

# **Specialist Credit Audit**

## ***Comments from past participants***

*"PI ETA is a good seminar organizer that knows exactly the needs and purpose of every participant. Practical and comprehensive materials, experienced mentor and facilitator who makes the material easy to understand and to implement back in your office."*

– Mr. Miftah Fauzi, Bank Indonesia, Indonesia.  
[Class of November 2009]

*"Andrew has a lot of experience to share with us in a very friendly way and the material was easy to understand. The seminar gave me another perspective and of course broadened my knowledge about credit risk."*

– Mrs. Fenny Juliantini, Bank Indonesia, Indonesia.  
[Class of April 2010]

## *Highlights*

- Know the role of Credit Audit in the Credit Risk Management Process
- Understand the Principal Objectives of Credit Audit
- Review Two main areas of Assessment
  - Credit Risk Management Process
  - Portfolio Quality
- Ensure that Proper Planning and Preparation are carried out
- Know how to plan effectively for the Individual Reviews
- Be aware of the Procedures for On-site Reviews
- Understand the Importance of Work Papers and the need to ensure a required standard
- Ensure a Fair and Balanced assessment of the Credit Risk Management Process and in Assigning a Rating
- Ensure a Fair and Balanced assessment of the Portfolio Quality and in assigning a Rating
- Know how to handle a Closing Meeting
- Understand the Salient items that need to be addressed in the Final Report

**Seminar Facilitator**  
**Mr. Andrew K. T. Goh, B.Econ.**

**Seminar Duration**  
**2 Days, 9:00am to 5:00pm**

## Seminar Background

This is an intensive program covering Credit Audit. In particular, participants will be familiarized with the parties that are responsible for managing risk within the bank and the role of the Credit Audit in the Credit Risk Management process. The seminar also outlines the planning and preparation of the audit, conduct and procedures for the on site reviews and assessment of the credit risk management process and portfolio quality with the appropriate ratings. How to handle a closing meeting and salient items that need to be addressed in the final report will also be discussed.

Credit audit is a very specialized form of audit. Officers need to be specifically trained so as to ensure they have the required skills to lead and carry out a proper audit such that the credit risks, weaknesses in the credit process and portfolio quality are properly identified and highlighted. In particular, the need to provide management with a fair and balance assessment of the Credit Risk Management Process and Portfolio Quality must be emphasized so that corrective action could be carried out in a timely manner, and in turn protect the bank against unforeseen Credit Risks.

## Seminar Content

- **An Overview of Credit Risk Management Process and the Role of Credit Audit**
  - Understand the parties that are responsible for managing risk in a bank
  - Understand the principal objectives of Credit Audit
  - The main areas of assessment
  - Credit Audit Reports and its intended audience.
  - Publication of reports
  
- **Planning and Preparation of Credit Audit**
  - Annual reviews and individual Reviews
  - Reviewable Units
  - Levels at which reviews should be conducted
  - Understand the factors that determine the frequency of reviews
  - Understand the ratings that are assigned
  - Know what the acceptable ratings are and what ratings determine the next Credit Audit
  - Review-able units under continuous monitoring
  - How to plan effectively for the individual reviews
  - Notification of the unit to be reviewed
  - Information Package
  - Know what is considered a representative sample
  - A Guest Auditor Program
  
- **Procedures for On Site Reviews**
  - Initial or opening meeting and key items to be covered
  - Establishment of key work areas
  - Clarification and finalisation of Information Package
  - On site review guidelines
  - Issuance of observations/areas of weakness and expected time line to respond

- Keeping the unit's management appraised during the on site review
- The importance of work papers and the need to ensure a required standard
- **Assessment of the Credit Risk Management Process and Assigning a Rating**
  - Importance of Credit Risk Management Process
  - Credit process blocks
  - Discussion on each Credit process block
  - Credit audit process rating definitions
  - Weighting given to each process block
- **Assessment of the Portfolio and Assigning a Rating**
  - Portfolio analysis
  - Portfolio assessment
  - Portfolio composition
  - Watchlist/Classification of credits
  - Classification definitions
  - Portfolio rating factors
  - Credit Audit portfolio assessments
  - Portfolio ratings
- **Closing Meeting and Final Report**
  - Issuance of the Findings
  - Preparation for the Closing Meeting
  - Common issues at Closing Meeting and appropriate way to handle them
  - Salient items that need to be addressed in the Final Report
  - Management response to the Final Report
  - Distribution of Final Report
- **Case Studies**

## Benefits of Attendance

Upon completion of this program, participants will:

- Comprehend the role of Credit Audit in the Credit Risk Management Process
- Be aware of the principal objectives of Credit Audit
- Familiar with the two main areas of assessment
- Ensure that the proper planning and preparation are carried out
- Know how to plan effectively for the individual reviews
- Be familiar with the procedures for on site reviews
- Know the importance of work papers
- Ensure that a fair and balance assessment for both the Credit Risk Management Process and Portfolio Quality.
- Be familiar as to how to handle a Closing Meeting
- Ensure that the salient items are addressed in the Final Report

# PI ETA CONSULTING COMPANY

SEMINAR CODE: PAU01

## Who should attend?

Senior Management and all levels of line management who have a credit-related function, auditors, credit and financial analysts, portfolio managers, credit officers, corporate bankers, commercial bankers, risk managers and analysts.

## Seminar Facilitator

**Mr. Andrew K. T. Goh** is a Business Domain Expert Facilitator with PI ETA Consulting Company. He has 32 years of banking experience having held senior banking positions in both international and local banks.

Andrew has a successful track record in Corporate Banking, Trade Finance, Specialized Lending, Lending to Small and Medium Enterprises and Credit Audit.

Prior to his current appointment, he was a Senior Audit Manager in Credit Risk Review with Overseas-Chinese Banking Corporation. He spent almost 5 years reviewing the corporate loans of the organization. Before this appointment, he was the Head of Corporate Banking with American Express Bank for 13 years. Andrew also spent 3 years with United Overseas Bank, first as Head of Consumer Banking and Credit Administration before assuming the position of Head of Corporate Banking. His first job was with Bank of America, having spent 11 years with this financial institution. He was appointed the first Chairman of the Bank's Marketing Committee and was also the Bank's Asia Specialist for Energy. Andrew spent 2 years in Houston Texas financing oil traders, major oil companies, oil field supply equipment manufacturers and other oil related industry players. He was also a Section Head of the Bank's Energy, Shipping, Chemical and Aerospace Department and made Senior Credit Officer of the Bank's Jurong Branch. Andrew also spent a year in the Bank's Specialised Lending Department handling the problematic accounts.

Andrew graduated with a Bachelor of Economics degree from the University of Adelaide, South Australia. He was also a part-time lecturer for 5 years in the 1990s lecturing on the subject of "Bank Lending" at the Nanyang Technological University of Singapore. This subject was offered to second year students of the School of Accountancy and Business.

**For more information, please contact PI ETA Engagement Resource (PEER) Group at**  
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