AUDIT & INTERNAL CONTROL FOR ISLAMIC BANKING

Key Highlights:
- Understand the affects of Shariah principles on banking operations
- Discussion on Shariah governance, corporate governance and the organisational structure
- Shariah audit, processes and operations
- Policies and procedures in dealing with Shariah non-compliant activities
- Practical understanding of the risk and controls inherent within Islamic finance
- Analysis and documenting audit findings
- The effects of IFSA 2013 on Islamic Financial Institutions and Shariah Governance

Expert Course Director
Shabnam Mokhtar
Vice President
SHAPE Knowledge Services

Noor Azian Ismail
Head for Shariah Audit & Process Review, Bank Muamalat Malaysia
Certified Islamic Finance Professional (CIFP), INCEIF
Certified Fraud Examiner (CFE), ICFE
Certification in Internal Auditing for Financial Institutions (CIARN), IIA

26th – 28th November 2013
KUALA LUMPUR

Visit www.MIFtraining.com today or call +603 2162 7800 for more information
Course Objectives

MIF Training presents a workshop that provides knowledge and understanding on the concept of audit and its applications in Islamic banks. The course will cover the technical and Shariah aspects of internal audit and review the risks and controls operating within Islamic finance. Aimed at new and existing internal auditors in Islamic finance, the course will cover the best practices of corporate and Shariah governance and the nature of risks that are specific to this industry as well as the internal audit tests which are appropriate. The programme will also discuss the issues and challenges within the audit function.

Who Should Attend?

This workshop will benefit Chief Audit Executives, Chief Compliance Officers, Vice Presidents, Senior-level Executives and those responsible for:

- Internal Audit
- Internal Control
- Compliance
- Risk Management
- Corporate Governance
- Finance
- Shariah

Expert Course Director

Shabnam Mokhtar was appointed as a member of MARC’s Shariah Advisory Panel on 1 August 2010. She is currently the Vice President at SHAPE™ Knowledge Services, a financial consulting firm based in Kuwait, specializing in financial advisory, consultancy and Islamic finance training. Prior to this, Shabnam was a researcher heading the Islamic Capital Market Unit with the International Shariah Research Academy (ISRA), an institution established by Bank Negara Malaysia (BNM) to promote applied research in the area of Shariah and Islamic finance. She also taught Islamic finance at University Putra Malaysia as well as accounting, bank management and financial management subjects. Shabnam has conducted many training programs on Islamic banking, Sukuk and Islamic capital market products, risk management and Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) accounting for clients in the ASEAN region, East Asia, Gulf Cooperation Council (GCC) countries and Europe. She has a strong appreciation of issues relating to regulatory and financial infrastructure development stemming from her attachment with BNM’s Department of Islamic Banking and Takaful in 2008. Shabnam has contributed chapters in Sukuk (Sweet & Maxwell 2009), and Managing Fund Flows, Risks and Derivatives: Applications in Islamic Institutions (Sweet & Maxwell 2012), Islamic Financial System: Principles & Operations Market (ISRA, 2011), and Partnership Accounting, Principles and Practice (McGraw Hill). After obtaining her Bachelor of Accountancy (First Class Honors) degree from University Putra Malaysia, Shabnam successfully earned her Master of Accounting degree with distinction from the University of Illinois at Urbana-Champaign, USA.

Noor Azian Ismail has 12 years’ vast experience in the audit function for the banking, investment banking and asset management industry. She is currently the Head of Shariah Audit & Process Review Section of the internal audit department at Bank Muamalat Malaysia. She graduated with a Diploma in Investment Analysis and Bachelor in Accountancy (Hons) from UiTM. She completed her Masters at INCEIF and was conferred a Certified Islamic Finance Professional in year 2011. Azian began her carrier with Mayban Finance in year 2001 as an Internal Auditor for branch audit functions. In year 2004, due to the merger of Mayban Finance with Maybank Group, she was assigned to audit the head office functions under the Group Internal Audit Division of Maybank. She then later diversified her internal audit skills in Investment Banking and Asset Management audit functions under the same Maybank Group. In year 2009, she left Maybank and expanded her career as an Investment Compliance Manager at RHB Islamic for one year. In year 2010, due to a regulatory requirement imposed by the Bank Negara Malaysia (BNM), she was given the responsibility to establish and lead the Shariah audit functions for Bank Muamalat Malaysia. Since then, she is assisting Bank Muamalat in strengthening the Shariah Governance and Shariah Control functions for the Bank.

Course Agenda

Day 1

Shariah Principles & how it affects Banking Operations

- Snapshot of the Islamic finance market
- What is riba? Gharar? Contract and possession?
- Why this affects the decisions that one makes in structuring credit transactions and financial instruments.
- Understanding the Islamic Tool Kit

Governance & Organisational Structure of Islamic Banking Operations

- Are there any similarities between Shariah Governance and Corporate Governance?
• What makes the Shariah Governance and Corporate Governance unique and different to each other?
  • Different governance & organisation structure
    o Board, Executive Management & structure of the Islamic banking department
    o Strategic & business plan, budget & targets
    o Shariah board & approval process
    o Infrastructure related issues - IT & accounting system, pool management etc.
• Who are the stakeholders of Shariah Governance?
  • What is their role in making sure the Islamic Financial Institution is continuously Shariah Compliant?
  • Shariah Governance structure reporting: Shariah Committee? Management Committee? Board Committee?
  • How do these affect audit planning?
  • Why do some institutions that have provided for high budget for Islamic banking operations face negative growth? High Non-performing Financing (NPF)?
• What improvements may be recommended?

Day 2

Process, Risks and Controls for Main Islamic Tools - Part I
• Risk Profile of main financing tools
  o Murabahah
  o Ijarah
  o Salam & Istisnah
  o Musharaka Mutanaqisah
  In this segment we will examine product structures and processes that will facilitate the identification of control and audit related issues
  We will also highlight accounting & reporting related issues
  Auditing Islamic trade finance transactions
  Auditing pool management, funding and liquidity management functions for Islamic banking
  Depository tools

Audit & Its Operations Activities
• Shariah Audit Charter vs. Internal Audit Charter? Is there any differences? Are there any similarities?
• Shariah Audit Framework? Is this necessary?
• Shariah Audit Program vs. Internal Audit Program? Are there any differences? Are there any similarities?
• Shariah Audit Methodologies: Shariah Compliance Based? Shariah Risk Based? Shariah Audit Strategic Based?
• Developing the Annual Shariah Audit Planning? Is involvement of the Shariah Committee necessary?
• Shariah Internal Process Controls vs. Internal Process Controls? Are there any differences? Are there any similarities?
• How to perform Shariah Audit
• What is the difference in Auditing the Shariah Governance Process, Shariah Process Review, and Shariah Product Review?

Day 3

Process, Risks and Controls for Main Islamic Tools - Part II
• Policies & procedures to deal with Shariah non-compliant activities
  Best practices related to implementing a proper firewall between Islamic & conventional activities, tracking leakage of Islamic funds, co-mingling of funds etc
  • Are these risks different in Islamic banking?
    o Rate of Return Risk
    o Market Risk
    o Capital impairment risk - what is this?

Analyzing Audit Findings
• Shariah vs. Non-Shariah Issues
  Does control failure always result in Shariah non-compliance?
  Does all Shariah non-compliance result in purification
  How, when & why rectification is possible?
  Identifying high, low and medium risk areas
  How to report the Shariah Audit Findings? Roles of the Management Committee, Shariah Committee and Board Committee?
  Should only the Shariah Audit Findings be tabled at the Shariah Committee? What about other findings issued by the rest of the Internal Audit Department/Division? Is this necessary?
  How independent is the independency of Shariah Auditors?
  The effects of IFSAs 2013 on Islamic Finance Institutions? How to manage this regulatory requirement
  How does the IFSAs 2013 affect the Shariah Governance structure of the Islamic Finance Institutions?
### 1. Pricing & Discount

The pricing for this course is as follows:

<table>
<thead>
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<th>I am booking</th>
<th>Pricing</th>
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<tr>
<td>Register on or before 2nd October 2013</td>
<td>RM 4,275</td>
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<tr>
<td>Register on or before 30th October 2013</td>
<td>RM 4,513</td>
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<tr>
<td>Register After 30th October 2013</td>
<td>RM 4,750</td>
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Please note: A late booking fee of MYR 150 will be imposed on registration received within 14 days of the course start date. Fees include training materials, refreshments and lunch. Accommodation is not included.

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### 2. Delegate details

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### 3. Who to invoice and contact?

Please tell us who we should invoice. It is also helpful for us to have the name of an administrator with whom we can liaise directly.

Contact person for invoicing: .................................................................  Job Title: ...........................................  Tel: ........................................ Fax: ..........................

Contact person to send administration details: .................................................................  Email: .................................................................  Tel: .................................................................

Payment can be made by cheque or bank transfer. A notification will be sent to you once payment has been received.

I wish to pay by:  ☐ Cheque/bankers draft  ☐ Telegraphic transfer

嗤音 note all telegraphic transfer fees, taxes and levies (domestic or otherwise) shall be borne by the sponsoring organization.

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### 4. Approving Manager

To process your registration we require the name and signature of a manager who is authorized by your organization to approve training expenditure.

Name: .........................................................................................................  Job Title: ...........................................

Organization name: .........................................................................................  Tel: ........................................

Email: .........................................................................................................

Authorizing signature...........................................................................................................(mandatory)

Yes, I have read and understood the Booking, Payment and Cancellation policy below.

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### 5. Send us your registration!

By email: enquiry@redmoneytraining.com  By fax: +603 2162 7810

You may also book online at http://www.miftraining.com

Please call us on: +603 2162 7800 or +603 2162 7802 if you require assistance.

**Our address is:** REDmoney, Suite 22-06, 22nd Floor, Menara Tan & Tan, 207, Jalan Tun Razak, 50400 Kuala Lumpur

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**Booking, Payment and Cancellation Policy** - important, please read carefully

By completing, signing and sending us this registration form you are confirming delegate places on the course. You are also confirming your understanding of our Booking, Payment and Cancellation Policy.

**Cancellation:** If delegates cannot attend the course replacement participants are always welcome. Otherwise, delegates must request in writing (letter, fax or email) to cancel registration or transfer to a different course at least 21 days before the course start date to be eligible for a refund, less a 5% administration fee. Delegates who cancel within 21 days of the course start date, or who do not attend, are liable to pay the full course fee and no refunds will be given. Instead fees will be converted to a REDmoney Training course voucher equivalent to the original fee, less a 15% administration charge. This voucher is transferable within your organization and must be redeemed within one year of issue or become void. If a course is postponed for whatever reason delegate bookings will be automatically transferred to the new course date. Delegates who wish to transfer to a different course will be subject to the same terms as above and charged the difference in course fees. No refunds or course vouchers will be issued for a no-show.

**Payment Terms:** All course fees are to be received before the course start date. REDmoney shall receive the full course fee with no deductions of any description. All telegraphic transfer fees, taxes and levies (domestic or otherwise) shall be borne by the sponsoring organization.

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Course Venue: Details & the venue will be sent to you upon registration.

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1. Full subscription package: See www.IslamicFinanceNews.com for full benefits
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For full benefits, you are also entitled to a 25% discount on the full price of the following online courses:

*Register on or before 2nd October 2013:
   - RM 4,275
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By fax: +603 2162 7810