

Specification of Competency Standards of the Insurance Industry

Unit of Competency

Functional Area: Legal & Compliance

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| Title | Establish audit system |
| Code | 105622L6 |
| Range | This unit of competency is applicable to those who are responsible for establishing internal audit system. It involves defining areas of operations to be audited, establishing consensus of internal audits, and developing audit mechanism. |
| Level | 6 |
| Credit | 6 (for reference only) |
| Competency | <p>Performance Requirements</p> <p>1. Possess knowledge in setting up audit system in regulatory contexts</p> <ul style="list-style-type: none"> • Well versed with regulatory requirements in respect of the insurance industry, including all of the relevant ordinances and statutory regulations; guidance notes and circulars issued by the regulators; industry standards, guidelines and codes of practice issued by industry bodies • Comprehend corporate development policy • Familiar with operations of different business units • Comprehend techniques of analyzing costs and benefits of audit <p>2(a). Establish audit system</p> <ul style="list-style-type: none"> • Evaluate implications of all requirements, rules and regulations set forth by regulatory bodies on business development • Work with different business units to assess impact of such requirements on operations • Define areas of operations to be audited • Establish consensus on objectives of internal audits • Analyze impact of audit activities on operations of different business lines • Develop audit mechanism • Present audit mechanism to different company units <p>2(b). Improve audit system</p> <ul style="list-style-type: none"> • Analyze audit reports of different company units • Compare audit findings against actual operational performance, e.g. compliance conformance • Evaluate effectiveness of audit system • Adjust company audit system in light of findings. <p>3. Ensure audit system supports conformance to relevant regulations and corporate business development</p> <ul style="list-style-type: none"> • Develop audit system through evaluating implications of regulatory requirements and defining audit objectives • Introduce audit mechanism to different units • Evaluate the effectiveness of audit system based on analysis of expected and actual operational performance. |
| Assessment Criteria | <p>The integral outcome requirements of this unit of competency are:</p> <ul style="list-style-type: none"> • Able to establish company audit system that enables conformance to relevant regulatory requirements and corporate business development • Able to introduce audit mechanism to relevant personnel • Able to review and adjust company audit system based on evaluation of operational performance. |
| Remark | This unit of competency is also applicable to general insurers, life insurers and broker. |