

The Internal Audit Function is a Key Control Function. The appointment of Internal Audit Function is a regulatory requirement in compliance with the DFSA General Rulebook 5.3.13 and 5.3.15. This function acts as a third line of defense providing another layer of assurance to the Governing Body on compliance with applicable laws, rules and regulations of the DIFC and DFSA.

FFA Private Bank (Dubai) Limited adopts a risk-based approach to execute internal audit. The internal audit methodology covers a wide range of areas such as review of adherence to operating procedures, assessment of risk management systems, quality of financial records, compliance to DFSA / DIFC regulatory requirements, review of AML Policies and Procedures and DFSA returns, operating effectiveness of internal controls, etc.

1. Role of the Internal Audit Function

The Internal Audit is an independent function established and maintained with responsibility for monitoring the appropriateness and effectiveness of systems and controls to improve FFA Private Bank (Dubai) Ltd's operations and help the Firm accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The Function reports directly to the Audit Committee for the purpose of the direction needed in the implementation of its operational plans, plus authority and ethics concerns. The head of Internal Audit shall have direct access to the Audit Committee and Board of Directors in any instance where he/she believes that such access is needed to fulfill the stated objectives of the Audit function.

The Internal Audit will perform its duty and supervise the Firm's of operations, financial, compliance, risk and governance functions in line with the applicable rules and regulations..

2. Authority

The Head of Internal Audit is authorized to oversee a broad and comprehensive, risk based program of internal auditing within the Firm. .

The Board of Directors grants the Audit function unrestricted access to the Governing Body, the Audit Committee and senior management and authorization for unrestricted access to all relevant records and resources, in any form, and its activities, physical properties and personnel relevant to a review.

The Head of Internal Audit is required to report any restriction placed upon such access, other than for established regulatory requirements, to the Audit Committee.

Internal Auditors will handle documents and information given to them during a periodic review in the same prudent manner as by those employees normally accountable for them. Furthermore, Internal Auditors understand that certain FFA Private Bank (Dubai) Ltd items are confidential in nature, and they will make special arrangements when examining and reporting upon such items.

3. Responsibility

The Internal Audit has no direct responsibility or any authority over any of the activities or operations it reviews. Internal Audit is a control function that measures and evaluates the effectiveness of the Firm's various controls already in place. Senior Management is not relieved of any assigned responsibilities because Internal Auditors perform the evaluative reviews with which they have been charged.

4. Independence

To facilitate a fair assessment of the effectiveness of internal control systems and procedures, the Internal Audit function is independent from operational and business functions within the Firm and not subject to any conflict of interest with respect to the Firm.

The Internal Audit function shall be free from control or undue influence in the selection and application of audit scope, techniques, procedures and programs.

The Internal Audit function shall be free from control or undue influence in the determination of facts revealed by the examination or in the development of recommendations or opinions as a result of the examination.

The Internal Audit function shall be free from undue influence in the selection of areas, activities, personal relationships, and managerial policies to be examined. No legitimate source of information is to be closed to the auditor.

5. System Implementation

The Internal Audit will participate, in an advisory capacity, in the planning, development, implementation, and modification of major computer-based and manual systems to ensure that:

1. Adequate controls are incorporated in the system;
2. A thorough testing of the system is performed at appropriate stages;
3. System documentation is complete and accurate; and
4. The intended purpose and objective of the system implementation or modification is met.

6. Scope

The scope of internal auditing encompasses the examination and evaluation of the adequacy and effectiveness of the Firm's system of internal controls and the quality of performance in carrying out assigned responsibilities.



Audit Responsibilities includes, but is not limited to:

1. Reviewing the reliability and integrity of financial information and the means used to identify, measure, classify and report such information;
2. Reviewing the compliance with internal and regulatory rules and regulations and the reliability and integrity of related financial information;
3. Reviewing and assessing, credit, market and operational risks related to Capital Markets and Wealth Management activities and ensure compliance with internal risk policies
4. Reviewing the reliability and integrity of risk management systems and procedures.

5. Reviewing the means of safeguarding the Firm and Clients Assets (Money and Investments), ensuring that proper due diligence is conducted on Third Party Agents and correspondents and, as appropriate, verifying the existence of such Assets through daily weekly and Monthly reconciliations;
6. Reviewing, in cooperation with the AML and Compliance Department, the systems and controls established and ensure compliance with those policies, plans, procedures, laws and regulations that could have a significant impact on operations and reports and whether the Firm is in compliance; Recommending operating improvements;
7. Assisting in the deterrence of fraud by examining and evaluating the adequacy and effectiveness of control, commensurate with the extent of the potential exposure or risk in the various segments of FFA Private Bank (Dubai) Ltd's operations;
8. Performing special reviews requested by Management or the Audit Committee or Board of Directors;

7. Reporting

At the conclusion of each audit, the Internal Audit will hold a meeting with the individual in charge of the department or activity under review, during which all findings, conclusions and recommendations will be discussed and any differences of opinion will be settled or so noted.

The Internal Audit will prepare and issue a draft audit report after the meeting is held. The department or activity audited will be provided an opportunity to respond in writing to the findings, conclusions and recommendations of the Internal Audit; and such response will be made part of the Internal Audit' final audit report.

The Head of Internal Audit will distribute all final audit reports to the Senior Management , and will make the reports available to the Governing Body, and to the Audit Committee

The Internal Audit will conduct follow-up reviews on audit reports, in the manner deemed necessary or as directed by the Audit Committee.

8. Detection, Investigation and Reporting of Fraud

The Internal Audit shall be notified in all cases where the discovery of circumstances suggests a reasonable possibility that assets have, or are thought to have, been lost through security breaches in the financial and operating systems.

The Internal Audit will perform sufficient tests to identify the weaknesses in financial and operating procedures, both automated and manual, which permitted the loss and will recommend improvements to correct the weaknesses and incorporate appropriate tests in future audits to disclose the existence of similar weaknesses in other areas of the Firm.

In compliance with the DFSA laws, rules and regulations, the Firm and the Internal Audit are required to disclose to the DFSA any matter which may indicate a breach or likely breach of, or a failure or likely failure to comply with laws or Rules.

9. Detection of Errors or Irregularities

The Audit Committee shall be notified at once if the Internal Audit believes that a significant error or irregularity may exist in an area under review or in any other area of the Firm. If an individual is involved, the Audit Committee will disclose the potential significant errors or irregularities directly to the Board of Directors.