Audit and Foreign Exchange Reserves Management Process

2 – 6 August 2027
Amsterdam (Netherlands)



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Introduction

In today's global economy, effective management of foreign exchange reserves is crucial for maintaining a stable financial environment. This course is designed to provide in-depth knowledge on the key processes involved in identifying, measuring, assessing the probability of, and prioritizing risks associated with reserves management. Participants will learn the essentials of managing foreign reserves and will also examine how to assess the quality of control procedures and protocols related to foreign exchange management.

The course offers an opportunity to explore foreign exchange reserve management and central bank reserve management and delve into the audit process involved in monitoring and controlling these reserves. Furthermore, attendees will share their operational risk management frameworks, learning from peers on how their internal audit functions assess risks and control measures in reserve management.

Course Objectives

By the end of this course, participants will be able to:

- Implement a full-fledged risk-based auditing approach in foreign exchange reserve management.
- Assess the adequacy of foreign reserves and develop strategies to optimize reserve levels.
- Understand the use of financial instruments in reserve management and portfolio management.
- Develop strategies for controlling market and credit risk in reserve management.
- Understand investment guidelines and use strategic benchmarking for effective reserve management.
- Enhance performance measurement techniques to evaluate reserves effectively.
- Learn the audit process for monitoring reserve management performance, with a specific focus on foreign exchange reserves.

Course Outlines

Day 1: What is Reserve Management, and Why is it Important?

- Overview of the role of foreign exchange reserves in national monetary and exchange rate management policies.
- Reserve management as a tool to maintain liquidity during times of crisis and to absorb external shocks.
- The importance of foreign exchange reserves in meeting external obligations and supporting domestic currency.
- Managing reserves for national emergencies and disaster preparedness.
- Overview of central bank reserve management and its objectives in safeguarding national financial stability.



Day 2: Purpose of the Guidelines

- Reserve management objectives, scope, and coordination.
- The importance of transparency and accountability in reserve management.
- Establishing a strong institutional framework and legal foundations for managing foreign exchange reserves.
- The role of internal governance in ensuring efficient reserves management.

Day 3: Risk Management Framework

- Risk management frameworks for foreign reserves, ensuring compliance with fund standards and codes.
- Implementing the Code of Good Practices on Transparency in Monetary and Financial Policies.
- Introduction to the Special Data Dissemination Standard SDDS and its role in ensuring the public availability of reserve data.
- Defining roles, responsibilities, and objectives of financial agencies responsible for foreign exchange reserves.

Day 4: Public Availability of Information on Foreign Exchange Reserves

- Ensuring the timely disclosure of official foreign exchange reserves data for transparency.
- The importance of accountability and integrity in reporting reserve data.
- Role of foreign exchange reserve audits and compliance with standards set by the Foreign Exchange Management Act FEMA.

Day 5: External Market-Based Risks

- Identifying and managing external risks in reserve management, such as liquidity risk, credit risk, currency risk, and interest rate risk.
- Exploring risks related to control system failures and the potential impact on reserves.
- Understanding the risk of financial misstatements and financial errors in the management of reserves.
- Evaluating strategies to prevent the loss of potential income through better risk control measures.

Target Audience

This course is designed for:

- Central bank professionals.
- Audit and risk management professionals.
- Public sector financial officials.
- Financial regulators and supervisors.
- Senior and mid-level managers involved in reserve management, treasury, or oversight functions.



Why Attend This Course: Wins & Losses!

- Gain a solid understanding of foreign exchange reserve management and its critical role in a country's economic stability.
- Learn the audit process steps and how they relate to foreign exchange reserves and central bank reserve management.
- Enhance your ability to develop and apply a risk-based auditing approach in the management of reserves.
- Learn how to assess liquidity risk, currency risk, and market risks, and how to mitigate these risks through effective governance and transparency.
- Equip yourself with the necessary knowledge to understand financial instruments used in reserve management and enhance your skills in portfolio management and performance measurement.

Conclusion

The Foreign Exchange Reserve Management and Risk Control course offers a unique opportunity to understand the complexities of managing foreign exchange reserves, while also gaining a deeper insight into the audit process and risk management strategies needed to safeguard these reserves. This comprehensive training program will equip you with the tools to effectively manage central bank reserve management and perform essential auditing of reserves to meet national economic and financial objectives.

Whether you are involved in the management of foreign reserves, working within an audit function, or aiming to understand the global dynamics of foreign exchange reserves, this course will give you the knowledge and skills to make a meaningful impact in your role. Join us to improve your understanding of reserve management, audit processes, and risk mitigation strategies in this vital area of financial management.

