

ACC4614 Financial Institutions Audit and Compliance
(Semester 2, AY2016/2017)

Teaching Team

Name	Role	Email	Office
A/P Richard Tan (RT)	Lecturer	biztclr@nus.edu.sg	Biz2 0321

Time and Venue:

Section	Time	Venue
K1	Wednesday, 1:00pm to 4:00pm	Biz 1 - 0304

Workload (hours per week):*

Seminar (Lecture/Case presentations):	3
Project, tutorial assignments, etc:	4
Preparatory work :	6

Modular Credits: 4

Pre-requisites: ACC3612 Risk Management and Controls or
ACC3616 Corporate Governance and Risk Management

*Classes will consist of one three-hour session per week. Seven of the classes will be a combination of lecture and case presentations by students. The last week of classes will be for presentation of the case projects.

AIM

This module aims to equip students with an understanding of the internal audit, risk and compliance areas in the banking industry. While there is a slant towards internal auditing, students will learn the key risks and controls in the major banking products such as global markets, credit and lending, wealth management, and other banking support areas, as well as the major banking regulations that are critical in running a bank in Singapore, such as anti-money laundering/countering of terrorist financing rules. Based on the understanding of the risk and compliance issues, students will learn how to design an internal audit programme to assess the adequacy and effectiveness of internal controls in the respective banking areas. This module will expose students to understanding of the use of data analytics in banks, the common modus operandi of banking frauds and control lapses, internal auditing standards, internal audit report writing and career opportunities with internal audit, risk management and compliance in banks and the professional consulting firms.

OBJECTIVES

- To enable students to understand how the global financial banking system works, the international and local regulatory environment, key rules, regulations, and guidelines governing the banking industry in Singapore and internationally.
- To enable students to understand the impact the global financial changes and forces on banks in Singapore.

- To equip students with knowledge of the key financial, operational, compliance and information technology risks surrounding the functioning of a bank in the key banking product and services areas such as consumer banking, wealth management, global market activities, credit/lending, etc.
- To enable students to design internal audit programmes or risk review programmes that may be used to assess the adequacy and effectiveness of internal controls covering the key risk areas.
- To enable students to understand ethical, corruption and fraud risks in banks, and the role and limitations of anti-fraud and corruption programmes in mitigating these risks.

POSITION OF THE MODULE IN THE OVERALL SYLLABUS

This module builds on and complements students' knowledge and understanding acquired through the corporate governance and risk management modules, and finance modules such as corporate finance and investments, and modules on the legal environment of business and corporate and securities laws.

LEARNING APPROACH

Audit, risk and compliance is a very practical subject. Every bank needs to operate under a robust risk management and compliance framework. However, bank management continues to encounter risk, compliance and control issues on a daily basis. In this module, students will be exposed to both the theory and practice of audit, risk and compliance. In addition to textbook readings and journal articles, many practical examples of risk and compliance practices and issues will be discussed to ensure that students' knowledge is grounded in practice. Extensive use will be made of MAS Notices and guidelines, BIS guidelines, media articles and commentaries. The practical approach is reinforced through the involvement of lecturers and, potentially guest speakers, who have extensive practical experience, videos/case studies involving real banking risk and compliance issues, and projects requiring students to develop hands-on understanding of the risk and compliance areas of banks.

Guest speakers from the banking industry may be invited to speak on certain areas.

LEARNING OUTCOME

1. Broad and fundamental knowledge of internal auditing.
2. Knowledge of risks, controls and compliance in the banking industry in general, as well as specific banking products and services
3. Able to identify the key controls that are associated with the respective risks
4. Knowledge of key banking regulations and the impact of international banking rules.
5. Understand the operations of a banking department and to plan and design an appropriate internal auditing or risk review programme.
6. Ability to communicate risk, control and compliance issues to management through internal audit or risk review reports.
7. Ability to appreciate the complexity of banking laws and regulations.
8. Understand how data analytics may be used in performing internal audit in banks.

ASSESSMENT

Group project	20% ^{*,**}
Class/tutorial participation	10%
Tutorial presentation	10%
Mid term test (open book)	30% ^{***}
Final test (open book)	30% ^{***}

*Written group project report and powerpoint for presentation of project due on Friday @ 5pm of Week 11

**Presentation of group project in Week 13

*** Date and time to be confirmed

Please note that dates are subject to change.

KEY AREAS OF THE SYLLABUS

- The major business and operations areas in a bank such as consumer banking, commercial banking, corporate and institutional banking, global markets, and wealth management
- Relationship of banking regulators with the Bank for International Settlements (BIS)
- Internal auditing standards and practices in banks
- Risk management guidelines and key banking regulations in Singapore
- Control self assessment in banks
- Key business and operational processes in banks and the associated financial, operational, compliance and technology risks in the key banking products and services

PRESCRIBED TEXT

Risk Management At The Top: A Guide to Risk and Its Governance in Financial Institutions, by Mark Laycock, Wiley Finance, January 2014

Managing Risks in Commercial and Retail Banking by Amalendu Ghosh, Wiley Finance, February 2012

Guidance on Sound Risk Management Practices, The Monetary Authority of Singapore (<http://www.mas.gov.sg/Regulations-and-Financial-Stability/Regulatory-and-Supervisory-Framework/Risk-Management.aspx>)

SUPPLEMENTARY MATERIALS

Industry Guidelines, The Association of Banks in Singapore (<https://www.abs.org.sg/industry-guidelines>)

OTHER SUPPLEMENTARY READINGS

As recommended for each topic

BIOGRAPHY OF INSTRUCTOR

Mr Richard Tan

Richard has almost 40 years of governance, risk and control experience in both the financial services and non-financial services industries, and in risk consulting. He recently retired from KPMG as an Advisory Partner where he led in the provision of governance, internal audit, and enterprise risk management services. He has advised boards and senior management on corporate governance, risk and control assurance, and risk management matters. Richard has worked extensively across the Asian markets and has a good knowledge of risks in the Asian markets and in key industry sectors such as banking, real estate, REITS & business trusts, construction, consumer, charitable organisations/PCs, education, etc.

Richard commenced his career with Peat, Marwick & Mitchell & Co (now KPMG) and later worked in the banking sector for about 20 years in internal auditing and risk management. He has been the head of regional internal audit functions of major financial institutions such as Standard Chartered Bank and Chase Manhattan Bank covering the Asia Pacific region. Prior to re-joining KPMG, he worked in DBS Bank as deputy to the Head of Group Audit where he played a key role in the audit transformation programme. He later moved on to be Head of DBS Group Technology & Operations Risk Management where his responsibilities included control self-assessment, operational risk management and reporting, group reconciliation control services, as well as the group-wide business continuity management programme. A key responsibility in the latter role was to ensure that the Bank maintains a high level of business continuity readiness at all time so as to minimise the risk of service disruptions which may pose a systemic risk to the banking industry. Richard was also a member of various risk-related committees in DBS Bank including the Group Operating Risk Committee, Group Outsourcing Risk Management Committee, and chaired the T&O Policy & Standards Committee.

In voluntary service, Richard serves on the board of several charities and the management committee of two schools. He is currently Audit Committee chairman of the Singapore Repertory Theatre and the Boys' Brigade of Singapore, and an Audit Committee member of the Singapore Heart Foundation and All Saints Home.

Richard served on the Board of Governors of the Institute of Internal Auditors Singapore for 10 years, holding the position of either Honorary Secretary or Treasurer. He had also collaborated as a trainer with the New York Institute of Finance, spoke at regional conferences of the Institute of Internal Auditors and provided internal audit training. He also lectured at the Singapore Management University on risk and control and business continuity management.

Richard is a Certified Internal Auditor (CIA) and holds the Certification in Risk Management Assurance (CRMA) and the Certification in Control Self Assessment (CCSA) from The Institute of Internal Auditors Inc (USA). He is a non-practising fellow member of The Institute of Singapore Chartered Accountants (ISCA), a fellow member of The Association of Chartered Certified Accountants (UK), an associate member of The Chartered Institute of Management Accountants (UK) and holds a Master of Business Administration (MBA) from Henley Management College/Brunel University at West London, UK.