

Specification of Competency Standards
for the Banking Industry
Unit of Competency

Functional Area - 5. Internal Control and Compliance
(Key Function – 5.2 Internal Control)

Title	Evaluate effectiveness of the bank's internal control
Code	109332L6
Range	Conducting evaluation on the bank's internal control system. This applies to internal control systems for different businesses / operations of the bank to ensure adequate management oversight and accountability, effective control structures and activities, communication of information between levels of management, and adequate or effective audit programmes and monitoring activities, etc. are in place.
Level	6
Credit	4 (For Reference Only)
Competency	<p>Performance Requirements</p> <p>1. Knowledge in the Subject Area</p> <p>Be able to:</p> <ul style="list-style-type: none"> • Understand the common practice in the financial services sector and conduct benchmarking studies with other similar establishment in the same industry in order to identify industry best practice in internal control; • Possess the knowledge of the bank's compliance and internal control systems and apply it to evaluate the operations and procedures of different areas of the bank in order to develop the objectives and functions of different internal control systems. <p>2. Applications</p> <p>Be able to:</p> <ul style="list-style-type: none"> • Design different measures to evaluate implementation of regulatory requirements and internal policies in accordance with the objectives, scope and complexity level of the compliance and internal operations control programmes; • Employ different methods / channels to collect information regarding implementation of control activities related to regulatory requirements; adherence to internal procedures, protection of corporate reputation, financial reporting and integrity of records; • Conduct regular review on internal processes and procedures to ensure that they are in line with the changes and developments in regulatory requirements and operations procedures; • Analyse problems, enquiries, complaints, etc. arise during the implementation and find out the root causes; • Review current compliance programmes and internal control systems on operational procedures to make sure they are not imposing unnecessary hurdles which are hampering the operational efficiency of the bank. <p>3. Professional Behaviour and Attitude</p> <p>Be able to:</p> <ul style="list-style-type: none"> • Conduct comprehensive analysis on data obtained and identify existing gaps in compliance and internal control of the bank; • Provide recommendation on improvement measures based on the results of the analysis and unique circumstances of the bank.
Assessment Criteria	<p>The integral outcome requirements of this UoC are:</p> <ul style="list-style-type: none"> • Evaluation on the performance of the bank internal control systems in order to specify the areas for improvement. These should be based on the evaluation on the objectives

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	of the control systems and current conditions of the bank (e.g. operations, procedures, integrity of records, managerial reporting, etc.).
Remark	