



JFU Risk Management and Internal Control - Part 2 (2)

Source: JFU

28 October 2015

JFU Approach to Meeting the Listing Rule Requirements

This note continues with our analysis of the C.2.2 requirements and proposed approach to meeting such requirements, with a summary of action pointers that can be adopted as risk management and internal control policy initiatives.

Analysis of C.2.2 Requirements

The board's annual review should, in particular, ensure

- (a) the adequacy of resources, staff qualifications and experience,
- (b) training programmes and
- (c) budget of the issuer's accounting, internal audit and financial reporting functions.

JFU Approach 2(a)

The issuer should prepare an organization chart of its accounting functions, setting out individual positions and functions and reporting lines. The positions should be defined in terms of span of responsibilities and functions, with corresponding competence and qualifications required. Staff members are assigned to man the regular daily, monthly, quarterly and annual tasks and processes with different level of outputs defined such as :

- collection and collation of source documents and data
- controls with batching and sorting, serial numbering, date ordering, approval and countersignature of source documents before data input
- data processing and organization
- bookkeeping
- monthly, quarterly and annual closing
- accounting adjustments, accruals, provisions, fair value and impairment assessments,
- production of management accounts
- production of management schedules and reports
- analytical reviews and reports
- costing
- budgeting
- variance analysis and budgetary control reports

- production of business performance review reports per governance, management and operational requirements
- production of final accounts subject to audit
- compilation of information, schedules and communications as required by auditors
- satisfaction of listing requirements

The issuer should prepare an organization chart in a similar fashion for its internal audit function.

2(a) Action Pointers

- Prepare organization chart of the accounting function
- Prepare organization chart of the internal audit function
- Define positions - competencies, responsibilities, qualifications
- Define tasks, processes per level of requirements
- Define outputs per governance, management, operational and listing requirements
- Assign members to positions

JFU Approach 2(b)

The accounting and internal audit functions should develop a set of instructional manuals giving specific instructions on how the tasks, processes and outputs can be carried out and produced. A training program should be developed showing the dates of training sessions for each subject matter set out in the instructional manual. Each member of the accounting and internal audit staff should keep a copy of a personal training log book to detail the sessions attended, signed off by respective trainers. A copy of the training records is filed with department secretary or designated person.

2(b) Action Pointers

- Develop instruction manuals on tasks, processes and outputs
- Develop training programs - date schedule and subject matters
- Create personal training log book
- Copy signed off training records to a functional secretary or designated person

JFU Approach 2(c)

A financial budget is prepared in accordance with the requirements per 2(a) and (b), then reviewed and approved by the board, as evidence that the issuer has properly considered the adequacy of resources and tasks required.

2(c) Action Pointers

- Prepare departmental budgets for accounting and internal audit functions
- Review and sign off by the board