

**Specification of Competency Standards**  
**for the Banking Industry**  
**Unit of Competency**

Functional Area - 5. Internal Control and Compliance  
(Key Function – 5.3 Audit)

Title	Formulate internal audit framework
Code	109336L6
Range	Formulation of policies, guidelines and procedures in internal audit. This applies to internal audit system which is in place to monitor and track if compliance policies and internal standards are properly carried out in different business trades, internal operations and service delivery channels of the bank.
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"> <li>• Understand the common practices of internal audit in the financial services industry and apply the knowledge to conduct risk assessment; analyse different operations and activities of the bank to identify areas which warrant monitoring and tracking to ensure a smooth operation;</li> <li>• Possess knowledge in the bank’s internal audit system and apply it to develop a framework to evaluate the bank’s internal controls, including its corporate governance, managerial reporting and accounting processes.</li> </ul> <p>2. Applications</p> <p>Be able to:</p> <ul style="list-style-type: none"> <li>• Analyse different operations and activities of the bank to identify areas which warrant monitoring and tracking to ensure a smooth operation;</li> <li>• Establish audit framework of the bank to help identify improvement areas which require enhancement and formulate control measures to ensure a sound operation environment.</li> </ul> <p>3. Professional Behaviour and Attitude</p> <p>Be able to:</p> <ul style="list-style-type: none"> <li>• Formulate internal audit policies and approaches to balance risks and control of the bank after attaining a thorough understanding of regulatory requirements and the bank’s internal operations;</li> <li>• Examine the relevant regulatory requirements in detail to identify implications on carrying out the duties of compliance review.</li> </ul>
Assessment Criteria	<p>The integral outcome requirements of this UoC are:</p> <ul style="list-style-type: none"> <li>• Compilation of compliance policies and / or approaches for balancing risks and control of the bank. The design of the policies is able to demonstrate an accurate understanding and detailed analyses on the regulatory requirements, business and operations of the bank and regulatory risks inherited in different activities;</li> <li>• Recommendations on improving operation environment are provided as appropriate. The recommendations provided are supported by comprehensive analysis of different information.</li> </ul>
Remark	