SYLLABUS 2025-2026

Audit and Operational Risk Management

MODULE SPECIFICATION

Module Code	2526_DFC_2_EN_028 / 2526_DFC_3_EN_015
Campus	Oxford
Department(s)	Law, Finance and Control
Level / Semester	Masters Year 2 (M2); Equivalent to FHEQ level 7 Semester 10
Language of Instruction	English
Teaching Method	☒ In-person (face-to-face) ☐ Distance learning (live online) ☐ e-Learning (asynchronous) ☐ Hybrid: ____________________________
Pre-requisite(s)?	None
ECTS *Reminder: 1 ECTS = between 20 and 30hr- student workload*	4
Equivalent FHEQ credits	8
Study Hours	100 hours which comprise of 28 directed learning and 72 independent learning/assessment hours

MODULE DESCRIPTION

Module Aims	This module focuses on the principles and practices of auditing and managing operational risks within financial institutions. Students will gain a comprehensive understanding of the risk management framework, including identifying, assessing, and mitigating operational risks that arise from internal processes, systems, people, and external events. The module covers key topics such as internal controls, audit processes, risk assessment techniques, and the role of compliance in mitigating operational risk. Students will explore real-world case

	studies and learn to apply risk management tools and strategies to enhance operational efficiency, compliance, and business continuity. By the end of the module, students will be equipped with the skills to effectively manage audit processes and operational risks in banking and financial environments.
Teaching Arrangement	The module will be delivered through lectures, seminars, and workshops.
Learning Outcomes	By the end of this module, students should be able to: 1. Explain the principles of operational risk management and the auditing process within financial institutions, including the role of compliance and regulatory bodies. 2. Identify, evaluate, and prioritise operational risks arising from internal processes, systems, human factors, and external events. 3. Utilise risk management frameworks, tools, and internal control systems to measure, mitigate, and monitor operational risks effectively. 4. Design and assess business continuity plans and risk mitigation strategies to ensure organisational resilience and operational efficiency. 5. Use real-world case studies to analyse operational risk events, propose solutions, and evaluate the effectiveness of risk management practices.
Competency Goals *(Knowledge, expertise and interpersonal skills)*	PGE_M_CG01 - To be equipped with efficient business skills
	PGE_M_CG02 - To be entrepreneurially-minded
Alignment with Programme Learning Goals	PGE_M_CG01_LO05 - To identify the appropriate methodology to solve a problem
	PGE_M_CG01_LO01 - To apply appropriate financial skills
	PGE_M_CG01_LO04 - To use information technology
	PGE_M_CG02_LO02 - To develop open-mindedness
	PGE_M_CG02_LO01 - To understand the environment of a company whatever the activity sector
	PGE_M_CG01_LO05_I01 - To diagnose a situation
	PGE_M_CG01_LO05_I02 - To select the appropriate methodological approach and data processing

	PGE_M_CG02_LO02_I01 - To assess their own strengths and weaknesses

SESSION TOPICS / MODULE SCHEDULE

(Please note, a session/sequence may be more than one scheduled class)

Session 1: Introduction to Operational Risk Management

Content:

- Definition and importance of operational risk in financial institutions
- Types of operational risks: internal, external, and strategic risks
- Risk management frameworks and industry standards

Assignments:

- Assignments will be announced closer to the relevant session dates

Session 2: Role of Auditing in Operational Risk Management

Content:

- Key auditing principles and methodologies
- Relationship between auditing and operational risk management
- Auditing techniques for assessing internal controls and processes

Assignments:

- Assignments will be announced closer to the relevant session dates

Session 3: Risk Assessment and Identification

Content:

- Techniques for identifying and measuring operational risks
- Risk assessment tools and methodologies (e.g. risk matrices, risk registers)
- Case studies of operational risk events and risk identification processes

Assignments:

- Assignments will be announced closer to the relevant session dates

Session 4: Internal Controls and Risk Mitigation Strategies

Content:

- Designing and implementing effective internal control systems
- Role of control activities in risk mitigation
- Evaluating the effectiveness of internal controls in managing operational risks

Assignments:

- Assignments will be announced closer to the relevant session dates

Session 5: Compliance and Regulatory Frameworks

Content:

- Role of compliance in operational risk management
- Key regulations and standards for operational risk management (e.g. Basel III, Sarbanes-Oxley)
- Regulatory reporting and the role of audit in ensuring compliance

Assignments:

- Assignments will be announced closer to the relevant session dates

Session 6: Business Continuity and Crisis Management

Content:

- Developing and testing business continuity plans
- Crisis management and the role of operational risk management during disruptions
- Case studies on operational risk incidents and business recovery strategies

Assignments:

- Assignments will be announced closer to the relevant session dates

Session 7: Emerging Risks and Trends in Operational Risk Management

Content:

- Technological advances and their impact on operational risk (e.g. cybersecurity, fintech)
- Managing risks in a digital environment
- Future trends in operational risk management and audit practices

Assignments:

- Assignments will be announced closer to the relevant session dates

KEY TEXTS

1. Murdock, H. (2021) *Operational auditing: Principles and techniques for a changing world*. 2nd edn. Boca Raton, FL: CRC Press.

SUPPLEMENTARY TEXTS

1. Additional readings and materials will be provided closer to the relevant session dates.

MODES OF ASSESSMENT

Continuous Assessment (40%)	Case study analysis
Final Exam (60%)	Written exam

MODULE DESIGN TEAM

- Author: *Mitra Arami*
- Reviewer: *Alexander Cline*
- External Reviewer: *Barbara Begio*

Last reviewed: 25/07/2025