Auditing Investment Activities

About This Course

Course Description
Investment audit assignments present specific challenges and require specialized skills. Whether you’re a staff auditor preparing for a new assignment or an experienced auditor or audit manager interested in gaining a broader risk perspective and new planning strategies, this course will give you the tools to conduct or manage an investment audit with confidence. This course is also appropriate for audit management from small audit groups interested in benchmarking investment audit coverage and audit strategies.

Ultimately, participants will gain a thorough understanding of the basic investment terminology, strategies, core processes, and common concepts and terms. Facilitators will also explore front office, back office, and middle office activities, control objectives, and internal control best practices. Through lectures and group discussions, auditors learn how to create a foundation for delivering high-quality audit services while building credibility with investment audit clients.

Ultimately, participants will gain a thorough understanding of the investment environment and the cash management function, as well as the asset and liability management function and how to detect red flags and control investment risks.
Course Topics

*Introduction to Investment Auditing*
- Why audit investments?
- Key investment terminology

*Understanding the Investment Environment*
- The investment process
- The short-term market: T-bills, commercial paper, banker's acceptance, CDs, Eurodollars, and agencies
- The major securities in the capital markets

*Understanding the Cash Management Function*
- Reasons to hold cash in the portfolio
- Best practices for "economizing" cash
- Internal controls in the cash management process
- Learning the basics of the "funding" process

*The Investment Infrastructure: Best Practices*
- Back office and reporting: Trade settlement T3 to T1, systems and controls, pitfalls of investment reporting, straight-thru processing, reporting class exercise
- The roles of the front office: Portfolio management process, auditing broker activity, auditing soft dollar activity
- The functions of the middle office: Model verifications, price verifications

*The Asset and Liability Management Function*
- Significance of the asset and liability function
- Popular methods of ALM
- Reviewing best practices in the ALM process

*Controlling Investment Risks*
- Management risk
- Market risk
- Credit risk
- Legal risk
- Operational risk
- Establishing the compliance function
Course Information

Course Duration: 2 Days

CPE Hours Available: 16

Knowledge Level: Intermediate

Field of Study: Auditing

Prerequisites: Basic knowledge of investments and financial auditing

Advance Preparation: None

Delivery Format: Seminar (Group-Live)