

ASSET MANAGEMENT INTERNAL AUDIT SCHOOL

Learn and understand the risks and management techniques that are used within asset management

DATES

4 Day Course

11-14 MARCH

LONDON

21-24 OCTOBER

LONDON

DIRECTOR

DENNIS COX

Experienced Financial Internal Auditor and former Director of Risk Management at HSBC & Prudential Portfolio Managers.

WHY ATTEND THIS COURSE?

- Understand the key issues related to risk, control and the internal audit of asset management
- Discuss risks within the asset management industry and the nature of the controls that are applied in practice
- Develop practical internal audit approaches to the management of the business
- Design a series of internal audit programmes to meet the demands of this complex audit area
- Learn how to audit outsourced and third party service providers

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COURSE FOCUS AND FEATURES

The asset management industry has been fast growing and increasing in its complexity and variety. At end 2010 global Assets Under Management totalled \$65 trillion (million million).

The implementation of the Basel Accord and other regulatory developments, and the ongoing financial crisis have put the importance of control and management within the industry into an increasingly strong focus.

Internal audit functions are required to address the key risks and controls operating throughout an institution, including those applying within the asset management industry. This course looks systematically at the application of control to the risks applying within asset management and considers the approach that internal auditors should adopt when conducting assignments in this area.

The objectives of this course are to enable attendees to appreciate the key issues that arise in practice when undertaking the internal audit of asset management; to ensure that the internal auditors focus on the areas of greatest risk and that they develop practical solutions to the challenges that they face. Using a series of practical case studies the participants will develop key approaches that can be applied directly to their institutions.

PRICE: GBP £2,695+VAT*

*Delegates may be able to claim back VAT.
For more information please contact
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INCLUDED IN THE FEE:

- Expert training in your topic area
- CPE Points and Certificate
- Lunch during Training Days
- Training Materials

WHO SHOULD ATTEND

This course specifically designed for those who are required to conduct internal audit assignments within asset management.

LEARNING PRE-REQUISITES

Some knowledge of internal audit techniques and banking terminology would be an advantage.



COURSE DIRECTOR:

DENNIS COX

Dennis William Cox, BSc FCSI FCA is a leading financial services risk management and internal audit specialist. He has held senior management positions within the banking and accountancy profession as Director, Risk Management at HSBC Insurance Brokers Limited and Director, Risk Management, Prudential Portfolio Managers. Formerly he held a number of roles within the audit profession at HSBC Holdings PLC. He has significant expertise in total risk management, risk-based internal audit, treasury, credit, liquidity, operational and market risk.

Dennis specialises his advisory services and lectures on treasury, liquidity and risk management of Islamic banking as a driver for organizational change, risk-based bank internal audit and international accounting standards. He is a specialist in enterprise risk issues, credit, treasury and operations departments and functions.

COURSE INFO

- ADVANCED PREPARATION: **NONE**
- TRAINING TYPE: **GROUP-LIVE**
- LEARNING LEVEL: **INTERMEDIATE**
- FIELD OF STUDY: **AUDITING**
- CPES: **32**

LEARNING OBJECTIVES

This course is designed to provide the course participants with an understanding as to the key internal audit issues that exist within asset management. By the end of the course delegates will have built a series of audit programmes suitable to enable them to audit an asset management operation and attendees will have an increased awareness of the key issues and controls that are applied in practice.

COURSE PROGRAMME

DAY ONE:

Session 1

The general asset management control environment

- The place and role of asset management in the world of banks and financial institutions
- Structure of and roles in an asset management firm
- Types of funds, investment asset types and management styles
- Asset management process overviews
- Introduction to asset allocation, portfolio selection, benchmarks and performance evaluation
- The risk and control environment and what can go wrong in asset management
 - Key risk areas
 - Organisational risk control and Enterprise Risk Management (ERM)
 - The role of risk management
 - Likelihood and impact
 - Inherent risk, control and residual risk
 - The risk management process
 - The control perspective
 - Market risk and liquidity risk
 - Credit risk
 - Operational risk
 - Identification of risks and controls and the risk register
 - Key risk/control/performance indicators
 - Control Risk Self Assessment and Scorecards
 - Process modelling
 - Transaction investigation procedures
 - Loss data
 - Scenario modelling, stress testing and sensitivity analysis
- Risk appetite and its calculation
- The Basel Accord, risk management and capital adequacy
- Auditing asset management - key focus areas in governance and the risk control framework

Case study:

Develop an audit programme for the audit of governance and the risk control framework at an asset manager

Session 2

Acquiring a client and other client matters

- Key themes
- New client acquisition risks and controls
- Know Your Client
- The client agreement
- Client reporting
- Documentation
- Client protection
- Client suitability/treating customers fairly
- Ethical investing
- The moral versus actual risk dilemma
- Client money and assets
- The risk and control environment and key audit focus areas

Case study:

Develop an audit programme suitable for the audit of client matters

GROUP BOOKING DISCOUNT – Available for delegates from one organisation attending the same course



2 delegates -
5% discount



3 delegates -
10% discount



4 delegates -
12% discount



5 delegates -
15% discount

DAY TWO:

Session 3

Equity investment

- The risks associated with acquiring managing and disposing of equity investments
- Risks associated with international equity markets
- Pricing/valuation of equity investments
- Financial statements & ratio analysis
- Custody and corporate actions
- Securities lending
- The risk and control environment and key audit focus areas

Case study:

Develop an audit programme suitable for the audit of equity investment

Session 4

Fixed Income investment

- The characteristics of Bonds/Fixed Income Securities (corporate/government/sovereign)
- The risks associated with acquiring managing and disposing of fixed income securities
- The use of ratings and associated risk issues
- Pricing/valuation of fixed income securities
- The risk and control environment and key audit focus areas

Case study:

Develop an audit programme suitable for the audit of fixed income investment

DAY THREE:

Session 5

The Money Market and Money Market Funds

- The Money Market
- Money Market Funds
- The risk and control environment and key audit focus areas
- Role in asset management, asset and liability management and portfolio liquidity
- The risk and control environment and key audit focus areas

Session 6

Alternative Investment

- What are alternative investments?
- Hedge funds
- Private Equity/Angel Finance/Venture Capital
- The use of derivatives in asset management (OTC vs ETD, futures, options, other)
- Structured products, structured finance/credit and synthetics
- Collateralised and securitised products
- Contingent convertible assets and new products
- Other asset classes
- Pricing/valuation issues
- The risk and control environment and key audit focus areas

Case study:

Develop an audit programme suitable for the audit of alternative investments (focusing on derivatives)

COURSE PROGRAMME

DAY FOUR:

Session 7

Asset Allocation & Portfolio Management

- Overview
- Asset allocation strategies and risk management
- Selecting and managing the portfolio
- Benchmarks and tracking error
- Performance measurement and evaluation
- Use of historical data
- Client suitability

Case study:

Develop an audit programme suitable for the audit of asset allocation and portfolio management

Session 8

Outsourcing and the selection and management of third party service providers

- Overview
- The selection process
- The service level agreement and other contracting issues
- The testing phase
- Key performance indicators
- The risk and control environment and key audit focus areas

Case study:

Develop an audit programme suitable for the audit of outsourced/third party service provider relationships

Session 9

Other matters

- Reporting (senior management/client and performance/regulatory/financial)
- Research
- Treasury, liquidity risk and ALM
- Regulatory matters
- Financial crime
- Approval of new products and business
- Risk models - Key Considerations
- Conflicts of Interest and Chinese Walls
- Capital management and capital adequacy
- Control over the General Ledger
- Risk issues in pensions fund management
- Sources of best practice
- Famous cases of control failure

Case study:

Develop an audit programme suitable for the audit of reporting

WRAP UP:

Key risk areas and common deficiencies/audit findings in the world of asset management



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