



# Consultation Paper

**AFSA-P-CE-2022-0007**

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## **Proposed Regulatory Guidance on Assessment, Competency and Trainings for Controlled and Designated Functions**

**Unrestricted**

**December 2, 2022**

## Introduction

### *Why are we issuing this Consultation Paper (CP)?*

1. The Astana Financial Services Authority (AFSA) has issued this Consultation Paper to seek suggestions from the market on the proposed Regulatory Guidance on Assessment, Competency and Trainings for Controlled and Designated Functions.

### *Who should read this CP?*

2. The proposals in this paper will be of interest to current and potential AIFC participants who are interested in exercising business activities in or from the AIFC.

### *Terminology*

3. Defined terms have the initial letter of the word capitalised, or of each word in a phrase. Definitions are set out in the Glossary Rules ([GLO](#)). Unless the context otherwise requires, where capitalisation of the initial letter is not used, the expression has its natural meaning.

### *What are the next steps?*

4. We invite comments from interested stakeholders on the proposed framework. All comments should be in writing and sent to the address or email specified below. If sending your comments by email, please use “Consultation Paper AFSA-P-CE-2022-0007” in the subject line. You may, if relevant, identify the organisation you represent when providing your comments. The AFSA reserves the right to publish, including on its website, any comments you provide, unless you expressly request otherwise. Comments supported by reasoning and evidence will be given more weight by the AFSA.
5. The deadline for providing comments on the proposed framework is **2 January 2023**. Once we receive your comments, we shall consider if any refinements are required to this proposal.
6. AFSA prefers to receive comments by email at [consultation@afsa.kz](mailto:consultation@afsa.kz)

Comments may also be posted to:

Policy and Strategy Division

Astana Financial Services Authority (AFSA)

55/17 Mangilik EI, building C3.2, Kazakhstan

### *Structure of this CP*

Part I – Background;

Part II – Key proposals;

Part III – Questions in this consultation paper;

Annex 1 – Draft Regulatory Guidance on Assessment, Competency and Trainings for Controlled and Designated Functions.

## Part I - Background

1. The proposed Guidance clarifies principles and framework under which Authorised Persons assess the competence of individuals who perform Controlled and Designated Functions and sets AFSA's expectations in relation to training and competency programmes for individuals who perform Controlled or Designated Functions, in accordance with the AIFC Rules and Regulations.
2. The Guidance includes the following provisions:
  - i. introduction, objectives and scope of application of the Guidance;
  - ii. criteria for assessment of individuals for Controlled and Designated Functions, including criteria for three elements of competency (skills, knowledge and experience) for each of the functions against which an individual is expected to be assessed;
  - iii. training and competency programme, including principles for training, AFSA's expectations for training and competency document, continuing professional development and ongoing obligations of Authorised Persons.
3. In undertaking its preliminary research, the AFSA has considered peer-jurisdictions such as QFC, DIFC and the UK.

## Part II - Key proposals

1. The proposed Guidance establishes the AFSA's Regulatory Guidance on Assessment, Competency and Trainings for Controlled and Designated Functions (the Guidance).
2. The Guidance is for information purpose to assist Authorised Persons and applicant firms to understand AFSA's minimum expectations. However, the Guidance does not constitute an exhaustive list of requirements that might be applicable to the firm's business operations noting the nature, scale and complexity of the business and should not be regarded as any type of advice.
3. The proposed Guidance should be read in conjunction with:
  - i. AIFC Financial Services Framework Regulations;
  - ii. AIFC General Rules; and
  - iii. AIFC Anti-Money Laundering Rules.
4. This Guidance sets out the principles and framework under which:
  - a) Authorised Persons assess the competence of individuals who perform Controlled and Designated Functions;
  - b) Authorised Persons establish training and competency programmes for individuals who perform Controlled or Designated Functions.
5. The Guidance applies to:
  - a) Person applying to become an Authorised Person  
Authorised Persons (including FinTech Lab Participants);
  - b) an individual who is approved, or who is proposed to be approved, to perform a Controlled Function; and
  - c) an individual who performs, or who is proposed to perform, the Designated

Function.

6. In determining the approach appropriate for the AIFC, the AFSA has assessed the approaches taken by other financial centres in particular, those by the Cayman Islands Monetary Authority and the Dubai Financial Services Authority.
7. The Guidance includes the following provisions:
  - a. Introduction
  - b. Statement of Objectives
  - c. Scope of Application
  - d. Principles of conduct for individuals
  - e. Assessment of individuals for Controlled and Designated Functions
  - f. Competencies
  - g. Training
  - h. Schedule 1 Competencies for Controlled and Designated Functions
    - i. Senior executive function competencies
    - ii. Director (executive) function competencies
    - iii. Director (non-executive) function competencies
    - iv. Finance Officer function competencies
    - v. Compliance Officer function competencies
    - vi. Actuarial function competencies
    - vii. Senior Manager function competencies
    - viii. MLRO function competencies
    - ix. Risk management function competencies
    - x. Internal audit function competencies

### **Part III - Questions in this consultation paper**

1. Does the proposed Guidance provide sufficient information explaining AFSA's approach on assessment, competency and trainings for Controlled and Designated Functions? Is the approach clear enough to expect compliance from AIFC participants?
2. Does the proposed Guidance create difficulties for potential AIFC participants? If yes, please provide examples.
3. Does the proposed Guidance potentially create room for inappropriate assessment, thereby limiting firms from operating in the AIFC? If yes, please provide examples.



# **Regulatory Guidance on Assessment, Competency and Trainings for Controlled and Designated Functions**

**Approval Date:**

**Commencement date:**

**Astana, Kazakhstan**

## 1. Introduction

1.1. This document establishes the Astana Financial Services Authority's (the AFSA) Regulatory Guidance on Assessment, Competency and Trainings for Controlled and Designated Functions (the Guidance).

1.2. The Guidance is for information purpose to assist Authorised Persons and applicant firms to understand AFSA's minimum expectations. However, the Guidance does not constitute an exhaustive list of requirements that might be applicable to the firm's business operations noting the nature, scale and complexity of the business and should not be regarded as any type of advice.

1.3. This Guidance should be read in conjunction with the following:

- a) AIFC Financial Services Framework Regulations;
- b) AIFC General Rules; and
- c) AIFC Anti-Money Laundering Rules.

## 2. Statement of Objectives

This Guidance sets out the principles and framework under which:

- a) Authorised Persons assess the competence of individuals who perform Controlled and Designated Functions;
- b) Authorised Persons establish training and competency programmes for individuals who perform Controlled or Designated Functions.

## 3. Scope of Application

The Guidance applies to:

- a) Person applying to become an Authorised Person
- b) Authorised Persons (including FinTech Lab Participants);
- b) an individual who is approved, or who is proposed to be approved, to perform a Controlled Function; and
- c) an individual who performs, or who is proposed to perform, the Designated Function.

## 4. Principles of conduct for individuals

4.1. The principles for Approved Individuals and Designated Individuals are set in section 4.3 of the AIFC General Rules.

4.2. The principles are a general statement of the standards expected of individuals who perform Controlled Functions or Designated Functions for Authorised Persons. They relate directly to the conduct of firms' business by such individuals.

4.3. The principles are not exhaustive of the standards expected. Complying with the principles does not absolve an individual from failing to observe other requirements, and observing other requirements is not necessarily complying with the principles.

4.4. An individual's failure to comply adequately with the principles is likely to affect the AFSA's assessment of his or her fitness and propriety. A breach of the principles could form the basis of action by the AFSA.

## 5. Assessment of individuals for Controlled and Designated Functions

5.1. Competence assessment is both initial and ongoing test of each individual's competencies as long as the Person continues to hold a Controlled or Designated Function.

5.2. Before making an application to the AFSA for an individual to perform a Controlled or appointing an individual to carry on a Designated Function, an Authorised Person or applicant is expected to be satisfied, on reasonable grounds after making appropriate inquiries, that the individual has the competencies required to perform the function.

5.3. In deciding whether an individual has the competencies required to perform a Controlled or Designated Function, an Authorised Person is expected to take into account:

a) the specific requirements, characteristics and role of the function:

**Requirements:** what an individual should have to perform the function—for example, a certain level of knowledge, experience and training;

**Characteristics:** what an individual should be able to do in performing the function—that is, his or her skills (technical and behavioural).

**Role:** what the individual is expected to do—for example, the function's duties, responsibilities, reporting lines and position within the firm.

b) the nature, scale and complexity of the firm's business, including the products and services that it offers or provides, or proposes to offer or provide; and

c) the firm's customers.

## 6. Competencies

6.1. The competencies for a Controlled and Designated Function are the elements of skills, knowledge and experience that make an individual competent to perform the function. Individuals having these competency elements strengthen the protection given to customers and stakeholders. Authorised Persons need to prudently manage the risks that may arise as a result of individuals performing Controlled or Designated Functions.

6.2. An individual who is to perform a Controlled or Designated Function is expected to have the competencies set out in Schedule 1 for each function. Those functions are the following:

- a) Senior Executive Officer;
- b) Director;
- c) Finance Officer;
- d) Compliance Officer;
- e) Approved Actuary;
- f) Senior Manager;
- g) Money Laundering Reporting Officer (MLRO);
- h) Risk Manager;
- i) Internal Audit Manager.

6.3. In assessing an individual's competencies against the relevant requirements in Schedule 1, the level of the competencies that the individual must have is expected to be commensurate to the nature and complexity of his or her role in the firm and the activity or activities that the firm conducts.

6.4. An individual who seeks to be assessed as competent to perform the compliance function, for example, for a firm that conducts only limited Regulated Activities need not necessarily have all the skills set out in Schedule 1. In contrast, an individual who seeks to be assessed as competent to perform that function for a firm that conducts complex Regulated Activities would be expected to have all or most of those skills.

6.5. Individual applicants do not need to have held the same position the individual has applied for before to be successful. Successful applicants may have held more junior roles in the past, such as compliance manager (applying to become a Compliance Officer) or deputy MLRO (applying to become an MLRO), for instance.

6.6. Previously holding the same or similar approved positions is a good demonstration that someone may be suitable for the roles but does not guarantee an applicant will be approved.

6.7. Successful applications for Compliance and MLRO roles may have a range of backgrounds and experience, including in compliance and legal teams, as lawyers, and consultants. The experience of an applicant who has only previously worked in a front-line role (and in the absence of other training or experience) is often insufficient to demonstrate that they have the necessary skills and knowledge to establish and operate a compliance function.

6.8. The three kinds of competency elements against which an individual is expected to be assessed as competent or not are:

- i) the individual's skills (what he or she ought to be able to do);
- ii) the individual's knowledge (what he or she ought to know or to have qualifications for); and
- iii) the individual's experience (what he or she has previously done).

6.9. Qualification may include the membership in a professional body or association.

6.10. Authorised Person or an applicant is expected to decide whether the individual has the competencies required to perform the function, taking into account the circumstances of the case and the individual's role.

## **7. Training**

### **7.1 Principles for training**

#### **7.1.1. Senior management responsibility**

The senior management of an Authorised Person is expected to ensure that the firm's policies, procedures, systems and controls appropriately and adequately address the training requirements. An Authorised Person is expected to be able to provide



documentary evidence of its compliance with the requirements relating to the training and competency of individuals who perform a Controlled or Designated Function.

#### 7.1.2. Training and competency programme

An Authorised Person is expected to design, deliver and maintain an appropriate ongoing training and competency programme for individuals who perform Controlled and Designated Functions.

### 7.2. Training and competency programme

#### 7.2.1 Appropriate programme to be delivered

- 1) The programme is expected to:
  - a) be relevant, timely and appropriately structured;
  - b) ensure that individuals who perform a Controlled or Designated Function are aware, and have an appropriate understanding, of:
    - i) their roles, responsibilities and obligations;
    - ii) the firm's processes relating to their role(s);
    - iii) any reports that they are required to make; and
    - iv) the sources of information for making the reports; and
  - c) include policies, procedures, systems and controls on how the firm is to decide whether individuals are competent to perform a Controlled or Designated Function.
- 2) In designing its training and competency programme, the firm may consider the following:
  - a) the individuals' differing needs, experience, skills and abilities;
  - b) their differing roles and levels in the firm;
  - c) the degree of supervision over, or independence exercised by, them;
  - d) the availability of information needed for them to perform their roles;
  - e) the nature, scale and complexity of the firm's business, including the products and services it offers or provides, and proposes to offer or provide; and
  - f) the firm's customers;
  - g) the outcome of reviews of the individuals' training and competency;
  - h) any analysis showing areas where training needs to be enhanced;
  - i) the regulatory system, including any recent, or reasonably expected, changes to it.
- 4) In designing the programme, the firm may also consider any other relevant matter.

#### 7.2.2 Training is expected to be maintained and reviewed

- 1) An Authorised Person's training and competency programme is expected to include ongoing training to ensure that individuals who perform a Controlled or Designated Function:
  - a) maintain their competencies;
  - b) are kept up to date with developments relating to their functions; and
  - c) are trained on any changes to the firm's policies, procedures, systems and controls.
- 2) The firm is expected, at regular and appropriate intervals, to review and evaluate:
  - a) its training and competency programme and training and competency document for quality and effectiveness; and
  - b) those individuals' training needs, to ensure that those needs are met.

3) The interval between assessments of an individual's training and development needs should not be longer than 12 months.

#### 7.2.3 Training and competency document

- 1) An Authorised Person is expected to prepare a document (training and competency document) describing its training and competency programme.
- 2) A firm's training and competency document should include:
  - a) the requirements, characteristics and role of each of the Controlled and Designated Function;
  - b) how the firm is to satisfy itself that each individual who performs a Controlled or Designated Function has, and continues to have, the competencies required to perform the function;
  - c) the continuing professional development to be provided for such individuals and the review and evaluation of their training needs;
  - d) how the firm is to ensure that it complies, and can demonstrate its compliance, with its training and competency programme;
  - e) how, and in what circumstances, the firm will review the programme and the document, including who is to carry out the review and evaluation and when; and
  - f) how, and in what circumstances, the firm will revise the programme and the document, including who is to approve any revision (revision includes amendment and replacement).

#### 7.2.4 Firm is expected to comply with its training and competency programme

- 1) An Authorised Person is expected to comply with the requirements and procedures in its training and competency programme and training and competency document as revised from time to time.
- 2) The individual approved to perform the Compliance Officer role for an Authorised Person is expected to:
  - a) monitor, on an ongoing basis, the firm's compliance with its training and competency programme and training and competency document; and
  - b) report to the firm's Governing Body at least once a year about the firm's compliance with that programme and that document.

#### 7.2.5 Continuing professional development

An Authorised Person is expected to ensure that each individual who performs a Controlled or Designated Function receives sufficient continuing professional development, appropriate to the nature and complexity of his or her role, to ensure that he or she continues to have the competencies required to perform the function.

Examples of continuing professional development

- i) academic studies;
- ii) obtaining professional qualifications;
- iii) technical training for roles that are highly technical or that involve constant changes in legislation or regulatory practice;
- iv) in-house training;
- v) industry literature review.

## Schedule 1 Competencies for Controlled and Designated Functions

### 1. Senior executive function competencies

#### 1.1. Skills

- 1.1.1. Assume, alone or with others, overall responsibility for the whole of the business of the firm.
- 1.1.2. Exercise critical judgement.
- 1.1.3. Plan, lead and implement change.
- 1.1.4. Develop the senior management team.
- 1.1.5. Manage risk.
- 1.1.6. Demonstrate and encourage strategic thinking.
- 1.1.7. Exhibit organisational leadership.
- 1.1.8. Undertake, in an effective manner, the fiduciary responsibilities of a member of the Governing Body of the firm.

#### 1.2. Knowledge

- 1.2.1. Level of knowledge appropriate for the role (which may be demonstrated by having appropriate qualifications).
- 1.2.2. Good knowledge of the principles of sound and effective corporate governance.

#### 1.3. Experience

- 1.3.1. Appropriate level of experience and seniority for the role.

### 2. Director (executive) function competencies

#### 2.1. Skills

- 2.1.1. Act as a member of the Governing Body of the firm with executive responsibility for at least some of the day-to-day direction of its affairs.
- 2.1.2. Exercise critical judgement.
- 2.1.3. Plan, lead and implement change.
- 2.1.4. Develop staff.
- 2.1.5. Manage risk.
- 2.1.6. Demonstrate and encourage strategic thinking.
- 2.1.7. Exhibit organisational leadership.
- 2.1.8. Promote compliance culture of the firm.
- 2.1.9. Undertake, in an effective manner, the fiduciary responsibilities of a member of the Governing Body of the firm.

#### 2.2. Knowledge

- 2.2.1. Level of knowledge appropriate for the role (which may be demonstrated by having appropriate qualifications).
- 2.2.2. Good knowledge of the principles of sound and effective corporate governance.

#### 2.3. Experience

- 2.3.1. Appropriate level of experience and seniority for the role.

### 3. Director (non-executive) function competencies

- 3.1. Competency assessments for an individual who performs the non-executive governance function are likely to be less frequent than for an individual with a role in the firm's day-to-day activities. For example, his or her competency might be assessed

through participation and assessment in executive coaching, or board peer review, or through membership of other boards and governing bodies.

### 3.2. **Skills**

3.2.1. Act as a member of the Governing Body of the firm, but without responsibility for the day-to-day direction of its affairs.

3.2.2. Perform the role in a way that demonstrates independence within the Governing Body of the firm.

3.2.3. Undertake in an effective manner the fiduciary responsibilities of a member of the Governing Body of the firm.

### 3.3. **Knowledge**

3.3.1. Level of knowledge appropriate for the role (which may be demonstrated by having appropriate qualifications).

3.3.2. Good knowledge of the principles of sound and effective corporate governance.

### 3.4. **Experience**

3.4.1. Appropriate level of experience and seniority for the role.

## 4. **Finance Officer function competencies**

### 4.1. **Skills**

4.1.1. Work effectively in or with accountancy and finance to ensure that the firm complies with the AFSA's prudential requirements.

4.1.2. Display high standards of professional ethics in accountancy and finance.

4.1.3. Ensure that the firm maintains accounting records, financial accounts and statements and auditors' reports to the standards, and for the periods, required.

4.1.4. Ensure that the firm has its accounts and financial statements examined, reported, audited and filed in a timely manner and in accordance with applicable standards.

4.1.5. Review accounting systems.

4.1.6. Implement external audit procedures.

### 4.2. **Knowledge**

4.2.1. A professional qualification in accounting or finance, unless the firm is satisfied that the certificate is not required.

4.2.2. Membership in an appropriate professional body, unless the firm is satisfied that membership of such a body is not required.

### 4.3. **Experience**

4.3.1. Appropriate level of experience in accountancy and seniority for the role.

## 5. **Compliance Officer function competencies**

### 5.1. **Skills**

5.1.1. Develop, communicate and implement a compliance policy.

5.1.2. Develop and monitor compliance controls.

5.1.3. Keep up to date with regulatory developments.

5.1.4. Support the staff in the firm to maintain compliance and assist the Governing Body in developing the compliance culture of the firm.

5.1.5. Write and present compliance reports.

5.1.6. Consider and advise on the regulatory implications of new business strategies.

5.1.7. Plan and deliver compliance training.

- 5.1.8. Maintain an effective relationship with relevant external bodies and respond to requests on consultations.
- 5.1.9. Deal with complaints regarding non-compliance.
- 5.1.10. Identify, investigate and resolve non-compliant activity within the firm.
- 5.1.11. Inform regulatory bodies of breaches in rules and regulations.
- 5.1.12. Develop and monitor the firm's compliance with its training and competency programme and training and competency document.

## 5.2. **Knowledge**

- 5.2.1. A recognised compliance oversight function professional qualification at certificate level, or any other qualification that the firm is satisfied is appropriate for the role, unless the firm is satisfied that certificate is not required.

## 5.3. **Experience**

- 5.3.1. Appropriate level of experience and seniority for the role.

## 6. **Actuarial function competencies**

### 6.1. **Skills**

- 6.1.1. Assume responsibility for monitoring, advising, investigating and reporting on risks facing a firm that is an insurer that materially affect the firm's ability to meet policyholder liabilities and capital requirements.
- 6.1.2. Evaluate and provide advice regarding, at a minimum, technical provisions, premium and pricing activities, capital adequacy, reinsurance and compliance with related statutory and regulatory requirements.
- 6.1.3. Develop actuarial policies, procedures and controls and take appropriate steps to ensure the implementation of and compliance with those policies, procedures and controls.
- 6.1.4. Produce actuarial reports in accordance with the relevant professional actuarial standards using appropriate actuarial valuation principles, techniques and methodologies.

### 6.2. **Knowledge**

- 6.2.1. The individual must have a recognised actuarial function professional qualification and membership of an actuarial professional body.

### 6.3. **Experience**

- 6.3.1. At least 5 years' experience as an actuary to an insurer that is sufficiently recent to ensure familiarity with current issues in the provision of actuarial services.

## 7. **Senior Manager function competencies**

### 7.1. **Skills**

- 7.1.1. Manage and supervise, alone or with others, one or more elements of the firm's business relating to its Regulated Activities.

### 7.2. **Knowledge**

- 7.2.1. Level of knowledge appropriate for the role (which may be demonstrated by having appropriate qualifications).

### 7.3. **Experience**

- 7.3.1. Appropriate level of experience and seniority for the role.

## 8. **MLRO function competencies**

### 8.1. **Skills**

- 8.1.1. Gather and disseminate information about anti-money laundering/countering the financing of terrorism (AML/CFT) requirements in the firm.
- 8.1.2. Identify the implications of AML/CFT measures for the business conducted by the firm.
- 8.1.3. Assess and mitigate the money laundering and terrorist financing risks relevant to the firm.
- 8.1.4. Identify improvements to the implementation of AML/CFT measures in the firm.
- 8.1.5. Design an AML/CFT programme.
- 8.1.6. Communicate and implement the firm's AML/CFT policy.
- 8.1.7. Assist in developing the compliance culture of the firm.
- 8.1.8. Design and oversee procedural controls to monitor money laundering and terrorist financing risks in the firm.
- 8.1.9. Report progress in securing AML/CFT outcomes.
- 8.1.10. Assist senior management in ensuring their staff comply with AML/CFT measures.
- 8.1.11. Develop and maintain AML/CFT records for the firm (including documentary evidence of compliance, records for customers and transactions, and reporting and training records).
- 8.1.12. Advise and guide staff on AML/CFT.
- 8.1.13. Conduct a business risk assessment.
- 8.1.14. Plan and deliver AML/CFT training.
- 8.1.15. Respond to requests to contribute to consultations.
- 8.1.16. Handle requests for financial information from the relevant authorities.
- 8.1.17. Design and monitor an internal reporting system for suspicious transactions and activities.
- 8.1.18. Identify, investigate and resolve non-compliant activity within the firm.
- 8.1.19. Report suspicious financial activity to the relevant authorities.

## 8.2. **Knowledge**

- 8.2.1. A recognised MLRO function professional qualification at certificate level, or any other qualification that the firm is satisfied is appropriate for the role, unless the firm is satisfied that the certificate is not required.

## 8.3. **Experience**

- 8.3.1. at least two years of work experience in the field of AML/CFT and in the absence of the specified experience, a certificate of training for AML/CFT purposes.

## 9. **Risk management function competencies**

### 9.1. **Skills**

- 9.1.1. Research the firm's organisation and its requirements to help inform risk strategy and policy.
- 9.1.2. Establish risk strategy and policy.
- 9.1.3. Identify, assess and report risk management information to senior management.
- 9.1.4. Identify available resources to manage risk.
- 9.1.5. Facilitate risk action planning.
- 9.1.6. Facilitate business continuity planning and disaster recovery.
- 9.1.7. Develop and maintain external third party relationships relevant to risk management.
- 9.1.8. Develop and maintain effective risk management communication within the firm.
- 9.1.9. Monitor and evaluate the effectiveness of risk management controls.

## 9.2. **Knowledge**

9.2.1. A recognised risk management function professional qualification, or any other qualification that the firm is satisfied is appropriate for the role, unless the firm is satisfied that the certificate is not required.

## 9.3. **Experience**

9.3.1. Appropriate level of experience and seniority for the role.

# 10. **Internal audit function competencies**

## 10.1. **Skills**

10.1.1. Maintain appropriate, sufficient, and effective internal audit resources to carry out the firm's audit plan.

10.1.2. Establish risk-based audit plans to determine the priorities for internal audit and then communicate and implement the plan.

10.1.3. Provide independent assurance and evaluation and contribute to the improvement of governance (including internal controls and risk management) using a systematic and disciplined approach.

10.1.4. Evaluate the adequacy and effectiveness of the firm's policies, procedures, documentation and controls against changing trends and market and economic conditions.

10.1.5. Evaluate risk exposures relating to the firm's governance, operations and information systems regarding:

- (a) the reliability and integrity of financial and operational information;
- (b) the effectiveness and efficiency of operations;
- (c) the safeguarding of assets; and
- (d) compliance with laws, regulations, policies, procedures and contracts.

10.1.6. Report periodically to the firm's Governing Body on internal audit activities and the progress made in carrying out the firm's audit charter and risk-based audit plan.

10.1.7. Establish a process to monitor the implementation of management action and ensure that implementation has been effective, or that the firm's senior management have accepted the risk of not taking action.

10.1.8. Develop and maintain internal audit records to support audit conclusions.

10.1.9. Display high standards of professional ethics.

## 10.2. **Knowledge**

10.2.1. A recognised audit professional qualification, or any other qualification that the firm is satisfied is appropriate for the role unless the firm is satisfied that the certificate is not required.

10.2.2. Membership of an appropriate professional body, unless the firm is satisfied that membership of such a body is not required.

## 10.3. **Experience**

10.3.1. Appropriate level of experience and seniority for the role.