

MSCIFM_RMA03 Enterprise Risk Management and Audit

13.09.2022

General Information

Module Code	W.MSCIFM_RMA03.13
Programme	Master of Science / International Financial Management
Type of Module	Core module in foundation
Level of Module	Basic
ECTS Credits / Workload	6 ECTS Credits (180 hours)

Module Dependencies

Pre-requisites

Follow-up modules

Module Aims

The module provides an overview of concepts, methods and processes of Enterprise Risk Management, Internal Control and Internal Audit within an organisation. Financial Managers need a good grasp of both ERM and IC concepts to align risk exposure and strategy on the one hand, and to control or monitor business processes to achieve specific targets without any critical incidents on the other hand. Due to the use of more complex and innovative financial instruments in recent years, a special focus lies on the identification, valuation and control of risks arising from different kinds of financial instruments, financial accounts and other financial data.

Submodule 1: Enterprise Risk Management

Submodule code	ERM
ECTS Credits / Workload	3 ECTS Credits (90 hours)

Learning Outcome 1

Students acquire knowledge of the general tools and techniques used in risk management. They gain experience in designing and implementing an overall risk management process for an organisation, whilst especially practising the management of the process of identifying and assessing the risks affecting the business. Students gain special knowledge of the valuation and aggregation techniques of financial risks and are able to organize a basic risk reporting, internally and externally.

	Importance	Relevant NQF-Descriptors
Subject knowledge and skills: Students apply general ERM tools and techniques; overall risk management process. Risk valuation and aggregation techniques Monitoring and risk reporting Instruments of financial risk management (FRM) Skilled use of typical office software to conduct risk assessments	medium	knowledge
Problem-solving: Students apply valuation of specific risk management techniques in practice. Interpretation of risk reporting Preparation of risk typologies for specific industry branches and organizations Planning of basic risk control actions	medium	judgement
Methodology: Students apply methods of valuation techniques; assessments of the risk management process Use of statistical methods to evaluate and aggregate financial risks Rating of applied risk strategies Project management within an ERM project Conducting risk identification Planning of risk assessment workshops Application of specific risk strategies within different organizational settings Development of strategies to handle financial risks	high	knowledge; judgement
Communication: Students gaining an awareness of the risk behavior of one's own personal environment; presentation techniques; behavior within a team	medium	communication

Social skills: Students know personal organisation and planning skills; presentation skills; better react to the risk behavior within one's personal environment	low	communication; learning autonomy
Self-related skills: students know a dequate numeracy; personal organisation and planning skills; persistence; an eye for detail and the ability to finish projects and keep to deadlines (with respect to risk management)	medium	learning autonomy

Content Outline

- What is the E good in ERM?
- ERM: More than a belief system?
- Cognitive biases in risk assessments
- Basic concepts and definitions
- Risk assessments techniques
- Increasing decision quality with ERM
- Risk appetite and risk policy
- Risk mitigation methods
- Value creation of ERM
- Organizational issues of ERM
- Fundamentals of Financial Risk Management (FRM)
- Currency-, interest rate- and commodity risks

Teaching and Learning Methods

Contact Hours	exercises; lecture; presentations; case studies; guest lectures; group work
Directed Study	individual work; partner work; compulsory reading

Workload

Contact Hours	36 lessons / 27 hours (30%)
Directed Study	12 lessons / 9 hours (10%)
Private Study	54 hours (60%)

Assignments and Assessments

Assessment Type	Quantity	Weight	Form	Evaluation Type	Time
Written examination	90 minutes	100%	specified resources	grades	end of semester

Submodule 2: Internal Control and Audit

Submodule code ICA

ECTS Credits / Workload 3 ECTS Credits (90 hours)

Learning Outcome 1

Students acquire knowledge of internal control policies, systems and procedures. They are able to identify, mitigate and manage control risks which may hamper the achievement of business objectives. Students understand the importance of implementing and maintaining adequate controls in order to ensure reliable financial reporting. Students understand the role of internal audit functions within organizations and are able to plan and assess audit objectives as well as basic audit plans. They gain knowledge of the COSO Internal Control framework.

	Importance	Relevant NQF-Descriptors
Subject knowledge and skills: Students apply general IC policies and procedures; overall implementation process of an IC; COSO framework; monitoring and evaluation of an IC; internal audit objectives; audit areas and plans	medium	knowledge
Problem-solving: Students know development of a specific draft paper for an internal control system for different organizations; general curiosity and broad understanding of the world in order to understand where fraudulent activities might origin from; development of controls related to financial reporting; efficiency of processes and compliance issues; evaluation of an internal control system in practice; planning audits and assessments of risks; designing audit programmes	medium	judgement
Methodology: Students apply methods to mitigate process risks; establish an adequate control environment; methods to assess the internal control process; use of valuation methods to evaluate process risks; interview business teams about their working practices; project management within an IC and audit project; analytical skills to evaluate adequate internal controls and audit plans; plan risk assessment workshops; detect and handle fraudulent activities; develop audit strategies	high	knowledge; judgement
Communication: Students gain awareness of fraudulent behavior in one's own personal environment; presentation techniques; communication of internal control weaknesses concerning fraudulent activities; negotiation skills as an internal auditor	medium	communication

Social skills: Students apply presentation skills; team work behavior; adequate numeracy; negotiation skills; self-assessment of one's own negotiation and analytical skills; better reaction to the risk behavior of one's own personal environment low communication; learning autonomy

Self-related skills: Students know personal organisation and planning skills; persistence; an eye for detail and the ability to finish projects and keep to deadlines (with respect to risk management) medium learning autonomy

Content Outline

- Internal Control (IC) and Internal Audit as assurance functions within an organization
- Frameworks of IC and Internal Audits
- Basic concepts and definitions
- Identification of process risks, compliance risks and financial reporting risks
- Risk and control assessments
- Understanding the importance of an adequate control environment
- Designing of an IC draft paper
- Control types and their effectiveness and efficiency
- Organizational issues of IC
- Detecting and communicating fraudulent behavior
- Completing on-site business audits, evaluating the effectiveness of controls and writing up reports
- Monitoring and maintaining a healthy and secure environment, updating managers on risks and controlling weaknesses identified
- Providing assurance that all key risks and controls are being managed effectively

Teaching and Learning Methods

Contact Hours exercises; lecture; presentations; case studies; guest lectures; group work

Directed Study individual work; group work; compulsory reading

Workload

Contact Hours 36 lessons / 27 hours (30%)

Directed Study 12 lessons / 9 hours (10%)

Private Study 54 hours (60%)

Assignments and Assessments

Assessment Type	Quantity	Weight	Form	Evaluation Type	Time
Individual written assignment	10 pages	100%	case study	grades	end of semester