are different - their central role to safekeeping assets entrusted to them requires top-notch internal controls and mitigation of risks. This course provides several approaches for performing risk-based auditing and Enterprise Risk Management workshops, and then tailors those concepts to the banking world. Discussion includes both macro-level risk assessment (identifying audits to perform in an organization) and micro-level risk assessment (performing a risk-based audit and conducting ERM workshops). Micro-level risk assessment is the focus, using a residual risk matrix approach. The course also provides an understanding of the many different ways “risks” are considered in auditing, in internal controls, and in risk management. A COSO Map is used to identify Entity-level controls, an often-bypassed pre-requisite for risk assessment.

Major components of this course are based on:

- The COSO internal control, ERM, small company, and monitoring guidelines.
- “Risk Assessment is not a Math Game”, published in February 2009 issue of *New Perspective* magazine.
- “The Matrix Revisited”, published in April 2009 *Internal Auditor* magazine.

#### OBJECTIVES

- Improve ability to focus internal audit plans, ERM efforts and individual projects and on the most important banking business areas and risks
- Understand that risk identification is only part of internal controls and risk management
- Increase skills in using risk assessment and control activities worksheets (Risk Matrix)
- Sharpen control identification and evaluation skills
- Learn ways to engage banking management in risk assessment

#### Course Leader:

Larry Hubbard is a professional trainer and consultant with a broad background in accounting, auditing, and finance. Prior to founding Larry Hubbard & Associates, Larry's work experience included Mobil Corporation and Ernst & Young.



## COURSE FLOW

### Introduction

- Risk is a Confusing Term
- Risk-Based Auditing
- Risk Management
- Risk Assessment as part of Internal Control/ERM
- Fraud Risks

### Focus on Banking

- Objectives and Risks for Banking
- The Basel Requirements
- Key Risk Indicators and Factors for Banks

### Enterprise (Macro) Level Risk Assessment

- Applicable Internal Audit *Standards*
- Identifying Auditable Activities
- Risk Factors & Judgment
- Sample AAP
- Keys to Annual Audit Planning

### Engagement (Micro) Level Risk Assessment

- Applicable Internal Audit *Standards*
- Developing Testing Programs

### Control and Risk Fundamentals

- Control and Risk Frameworks
- The COSO Map
- Risk Matrix Alternatives
- Risk Mapping
- Risk Assessment Errors

#### Administration:

No advance preparation or prerequisites are necessary for this course. The program level is basic. The delivery method is Group-Live and 15 CPE hours in the Auditing field of study are available.

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