



Association of Chief Audit Executives of Banks in Nigeria

Design+printbyProwess08039221516

ACAEBIN

Plot 1398, Tiameyi Savage Str, Victoria Island, Lagos.

Office line: +234-1-3424805

E-mail: info@acaebin.org

website: www.acaebin.org



Eagle Eye

A Quarterly Publication of the Association of Chief Audit Executives of Banks in Nigeria (ACAEBIN) Q3, 2018



TREASURY AUDIT IN CONTEMPORARY NIGERIAN BANKS

+ INTERNAL AUDIT AND MONITORING & EVALUATION SYSTEM IN DEVELOPMENT FINANCE INSTITUTIONS IN NIGERIA

Page 10

Wellness

Do You Know Your Heart May Be Ageing Faster Than You Are?

Page 17

The Handshake between the Internal Auditors and the External Auditors

Page 22

ACAEBIN EXCO MEMBERS



Yinka Tihamiyu
(Chairman)



Uduak Nelson Udoh
(1st Vice Chairman)



Dr. David Isiafwe
(2nd Vice Chairman)



Felix Igbinosa
(Treasurer)



Aina Amah
(Auditor)



Prince Akamadu
(Chairman Research & Publication)



Adekunle Onitiri
(Chairman Payment & Systems)



Azeez Bello
(Ex-officio I)



Gboyega Sadiq
(Ex-officio II)

ACAEBIN DIRECTORY



The Infrastructure Bank PLC
Sadi Abdu
Plot 977, Central Business District
(Adjacent National Mosque)
P.M.B. 272, Garki
F.C.T, Abuja
Nigeria.
skanabe@tibplc.com
08033039481, 08056900079



JAIZ BANK PLC
Sadi Abdu
No. 73 Ralph Shodeinde Street,
Central Business District,
P.M.B. 31 Garki Abuja,
Nigeria.
SADI.ABDU@jaizbankplc.com
09-4605138, 08098000048



Keystone Bank Limited
Seyi Ogundipe
707 Adeola Hopewell Street,
Victoria Island, Lagos
seyiogundipe@keystonebankng.com
08023014800



NEXIM BANK
NEXIM BANK
Mathias Sendave
NEXIM House
Plot 975 Cadastral Zone AO,
Central Business District,
P.M.B. 276, Garki,
Abuja, Nigeria.
sendavem@NEXIMBANK.COM
09-4603840, 094603642



NMRC
Nigeria Mortgage Refinance Company
Samuel Ekanem
No 18 Mississippi Street,
Off Alvan Ikoku Way
Maitama,
Abuja, Nigeria
sekanem@nmrc.com.ng
08023394068



PROVIDUSBANK
Providus Bank Ltd
Aina Amah
Plot 724, Adetokunbo Ademola Street
Victoria Island,
Lagos.
aamah@providusbank.com
08029087442



RMB
A Division of FirstRand Bank Limited
Rand Merchant Bank
Femi Fatobi
3RD Floor, Wings East Tower,
17A, Ozumba Mbadawe Street
Victoria Island, Lagos
Femi.fatobi@rmb.com.ng
01-4637960, 08028514983



Stanbic IBTC Bank
A member of Standard Bank Group
Stanbic IBTC Plc
Benjamin Ahulu
Plot 1712, Idejo Street
Victoria Island, Lagos
Benjamin.ahulu@stanbicibtc.com
01-4227743, 09060047111



Standard Chartered
Standard Chartered Bank Nig. Ltd.
Emeka Owoh
142, Ahmadu Bello Way
Victoria Island, Lagos
emeka.owoh@sc.com
08037027452



Sterling Bank Plc
Cyril Oshoku
1st Floor,
Sterling Bank Plc Head Office (Annex),
Ilupeju
239/241, Ikorodu Road, Lagos.
Cyril.oshoku@sterlingbankng.com
08023046639, 08056656866



Skye Bank
Expanding your world
Skye Bank Plc
Olurotimi Omotayo
3 Akin Adesola St
Victoria Island, Lagos
romotayo@skyebankng.com
08023096373



Union Bank of Nigeria Plc
David Isiafwe
36 Marina,
Lagos.
dtisafwe@unionbankng.com
08039792227



United Bank for Africa Plc
Gboyega Sadiq
UBA House
57 Marina, Lagos
gboyega.sadiq@ubagroup.com
08025011046



Unity Bank Plc
Olaniyi Benjamin Olalemi
Plot 290A, Akin Olugbade Street,
Off Adeola Odeku Road,
Victoria Island, Lagos
olaben@unitybankng.com
08184592145



Wema Bank Plc.
Adekunle Onitiri
Wema Towers
54 Marina, Lagos
adekunle.onitiri@wemabank.com
+234 1 4622364, 08022245818



Zenith Bank Plc.
Francis Ekonye
Plot 84 Ajose Adeogun St
Victoria Island, Lagos
francis.ekonye@zenithbank.com
07040000038



Access Bank Plc
Yinka Tiamiyu
Plot 999C Damole Street,
Victoria Island, Lagos
tiamiyuy@accessbankplc.com
08023220367, 2364062



Bank of Agriculture Limited
Daniel Olatomide
1 Yakubu Gowon Way
Kaduna.
d.olatomidei@boanig.com
08067007183



Bank of Industry Limited
Yemi Ogunfeyimi
23, Marina
Lagos.
yogunfeyimi@boi.ng
08033059361



Central Bank of Nigeria (CBN)
Vivian Agu
Plot 33, Abubakar Tafawa Balewa
Way Central Business District,
Cadastral Zone, Abuja,
Federal Capital Territory, Nigeria
viagu@cbn.gov.ng
07054392966



Citibank Nigeria Ltd
Bolaji Ajao
27 Kofe Abayomi St
Victoria Island, Lagos
bolaji.ajao@citi.com
Tel: (234)1 2798400, 4638400 Ext. 8446
DL: (234)1 2798446, 4638446.
Mobile - 07057878877



Coronation Merchant Bank Ltd
Dele Dopemu
10, Amodu Ojikutu Street
Victoria Island,
Lagos.
ddopemu@coronationmb.com
01-4614892, 07034109732.



Development Bank of Nigeria
Joshua Ohioma
The clans place
Plot 1386A Tigris Crescent,
Maitama, Abuja.
johioma@devbankng.com
0819145586



Diamond Bank Plc
Kabir Garba
Commerce House
Plot 1261, Adeola Hopewell Street,
Victoria Island, Lagos
kgarba@diamondbank.com
08033028899



Ecobank Nigeria Ltd
Felix Igbinosa
21 Diya Street, Gbagada
Lagos
FIGBINOSA@ecobank.com
07068754692 ; 08023633203
D/L: 01 2260449



FBNQuest Merchant Bank Limited
Abdul-Azeez Bello
18, Keffi Street, Ikoyi
Lagos
azeez.bello@fbnmerchantbank.com
2702287, 08022923341



Federal Mortgage Bank of Nigeria
Wakeel Imam Galadanci
Plot 266, Cadastral AO, Central
Business District
P.M.B 2273, Abuja
wakeelimam@yahoo.com
08023040123, 01-4602102



Fidelity Bank Plc
Onyinyechi Ekweronu
Fidelity Bank Plc.
2, Adeyemo Alakija Street, VII, Lagos.
onyinyechi.ekweronu@fidelitybank.ng
01-2716622, 08033031951.



First Bank of Nigeria Ltd
Uduak Nelson Udoh
9/11, McCarthy Street, Lagos
Uduak.udoh@firstbannigeria.com
01-9054583, 08022902268



First City Monument Bank Ltd
Adesoji Adeniyi
10/12 McCarthy St,
Lagos.
Adesoji.adeniyi@fcmf.com
08022904441



FSDH Merchant Bank Limited
Richard Osuagwu
Niger House (6/7 floors)
1/5 Odunlami St, Lagos
rosuagwu@fsdhgroup.com
08038822250



Guaranty Trust Bank Plc
Segun Fadahunsi
178 Awolowo Road
Ikoyi, Lagos
segun.fadahunsi@gtbank.com
01-7408402, 0802 328 5640



Heritage Bank Ltd
Prince Akamadu
130, Ahmadu Bello Way,
Victoria Island, Lagos
Prince.akamadu@hbnng.com
08037649757

CONTENT

4	TREASURY AUDIT IN CONTEMPORARY NIGERIAN BANKS
10	INTERNAL AUDIT AND MONITORING & EVALUATION SYSTEM IN DEVELOPMENT FINANCE INSTITUTIONS IN NIGERIA
21	VUCA Age, What This Really Means For Audit Executives

22	The Handshake between the Internal Auditors and the External Auditors
26	Phishing: a Persistent Threat To Businesses And Their Customers
28	INTERNAL AUDIT AND DIGITALIZATION
30	An overview of the components of an Effective Audit Function



Editorial

Welcome to the flagship quarterly publication of our association, the third in the series this year. In this edition, we have taken some strategic steps to address one of the biggest challenges that bank's internal auditors grapple with over the years which is the audit of specialised functions and units in the industry. Our feature article this term is a collector's item with detailed steps procedures while auditing the Treasury function. Audit Executives especially and other interested readers will find it particularly illuminating.

In this bumper package we also have a very interesting article on the DFI subsector of the banking industry in Nigeria. The author challenges the industry practitioners to employ the 'learning outcomes from past events, corporate governance challenges, operational and credit risk issues and other contributory indices to failures and/or underperformance of Development Finance Institutions in Nigeria' to shape the orientation and strategy of its internal audit function. He further posits that 'the relevance of internal audit is hinged on its ability to see the bigger picture and align its strategy with the overall long-term objectives of the DFI'. This is true for DFIs as much as it is for Deposit Money Banks. The article concludes by stating that internal audit

can only add value to management and the board through its assurance and consulting activities when it incorporates the unique features and peculiar risks inherent in our local environment through a holistic risk assessment process.

Phishing which is a malicious activity in which criminals try to gain access to users' information, data or devices in order to gain access to confidential data and information, continue to be a major challenge for financial institutions as this medium can be exploited for fraudulent financial purposes. One of our articles highlights some ways Banks can sensitize customers to recognize a phishing attack and how phishing attacks can be successfully prevented through some of the suggested means

The Central Bank of Nigeria (CBN) in furtherance of its mandate to develop electronic payments system in Nigeria recently issued the revised Nigeria Bankers' Clearing System (NBCS) Rules which became effective 1st September, 2018. We have included the highlights in a culled article. It is our mandate that in subsequent editions of the Eagle Eye, there will be more robust analysis of regulatory circulars making the magazine a reference point of choice

Besides our usual intellectual cuisine of 'words on marble' and members' birthdays, you will also find an interesting article on the relationship that should exist between internal and external auditors.

- Have a pleasurable reading experience!

Prince Akamadu
Chairman, Research and Publication.

Members of Research and Publication Committee

Prince Akamadu	(Heritage Bank Plc), Chairman
Chinwe Basil-Ezegbu	(Fidelity Bank)
Daniel Olatomide	(Bank of Agriculture)
Dele Dopemu	(Coronation Merchant Bank Ltd.)
Femi Fatobi	(Rand Merchant Bank Nig. Ltd)
Seyi Ogundipe	(Keystone Bank Ltd.)
Mathias Sendave	(NEXIM Bank)
Sadi Abdu	(Jaiz Bank Plc)
Richard Osuagwu	(FSDH Merchant Bank Ltd.)
Sadiku K. Ogbhe	

Samuel Ekanem	(Nigeria Mortgage Refinance Company)
Vivian Agu	(Central Bank Nigeria)
Emeka Owoh	(Standard Chartered Bank Nig. Ltd.)
Aina Amah	(Providus Bank Nig. Ltd.)
Rotimi Omotayo	(Skye Bank Plc)
Cyril Osheku	(Sterling Bank Plc)
Joshua Ohioma	(Development Bank of Nig)
Yemi Ogunfeyimi	(Bank of Industry)
Olalemi Benjamin	(Unity Bank Plc)
Patrick OKAFOR	Sec. ACAEBIN



TREASURY AUDIT IN CONTEMPORARY NIGERIAN BANKS

The treasury department of a bank is responsible for balancing and managing the daily cash flow and liquidity and ensuring that funds required to keep the Bank alive are available in optimal quantity and value. The department also handles the bank's investments in securities, foreign exchange and cash instruments and mitigating its operational, financial and reputational risk in carrying out these activities.

The treasury department manages investment assets and liquidity risk by matching them against the deposit side of the bank. The combined flow of funds and interest rates from loans and investments must exceed that of deposits for each period analyzed to create wealth for the bank and for its continuous existence.

In a contemporary Nigeria bank the sources of daily funding of the bank's activities are as follows:

- Cash in vaults of the bank
- Opening balance in current account of the bank with Central Bank
- Overnight Interbank funds placed with other banks
- Matured Tenor Interbank funds placed with other banks
- Due foreign placement with correspondent banks
- Positive daily clearing settlement
- Positive daily electronic payment settlement (Nigeria Instant Payment (NIP) ATM, POS, Mobile, Internet banking etc.
- Cash deposited by Cash Management Unit of

- the bank into their CBN account
- Matured Treasury bills and Bond sold by Federal Government to the bank or to its customers.
- Contract proceeds paid by Federal Government into the account of contractors holding account with the bank directly into the CBN account
- Daily Net Positive Securities Trading (Treasury bills and Bonds)
- Proceeds of Foreign currency sold to Central bank and other banks in the interbank markets
- Proceeds of Naira swapped with Dollars repatriated off shore
- 3rd Party funds coming into the bank's account from other banks
- Inflows from matured loans and advances coming from other banks
- Payment of salaries and allowances if due on that day

While on the other hand, the followings are the commitments a bank is expected to settle daily:

- Cash Withdrawals from Central Bank to fund daily cash payment obligations
- Overnight Interbank funds borrowed from other banks
- Negative daily Clearing Settlement
- Negative daily electronic position in the previous day
- Treasury Bills and Bonds purchase for the bank or its customers through primary or secondary market
- Proceeds of Foreign Currency bought from other banks and from CBN

Birthday Celebrations

Felix Igbinosa
Ecobank Nig. Ltd.
July. 21

Richard Osuagwu
FSDH Merchant Bank Limited
FSDH Merchant Bank
Aug 18

kunle Onitiri
Wema Bank Plc
Aug 29

Dele Dopemu
Coronation Merchant Bank
Sept. 27

Vivian Agu
Central Bank of Nig.
Sept. 29

would be owned by the institution and subject to regulatory review, and contingency planning;

Procedures:

(Based on the size and complexity of the Bank, these items may be detailed in the policy or detailed in an audit procedures manual.) At a minimum, procedures should include the following:



Risk assessments:

Identification of the risk assessment methodology, including responsibility for preparation, risk rating definitions, frequency of updates, approval, and change control processes. An audit procedures manual may include methodology and details;

Audit plan:

Identification of the audit universe, corresponding risk rating (determined during the risk assessment process), audit cycle/frequency requirements, person responsible for change control, and mandates for audit committee annual review and ongoing reporting of status and changes;

Reporting:

Identification of management reporting distribution requirements, report content

requirements, timeliness of report preparation, definitions of report and/or issue ratings, management response requirements (correction action plan, management responsibility for corrective action, and targeted remediation date), and reporting to the audit committee;

Issue tracking and follow-up:

Identification of requirements related to monitoring remediation of issues noted, validation of corrective actions, and board (audit committee) updates.

Reporting:

The policy should include various types of reporting, frequency, and distribution.

Others:

The policy should also include items related to record retention requirements for work papers, policy and procedural processes for sharing work papers with regulators, and the approval process for auditors to complete tasks outside of those defined as internal audit responsibilities.

References:

- Institute of Internal Auditors' Standards for the Professional Practice of Internal Auditing and associated Practice Advisory guidance

By Idara Ekanem,
Access Bank Plc

- 3rd Party Funds going out from the bank to other banks
- Loan disbursed to customers going to another bank
- Proceeds of Dollars swapped with Naira.

Therefore, the basic daily responsibility of a Bank's Treasurer is to manage the assets and liabilities of the bank and invest the surplus funds into Liquid assets that can be easily convertible into cash or in cash form to settle the immediate needs of the bank.

THE NEED FOR A TREASURY AUDIT

There are four main reasons for this:

- The central position of the treasury in the running of any bank makes it essential that its activities are conducted efficiently and under control. Any failure in the treasury's activities could have serious repercussions for the business of the bank.
- Secondly, the values of some of the transactions going through the treasury are significant. Any such payments need to be initiated and authorised within strict risk-based controls. For example, average Interbank Placement daily are in billions in naira and millions in foreign currency. A single transaction can make or mar a bank
- Thirdly, some of the treasury's works are highly specialised and quite complex, particularly in the trading of derivatives and foreign exchange, for example. too many companies have been caught out by failures in their internal processes and so they need to be audited more strictly and frequently
- Finally, the increasing use of technology has made error and fraud easier to commit and harder to detect. Frequent Internal Auditing is one check on the control and monitoring procedures for such technology.

Auditing of Treasury involves having knowledge of banking operations in the following areas:

- Financial Market & Treasury Management
- Treasury Operations in the bank
- Foreign Operations in the bank
- Credit Administration in the bank
- Cash Management Operations in the bank
- Clearing Management in the bank
- Market & Liquidity risk
- Global and counter party risk knowledge
- Treasury Framework limits (Deposit Placement Limits, Loss & Profit Limits, Foreign Placement Limit, Concentration Limit, etc.)

- Electronic Settlement system (ATM, POS & all forms of electronic settlement)
- Knowledge of Regulatory Authorities' pronouncements by (CBN, FMDQ, NDIC, & NIBSS)
- Knowledge of Anti-Money Laundering and Counter Terrorism Financing Act

Therefore, auditing of Treasury calls for specialized knowledge in all the aforementioned areas in the banking operations at the minimum.

Steps in Auditing of Treasury

- Set the Audit objectives such as:
 - I. Income Assurance,
 - II. Adherence to internal policy,
 - III. Value added to the system,
 - IV. Identification of weakness in the system,
 - V. Regulatory Compliance
 - VI. Reporting of violation on external regulations
 - VII. Ascertainment of Ownership of Liquid assets in the bank's custody
- Preparation of budget for the audit
- Draw up audit program to capture the critical Treasury functions such as:
 - I. Securities Trading
 - II. Treasury and Currency Sales
 - III. Assets and Liabilities Management
 - IV. Correspondent Banking
 - V. Treasury Operations
 - VI. Foreign Operations
 - VII. Financial Institutions Unit
 - VIII. Corporate Banking
- Review of Treasury Manual
- Review of Regulatory examination on Treasury audit exceptions not yet regularized
- Briefing the audit team on the audit objectives and assignment of job to members)

Liquidity Management in Nigeria Banks

Banking in Nigeria is highly regulated by Central Bank of Nigeria (CBN), Nigeria Deposit Insurance Corporation (NDIC) and by Banks and others Financial Matters Act (BOFIA).

CBN is the supervisory body that oversee the day to day running of Deposit Money Banks in Nigeria (DMB). The Monetary Policy Committee (MPC) at their last sitting on 23rd & 24th July, 2018 retained that Customers' deposits in Nigeria be held as follows at the minimum:

- 30% Liquid Assets (Balance with CBN, Treasury Bills & Bonds)
- 22.5% Cash Reserve Requirement (CRR)
- 47.5% Risk Assets (By implication)
- Monetary Policy Rate (MPR) was also maintained at

14%

Retain the Asymmetric Window at +200 and -500 basis points around the MPR

In this context, the 52.5% in Liquid Assets and Cash Reserve are what the Treasury Management is all about on a daily basis.

Components of Liquidity Ratio Computation - CBN

Liquid Assets
<ul style="list-style-type: none"> •Balance held with CBN •Net Balances held with banks within Nigeria •Nigerian Treasury Bills •Net Interbank Placement with Other Banks •Net Money at Call with Other Banks •Net Placement with Discount Houses •FGN Bonds
Total liquid assets
Current Liabilities
<ul style="list-style-type: none"> •Adjusted Total Deposit •Net Balance held for other Banks •Net Money at call held for other Banks •Net Interbank Placements held for other Banks •Net Takings from Discount Houses •Balances Held for External Offices Less Bal. held with External offices •Bankers Acceptances
Total Current Liabilities

Liquidity Ratio = Total liquid assets /Total Current Liabilities * 100 *Minimum rate is 30% *

Regulation of Securities Trading in Nigeria

- Financial Markets Dealers Quotation (FMDQ) is currently responsible for provision of online trading platform (Bloomberg) for all dealers in Nigeria;
- All authorized dealers in securities trading in Nigeria are expected to register with Securities and Exchange Commission (SEC) and with Financial Market Dealers Quotation (FMDQ) who onboard them into the trading platform (Bloomberg) for online/real time trading

consummations by all the dealers.

Every Bank is required to pledge (collateral) of N1billion worth of securities with the Central Bank of Nigeria (CBN) to specifically support fixed income trade settlement

- This pledge has been agreed by the market and is a mandatory requirement for all DMBs;
- Lack of provision of pledge or failure to top-up pledge on daily basis will translate to exclusion from the market for such a period as the condition remains;
- FMDQ will be notified of such failure on daily basis and appropriate action will consequently be taken;
- Where FMDQ requests for information to ascertain the defaulting DMBs and parties to the defaulting trade fail to respond, sanctions will be applied to both parties immediately after the fourth day;
- The CBN & FMDQ will activate and enforce sanctions against defaulting DMBs on the next business day of a default.

Auditing of Liquid Assets & Liabilities

The audit objectives Treasury assets and liabilities are as follows:

- I. To ascertain Ownership of the security held by the bank
- II. To ascertain the fair value of the security held in case of rediscounting them to meet immediate financial obligations (Mark to Market valuation)
- III. To ascertain that the dealers abide with risk limits set by the bank
- IV. To ascertain that the bank complies with the liquidity ratio set by the regulatory authority
- V. To ascertain the bank's exposure to CBN, Other banks and other Financial Institutions; to determine if it is highly geared, low geared or playing safe in the market.
- VI. To ascertain customers' bills were not used or trade with by the bank as pledge to CBN, other banks or to other financial institutions for funds.
- VII. Identification of debtors that are owing the bank
- VIII. Identifications of creditors that the banking is owing
- IX. Ascertainment of off balance sheet items guaranteed by the bank to third party (Commercial Papers (CP), Advance

elected, qualifications of the members, and independence.

Meetings:

The charter should clearly communicate the number of mandated meetings, the authority to call special meetings, attendance requirements for the committee members.

Responsibilities:

One of the most important components of the charter is to articulate the committee's responsibilities, which may include:

- ◆ Review and approve audit's risk assessment methodology and the resulting risk
- ◆ Assessment;
- ◆ Review and approve the annual audit plan and changes to the plan;
- ◆ Review and approve internal audit policy/(ies);
- ◆ Monitor compliance with applicable regulations;
- ◆ Monitor progress and outcome of special investigations;
- ◆ Review audit reports;
- ◆ Monitor remediation of audit and regulatory examination issues;
- ◆ Ensure internal auditors have unrestricted access to all areas of the bank;
- ◆ Review independence of internal and external auditors;
- ◆ Perform other activities as requested by the board, etc.

INTERNAL AUDIT CHARTER AND/OR POLICY COMPOSITION

Whether the bank's internal audit activities are outsourced or conducted in-house, management should consider the following components when developing an internal audit charter and/or policy:

Policy objective/Purpose:

The policy should address the objectives of the internal audit function. Phrases to describe the purpose of the function often include "conduct independent audit and objective assurance," "provide advisory services," "add value," "improve the institution's operations," "help the

institution accomplish objectives," and "improve risk management, control, and governance processes"

Scope of work:

Although some banks address the scope of work within the purpose statement, some choose to make it a separate, more detailed section. The scope of work should address the review and approval of the audit universe, audit risk assessment, audit plan, and work performed;

Authority:

The policy should mandate the auditor's authority, including unrestricted access to all business units, documents, and employees;

Independence/Institutional structure:

Careful thought should be given to the placement of the audit function within the institution's management structure. The board should evaluate the auditor's independence and document mitigating controls;

Auditing standards:

The bank's audit policy (or charter) should identify how the audit function provides reasonable assurance as to the effectiveness of the system of internal controls. It is the responsibility of the audit committee to determine the extent of auditing that will effectively monitor the institution's system of internal controls;

Outsourcing/Third parties:

Although some banks use an outsourcing arrangement to execute internal audit activities, the ultimate responsibility for ensuring an effective system of internal controls rests with the board of directors and senior management. It is therefore incumbent on the board to establish a policy that governs the vendor management aspect of the outsourced relationship. Policy considerations would include the contract provisions, assessments of vendor competence, communication between the vendor and the institution, requirement that work product

An overview of the components of an Effective Audit Function

- To ensure the safe and sound operation of a financial institution, the board of directors and senior management must have in place an effective system of internal controls, including internal audit. When the internal audit function is properly structured and conducted, it gives directors and senior management vital information about the condition of the system of internal controls and identifies weaknesses so that management can take prompt, remedial action.
- To establish an effective internal audit function, the board of directors (or its audit committee) should establish an audit policy that outlines the framework and standards for which the audit function is expected to operate. The policy and audit committee charter should take into consideration the size and complexity of the bank, with consideration given to the development of the following documents: Audit Committee Charter, Internal Audit Charter, Internal Audit Policy, and Internal Audit Procedures.
- The Institute of Internal Auditors (IIA) Standards acknowledge that no single policy will meet the needs of every audit committee or audit function. For example, larger institutions have more formal policies and procedures, while smaller ones may have fewer, less complex policies that articulate the basic needs of the organization. More importantly, there should be existence of written, board-approved documentation to support the purpose of the audit function. Some of the following audit policy components are incorporated within IIA Standards, while others represent industry best practices.
- This overview covers the supervisory expectations to consider when developing an institution's internal audit policy and audit committee charter.

COMPONENTS OF AN AUDIT COMMITTEE CHARTER

Note: In the absence of an audit committee, these responsibilities should be outlined in official board-approved documentation.

Purpose:

The charter should identify the purpose of the audit committee. Components of the purpose statement may include, but should not be limited to, assisting the board of directors in fulfilling oversight responsibilities for financial reporting and internal controls, overseeing the audit process, and monitoring compliance with laws and regulations

Authority:

The charter should define the audit committee's authority. The paragraph may include the committee's authority regarding external auditors, disagreements between management and auditors, approving audit services, retaining experts (such as legal or accounting), and meeting with officers, auditors, or outside counsel.

Composition:

The charter should articulate the composition of the audit committee, including the number of members, how the members are selected or

Performance Guarantee (APG) and Performance Bonds (Bonds)

- 4. purchases & N1 Margin from Interbank purchases are taken to by the bank;
- 4. Check for all interbank buying and selling policy and ensure adherence to it by the dealers;

Treasury Audit

Liquid Asset Auditing-Process Flows

- **Fixed Income Security Unit- This unit deals in buying and selling of security instruments issued by Federal, State and Corporate bodies for the bank and its customers**

Audit Steps

1. Obtain list of Securities (Treasury Bills & Bonds) held by the bank as at audit period;
2. Obtain list of Securities held for customers and ensure certificates obtained from their custodian agree with the schedule;
3. Check for commission charged customer if in line with guide to bank charges (GBC);
4. Check if the schedule balances with the system (the difference will be Mark to Market);
5. Check for loss made during the audit period (Treasury bills & Bonds) if within limit set by market risk;
6. Obtain market risk report;
7. Obtain list of unsettled securities during the audit period;
8. Obtain FMDQ violation report;
9. Obtain correspondence with CBN and other banks on securities dealings;

- **Treasury Sales & Currencies Unit- This unit deals with buying and selling of foreign currencies to Corporate bodies (Letter of Credit, Bills for Collections & Business Travelling Allowance) and Individuals (Personal Travelling Allowance)**

Audit Steps

1. Obtain Foreign Blotter for the audit period;
2. Obtain Foreign Currency Trading daily position from Market & Liquidity risk;
3. Confirm Commission 0.50K from all CBN

5. Obtain Correspondence to CBN & other banks on buying & selling foreign currencies;
6. Obtain list of foreign currency sold to CBN (Money Gram, West Union & others) yet to be credited to the bank's position;
7. Obtain intervention funds sold to the bank and allocation policy of the bank is adhered to;
8. Obtain list of Customers yet to submit shipping documents and others for exchange control clearance to CBN;
9. Obtain list of Customers the bank financed their importation and granted credit lines;
10. Sample test Letters of Credit Commission were correctly charged and are in accordance to guide to banks charges;
11. Obtain Correspondent banks statement of account and Nostro Account maintained by the bank for them;
12. Query Open items that were outstanding for more than necessary;
13. Sample test Swift Messages for inward and outward transfers for LC and Invisibles Transactions;
14. Obtain the list of Foreign Placement and confirm consistency with the booking on the system;
15. Check for placement concentration above the threshold set and report variance;
16. Obtain returns rendered on Money Laundering and test check from the system its accuracy or otherwise;
17. Sample test Profit/Loss limit on security trading.

- **Assets & Liabilities Management Unit – In charge of managing the daily position of the bank (Naira & Fx) and ensures that the bank funds are invested in a secured**

manner at a profit, provide Liquidity for funding of daily commitments, placement of excess funds with CBN (SDF) or with other banks in the Industry and vice versa.

Audit Steps

1. Review of dealers' limit;
2. Review of Placement & Takings of the bank during the audit period check for authorization by the Treasurer/Executive Management/Board where necessary as per Treasury Limit Framework;
3. Obtain Deposit Placement Limits set for counterparties and test check variance;
4. Review daily interbank rate and compare with what was booked in the system;
5. Circularize other Banks on outstanding

3. Confirm customers deposit instructions agree with system bookings;
4. Confirm rates charged are in line with rate guide and confirm if accurate -no under or over charge;
5. Match Deposit maturity to Securities held to maturity if appropriate or mis-matching;
6. Ensure Deposits agree with the General Ledgers;
7. Ensure Investment Letters Issued to Customers are duly acknowledged;
8. Report exceptions.

Correspondent Banking Unit- This unit relate with all foreign correspondent banks, established credit line and ensure adherence to terms & conditions.



Audit Steps

1. Obtain list of newly opened account with correspondent bank by the bank;
2. Ensure Management/Board approval

6. Placement/Takings from them; Confirm Liquidity ratio agrees with regulatory policy of 30% daily;
7. Sample test idle funds not invested and compare with limit set;
8. Obtain Treasury Report and review fundamentals that affected business progressions in the period under review;

Financial Institutions Unit—source for deposit from Financial Institutions and high net worth individuals.

Audit Steps

1. Check for the unit target for the audit period;
2. Compare actual and budget and established variance;

3. l is sighted;
3. Obtain List of Foreign Loans obtained by the bank/Credit Line;
4. Ensure prompt repayment of Loans and credit line;
5. Obtained Statement of Account of Correspondent balances to confirm repayments;
6. Obtain schedule of Customers that enjoy credit lines during the audit period;
7. Obtain list of Customers that their credit line had expired and not paying back;
8. Obtain list of Customers that their credit lines had expired and converted to term loans whether performing or not;
9. Do circularization to Foreign Banks on Loan and Cash Collateral accounts held for the bank;

According to Accenture, Internal audit identified four key areas for enhancement with new technologies:

1) Enhancing audit management with a new global risk and compliance solution

The Governance, Risk Management and Compliance (GRC) solution provides internal audit with a comprehensive, end to end audit life cycle management solution, the operating model of an organization and internal corporate functions.

4) Increasing productivity leveraging

The use of technologies to effectively support work, especially to collaborate with teams rather than just through travel should be adopted. Teams can meet remotely to share information and documents.

Internal audit as a part of the ongoing monitoring of the bank's system of internal controls and of its internal capital assessment



2) Leveraging analytics to industrialize continuous audit

Rather than the traditional sample testing of transactions and periodic review, there should be an increasing use of analytics in its audit processes, particularly to monitor key processes, transactions and controls.

3) Implementing continuous risk assessment

Investing in a risk assessment software to stay closer to business.

procedure provides an independent assessment of the adequacy of, and compliance with, the bank's established policies and procedures and as such, the internal audit function assists senior management and the board of directors in the efficient and effective discharge of their responsibilities. As a result, innovative solution on how best to discharge the internal audit responsibility should be a constant issue and digitalization should be seen, not as an option but rather a necessity to achieve strategic growth in

Victor Okpara & Cynthia Awiya, Access Bank Plc.

INTERNAL AUDIT AND DIGITALIZATION

The primary objective of **internal audit** should be to provide reasonable assurance to the Board about the adequacy and effectiveness of risk management and **internal control** in the **bank's** operations. Transaction testing is considered an essential aspect of the risk-based **internal audit**. **However, in an ever-emerging world, digitalization is an area that cannot be ignored.**

What is Digitalization?

Digitalization is the integration of digital technologies into everyday life by the digitization of everything that can be digitized. The literal meaning of digitalization gives an apparent idea of development and technology dependent world.

Digital transformation is about reinventing operations. It is about accelerating processes and all sort of organizational activities to leverage the opportunities presented by a variety of developed and emerging technologies. Digital

transformation represents a changing mind-set which involves constant innovation in ways that can improve the process efficiently.

A typical traditional internal audit model includes audit of key risks areas of the organization and providing management with insights and recommendations on the effective management of the risks identified; the goal being to assist the organization in achieving its objectives, risk assessment and planning, audit engagements and deliverables.

Adopting a digital transformation model will involve creating an internal audit business intelligence portal and extracting data from across the organization. These data can be manipulated to produce strategic, informed insights to management and if possible make predictions. It will also involve investing in automated and real time key risks indicators and predictive analytics.

10. Determine the loans are being repaid by them to foreign banks;
11. Obtain list of foreign banks, the bank was owing and their balances –obtain swift confirmation;
12. Obtain list of correspondent banks that have blacklisted the bank due to trade failure;-



General Review of Treasury Performance

Audit Steps

1. Review Management Performance Report obtained from Financial Control department of the bank on Treasury Department;
2. Review Treasury Report sent to management at the audit period;
3. Review staffing and ensures the department is in line with the CBN directive and other relevant regulatory bodies competence frameworks;
4. Review Staff Training programs and Training attended during the audit period;
5. Review automation of processes and identified activities not automated;
6. Review Bloomberg invoice if accurate with terms and conditions and payment made to date.

All the critical functions of Treasury as enumerated above should be fully covered by the audit team. Thereafter, an exit meeting will be held with Treasury Team to discuss all the weakness discovered in the system, regulatory violations observed, Trading and Placement limits exceeded and confirmation of outstanding obligations.

REPORT WRITING

Once the team has finished its work within the treasury department itself, the work is not done. The final report back stage is a crucial part of the process. Firstly, the report itself will form the basis of the next audit process, as discussed above. But, more importantly, it is a key formal document in the overall control process for the treasury function.

The report will provide both the management and

board with an independent view of the work of the treasury function on internal control weakness, Regulatory Compliance and Correspondent Relationships

As long as both the preparation and the investigative work was carried out with sufficient rigour, the audit report will be able to answer the questions about treasury's activities stated above.

The report should identify any problems with the work of the treasury department. If any problems are identified, the internal auditors are expected to make recommendations for improvements. If any such recommendations are made, the auditors should conduct a further check on whether these improvements have been made after a reasonable time through audit monitoring and control unit in the bank.

The process can be less formal

In this article, we have outlined a formal internal audit process for a treasury function. In smaller treasury departments it might be more appropriate to have a less formal process of audit. For example, the internal audit department could be consulted on a more regular process. The critical point is that the work of the treasury department should be examined by a third party (CBN) on a regular basis to give the treasurer the benefit of a more detached view.

Please note that opinions and views expressed in this write up are limited to the knowledge and experience of the writer and they are to guide us in carrying out treasury audit task at the minimum. Therefore, changes in relevant regulations, adaptation to the readers' environment, knowledge and work experience could inform better opinions and views.

ABBREVIATIONS

MPC-Monetary Policy Committee
 MPR-Monetary Policy Rate
 CRR-Cash Reserve Requirement
 FMDQ- Financial Markets Dealers Quotation
 SEC-Securities & Exchange Commission
 NDIC-Nigeria Deposits Insurance Corporation
 CBN-Central Bank of Nigeria
 SDF-Special Deposit Funds
 SLF-Special Lending Funds
 FMDA-Financial Markets Dealers Association

References: CBN portal, Treasury today.com & Internal Audit Report on Treasury.

Benjamin Olaniyi Olalemi
 CAE, Unity Bank Plc.

INTERNAL AUDIT AND MONITORING & EVALUATION SYSTEM IN DEVELOPMENT FINANCE INSTITUTIONS IN NIGERIA

(ALIGNING AUDIT STRATEGY & INSTITUTIONAL OBJECTIVES)



Abstract

The history of Development Financing Institutions (DFIs) in Nigeria has been replete with a deluge of suboptimal achievement of goals and objectives for which they were set up. Imperfections in macro-economic variables, the state of the financial services industry and corporate governance issues amongst others are contributory factors to the underperformance and sometimes outright failure of these DFIs.

Monitoring and evaluation in development financing is a veritable process in keeping track and guiding strategy setting and execution in order to achieve long term developmental goals in a DFI.

Internal audit has a major role to play in not only providing assurance to management and the board on the effectiveness of the monitoring and evaluation

process, but in also adding value to the organization through its consulting activities in this regard. This will entail thorough understanding and appreciation of the salient inherent values in monitoring and evaluation within the context of development financing and ensuring that internal audit strategy is aligned with the DFI's long term objectives.

Introduction

The Nigerian Financial System has had tremendous growth and changes over the years, most especially in recent times. The banking sector constitutes a major subset of the financial system as its operations and impact cannot be over emphasized. The sensitivity of the banking sector to the economy and its effect on individuals and institutions amongst others, is a major reason for the water-tight monitoring of the sector by regulatory authorities.

Nigeria Central Bank Issues Revised Cheques Clearing Rules Effective September 1st, 2018

The Central Bank of Nigeria (CBN) in furtherance of its mandate for the development of electronic payments system in Nigeria, has issued the revised Nigeria Bankers' Clearing System (NBCS) Rules.

The Nigeria Bankers' Clearing System Rules (Revised) took effect from 1st September, 2018.

The highlights of the revised rules are as follows:

- The return period of cheques, which used to be the same day, has been extended to 5pm of the next day;
- All clearing instruments returned unpaid shall now bear the appropriate returned reason code;
- The transmission of more than 100 cheques in the special clearing session by a bank would attract a fine of N50,000 instead of N100,000;
- The failure of a member to indicate the correct reason for returning a payment instrument would attract a fine of N250 per instrument;
- Electronic payment instruments will be presented to the clearing system in the next applicable session if instruction is received from customers less than two hours before closure of session available for the financial instrument, unless the relevant service agreement dictates otherwise;
- Where the account details are valid, direct credits shall be applied to the beneficiary's account within 2 hours after the close of the clearing session;
- Direct debits shall be deemed paid by the same session next clearing day, if not returned;
- A member bank will be suspended from

participating in any clearing session if an amount of clearing collateral that has been utilized to fund an account is not replaced within two business days, or if a collateral so discounted is insufficient, or if a bank overdraws its settlement account maintained with the CBN for three consecutive working days.

- "A member bank can also be suspended if it persistently overdraws its account with its



settlement bank and the settlement bank communicates its intention to stop settling for such a non-settlement bank to the CBN and Nigeria Inter-Bank Settlement System Plc, or if a bank fails to provide the requisite infrastructure to enable electronic exchange of eligible payment instrument, or fails to maintain adequate collateral with either the CBN (in the case of a settlement bank) or its settlement bank (in the

case of a non-settlement bank) in accordance to section six of these rules."

- A member bank may be penalized by suspension from participating in clearing activities for such periods as shall be determined by the CBN for non-attendance of two consecutive meetings of the Committee, without a satisfactory reason communicated in writing within five (5) working days before or after any scheduled meeting.

The circular to this effect was released by the Director, Banking and Payment System Department of the CBN, **Dipo Fatokun**.



PHISHING: A PERSISTENT THREAT TO BUSINESSES AND THEIR CUSTOMERS

Businesses around the world are faced with numerous security threats like Malwares, Viruses, Spywares Etc. Banks are not exempted from these threats as they handle customer information, data and finances and various measures have been developed by which these threats can be tackled. However, fraudsters have discovered ways of identifying measures put in place by Banks to tackle these threats and as a result, targeted the Bank's customers as they are seen as soft targets.

Customers can easily be manipulated as some are not well informed about the threats of fake emails and malicious messages through phishing in a bid to get confidential information.

Phishing is a malicious activity in which criminals try to gain access to user's information, data or devices in order to gain access to confidential data and information, which can be exploited mainly for fraudulent financial purposes. Since customers are very key to a Bank, a threat to them is ultimately a threat to the Bank.

Therefore, it is important that customers are sensitized about phishing techniques and how to identify a fraudulent message.

Phishing emails usually appear to originate from a customer's Bank, requesting for personal information such as card number, account number or password. This is usually done using sites, services and companies that bear a striking resemblance to the Bank's email or text message. Fraudsters also send mails asking customers to update their personal information by sharing a link to a website.

Here are some ways Banks can sensitize customers to recognize a phishing attack:

- Forged link: Even if a link has the Bank's name somewhere in it, it doesn't mean it links to the real Bank's page. Roll your mouse over the link and see if it matches what appears in the email. If there is a discrepancy, do not click on the link;
- Secure protocol: Websites where it is safe to enter personal information begin with "https".

The "s" stands for secure. If you don't see "https" do not proceed;

- Requests for personal information: The point of sending phishing email is to trick you into providing your personal information. If you receive an email requesting your personal information, it is probably a phishing attempt. The Bank would never ask you to divulge personal information via email;

- Poor spelling or grammar: Phishing mails are sometimes poorly written and riddled with errors;

- Generic greetings: Generic greetings such as "Dear Customer" should be checked carefully. It should raise a red flag because most Banks would use your name in their email greetings.

Phishing attacks can be successfully prevented through some of these suggested means:

- You should not be in a rush to download any attachment or open any link that seems suspicious;

- Use both antivirus software and an anti-malware tool. They are often provided by common and well-known security brands such as McAfee and Norton;

- If a customer did not make any complaint and still got a mail request, it should be ignored. If in doubt, contact customer care or visit the nearest branch of your bank;

- Never Give Out Personal Information- Customers should never share personal or financially sensitive information over the Internet. Visit the real Bank's website if in doubt.

In summary, Banks should continually advise their customers about ways of detecting and preventing Phishing. Banks should emphasize that there is no single guaranteed way to avoid phishing attacks, hence, customers should be advised to use personal discretion as new techniques of phishing are adopted by fraudsters daily. In cases where there are doubts about the authenticity of the email or message, they should be advised to contact the bank as soon as possible.

Adeboye Adedeji,
Access Bank Plc.

Make mention of the banking sector in any discussion or forum today and what readily comes to the mind of the average listener or audience are the Deposit Money Banks (DMBs). These are banks that act as intermediaries between those who lend money to the bank (also known as depositors) and those that the banks lend money to (also known as borrowers). The banks pay depositors amount known as interest for their deposits while also collecting amount known as same interest from borrowers for amounts borrowed.

All DMBs in Nigeria today led by the 'systematically important banks' (SIB) – First Bank, UBA, Zenith Bank, GTB and Access Bank (FUZGA) are owned by private shareholders. Gone are the days of government having majority shareholdings in such banks with its attendant pseudo-political interferences in Executive Management appointments and operations. Most of the DMBs in Nigeria today have either experienced /survived or are products of the various financial crisis that have bedeviled the sector over the years.

A Development Finance Institution (DFI) on the other hand is a "specialized financial institution established with specific mandate to develop and promote key sectors of the economy considered to be of strategic importance to the overall socio-economic development objectives of the country." (CBN Regulatory & Supervisory Guidelines for DFIs in Nigeria. February 2015)

They engage in projects and disbursement of credit facilities to targeted sectors and segments of the economy at mostly longer tenured and low interest rates with the ultimate objective of stimulating economic growth and development. These are facilities that lack appeal to the DMBs because of their inherent risk aggravated by macro-economic conditions.

DFIs currently in Nigeria include Development

Bank of Nigeria PLC (DBN), Bank of Industry (BOI), Bank of Agriculture (BOA), Nigeria Export-Import Bank (NEXIM), Federal Mortgage Bank of Nigeria (FMBN), The Infrastructure Bank, Nigerian Mortgage Refinance Company (NMRC)

The history of Development Finance Institutions in Nigeria cannot be written without mention of the likes of Nigeria Bank for Commerce and Industry (NBCI), Nigeria Industrial Development Bank (NIDB), Nigeria Agricultural Co-operative and Rural Development Bank amongst others. Some of these banks have either ceased to exist or have metamorphosed into the current existing DFIs in the country.

The banking industry in Nigeria has had its fair share of financial crisis over time as evidenced by series of bank failures. Some of the bank failures were systemic or contagious in nature while others were



due to inherent financial recklessness, internal control failure and dysfunctional board composition, activities and oversight. The history of DFIs in the country is similar if not worse. The average memory and perception of DFIs is one of abysmal corporate governance practices, political interference in its operations and insider related transactions. Financial sustainability of the DFIs is also a challenge as they have had to rely on subventions and series of fund injections for recapitalization by the government.

If the internal audit function is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations while also helping the organization to accomplish its objectives through a systematic, disciplined approach to evaluate and improve the effectiveness of risk

management, control, and governance processes, then a lot more is expected and required from the internal audit function in most organizations. This is more so as the tendency to always question the competence and integrity of the Internal Audit department always arises with each crisis, failure or inability to achieve set objectives.

Aligning Internal Audit Objectives with DFI's Objectives

The internal audit function exists mainly to provide assurance to management and the board that risk, control and the governance process is being managed effectively to achieve organizational objectives. Organizational objectives vary from one organization to another. For DMBs especially in the context of their commercial operations, the underlying objective is enhancing shareholders' value. One of the major ways of achieving this is through profit maximization within the ambit of the law and regulation.

Majority of the DFIs in Nigeria today are mostly 100% owned directly or indirectly by the Federal Government of Nigeria (FGN) with the exception of the likes of Development Bank of Nigeria (DBN) which has equity participation and direct long-term funding from Development Partners & International Financial Institutions like the World Bank, African Development Bank (ADB), European Investment Bank (EIB), KfW Development Bank and French Agency for Development (FAD) in collaboration with the Federal Government of Nigeria.

The shareholding and ownership structure and the objectives of the DFIs have implications for shareholder value and the internal audit function. The Federal Government of Nigeria is the major shareholder and enhancing shareholder value of the DFIs would imply meeting and surpassing the economic developmental objectives they were set up to achieve by the Federal Government. It is important to reiterate at this point that unlike DMBs, profit making, though desirable is not an overriding objective of DFIs especially in Nigeria as profit from such institutions has little or no impact on the shareholder's (i.e. FGN) value.

This is not to undermine the fact that financial sustainability of the DFIs through profit making rather than intermittent government subventions and intervention is not desirable. Hence, Developmental Impact Assessment (DIA) can be viewed as an effective barometer to measure and determine the

achievement of DFIs objectives. This assessment is mostly performed by a Monitoring and Evaluation unit.

Internal Audit also provide consulting services in addition to its assurance activities in an organization. Internal audit oversight and review of the Monitoring and Evaluation (M&E) framework and operations is a distinctive feature of an effective internal audit function in a DFI. The design and implementation of audit activities with the end in mind will ensure better alignment of audit objectives with the DFI's objectives.

Monitoring & Evaluation (M&E) Processes in Development Financing

Monitoring and Evaluation in a DFI is an important function in management that is interactive and mutually supportive. A typical DMB would have a Business Performance Management unit whose responsibility would amongst others include measuring actual performance against set target for individuals, departments and the overall bank.

The same applies to a DFI where actual performance is checked against targets set out by the Board and Management. However, it should be noted that targets are a means to an end and not the end itself in development financing.

The end is the developmental objectives set out for the DFI in its establishment and this is where the M&E process effectively assists in ensuring developmental objectives are monitored, evaluated and achieved.

For example, a DFI can be set up with the ultimate objective of promoting economic growth, employment and capacity building in minerals mining sector of the economy over a 3-5-year period through the disbursement of credit facilities at very low single-digit interest rate to genuine companies, especially Small & Medium Enterprises (SMEs) in the sector.

Extract of the hypothetical financials of the DFI is as illustrated below:

Table 1

	Year 1	Year 2	Year 3	Year 4	Year 5
	N'billion	N'billion	N'billion	N'billion	N'billion
Shareholders Fund	808.00	819.50	833.80	850.66	869.97
Profit After Tax (Budget)	5.00	8.00	12.00	15.00	17.00
Profit After Tax (Actual)	8.00	11.50	14.30	16.86	17.31
Risk Asset	206.50	422.80	665.00	797.00	801.00
Non-Performing Loans (NPL)	0.00	0.00	0.05	0.12	0.11

Quotable Quotes

Leaders must be close enough to relate to others, but far enough ahead to motivate them.

John C. Maxwell

A leader is like a shepherd. He stays behind the flock, letting the most nimble go out ahead, whereupon the others follow, not realizing that all along they are being directed from behind.

Nelson Mandela

A man who wants to lead the orchestra must turn his back on the crowd.

Max Lucado

Be strong enough to stand alone, smart enough to know when you need help, and brave enough to ask for it.

Unknown

Whenever you see a successful business, someone once made a courageous decision.

Peter F. Drucker

Whatever the mind of man can conceive and believe, it can achieve.

Napoleon Hill

The mark of a great man is one who knows when to set aside the important things in order to accomplish the vital ones.

Brandon Sanderson

Everyone thinks of changing the world, but no one thinks of changing himself.

Leo Tolstoy

Keep your fears to yourself, but share your inspiration with others.

Robert Louis Stevenson

We need to think of the future and the planet we are going to leave to our children and their children.

Kofi Annan

I am not a product of my circumstances. I am a product of my decisions.

Stephen Covey

Do not follow where the path may lead. Go instead where there is no path and leave a trail.

Ralph Waldo Emerson

Change will not come if we wait for some other person, or if we wait for some other time. We are the ones we've been waiting for. We are the change that we seek.

Barack Obama

A leader is a dealer in hope.

Napoleon Bonaparte

Someone is sitting in the shade today because someone planted a tree a long time ago.

Warren Buffett

I've learned that people will forget what you said, people will forget what you did, but people will never forget how you made them feel.

Maya Angelou

Objectives

The main objective of internal audit is to protect the value of the assets of the bank, while the external auditor is to confirm whether the financial statements are presented objectively.

Reporting Line

Internal auditors report to the audit committee and/or directors while the external auditors report to the shareholders.

The Handshake between the Internal Auditors and the External Auditors

In order to have a more comprehensive view of operations and risks whilst eliminating areas of possible duplication of audit effort there must be a handshake between the internal auditors and external auditors whereby the external auditor may use the work of the internal audit function in planning and conducting an external audit.

Most of the work performed by the internal audit function can overlap with the work performed by the external auditor, especially in areas of the assessment of control processes. It is likely that in carrying out detailed work evaluating and reviewing the company's internal control framework, internal audit perform procedures on financial controls relevant to the external audit. As such, the external auditor, rather than duplicating these procedures, may place reliance on the work carried out by the internal auditor.

There are ways in which internal auditors may be used by the external auditors in the audit of financial statements and they are listed below:

- The work of the internal auditors can be used as audit evidence.
- Internal auditors can provide direct assistance to the external auditors by performing audit procedures under the direction, supervision and review of the external auditor.

However, when considering the use of the internal audit function in obtaining audit evidence, the external auditor is required to evaluate:

- The objectivity of the internal audit function.
- The technical competence of the internal auditors.
- Whether the work of the internal auditors is likely to be carried out with due professional care;
- Whether there is likely to be effective communication between the internal auditors and the external auditor.

When considering the use of internal auditors to provide direct assistance, the external auditor should evaluate:

- Whether internal auditors can be used and to what extent.

Using the internal audit function in obtaining audit evidence

The external auditor who decides to use the internal audit function in obtaining audit evidence will have to discuss the intended use after which the external auditors will read the reports of the internal audit function as it relates to the functions of the external audit.

The external auditor should re-perform some of the audit work especially the body of work that the external auditors intends to use in obtaining audit evidence while assessing the internal auditor's objectivity, technical competence and independence.

Using the Internal Auditors to provide direct assistance

The external auditor may obtain direct assistance from the internal auditors to carry out audit procedures that otherwise would be performed directly by the external auditors themselves. The external auditor evaluates whether internal auditors can be used and to what extent by assessing the existence and significance of any threats to the objectivity and level of competence of the internal auditors who will be providing direct assistance on the audit before assigning them to specific tasks.

The external auditor will communicate to those charged with governance their intention to use the internal auditors to provide direct assistance. Acknowledgement from those charged with governance will be sought before the external auditors will proceed with the planned use of internal auditors to provide direct assistance.

In summary, the internal auditors are important to the Bank and they are also important to the external auditors. As internal auditors, we should always exhibit the following characteristics:

1. Professionalism
2. Integrity
3. Independence
4. Confidentiality
5. Objectivity

From the business performance perspective, the above DFI has had an outstanding performance as it has not only been profitable but has also surpassed profitability targets for its first 5 years of operation. Not only has it been profitable, it has also been able to maintain an impressive NPL ratio.

However, the following hypothetical statistics was obtained from the developmental impact evaluation of the DFI over an 8-year period (A further 3 years after its 5th year of operations is evaluated as the impact of a DFI's operations is mostly evident in the medium to long term):

Table 2

INDICATORS	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Target sectorial GDP contribution	2.2%	3.5%	4.8%	5.5%	6.1%	7.2%	8.5%	9.1%
Actual sectorial GDP contribution	1.3%	1.2%	1.1%	0.4%	0.1%	0.2%	0.1%	0.2%
Target employment in the sector (millions)	0.2	0.3	0.4	0.5	0.6	0.7	0.8	0.9
Actual employment in the sector (millions)	0.03	0.03	0.02	0.02	0.02	0.01	0.01	0.01
Customer base	2,230	3,401	5,275	4,013	2,111	2,379	2,388	1,376
New entrants and first-time access to finance (Target – 20% yearly increase)	200	240	288	345	414	497	596	715
New entrants and first-time access to finance (Actual)	200	203	197	155	127	26	10	11

A closer look at the evaluation reveals that the DFI has not been meeting the set objectives for which it was established. Its operations have had little or no development impact on the sector

despite its impressive financial results for the following reasons:

- i) The GDP contribution of the sector has been below target, even witnessing declining contribution despite the increased loan disbursements by the DFI. More worrisome is the fact that these credit facilities were being repaid as at when due. This may be due to poor or no capacity building to the SME as such, low growth in the business and by extension to the sector. However, the SME will still be liquid enough to ensure timely repayments.
- ii) Employment generation in the sector has not been achieved as the total number of employed persons in the sector declined over the period.

iii) Underperformance is also noted in the expansion of the sector as customer base declined and disbursement of loans to new entrants and those accessing finance for the first time also declined.

Monitoring and evaluation is an important function in management that is interactive and mutually supportive. This function aids in ensuring accountability in the use of resources; provides a clear basis for decision-making; and offers practical lessons

from experience to guide future development goals.

Monitoring primarily focuses on progress made in terms of results: *What did we deliver? What did we achieve?* Monitoring can also answer questions such as: *Why did we (not) achieve certain results? How? Can we improve?* Monitoring does not necessarily focus on financial follow-up, but on the extent to which interventions (or a group of interventions) achieve their planned results. This is done by measuring indicators, reflecting on ongoing development processes (analysis) and reporting.

The Organization for Economic Co-operation and Development – Development Assistance Committee (OECD-DAC) defines evaluation as *“the systematic and objective assessment of an on-going or completed project, programme or policy, its design, implementation and results. The aim is to determine the relevance and fulfilment of objectives, development efficiency, effectiveness, impact and sustainability. An evaluation should provide information that is credible and useful, enabling the incorporation of lessons learned into the decision-making process of both recipients and donors. Evaluation also refers to the process of determining the worth or significance of an activity, policy or programme. An assessment, as systematic and objective as possible, of a planned, on-going, or completed development intervention”* (glossary OECD-DAC).

To aid a better understanding of DFI operations, let's take a further look at the definition of the following terminologies according to OECD-DAC:

- i) Results: *“The output, outcome or impact (intended or unintended, positive and/or negative) of a development intervention”*.
- ii) Impact: *“Positive and negative, primary and secondary long-term effects produced by a development intervention, directly or indirectly, intended or unintended”*
- iii) Outcome: *“The likely or achieved short-term and medium-term effects of an intervention's outputs”*
- iv) Output: *“The products, capital goods and services which result from a development intervention may also include changes resulting from the intervention that are relevant to the achievement of outcomes”*.

Using the above terminologies, a matrix can be developed for evaluating one of the developmental objectives of a hypothetical DFI above – first time access to finance at the end of its 5th year.

Table 3

	GOALS	OUTCOME	OUTPUT
Indicator	Number of SMEs with first time access to credit	Increased number of SMEs in the country accessed credit for the first time	Number of first time borrowing SMEs
Definition How is it calculated?	Number of SMEs who received a loan for the first time divided by the total number of SMEs in the fiscal year	Target number of SMEs divided by the total number of SMEs in the fiscal year	Total number of SMEs responded yes to the question "Are you a first-time borrower?"
Baseline: What is the current value?	200	715	127
Target: What is the target value?	Yearly increase in number of SMEs with first time access to credit	20% yearly increase in SMEs with first time access to credit	Decline. Negative growth recorded
Data Source: How will it be measured?	Tracked Credit Operations Department submission via standard template	Tracked by the M&E officer after funds have been disbursed.	Tracked M&E officer via standard template
Frequency: How often will it be measured?	Each quarterly period the DFI disburses funds to SMEs	Each quarterly period the DFI disburses funds to SMEs	Each quarterly period the DFI disburses funds to SMEs
Responsibility: Who will measure it?	M&E Officer	M&E Officer	M&E Officer
Reporting: How & where will it be reported?	M&E Monthly & Quarterly report	M&E Monthly & Quarterly report	M&E Monthly & Quarterly report

The Role of Internal Audit in the M&E Process

The M&E process which can also be viewed as a subset of the risk management framework is a major pillar and foundation for strategy articulation and implementation in a DFI. Internal audit being the third line of defense plays a pivotal role in evaluating the effectiveness of both first and second lines of defenses in risk management.

It therefore follows that Internal Audit must ensure the following in the process of providing assurance to management and the board:

a) **Audit Review Programme:** Develop and implement rigorous audit review programme of the M&E framework in the DFI. This will include validation of the integrity of data and the source of data being used in the M&E processes back to back. Data could be sourced internally within the DFI or obtained from independent sources externally. It could also be a combination of both sources. Data is the most important ingredient in the M&E process and a faulty, incomplete and compromised data could have far reaching implications on the M&E reports which ultimately feeds into the overall strategy setting and articulation of the DFI.

Besides audit analysis of the sources of data, internal audit should also review and validate data analytics of the M&E process. This involves reviewing the methods of analyzing data obtained as a wrong or

sub-optimal data analysis by M&E could result into producing misleading reports for management. In most cases, the use of software applications is used by M&E in data analytics. A review and test of the algorithm and other aspects of the application and other templates in the M&E process would be absolutely necessary. This aspect of audit review could be very technical and might require internal audit to seek the assistance or input of external consultants.

b) **Integrating DFI's Long Term Goals, M&E Monitoring Outcomes and Scorecard Setting:** Internal audit should also assess the extent of integration of the DFI's long term goals and objectives, the outcomes being monitored and evaluated by M&E and the corporate and individual scorecard target setting process in the organization. Kuset & Rist (2004) emphasized the importance of building a participatory and consultative process involving all stakeholders in setting outcomes to be monitored in an M&E system.

Without consultation and participation by other stakeholders besides the M&E department, commitment to the organizational goals in a DFI might be lacking. This is common in DFIs as evident in tables 1 & 2 above where achievement of financial targets seems to take prominence over long term objectives of the DFI.

c) **Assessment of Capacity Building & Technical Assistance:** One of the major developmental mandates of DFIs is to render technical assistance and build capacity to players in their targeted sectors. Capacity building in this instance can be viewed as the development of institutions, skills and processes of defined stakeholders within the targeted sector of the DFI. This can take the form of technical trainings and workshop on best operational practices, process re-engineering, financial and accounting book keeping assistance for enterprises in the sector. How well is this mandate being delivered, monitored and evaluated by the DFI? Without planned and effective capacity building and technical assistance initiatives of DFI, expansion and growth of enterprises in the targeted sectors might be hindered.

Internal audit review should assess the operational plan and framework for capacity building. This include confirming whether there exists any operational plan and performance indicators for the capacity building programmes. If this exist, then internal audit should assess the effectiveness of the programme.

third-party risk management, and significant bank projects and initiatives.

The internal audit function is often carried out by employees of the bank even though this function can be outsourced, they report to the audit committee and/or directors. Therefore, the employees should act independently and objectively in carrying out the internal audit function.

In summary, the auditors are expected to:

- Work with integrity, integrity implies not mere honesty but fair dealing and truthfulness;
- Strive for objectivity in all professional and business judgements. Objectivity is the state of mind which has regard to all considerations relevant to the task at hand but no other;
- Be professionally competent by not accepting or performing work which they are not competent to undertake unless they obtain advice and assistance that will enable them competently carry out their work;
- Carry out their professional work with due skill, care and diligence and with proper regard for the technical and professional standards expected of them as members;
- Have a questioning mindset;
- Behave with courtesy and consideration towards all those with whom they come into contact during performing their work.

internal control, risk management and governance systems and processes.

Who is an External Auditor?

An external auditor is expected to give reasonable and not absolute assurance that the financial statements have been prepared and presented in accordance with the applicable International Financial Reporting Standards (IFRS).

Basically, the external auditors are expected to provide assessment of the internal control systems as a basis for preparing accurate financial statements for the working of the bank. In other words, the external audit provides an independent assessment of the overall condition of the bank at some point.

The proper application of the external audit gives confidence on the bank's solvency through accurate financial information to shareholders and other users of the financial information. Though the external auditors are not staffs of the banks, and therefore they are not part of the internal control process, they have an important role on the quality and the improvement of the systems of internal controls. The external auditors provide an important "feedback" for the effectiveness of the internal control systems.

Given the fact that the primary function of the external auditors is to provide an opinion on the financial statements, they need to decide whether during the performance of the external audit they can rely on the efficiency of the internal control processes in the bank. Hence, it follows that they should have a working knowledge of the internal control system in the bank.

The Differences between the Internal and the external auditors:

There are three main differences in the activities of internal and external auditors:

Appointment

Internal auditors are usually employees of the organisation while the external auditors are appointed by the shareholders of the Bank, although this usually comes through discussion with directors.



The internal audit function is a significant part of the overall internal control environment. It provides assurance to the board of directors and senior management on the quality and effectiveness of a bank's



The Handshake between the Internal Auditors and the External Auditors

Origin of Audit:

Audit originated because of the need to separate ownership and management and still protect the interest of the owners by ensuring that the financial statements is true and fair. Audit is derived from the Latin term 'audire', which means 'to listen'. In an organisation such as a Bank, the business cannot be wholly run by the owners but by managers and over the years, these business activities have increased. There was need for the shareholders to be assured of the activities of the managers and that was how the role of the auditor evolved. Meanwhile, the audit function is divided into two, internal audit and external audit.

Internal Audit Roles and Responsibilities

The internal auditor is saddled with the responsibility of

ensuring that the bank's policies especially on risk management are operating effectively. The risk assessment procedure review is one of the functions of the internal auditor just as internal audit is also centred on the following activities:

- Monitoring the controls put in place by the management of the Bank
- Give assurance on the effectiveness of the controls of the Bank.
- Make recommendations on how to improve internal controls and governance processes.
- Ensure compliance with laws and regulation.
- Protect the Bank against fraud and theft of the its assets.
- Offer consultation and advisory services relating to such areas as new or modified products and services,

d) Review of Co-sourcing and Outsourcing Arrangement: DFIs also engage the use of external consultants in the monitoring and evaluation process. Consultants are also engaged to assist in capacity building and technical assistance programme to their customers and potential customers.

These consultants engage in field work monitoring and gathering information on intervention projects and utilization of loan disbursements. Internal audit should review the engagement process of these consultants. This would entail reviewing and advising management as to the existence or otherwise of an approved list of pre-qualified consultants, the process of pre-qualification and the adequacy of frequency of review of approved list. The operations, timing and quality of reports submitted by the consultants and general adherence to the terms of engagement is also necessary for review by internal audit.

In all, internal audit should review and identify the risks that might impede the quality of the M&E process which in turn might not enable the DFI achieve its objectives. Garcia, Sweeney & McElhinney (2007) enumerated the main qualities of evaluation to include:

- i) Usefulness: addresses and communicates relevant issues, timely
- ii) Coherence: methods appropriate for subject matter
- iii) Robustness: data collection & analysis reflecting underlying reality
- iv) Impartiality: reported conclusions free from bias & fairly presented
- v) Clarity: of methods, assumptions, results and conclusions
- vi) Cost effectiveness: cost evaluation justified by results

These should be guiding principles for the internal audit department in its M&E assurance and consulting functions in a DFI while also ensuring a continuous follow through and monitoring of management's response and utilization of M&E reports in strategy formulation.

Internal audit also has a duty in embedding a culture of M&E in a DFI. Reports of M&E should also be monitored and follow through to ensure that they are discussed and acted upon not just at executive management level, but also at the board level. This impact sets the tone at the top for a fully embedded M&E culture in the DFI.

Audit Review of Whistle Blowing Policy & Implementation.

The pervasive incidences of failed interventions, projects and high level non-performing loans in DFIs in Nigeria makes it imperative for internal audit to continuously evaluate the risk management process over loan management (from loan origination, disbursement and monitoring) and project implementation. These failed outcomes could be due to faulty planning, emerging unforeseen risk factors during implementation because of changes in macro-economic variables or outright fraud perpetrated internally, externally or a combination of both.

The average perception and understanding of the general public before now to loans obtained from DFIs is that of grabbing a share of the national cake. Thus, the willingness to repay such loans is very low. This has also been compounded by reported cases of demands for gratification by DFI officials before, during or after disbursement of such loans. Cases also abound of insider willful disbursement of loans either to non-existent individuals and companies or to individuals and companies acting as proxies. The implementation of a robust and effective whistle blowing policy should act as a veritable source of information tip off and serve as a deterrent for unethical practices in a DFI.

The role and 'dilemma' of Internal Audit as regards the whistleblowing procedures in an organization is encapsulated in Institute of Internal Auditors (IIA) Position paper – Internal audit and Whistleblowing (July 2017) where it stated inter alia:

“Internal audit's independence from the executive and objectivity give it the potential to be involved in whistleblowing arrangements, e.g. in a triage role, as a channel of communication or carrying out investigations.

But boards require assurance that the organisation's whistleblowing policies and procedures are effective in achieving the appropriate outcomes. Internal audit cannot give that assurance if it is directly involved in managing or carrying out those procedures.

Internal audit should therefore either provide assurance to the board or play an integral part in the process of internal whistleblowing in their organisations.

Boards need to ensure that internal audit's involvement in whistleblowing does not undermine its ability to carry out its prime assurance functions and that it has the necessary skills and resources.”

In most banking institutions in Nigeria, the Chief

Audit Executive can be described as the chief custodian and implementer of the whistle blowing program, exception being cases where the whistleblowing channels are wholly handled by external consultants. Even in such cases as the later, the report of investigation of such cases are usually presented to the Board by the Chief Audit Executive. Continuous review and assessment of the whistleblowing process to ensure relevance and mitigation of any emerging risk in the procedure should therefore be carried out by internal audit in

appropriate channel in the bank with his/her mobile device.

Conclusion

The DFI subsector of the banking industry in Nigeria today is going through drastic changes. These changes are induced by the spartan resolve of recent political administrations in the country to use the DFIs as a channel to induce economic growth in various sectors of the economy. Advancement in banking practices in conventional Deposit Money Banks is also



order to provide assurance to the board on its effectiveness.

One key area often overlooked in the implementation of the whistleblowing policy is the area of advertisement and creation of awareness of the whistleblowing procedure to all stakeholders. Internal audit should gauge and assess and verify the advertisement of the whistleblowing program. Murdock (2018) opined that internal audit should ensure "that the whistleblowing program is advertised in high-traffic areas.

Advertising can also include business cards, magnets, mouse pads, mugs, key chains and the company's newsletter." Most institutions in the banking sector in Nigeria today have a whistleblowing policy in place. However, the awareness and advertisement of the program is tilted more towards internal rather than external stakeholders.

The importance and use of technology in this respect cannot be over emphasized. With the wide coverage and use of mobile technology in Nigeria today, DFIs like their DMB counterparts should explore the possibility of deploying mobile apps for use of their customers. This would increase interaction with customers and potential customers.

The whistleblowing program can further be enhanced by creating whistleblowing links in the apps. Thus, a petty trader or small-scale tomato seller in the market can conveniently whistle blow directly to the

rubbing off on DFIs. The changes in the DFI subsector are poised to improve and redefine the financial landscape of access to finance by a critical mass of economic stakeholders hitherto unattractive and not fully accommodated by the conventional DMBs.

Learning outcomes from past events, corporate governance challenges, operational and credit risk issues and other contributory indices to failures and/or underperformance of Development Finance Institutions in Nigeria is shaping the orientation and strategy of its internal audit function today.

The relevance of internal audit is hinged on its ability to see the bigger picture and align its strategy with the overall long-term objectives of the DFI. Unlike DMBs, the achievement of financial targets by DFIs does not necessarily translate to achievement of organizational goals and enhancement of shareholders' value. This is however not undermining the importance of financial sustainability of the DFIs.

Internal audit should therefore start with the end in mind by prioritizing and incorporating the unique features and peculiar risks inherent in development financing in our local environment. This can be achieved through a thorough and holistic risk assessment process. Only then can internal audit be truly seen as adding value to management and the board through its assurance and consulting activities.

Joshua Ohioma FCA
Head, Internal Audit Development Bank of Nigeria PLC

VUCA Age, What This Really Means For Audit Executives

What is VUCA?

VUCA is a trendy concept in today's business environment and strategic leadership sphere. According to Kinsinger and Walch, the VUCA acronym is credited to the U.S Army when they described the **V**olatility, **U**ncertainty, **C**omplexity and **A**mbiguity that characterized the world after the Cold War. Currently in business climate, the concept is becoming more relevant than ever, as indeed the world has unpredictably become more complex with the upsurge in technology and social media.

Social Media in VUCA age

The world we live in today has witnessed unprecedented events through the social media evolution. One of the major events that social media played a relevant role during this VUCA age is the Brexit. Dr. Sunnie Gilles relates the origin of **B**rexit with the self-immolation of the young Tunisian fruit vendor, Mohamed Bouazizi who set himself ablaze on December 17, 2010 due to attempted police exploitation. This incident was greeted with viral pictures and videos circulating on social media, protests and demonstrations in Arab countries that eventually culminated into civil war in Syria. There was then great public discontent over refugees created by the civil war and the financial disparity among countries of European Union, which led to the now known Brexit referendum. The mobile phone today is like a lighter in the hands of millions of people while the social media is the petrol which goes viral like a wild fire when ignited. However, it is important to state that the social media provides both positive and negative complexities. Therefore, effective leaders should try to create positive complexity and at same time put a check on the negatives.

Creating positive complexities in VUCA age

Most challenges come with great opportunities for change. In today's VUCA business world, change is inevitable as organizations and individuals do not operate in vacuum. Organizations that have a change agent as a leader should create positive complexities through change management

Dr. Sunnie Gilles has identified four (4) things that can be done to achieve the change:

- 1. Move from hierarchy to self-organization.** Drive decisions from the lower edge of the organization, where information is the freshest and most salient: the security personnel, customer service officers, call centres and relationship managers should be involved.
- 2. Move from protecting information to democratization of information.** To empower employees to

make decisions, then make communication frictionless. Conduct all-hands meetings to get useful information straight from the horse's mouth.

3. Speed up interactions. Fast-track the speed of interaction as much as possible. In the VUCA age, speed matters more than perfection. Set an expectation for everyone to answer emails within a couple of hours for quick ones and by the end of the day for long ones.

4. Use simple rules to make quick decisions, rather than perfect analyses. Keep a policy document as simple as possible.

Recommendations for Audit Executives in VUCA age

What it then means for Audit Executives is that they should "IMPROVE" on their control functions as follows:

■ **Introduce weekly general meetings in business units and departments.** All staff (professional and non-professional) must participate from start to end without any discrimination. Every staff must be seen as important to the organization's survival.

■ **Make all non-sensitive information available to every staff.** Official phone numbers and email addresses of contact centres, branch managers and heads of departments should be available to support staff such as security personnel.

■ **Provide a clearly defined responsible social media policy.** Employees should be reminded as often as possible that the customer remains the king and his opinions must be respected at all times, even in the social media space.

■ **Review hard controls but reward soft controls.** Core values, integrity and ethics must be promoted and rewarded in the organization. Social media appreciates these as age-long virtues of all generations.

■ **Ownership spirit is key, and staff must be aware that customer service is everybody's responsibility.** Provide information on current e-fraud techniques and train staff on basic skills in handling of customer's complaints 24/7, which may include simply giving out a Contact Centre's phone number or email to a complainant.

■ **Verifiable evidences must be available in disciplinary procedures.** Fairness and justice should prevail. Before you fire that staff unjustly without a convincing evidence of wrong doing, think social media.

■ **Every rule must not be written.** Information that can be successfully disseminated without writing should not be written. Before you put that policy, query or memo in writing, think social media.

Matthew A. Ojebunu
Zenith Bank Plc, Nigeria.

CAPACITY DEVELOPMENT PROGRAM FOR INTERNAL AUDITORS IN CONJUNCTION WITH FDHL



Wellness

Do You Know Your Heart May Be Ageing Faster Than You Are?



eat healthy



see your doc



Do you know the real age of your heart? There is an online test that gives the real age of the heart. According to BBC, Public Health England are urging people over 30 years to take the test to determine the age of their heart.

A lot of people are under the illusion that heart-related diseases are only for aged people but, this heart age test will indicate if an individual is at risk of stroke or heart attack.

Although the test will not diagnose any heart illness, the results will determine if there is a need to change lifestyle to reduce the risk of any heart-related disease.

According to an estimate, an unhealthy lifestyle puts four out of five people at risk of heart-related disease and this can be avoided by quitting unhealthy habits like

smoking, exercising and eating healthy diets.

Out of almost two million people that have taken the heart age, 78% had a heart age higher than their real age this puts them at risk of a heart illness or early death.

The test is supported by the British Heart Foundation and the Stroke Association.

The test makes an estimate through a series of age and lifestyle-related questions, and then predicts the risk of heart attack or stroke at a certain age. It also recommends lifestyle changes to be made to reduce the risk of heart-related illness.

Simple ways to improve heart health

- Quit smoking
- Engage in physical activity
- Check your weight
- Reduce intake of saturated fat
- Increase fibre intake
- Eat more fruits and vegetables
- Eat fish
- Reduce salt intake
- Reduce alcohol intake.

Culled from the Guardian





39th Quarterly General Meeting held at Lagos Continental Hotel.

June 22nd, 2018.

Hosted by Ecobank.

