

AUDIT AND FOREIGN EXCHANGE RESERVES MANAGEMENT PROCESS



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Introduction

Audit and Foreign Exchange Reserves Management Process Training Course prepares auditors and central bank professionals to examine reserves management with rigour. Participants work through reserve objectives and adequacy, governance and mandate, portfolio composition and benchmarks, currency and interest rate risk, credit and counterparty risk, investment operations and controls, valuation and reporting, and audit of the reserves function as one connected discipline. The programme links the policy a central bank pursues with the portfolio decisions and controls that carry it out. As a result, learners gain a practical audit method for reserves. Furthermore, the course strengthens risk judgement, control testing, and governance reporting.

Audit and Foreign Exchange Reserves Management Process Course Objectives

- Explain reserves objectives, adequacy metrics, and policy considerations.
- Apply governance, mandate, and investment guidelines review.
- Assess portfolio composition, currency structure, and benchmarks.
- Evaluate currency, interest rate, and duration risk management.
- Evaluate credit, counterparty, and custodian risk controls.
- Review investment operations, dealing, and settlement controls.
- Audit valuation, pricing, and accounting of reserve assets.
- Audit performance measurement and benchmark attribution.
- Apply risk management instruments: swaps, repos, and deposits.
- Apply reserves audit programmes, reporting, and assurance practice.

Course Methodology

- Interactive sessions built on reserves management and audit cases.

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- Workshops on mandate review, portfolio analysis, and control mapping.
- Group exercises on risk measurement, pricing review, and audit findings.
- Hands-on practice with portfolio reports, control matrices, and audit programmes.
- Simulation of a reserves audit engagement and an investment committee review.
- Facilitator coaching and peer review on personal reserves audit plans.

Who Should Take This Course

- Internal auditors and inspectors in central banks.
- Reserves management and portfolio operations professionals.
- Treasury, dealing, and settlement staff in reserve functions.
- Risk managers covering market, credit, and liquidity risk.
- Finance, valuation, and reporting professionals for reserves.
- Consultants advising on reserves governance and audit.

Audit and Foreign Exchange Reserves Management Process Course Outlines

Day 1: Reserves Objectives, Governance, and Mandate

- Purpose of holding foreign exchange reserves.
- Adequacy metrics and policy considerations.
- Legal framework, investment mandate, and guidelines.
- Governance structures and delegation of authority.
- Roles of the board, investment committee, and management.
- Segregation of duties and conflict of interest controls.
- Case discussion: a reserves loss traced to a governance gap.





Day 2: Portfolio Composition, Benchmarks, and Risk Framework

- Reserve currency composition and diversification.
- Asset classes: deposits, sovereign bonds, agencies, and supranationals.
- Benchmark design and strategic asset allocation.
- Risk framework: market, credit, liquidity, and operational risk.
- Risk limits, stop-loss rules, and escalation thresholds.
- Policy portfolios versus investment tranches.
- Workshop: reviewing a reserves investment mandate.

Day 3: Market, Credit, and Counterparty Risk Audit

- Currency, interest rate, and duration risk measurement.
- Repricing gaps, duration, and sensitivity analysis.
- Credit assessment and issuer limits.
- Counterparty, custodian, and settlement risk controls.
- Collateral management and legal documentation.
- Hedging instruments: swaps, repos, and forward contracts.
- Exercise: testing risk limits and breach escalation.

Day 4: Operations, Valuation, and Reporting Audit

- Investment operations: execution, confirmation, and settlement.
- Dealing mandates, price checks, and best execution review.
- Valuation, pricing sources, and independent price verification.
- Accounting treatment, accruals, and financial reporting.

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- Performance measurement and benchmark attribution.
- Management information, dashboards, and board reporting.
- Simulation: auditing a reserve transaction from trade to report.

Day 5: Audit Programme, Findings, and Assurance

- Designing a risk-based audit programme for reserves.
- Sampling, evidence, and working paper standards.
- Structuring findings with root cause analysis.
- Reporting to the audit committee and governing board.
- Follow-up, issue tracking, and closure validation.
- Coordination with external auditors and rating agencies.
- Capstone: presenting a reserves audit engagement and report.

Conclusion

By successfully completing Audit and Foreign Exchange Reserves Management Process, participants will gain a practical command of reserves governance, portfolio composition and benchmarks, market, credit and counterparty risk controls, investment operations, valuation and reporting, and reserves audit practice. They will acquire skills in mandate review, risk limit testing, operations audit, and findings development that strengthen assurance over reserves. Gentex Training Center designs the programme to help professionals audit reserves management with confidence.

FAQs





Q1 What is the "Audit and Foreign Exchange Reserves Management Process" course about?

It prepares auditors and central bank professionals to examine reserves management with rigour. The course spans reserves objectives, governance and mandate, portfolio composition, benchmarks and risk framework, market, credit and counterparty risk audit, operations, valuation and reporting audit, and audit programme, findings and assurance.

Q2 What are the key benefits of the "Audit and Foreign Exchange Reserves Management Process" course?

You gain a practical audit method for reserves that links the policy a central bank pursues with the portfolio decisions and controls that carry it out. The course improves mandate and governance review, strengthens risk limit testing and counterparty assessment, sharpens operations and valuation auditing, and gives you findings and reporting practice that strengthens board assurance.

Q3 What skills will I gain from the "Audit and Foreign Exchange Reserves Management Process" course?

You will develop four core skills: reserves governance and mandate review, portfolio composition and risk framework assessment, market, credit and counterparty risk control testing, and operations, valuation and reporting audit with findings development.



Q4 What tools, methods, or standards are covered in the "Audit and Foreign Exchange Reserves Management Process" course?

The course covers the purpose of holding foreign exchange reserves, adequacy metrics and policy considerations, the legal framework, investment mandate and guidelines, governance structures and delegation of authority, board, investment committee and management roles, segregation of duties and conflict of interest controls, reserve currency composition and diversification, asset classes including deposits, sovereign bonds, agencies and supranationals, benchmark design and strategic asset allocation, the risk framework for market, credit, liquidity and operational risk, risk limits, stop-loss rules and escalation thresholds, policy portfolios versus investment tranches, currency, interest rate and duration risk measurement, repricing gaps and duration and sensitivity analysis, credit assessment and issuer limits, counterparty, custodian and settlement risk controls, collateral management and legal documentation, hedging instruments including swaps, repos and forward contracts, investment operations of execution, confirmation and settlement, dealing mandates and price checks and best execution review, valuation, pricing sources and independent price verification, accounting treatment and accruals and financial reporting, performance measurement and benchmark attribution, management information and dashboards and board reporting, risk-based audit programme design for reserves, sampling, evidence and working paper standards, findings structured with root cause analysis, reporting to the audit committee and governing board, follow-up and issue tracking and closure validation, and coordination with external auditors and rating agencies.



Q5 How is the "Audit and Foreign Exchange Reserves Management Process" course applied in real-world practice?

Participants apply it to real work such as reviewing a reserves investment mandate, testing compliance with risk limits and reporting a breach, assessing issuer and counterparty limits, tracing a reserve transaction from execution to settlement and reporting, reviewing independent price verification, and drafting findings for the audit committee. The same methods support follow-up tracking and external audit coordination.