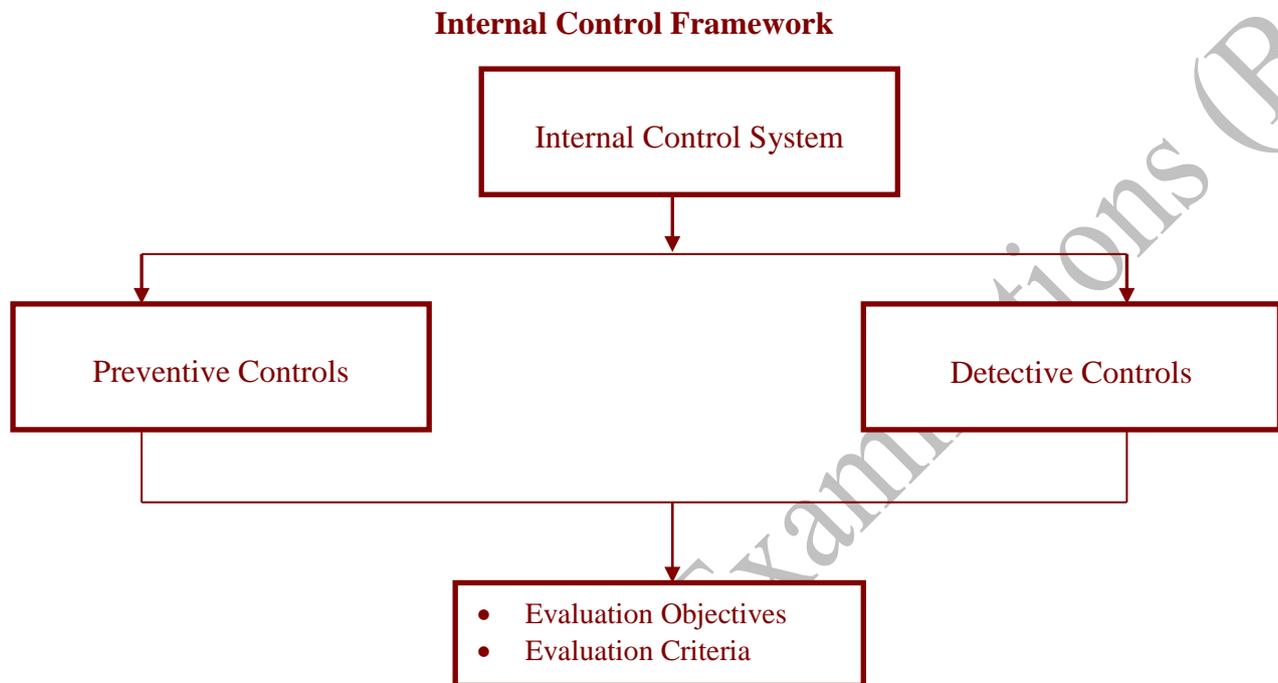




BCE Internal Control Management



For us to achieve our mission, vision and goals; and also provide accountability for our operations, we need to continually assess and evaluate our internal control structure to assure that it is well designed, operated and appropriately updated to meet changing conditions, to provide reasonable assurance that the objectives of our organisation are being achieved.

For efficiency and competency-based administration, BCE realises the importance of internal control. Internal control is a process designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Effectiveness and efficiency of all operations
- Reliability of financial reporting
- Compliance with applicable laws and regulations

Internal control helps BCE:

- **Reduce risks** - eliminates the risk of non-conformity of actual performance with the main goals of the organisation.
- **Identify future requirements** - provides the information and facts to the management for planning and organising when the work is completed and the results are evaluated.
- **Identify weakness** - there will be certain unforeseen and unknown problems which cannot be traced out by mere planning, organising and staffing efforts. It is the control process that can trace these out.
- **Facilitate coordination** - binds all the staff and their activities and motivates them to move towards the common objectives through coordination.

Preventive Controls

- Strategic Business Plan
- Marketing Plan
- Compliance Criteria
- Operational Management
- MIS/IT Strategy
- Policy Plan
- Policies, Procedures and Forms
- Policy Review Plans

Detective Controls

- Financial Audit
 - Internal control
 - Income and expenditure
 - Assets and liabilities
 - Property, plant and equipment
 - Control environment, information system access and security
 - Accountability and responsibility
 - Supplies and services
 - Risk assessment
- Performance Audit
 - Fraud risk management
 - Service delivery
 - Approved Centre supervision
 - Competent and qualified personnel
 - Security of ICT management and control systems
 - Disability access and services
 - Preparedness
 - Delivery of coordinated services
 - Managing building
 - Procurement process
 - Recovery and enforcement of outstanding debts
 - Audit system
- Internal Control Reviews and Evaluation
 - BCE Internal Control Management
 - Internal Control Management Evaluation
 - BCE Qualifications Development Principles
 - Qualifications Development Review
 - Qualifications Currency Evaluation
 - BCE Assessment Management Principles
 - Examination Questions Management Process Review
 - Assessment Management Evaluation

Internal Control Management Evaluation Processes

As a starting point in assessing BCE's Internal Control Review (ICR) process, Responsible Persons should review the policies and procedures guiding the ICR process, ICR reports provided to the executive management, and audit reports on the ICR process. To test the accuracy and effectiveness of the ICR process, a sample of BCE systems must be examined. The following list of procedures is provided to assist examiners/auditors in evaluating the internal control review process. Consistent with risk-based assessment principles, Person-in-Charge should modify procedures as needed to fit the particular circumstances.

Table of Contents

	<i>Page</i>
Part I: Planning and Monitoring / Resource Management	6
1.1 Strategic Planning	6
1.2 Qualifications and Assessment Policies and Procedures	7
Risk Identification	9
1.3 Qualifications Development / Assessment Management Process	9
1.4 Analytical Review of Resources	12
1.5 Accounting for Problem Resources	13
1.6 Allowance for Losses	14
1.7 Other Resources	16
1.7.1 Cash Management	16
1.7.2 Question Bank	16
1.7.3 Premises and Equipment	17
1.7.4 Organisation	18
1.7.5 Personnel	18
1.7.6 Operating Procedures	19
1.7.7 Agreements	20
1.7.8 Contingency Plan	20
1.7.9 Processing	20
1.7.10 Physical Security	22
1.7.11 Supervision by Senior Management	23
1.7.12 Accounting Records and Controls	24
Part II: Finance	25
2.1 Capital	25
2.2 Liquidity	27
Part III: Management	29
3.1 Overall Examination	29
3.2 Business Planning	32
3.3 Policies and Procedures	36
3.4 Internal Controls	38
3.4.1 Internal Control Environment	38
3.4.2 Internal Control Review (ICR) Process	39
3.4.3 Audit and Review	41
3.4.4 Management Information System	44
3.4.5 Internal Control Overall Evaluation	45
3.5 Human Resources	45
3.6 Standards of Conduct	46
3.7 Compliance	48

Part I: Planning and Monitoring / Resource Management

Main Principles	Response	Action
1.1 Strategic Planning		
1. Review the BCE's mission statement and determine if it adequately defines the Qualifications and Assessment philosophy.		
2. Determine if BCE's planning process adequately addresses the internal factors affecting the qualifications development and assessment management by determining whether the following areas were considered: <ol style="list-style-type: none"> a. Mission statement and qualifications/assessment philosophy; b. Reviewing standards and qualifications development/assessment management practices; c. Capital and resource management; d. Qualification Levels and Assessment error risks; e. Audit characteristics (qualifications/assessment factor weaknesses, examinations size/type, and centre geographic locations); f. Capability of executive management and staff; g. Internal controls, systems, and processes; and h. Asset/Liability Management. 		
3. Determine if the organisation's planning process adequately addresses the external factors affecting the qualifications development and assessment management by determining whether the following areas were considered (as applicable): <ol style="list-style-type: none"> a. Types of qualifications, Approved Centre Quality Assurance Management, potential learners, and educational monitoring activities; b. Economic profitability of existing and potential markets; c. Current and anticipated qualification exposures; d. World market conditions; e. Educational qualification changes and subsidies; f. Public policy influences; g. Sources and cost of capital for the organisation; h. Pricing practices and services of competitors; i. Country and society influences; j. Environmental concerns; k. Political conditions; l. Unemployment impact; n. Government regulations. 		
4. Review the assumptions made regarding BCE's internal and external operating environment for reasonableness by determining if assumptions are well supported with accurate, reliable, and complete information.		

<p>5. Determine if goals, objectives, and strategies were established in the plan and determine if they are:</p> <ol style="list-style-type: none"> Quantifiable; Consistent with assumptions and analysis; and Reasonable and achievable. 		
<p>6. Determine if the plan establishes goals, objectives, and strategies to address all key areas of assessment operations, including:</p> <ol style="list-style-type: none"> Quality of the qualifications development and assessment management; Composition of qualification units and assessment; Profitability of the examinations income; Growth and market share. 		
<p>1.2 Qualifications and Assessment Policies and Procedures</p>		
<p>1. Determine if Assessment policies and procedures have been established for each qualification programmes authorised by the Board of Advisors.</p>		
<p>2. Review the Assessment policies adopted by the Board of Advisors for adequacy.</p>		
<p>3. Evaluate the adequacy of Assessment policies in conveying risk parameters to management by noting if the following (or other) parameters exist:</p> <ol style="list-style-type: none"> Adverse resources to qualifications development/assessment management processes; Criticised resources to qualifications development/assessment management processes; Guarantee risk to qualifications development/assessment management processes; Attentiveness risk to qualifications development/assessment management processes; 		
<p>4. Review Assessment policies and procedures and identify all qualification/assessment standards to determine:</p> <ol style="list-style-type: none"> If the qualifications development and assessment management standards have been approved by the board; If standards exist for all authorised qualifications and whether they are industry specific or just generic standards qualifications; BCE's objective(s) for each qualification standard and whether it is consistent with the strategic objectives and risk parameters for the qualifications or qualifications segment; How each standard was derived and if it is adequately supported by studies or analysis. 		
<p>5. Determine whether, at a minimum, the qualification development standards address the compliance with legal requirements and BCE Assessment policies.</p>		
<p>6. Evaluate the adequacy of qualification development standards by determining if the following criteria are met:</p>		

<ul style="list-style-type: none"> a. Commensurate with the risk-bearing capacity of the qualifications; b. Considers the levels, terms, and conditions under which qualifications will be made; c. Establishes the desirable characteristics of qualification factors under which BCE expect qualifications development and assessment management officials to administer; d. Establishes standards to measure and manage concentrations of risk by industry, examinations size, and risk categories; e. Ensures compliance with applicable laws, regulations, and policies. 		
<p>7. Determine if BCE is effectively using qualifications development standards to achieve qualifications objectives and manage risk exposure within the required risk-bearing capacity. How effectively do the standards:</p> <ul style="list-style-type: none"> a. Control overall qualifications quality in accordance with strategic business, capital, and qualifications plans? b. Maintain or control centre request volumes and quality to ensure acceptable concentrations of risk within the assessment? c. Expand or restrict examinations/audits requirement growth in accordance with business needs or changing conditions, such as threats or opportunities in assessment sector? d. Maximise qualifications profitability through close correlation of qualification pricing and examination fees; to assessment quality and servicing needs as measured by qualifications development and assessment management standards? e. Strengthen the quality of criticised or deteriorating qualifications? Are qualifications development standards incorporated in examinations servicing plans, agreements and/or closing letters to establish goals or objectives for learner performance? 		
<p>8. Determine if BCE has implemented a process for effectively reviewing and revising qualification development standards on a periodic basis and whether this process ensures they are timely adjusted in response to changes in industry or market conditions.</p>		
<p>9. Examine a sample of qualifications to determine if qualifications development and assessment management standards are enforced to control the BCE's exposure to risks.</p>		
<p>10. Review annual review minutes to determine if adjustments were made to qualifications development and assessment management standards as needed to control BCE's exposure to risks.</p>		
<p>11. Review Assessment policies and documents to determine if BCE establishes adequate assessment and qualification administration standards that addresses:</p> <ul style="list-style-type: none"> a. qualification and specification content information; b. qualification analysis and decisions; c. monitoring and control; and d. qualification levels 		

12. Examine a sample of qualifications to determine if qualification development administration standards are adhered to.		
13. Review Assessment policies to determine if BCE established adequate directions to ensure sound assessment practices and compliance with BCE regulations.		
14. Review BCE meeting minutes, Assessment policies and procedures to determine if they have been reviewed at least annually and updated as needed.		
Risk Identification		
15. Determine if BCE adequately identifies the aggregate risks in qualifications and assessment policies and procedures by noting if the following, and other areas of risk, are identified and reported to the Board of Advisors: a. Analysing resources b. Analysing past trends; c. Dependence upon a single or a few Approved Centres; d. Exceptions to qualification development standards; e. Lack of Approved Centres' current and complete annual reports; f. Other audits administration deficiencies; and j. Qualifications/Assessment systems that do not comply with policies, procedures, and regulations.		
16. Review management's analysis of the qualifications development and assessment policies and procedures to determine if they include an evaluation of how external factors may affect the level of risk (i.e., projecting the change in assessment quality given a certain percentage decline in Centres/candidates numbers).		
17. Review BCE meeting minutes and reports to determine if information regarding risk in the qualifications and assessment policies and procedures is complete, timely, and meaningful.		
18. Review BCE's policies regarding accounting problem resources for consistency and compliance with Generally Accepted Accounting Principles (GAAP) and BCE Regulations.		
1.3 Qualifications Development and Assessment Management Process		
1. Determine if the BCE established policies to direct the operational process of managing, reviewing and assessing assessment and qualification resources.		
2. Review the policy/procedure established to direct the operation of a programme to review and assess resources to determine if it includes standards that address the following areas: a. Qualifications development and assessment management related resource reviews; b. Scope of Qualification level selection and review; c. Workpapers and supporting documentation; d. Qualifications quality and examination results performance;		

<ul style="list-style-type: none"> e. Assessing Qualifications development and Assessment management administration; f. Assessing compliance with policy and procedures; and g. Training required to initiate and to maintain the programme. 		
<p>3. Through discussions with appropriate personnel and the use of flowcharts, observations, and/or investigations, analyse the operation of the overall ICR process by considering:</p> <ul style="list-style-type: none"> a. Methods of qualification unit selection (to form a qualification); b. Frequency and scope of reviews; c. Manner in which qualifications are analysed; d. Criteria for upgrading un-utilised qualifications/resources; e. Reports generated and provided to/by executive management; f. Use of results by appropriate personnel, (i.e., follow-up and corrective actions); g. Analysis of BCE's adherence to regulations, policies, procedures, and qualifications/assessment standards; h. Identification of administration weaknesses; i. Accurate and timely evaluation and performance; j. Identification of causes of any deficiencies and adverse trends; k. Analysis and status of corrective action plans; and l. Input for reports and the allowance for lost/compromised assessment or qualifications financial loss study. 		
<p>4. Through discussions with appropriate personnel and other alternative methods of investigation, determine if the ICR function operates independent of the qualification developments/assessment management function and reports to executive management are unimpeded by considering:</p> <ul style="list-style-type: none"> a. Any possible restrictions placed on the review personnel; b. Whether the review function reports directly to Executive Management; and c. Independence and objectivity of the review function. 		
<p>5. Through discussions with the Executive management and a review of pertinent personnel files, evaluate the competency of the qualification development and assessment panel personnel by considering:</p> <ul style="list-style-type: none"> a. Level of education; b. Significant experience; c. Availability and participation in continuing education programmes; d. Membership in professional organisations; e. Training methods; and f. Level and quality of supervision. 		

6. Examine a sample of qualifications development, assessment management documents and other internal data reviewed by the ICR process and compare effective delivery evaluation findings to those identified by the review function.		
7. Determine if any audits of the functions have been performed and review the audit results.		
8. Conclude on the adequacy of the ICR process.		
9. Identify all standard and customised reports BCE develops that utilise or present data related to qualifications development and assessment management standards. Determine whether the system provides periodic reports that: <ul style="list-style-type: none"> a. Show each qualification's compliance with the approved developing standards; b. Summarise qualifications that do not comply with standards through either approved exceptions or examinations deterioration; c. Summarise examination fees pricing in correlation to compliance with qualification development standards; and d. Provide sufficient information to monitor the performance of the audits and determine compliance with Assessment policies, including qualification development standards and administration criteria. e. Provide sufficient summary information on qualification development standards compliance, the qualifications' historical performance, and existing risk exposure to effectively integrate standards with the allowance for loss analysis and planning for capital needs. 		
10. Determine if the Information System (IS) effectively links qualifications information to the accounting system to provide a comprehensive database for assessment management. Determine if sufficient IS controls are in place to ensure that qualifications and assessment history is accurate and current. Determine if controls ensure that qualification development ratios are calculated in accordance with policy and procedure and are they consistent over reporting periods.		
11. Review qualifications development and assessment management authorities delegated to managers, assessment panel, and the Appeal committee for appropriateness and reasonableness.		
12. Review a sample of Appeal actions to determine if management, assessment panel, and the Appeal committee acted within the Appeal authorities established.		
13. Review management and assessment management/qualification development personnel performance plans and standards to determine if they are consistent with the authorities granted and the assessment objectives of the organisation.		
14. Review performance evaluations to determine if management and assessment panel are held accountable for not complying with the standards established.		

15. Determine if the Appeals committee is used to effectively control risk by examining a sample of Appeal actions approved by the committee and noting whether Assessment policies, procedures, and standards are adhered to and enforced.		
<p>1.4 Analytical Review of Resources From BCE's Consolidated Reporting System (CRS), generate the most recent half year reports to use in the evaluation of resources. Obtain information regarding the quality, composition, and profitability of resources. Such information might include:</p> <ol style="list-style-type: none"> Assessment examination window invoicing reports; Allowance for qualification losses studies / current markets; Periodic monitoring reports submitted to the management; and Annual and quarterly disclosures. 		
1. Using comparable dates, evaluate the level, trend, and changes in total resources and the major components of resources, such as qualifications; other issues such as IT infrastructure, premises and equipment; and cash.		
2. Through discussions with management or a review of available information, determine the cause of any significant changes or adverse trends in the level of total resources or its major components.		
3. Evaluate the composition of resources by determining the percentage of total resources comprised of assessment earning and non-earning resources and other significant resources.		
4. Review the composition of resources in the assessment management and identify and describe all concentrations of assets which exceed 10 percent of the organisation's resources.		
5. Compile other asset quality statistics needed to quantify the level of risk in the BCE's resources.		
6. Determine if the quality of resources is adequate by comparing the level of risk in resources to BCE's risk-bearing capacity. Calculate and consider ratios such as: <ol style="list-style-type: none"> Adverse resources to qualification development/assessment management; Risks to capital or permanent capital; 		
7. Assess the profitability of BCE's resources by considering the following questions: <ol style="list-style-type: none"> Is income sufficient to cover loan interest (if any), provision for losses, and operating expenses, and to provide an adequate return to capital employed? What portion of income is from assessment; what portion of income is 		

<p>generated from other sources and what portion of income is susceptible to deteriorations and what will be the likely causes?</p> <p>c. What portion of income is from qualifications concentrated to one or a few centres, or countries?</p> <p>d. Are low assessment earning and non-earning resources maintained at minimum levels?</p>		
<p>8. Compare the composition, quality and profitability of resources reported at the date of evaluation to the business plan projections for the same date (if available), and at the end of the planning horizon.</p>		
<p>9. Compare the composition, quality, and profitability of resources to peer organisations, note any significant differences, and evaluate the organisation's strategy, if any, in maintaining a position significantly different from peer organisations.</p>		
<p>10. Identify and summarise conditions disclosed during the evaluation of resources which impact the integrity and soundness of the organisation.</p>		
<p>11. Determine the cause of conditions identified in evaluation resources.</p>		
<p>12. Determine the effect of conditions identified in resources on the organisation's financial condition (capital, earnings and liquidity).</p>		
<p>1.5 Accounting for Problem Resources</p>		
<p>1. In coordination with the evaluation of qualifications development and assessment management, review BCE's policies and procedures to determine if they include adequate direction and guidance regarding problem asset accounting. Consider factors such as:</p> <p>a. Consistency with the definitions, rules, and standards set forth in BCE regulations;</p> <p>b. Guidance on performance category definitions and their application, including criteria for implementing qualifications aggregation, registration and qualification charges income from Centres and assessment management;</p> <p>c. Responsibilities for assigning, reviewing, changing, and reporting performance categories;</p> <p>d. Frequency and scope of reviews to determine the appropriateness of performance categories on high-risk Centres to determine the collectability of uncollected fees or how to make them comply with other</p>		

<p>BCE requirements;</p> <p>e. Guidance on accounting for other assets owned and sales contracts;</p> <p>f. Guidance on recognising losses and recoveries on qualification;</p> <p>g. Use of the qualifications development and assessment management review process to determine if policies and procedures are appropriately applied by staff.</p>		
<p>2. Review the results of the qualifications development and assessment management review process to determine if BCE is adequately accounting for, reporting, and disclosing problem resources.</p>		
<p>3. Compare the BCE's qualifications classification/category statistics and malpractice reports to the annual number of assessment. Follow up on any inconsistencies which may indicate improper identification and disclosure of problem resources.</p>		
<p>4. Examine a sample of evaluation results that were past their due release dates and analyse the causes.</p>		
<p>5. Review BCE's procedures and/or analysis completed to determine "the nature and extent of significant potential qualifications development or assessment management risks that could adversely impact performance of BCE".</p>		
<p>6. Review BCE's workpapers or other documentation that evidences, at a minimum, an annual review of qualifications development and assessment management to ensure all high-risk resources have been assigned the appropriate performance category and that all high-risk Centres have been identified.</p>		
<p>7. Summarise findings to arrive at an overall conclusion regarding the BCE's accounting for problem resources.</p>		
<p>1.6 Allowance for Losses In reviewing the appropriateness of losses, Responsible persons should:</p>		
<p>1. Consider the effectiveness of Board of Advisors oversight of the losses process as well as the quality of BCE's qualifications review system and management in identifying, monitoring, and addressing resource quality problems. This will include a review of BCE's qualifications review function and qualifications grading system. Typically, this will involve testing a sample of BCE's qualifications. The sample size generally varies and will depend on the nature or purpose of the evaluation.</p>		

<p>2. Evaluate BCE's loss allowance policies and procedures and assess the methodology that management uses to arrive at an estimate of the losses, including whether management's assumptions, valuations, and judgments appear reasonable and are properly supported. If a range of qualification losses has been estimated by management, evaluate the reasonableness of management's best estimate within the range.</p>		
<p>3. Review BCE's processes and procedures for determining and measuring impairment (diminishing in quality, strength, amount, or value of an asset):</p> <ol style="list-style-type: none"> a) Determine how qualifications are identified for evaluation of impairment. b) Determine which impairment measurement methods are being used to evaluate impairment. c) Test a sample of qualifications identified as impaired to ensure the calculations are appropriate; d) Determine how qualifications individually evaluated, but not considered to be individually impaired, are grouped with other qualifications that share common characteristics for impairment evaluation. 		
<p>4. Review BCE's processes and procedures for determining and measuring impairment. Determine: How qualifications with similar characteristics are grouped to be evaluated for qualification collectability (such as qualification type, past-due status, and risk);</p>		
<p>5. How loss rates are determined and what factors are used to validate the accuracy;</p> <ol style="list-style-type: none"> a) How qualitative factors (e.g., industry, geographical, economic and political factors) that may affect loss rates or other loss measurements; b) How current economic and qualifications conditions and trends are factored into the general qualification losses. For example, factors to consider in determining amounts to supplement the historical loss factors are: <ul style="list-style-type: none"> o Levels and trends in unresolved, non-performing and impaired qualifications; o Trends in volume and terms of qualifications; o Effects of any changes in annual reviews and other changes in qualification policies, procedures and practices; o National and international economic trends and conditions; o Experience and ability of qualification designers, assessment panel, qualifications review and other applicable staff; o Industry and cash flow conditions profitability; o Effects of changes in qualification concentrations, centre numbers; and; 		

o Trends in assessment methods (written, online, coursework etc).		
6. Review management's use of loss estimation models or other loss estimation tools to ensure that the resulting estimated losses are in conformity with GAAP.		
7. Review the appropriateness and reasonableness of the overall level of the losses. In some instances this may include a quantitative analysis and comparison to peers and prior periods as a preliminary check. This quantitative analysis should determine whether changes in the key ratios from prior periods are reasonably based on the Responsible Person's knowledge of the collectability capacity of qualifications at BCE and its current environment. If BCE has made significant adjustments to the losses, review BCE's documentation to determine if management clearly determined that the events giving rise to the significant change occurred in the current period and not in prior periods.		
8. Review the amount of losses reported in BCE's regulatory reports and financial statements and ensure these amounts reconcile to its allowance loss analysis and BCE's general ledger accounts. There should be no material differences between the amount of the losses calculated by BCE's qualification losses methodology and the final qualification losses balance reported in the financial statements.		
9. Review the adequacy of the documentation and controls maintained by management to support the appropriateness of the qualification losses. Ensure the appropriate members of BCE's management have approved the allowance process and amounts.		
10. Validate evaluation with appropriate management. Obtain management's response to the underlying cause(s) of deficiencies or weaknesses, as well as management's planned corrective actions.		
11. Based on the procedures completed above, conclude on whether BCE's losses methodology is logical, appropriate, and consistently applied, and that the recorded qualifications loss is reasonable and in compliance with GAAP and financial conduct regulations.		
1.7 Other Resources		
1.7.1 Cash Management / 1.7.2 Question Bank		
1. Review the level, trend, and changes in question banks held by BCE and identify conditions/areas warranting follow-up.		
2. If deemed reliable, review the results of BCE's internal audit review process to determine the adequacy of, and compliance with, policies, procedures and internal controls		

related to cash management.		
3. Review any reports or letters provided by BCE's auditors that may address the adequacy of internal controls related to cash/question banks.		
4. Review management policies, procedures, and internal controls for adequacy by determining- if the following areas are addressed: a. Use of question bank; b. Use of cash; c. Periodic analysis/rotation of examination questions; d. Security of cash; e. Annual review of the management process which considers: • the amount of examination questions to be held; and • new or alternative management services and techniques available to minimise risks related to holding question banks. f. Safeguards necessary to protect cash/question banks, such as: • Segregation of and recording responsibilities; • Authorities and supervisory reviews; and • Appropriate audit of cash/question banks coverage.		
5. Summarise concerns noted in the evaluation and obtain management's response and plans for correction.		
6. Conclude on the prudence and integrity of evaluation and discuss evaluation findings of cash / question bank or other areas that may be affected by the findings.		
1.7.3 Premises and Equipment		
7. Review the level, trend, and changes in premises and equipment reported by BCE and identify conditions/areas warranting follow-up.		
8. Determine if premises and equipment are recorded at acquisition cost less accumulated depreciation, and that the method of depreciation complies with GAAP.		
9. Determine if premises and equipment are adequately managed by reviewing the adequacy of: a. Plans to invest in needed capital resources, or to liquidate under-utilised, unused, or unprofitable assets; and b. Inventory listings of furniture and equipment.		
10. Determine if BCE maintains sufficient insurance or capital reserves to protect itself		

from losses relating to premises and equipment (e.g. fire, natural disaster).		
11. Determine if BCE's disaster/contingency planning adequately addresses actions that will be taken should premises and equipment be damaged or destroyed.		
12. Summarise concerns noted in the evaluation of premises and equipment and obtain management's response and plans for correction.		
13. Review the level, trend, and changes in other resources and identify conditions/areas warranting follow-up.		
14. In coordination with the Responsible Person(s) assigned to examine or monitor BCE's other resources, determine the impact on performance and risk-bearing capacity, and BCE's actions and plans regarding the quality, profitability, and stability of these other resources.		
15. Summarise concerns noted in the effective delivery of other resources and obtain management's response and plans for correction.		
1.7.4 Organisation		
1. Has a current organisational plan been developed that shows the structure of the Qualifications and Assessment delivery?		
2. Do senior management provide administrative direction for operations of the Qualifications and Assessment delivery?		
3. Do management regularly review staff compliance with Qualifications and Assessment procedures, operating instructions, and internal controls?		
4. Do management receive and review activity and quality control reports?		
5. Are quality control reports designed to show unusual activity or disclose system use without proper authorisation?		
6. What is BCE's organisational policy regarding new system development/design?		
1.7.5 Personnel		
7. Has the organisation taken steps to ensure that screening procedures are applied to personnel hired for sensitive positions in Qualifications development and Assessment management area?		

8.	Does the organisation prohibit new personnel from working in sensitive areas of the Qualifications and Assessment delivery?		
9.	Is special attention paid by supervisory staff to new employees assigned to work in the Qualifications and Assessment delivery?		
10.	Are temporary personnel excluded or limited from working in sensitive areas?		
11.	Are statements on conflicts of interest required of employees in sensitive positions of the Qualifications and Assessment delivery?		
12.	Are personnel subject to unannounced rotation of responsibilities regardless of the size of the organisation?		
13.	Are relatives of employees in the Qualifications and Assessment delivery precluded from working in the BCE's accounting or candidate data processing functions?		
14.	Does BCE's policy require that personnel take a minimum number of consecutive days as part of their annual vacation?		
15.	Is BCE's vacation policy being enforced?		
16.	Do management reassign employees who have given notice of resignation or been given termination notices from sensitive areas of the Qualifications and Assessment delivery?		
17.	Is a training programme used to alert personnel to the current trends in qualifications development or assessment activities and to the necessity of adequate internal control?		
1.7.6 Operating Procedures			
18.	Do written procedures exist for personnel in the incoming, preparation, data entry, balance verification, assessment delivery/transmission, accounting, reconciliation, and security areas of the Qualifications and Assessment delivery?		
19.	Do procedures cover: <ul style="list-style-type: none"> a. Access to Qualifications and Assessment area and user files? b. Computer security and password control? c. Control over test words and operating and closing computer programs? d. Origination of computer transactions and the modification and deletion of 		

f.	messages? Verification of candidate examination numbers?		
h.	Control over messages on payment orders received too late to process the same day?		
i.	Control over payment orders with future value dates?		
j.	Supervisory review of all adjustments, reversals, reasons for reversals, and open items?		
k.	Contingency planning?		
20.	Are procedures periodically reviewed and updated?		
1.7.7 Agreements			
21.	Are agreements concerning assessment operations between Approved BCE Centres in effect and current?		
22.	Do the agreements assess and evaluate responsibilities and accountability between the parties?		
23.	Do both the hardware and software vendors guarantee continuity of service in the event of a failure, including a specified recovery time?		
24.	Are there agreements between BCE and vendors setting forth the vendors' liability for actions performed by their employees?		
1.7.8 Contingency Plan			
25.	Have written contingency plans been developed for partial or complete failure of systems?		
26.	Are those contingency plans reviewed regularly?		
27.	Are those contingency plans tested periodically?		
28.	Has management distributed those plans to all personnel?		
29.	Are sensitive information and equipment adequately secured before evacuation in an emergency and is further access to the affected areas secure?		
1.7.9 Processing			
30.	Are all incoming and outgoing assessment orders and message requests received in Qualifications and Assessment areas:		

<ul style="list-style-type: none"> a. Time stamped or sequentially numbered for control? b. Logged? c. Reviewed for authenticity? d. Reviewed for test verification, if applicable? e. Reviewed to determine whether personnel who made requests has the authority to do so? 		
31. Are current lists of authorised Qualifications and Assessment personnel and Approved Centres maintained?		
32. Do those lists indicate responsibilities or other related information?		
33. Are assessment or assessment orders and message requests reviewed by someone other than the receiving person; for: <ul style="list-style-type: none"> a. Errors? b. Future dates, especially for multiple orders requests? 		
34. Are the receipt, data entry, and authentication functions in Qualifications and Assessment area adequately segregated?		
35. Are all candidate examination number requests checked by a supervisor prior or after receipt of the payments?		
36. Are all payment orders and message requests accounted for in an end-of-day proof to ensure that all requests have been processed?		
37. Are all pre-numbered Certificates, including those returned/contain errors or replacements, accounted for in the end-of-month/quarter proof?		
38. Does assessment functional unit prepare a reconciliation of assessments sent and scripts/coursework received?		
39. Is the reconciliation of assessment question papers or delivery activity reviewed by supervisory personnel?		
40. Are queries and complaints carefully controlled and assigned a sequence number for investigations and resolutions?		

Business & Computing Examinations (BCE)

41.	Do candidate records contain: a. An examination/identification number? b. An amount paid or to be paid? c. The Centre name? d. An examination written date / examination results issued date? e. Subjects/Units taken (or to be taken)		
42.	Does the flow of work proceed in a one-way direction to provide an adequate internal control environment?		
43.	Are all assessment queries reviewed by someone not involved in the receipt, preparation, or transmittal of assessments?		
44.	If BCE accepts assessment requests with a future value date after the close of business, are they properly controlled and processed?		
1.7.10 Physical Security			
45.	Is access to Qualifications and Assessment area restricted to authorised personnel?		
46.	Are visitors to Qualifications and Assessment area required to: a. Be identified? b. Sign in? c. Continuously display identification? d. Be accompanied at all times?		
47.	Are personnel who are permitted entry to the operating area properly identified and required to continuously display identification?		
48.	Is written authorisation given to those personnel who remain in Qualifications and Assessment area after normal working hours? Who gives such authority?		
49.	Are computers control protected by password to prevent unauthorised access?		
50.	Are computers in qualifications and assessment area regulated by: a. Log-in usernames controls? b. Time-of-day controls?		
51.	Are terminals and other hardware in Qualifications and Assessment area shut down after normal working hours?		

52.	Is computer operator training conducted in a manner that will not jeopardise the integrity of live data or files?		
53.	Are passwords suppressed when entered on computers?		
54.	Are computer passwords frequently changed? If so, how often?		
55.	Do correcting and re-printing of Certificates require supervisory approval?		
56.	Is supervisory approval required for candidate records?		
57.	Are passwords restricted to different levels of access, such as data files and transactions that can be initiated?		
58.	Are employees prohibited from taking keys for sensitive equipment out of Qualifications and Assessment area?		
1.7.11 Supervision by Senior Management			
1.	Are senior management kept informed about the nature and magnitude of the risks in the qualifications development and assessment activity?		
2.	Has the Board of Advisors and/or senior management reviewed the risks in assessment activities? If so, when were the limits last reviewed?		
3.	Is senior management and/or the Board of Advisors advised of Centres with large number of assessment requests?		
4.	Is senior management and/or the Board of Advisors, under established policies and procedures, required to review at predetermined frequencies: <ul style="list-style-type: none"> a. The volume of assessment, the effectiveness of assessment panel, and the risks involved in the assessment activity? b. Qualifications and other exposures related to integrity and sound assessment practices? c. The capabilities of the staff and the adequacy of the equipment relative to current and expected volume? 		
5.	Are there periodic reviews of Approved Centres? Who conducts the reviews?		
6.	Are the reviews adequately documented?		

1.7.12 Accounting, Records and Controls		
7.	Does BCE receive emails from its Centres indicating invoices/amounts to be paid and received for the day? Is this information maintained and followed for exceptions?	
8.	Is a record kept for each Centre showing qualifications undertaken, assessment orders and other relevant adequate information on each Centre's overall transactions?	
9.	Does BCE has a record of Centres and their details if they fail to pay promptly?	
10.	Are the records reviewed to evaluate the efficiency of the relevant functional unit?	
11.	Is corrective action initiated when appropriate? How?	
12.	Are investigations or follow-up of failed payments conducted?	

Part II: Finance

Main Principles	Response	Action
<p>2.1 Capital Coordinate capital evaluation activities. Emphasis should be on identifying how evaluation results in other areas impact the capital analysis, and ensuring sufficient work is completed to conclude on the adequacy of capital while avoiding duplication of evaluation effort. Examples of key areas that will likely require coordination with the capital evaluation include:</p> <ul style="list-style-type: none"> • Allowance for losses (if at all possible this area should be completed prior to the capital evaluation); • Asset Quality; • Assessment Management; • Effective Management; • Earnings; • Business Planning; • Asset/Liability Management; and • Regulatory Compliance. 		
<p>1. Obtain and review BCE's capital plan and any long-range financial plans or projections. Also, obtain and review the allocation agreement for noncash patronage allocations and the capital bylaws as deemed necessary to review/confirm recent changes, review compliance, etc.</p>		
<p>2. Obtain capital-related financial information for the current timeframe and for prior dates as necessary to establish a trend.</p>		
<p>3. Utilise discussions with managers as needed throughout the evaluation process to gather information, provide clarification, and discuss goals, plans, projections, trends, etc.</p>		
<p>4. Evaluate the quantity of capital by:</p> <ol style="list-style-type: none"> a. Determining if BCE's allowance for losses evaluation disclosed any allowance shortfalls or excesses, and, if so, identifying the resulting impact on capital. b. Comparing the current capital level to the organisation's established optimum capital goal, giving consideration to the appropriateness of the goal as well as any material differences between the actual and targeted quality of capital. c. Compiling and reviewing key statistical data such as total capital/total resources, and risk funds/total resources. 		

<ul style="list-style-type: none"> d. Considering peer group comparisons and any material differences in circumstances. e. Reviewing capital projections for reasonableness and support, and in comparison to the optimum capital goal. f. Determining the sufficiency of the organisation's ratio calculation process and related internal controls. g. Considering the quality/reliability of key operating processes such as internal controls and the internal review function, assessment management, asset/liability management, business planning, etc. 		
<p>5. Evaluate the composition and characteristics of the capital structure. Considerations include proportion of total capital that qualifies as permanent capital.</p>		
<p>6. Evaluate the stability of the capital position by:</p> <ul style="list-style-type: none"> a. Identifying and reviewing current and projected trends in total capital, permanent capital, surplus, etc., and determining the underlying causal factors. b. Considering the extent of current and foreseeable operational risks to capital such as interest rate risk exposure and off-balance-sheet risks stemming from synthetic asset/liability management transactions. d. Considering BCE's asset growth trends, plans, and prospects. e. Evaluating the impact of BCE's earnings performance on future capital accretion and adequacy. f. Evaluating the impact of BCE's dividend and share retirement practices on capital retention and adequacy. g. Compiling and reviewing key statistical data such as exposure measurements, the current Put-Call-ratio (PCR) compared to an adjusted PCR. 		
<p>7. Assess the quality of management and resulting capital adequacy implications. Considerations include:</p> <ul style="list-style-type: none"> a. Quality, experience, depth and sophistication of management. b. Adequacy of policies, procedures, and internal controls. c. Strength of the business planning process. d. Level of compliance with all applicable regulations. e. Management's understanding of the functions, evaluative factors, and ultimate importance of capital. f. Adequacy of capital plan and established optimum capital goal. 		

8. Complete workpapers as necessary, to determine the organisation's compliance with applicable capital-related regulations.		
9. Weigh the results of all capital evaluation work and formulate tentative conclusions giving consideration to cause, effect, materiality, and results of other related evaluation areas.		
<p>2.2 Liquidity Coordinate liquidity evaluation activities. Emphasis should be on identifying how evaluation results in other areas impact the liquidity analysis, and ensuring sufficient work is completed to conclude on the sufficiency of liquidity while avoiding duplication of evaluation effort. Examples of key areas that will likely require coordination with the liquidity evaluation include:</p> <ul style="list-style-type: none"> • Capital; • Asset quality; • Effective Management; • Earnings; • Investments; • Asset/Liability Management; and • Regulatory Compliance. 		
1. Utilise discussions with management as needed throughout the evaluation process to gather information, provide clarification, and discuss trends, projections, goals, etc.		
2. Evaluate BCE's access to funding. Considerations include BCE's conclusions regarding capital, asset quality, management, and earnings as they relate to the organisation's creditworthiness.		
3. Evaluate any secondary sources of liquidity available to meet emergency or short-term liquidity needs.		
4. Evaluate the stability of the organisation's primary source of funding.		
5. Evaluate the effectiveness of the organisation's liquidity management. Considerations include: <ul style="list-style-type: none"> a. Organisation management's (executive management) understanding of liquidity and the factors that impact its adequacy. b. Sufficient liquidity policy guidance in compliance with BCE regulations. c. Effectiveness of BCE management in building and maintaining the 		

<p>d. creditworthiness of the organisation. Internal controls and monitoring processes to reasonably ensure compliance with liquidity-related requirements.</p> <p>e. Sufficiency of liquidity-related reporting to the board.</p> <p>f. Appropriate corrective action taken when and if needed.</p>		
<p>6. Weigh the results of all liquidity evaluation work and formulate tentative conclusions giving consideration to cause, effect, materiality, and results of other related evaluation areas.</p>		
<p>7. Discuss evaluation results and tentative conclusions with those responsible for the investments, asset/liability management, and overall management evaluations.</p>		

Part III: Management

Main Principles	Response	Action
3.1 Overall Examination		
1. Review and summarise the findings disclosed through the review of business planning, policies and procedures, internal controls, human resources, and standards of conduct.		
2. Review and summarise the findings disclosed through the evaluation of resources, capital, earnings, and liquidity relating to management and management processes and systems.		
3. Discuss the condition and performance of the audit with the Responsible Person(s) assigned the assessment management evaluation to determine the effectiveness of management's processes and systems in achieving adequate results.		
4. Discuss the financial condition and performance of the organisation with the Responsible Person(s) assigned the finance evaluation to determine the effectiveness of management's processes and systems in achieving adequate results.		
5. Discuss the compliance with laws and regulations with the Responsible Person(s) assigned the compliance evaluation to determine the effectiveness of management's processes and systems in ensuring compliance with laws and regulations.		
6. Conclude on the adequacy of management systems and processes.		
7. Review the bylaws to determine the duties, responsibilities, qualifications, and legal requirements of management.		
8. Determine if the Board has its duties and responsibilities defined in written job descriptions.		
9. Review Board and meeting minutes to determine the Board participation and involvement in the following areas: <ul style="list-style-type: none"> a. Strategic and operational planning; b. Policy formulation; c. Monitoring the condition and performance of the organisation for all major operational areas; d. Monitoring compliance with policies, laws, and regulations; and e. Achieving corrective actions and implementing audit, review, and effective delivery evaluation recommendations. 		

10. Review and summarise the results of the current evaluation and assess the adequacy of corrective actions directed by the Board to address audit, review, and previous evaluation recommendations and to strengthen and improve operations.		
11. If applicable, review and assess the actions directed by the board to comply with BCE enforcement actions and determine overall compliance with such actions.		
12. Through discussions with Responsible Persons for the finance, management, and compliance evaluations and through a review of the organisation, determine if BCE Regulations are in compliance with the bylaws.		
13. Review changes made on BCE regulations for compliance with the bylaws and determine the impact, if any, on the organisation.		
14. Identify the responsibilities handled by committees to determine if BCE has adequately addressed the areas of operations requiring detailed review and analysis.		
15. Determine if the board receives regular reports from standing and ad hoc committees, including recommendations to the full board, which are fully supported and reasonable.		
16. Review board meeting minutes and identify management that do not attend meetings regularly, or fail to participate in an active and informed manner.		
17. Identify and summarise significant decisions and/or actions taken by the Board which were not adequately documented in board meeting minutes.		
18. Examine the Statement of Private Interests and determine that Board members are free of “conflicts” which may embarrass the organisation or affect their performance as executive management member.		
19. Review the background, experience, and education of the CEO to determine if the CEO is qualified and competent with the expertise necessary to assist the board in managing the organisation.		
20. Review the CEO's job description and determine if management duties and responsibilities are clearly defined.		
21. Review the CEO's performance standards and determine if BCE established clear standards of performance and measurable key result areas to ensure the CEO fully		

understands the board's expectations.		
22. Compare the CEO's performance standards to the objectives established in the business plan and policies for consistency.		
23. Identify any duties and responsibilities inappropriately delegated from the board to CEO.		
24. Identify key areas of operation or CEO responsibilities not reflected in performance standards which may reduce accountability to the board, such as: a. Correction of previously identified weaknesses; b. Compliance with laws and regulations; c. Compliance with BCE policies; and d. Reporting to the Board.		
25. Identify any instances where the CEO or Board of Advisor inappropriately dominate or infringe upon the duties and responsibilities of the board. In addition, identify instances where the board's involvement is excessive.		
26. Review the board's process for evaluating the CEO's performance and determine if it is documented, conducted on a periodic basis, and results in a reasonable evaluation of CEO performance.		
27. Determine if the board addresses problems with CEO performance in a prompt and direct manner.		
28. Review the board's succession policy and determine if it addresses the position of CEO and other key management positions.		
29. Conclude on the board's fulfilment and understanding of its duties and responsibilities and the effect, if any, on the overall effectiveness of the board.		
30. Assess the qualifications of the Board members by considering the following factors: a. Background, experience, and tenure of board members; b. Areas of expertise offered by outside management; and c. Diversification and composition of the board.		
31. Review the process for nominating members for the Board and determine if it includes a careful analysis of a member's qualifications, capabilities, and business experience.		

32. Conclude on the qualifications of the Board members and the prospects for maintaining or strengthening this component of management.		
33. Obtain the organisational chart and identify the key executive management and their responsibilities.		
34. Review the background, experience, and education of key executive management to determine if they have the expertise necessary to assist the board in managing the organisation.		
35. Compare the results of operations to the standards, objectives, and direction established by the Board to determine if the CEO and Line Managers are adequately implementing the Board's direction.		
36. Review the information reported to the Board and determine if the CEO is keeping the Board adequately informed about activities and potential operational or financial problems.		
37. Conclude on the CEO and Line Managers' performance in capably managing the organisation and meeting BCE's objectives.		
38. Assess the impact of strengths and weaknesses in management on the condition and performance of the organisation. Draw tentative conclusions, giving consideration to cause, effect, materiality, and results of other related evaluation work.		
3.2 Business Planning		
1. Determine if the planning process incorporates, when applicable, the following elements: a. Complete endorsement; b. Full participation; c. A planning policy; d. Assigned responsibilities; e. An adequate MIS/IT Strategy; f. Measurable goals, objectives, strategies, and action plans; g. Contingency planning; h. Flexibility; i. Review and follow-up; j. Effective implementation; k. Formalised monitoring and control systems; and l. Effective communication.		

<p>2. Determine how plans are evaluated after implementation. Determine if they are flexible enough to allow for contingency planning. Consider:</p> <ul style="list-style-type: none"> a. Frequency and method of evaluation; b. The CEO's involvement; c. Accountability of managers to implement plans and achieve objectives; and d. Whether the board reviews and approves plans. 		
<p>3. Regarding evaluating the planning control system, can you confirm that:</p> <ul style="list-style-type: none"> a. Someone is responsible for periodically measuring and analysing each objective; b. Variances are analysed, explained, and reported; c. Personnel responsible for achieving objectives are held accountable; d. Adequate action has been taken on an objective that has not been met; e. Analysis of the variance is reported to management in a timely manner; and f. Analysis of the variance is useful to management in re-evaluating the goals and objectives in the continuing planning cycle. 		
<p>4. Review the business plan. Determine compliance with BCE regulation by ensuring that an operational and strategic business plan for the succeeding year was adopted no later than 30 days after the commencement of each calendar year. The business plan is required to include, at a minimum, the following:</p> <ul style="list-style-type: none"> a. A mission statement that provides a clear sense of priorities and purpose; b. A review of the internal and external factors that are likely to affect the organisation during the planning period; c. Quantifiable goals and objectives; d. Pro forma financial statements for each year of the plan; e. A detailed operating budget for the first year of the plan; and f. The capital adequacy plan adopted pursuant to BCE regulation. 		
<p>5. Review the situational analysis to determine if it is accurate, complete, and based on reliable information.</p>		
<p>6. Review the internal analysis to determine if the following items were considered when applicable:</p> <ul style="list-style-type: none"> a. The overall financial condition of the organisation; b. The organisation's overall risk position; c. Efficiency and cost effectiveness of operations; 		

<ul style="list-style-type: none"> d. The adequacy of internal controls and the internal control environment; e. The adequacy of MIS/IT Strategy and the effectiveness of policies; f. Areas where improvement is needed; g. The costs of needed improvements; h. Existing qualification levels and marketing programme; i. Services that should be discontinued; j. Areas where past failures have occurred; k. Correction of weaknesses; l. Management capability and experience; m. Staff capability and experience; and n. Organisational structure. 		
<p>7. Review the external analysis to determine if the following areas are typically considered:</p> <ul style="list-style-type: none"> a. Condition and performance of Approved Centres; b. Financially viable community; c. Regional, national and international economic outlooks; d. Competition; e. Technology; f. Interest rates; g. Structural changes in education; h. Legal and regulatory environment; and i. Market profile and potential. 		
<p>8. Determine that goals and objectives have been developed for key areas of the organisation's operations, such as asset quality and financial condition. Goals and objectives could be developed for the following areas:</p> <ul style="list-style-type: none"> a. Examination growth/market share; b. Qualification units mix and diversity; c. Qualification Development/Assessment Management; d. Capital adequacy; e. Profitability; f. Assessment fee pricing; g. Operating expenses; h. Liquidity; i. Management Information System (MIS)/ IT Strategy; j. Human resource development; and k. Capital improvements. 		

<p>9. Determine if management has strategies and action plans in place to achieve stated goals and objectives. Consider:</p> <ul style="list-style-type: none"> a. Programme description and objective; b. Time frames and steps to be taken; c. Resource requirements; d. Cost/benefit and risk analysis; e. Accountability and performance measurements; and f. Effective implementation. 		
<p>10. Link, if possible, any evaluation exceptions in the business plan to deficiencies in the planning process.</p>		
<p>11. Review actual performance versus the plan and determine the cause of any significant variance.</p>		
<p>12. For Approved Centres: Determine if the Approved Centres' developed and adopted strategic MIS plans that are in accordance with BCE regulations. The plan should be reviewed at least annually to ensure:</p> <ul style="list-style-type: none"> a. Consistency with the Centre's long-range policy and programme goals; b. Direction of the electronic data processing functional for the current and future years is provided; c. Measurable goals by which senior management can determine functional performance are provided; d. Functional strategy, programmatic direction, and hardware and software needs and approach are addressed; and e. Personnel and economic resources required to execute the plan are reflected. f. Learning resources and learning environment g. Teaching and learning strategy 		
<p>13. Determine whether the information systems are in compliance with the MIS/IT Strategy plan.</p>		
<p>14. For Internal Functional Units: Determine whether the information systems are transferrable between functional units and there is no duplication of data.</p>		

<p>15. Review the MIS to determine the usefulness in evaluating and monitoring performance in accordance with the business plan. The following guidelines can be used as appropriate:</p> <ol style="list-style-type: none"> a. Findings and conclusions from control systems should be provided promptly and in a manner that line managers and the Board can understand. Items to consider include asset quality reviews, financial performance, and assessment management; b. Adequate controls should be in place to ensure relevant, accurate, and timely information; c. Evaluate dissemination of information among the varying organisation levels. Consider how information flows between executive management, staff and Approved BCE Centres; d. Analyse the effectiveness of the MIS/IT Strategy, including: (i) management's knowledge and understanding of the system. (ii) use of the data in the decision-making process; considerations. 		
<p>16. Conduct the asset, financial, and human resource management reviews to expose any inconsistencies and verify conclusions regarding the adequacy of planning for operational areas. Consider:</p> <ol style="list-style-type: none"> a. Reasonableness of assumptions; b. Appropriateness of goals, objectives, strategies, and action plans; and c. Internal consistency of planning for the operational areas. 		
<p>17. Weigh the results of all the business planning work and draw tentative conclusions giving consideration to cause, effect, materiality, and results of other related evaluation work.</p>		
<p>3.3 Policies and Procedures</p>		
<p>1. Interview management to determine how policies are developed. Consider how the following information is used:</p> <ol style="list-style-type: none"> a. Strategic, operational and capital plans; b. The organisation's condition and performance; c. Differences between planned goals and current conditions; d. Regulatory requirements; and e. Risks. 		
<p>2. Determine the extent of the Board's participation and involvement in the development of policies.</p>		
<p>3. Determine whether the organisation has an effective system or process to periodically review and revise, when necessary, policies and procedures.</p>		

4.	Determine if the Board periodically analyses the adequacy of existing policies and modifies them as necessary.		
5.	Determine if policies and procedures have been established for all key areas of the organisation's operations and as required by regulations.		
6.	Determine if all proposed policies are adopted by the Board before distribution and implementation.		
7.	Determine that there is a procedure for disseminating written policies and procedures to organisation personnel in a timely manner.		
8.	Ensure that policies and procedures are: <ul style="list-style-type: none"> a. Consistent with the organisation's goals and objectives; b. Consistent with each other; c. Uniformly applied throughout the organisation; and d. Up to date. 		
9.	Ensure that policies clearly define: <ul style="list-style-type: none"> a. Purpose and objective; b. Operating parameters; c. Authorities; d. A process for addressing exceptions; and e. Reporting requirements. 		
10.	Determine that procedures establish: <ul style="list-style-type: none"> a. The purpose and objective; b. Tasks to be performed; c. Responsibilities of positions involved; d. Appropriate departmental/functional unit interactions; e. Actions or steps to accomplish the objectives of the procedures; f. Adequate direction to intended end users; and g. Adequate internal controls. 		
11.	Evaluate the process management relies on to ensure that adopted policies are followed or that exceptions are documented.		
12.	Determine, if policies are being adhered to throughout the organisation.		
13.	Weigh the results of the policies and procedures evaluation and draw tentative conclusions giving consideration to cause, effect, materiality, and results of other related evaluation work.		

3.4 Internal Controls		
3.4.1 Internal Control Environment		
<p>1. Determine the effect of the Board and management's philosophies and operating styles on the organisation's internal control environment by considering the following factors:</p> <ul style="list-style-type: none"> a. Approach to taking and monitoring business risks; b. Attitudes and actions toward financial reporting; c. Use of policies and procedures; d. Emphasis on planning and meeting budget, profit, and other financial and operating goals; and e. Influence/domination by one or a few individuals on the entire organisation. 		
<p>2. Determine the effect of BCE's organisational structure on the organisation's internal control environment by considering the following factors:</p> <ul style="list-style-type: none"> a. Size, diversity, and complexity of operations; b. Form and nature of major organisational units and related management functions and reporting relationships; and c. The extent of centralisation/decentralisation of operations in key functions. 		
<p>3. Evaluate the organisation's methods of assigning authority and responsibility by reviewing the following areas:</p> <ul style="list-style-type: none"> a. Policies regarding such matters as acceptable business practices, conflicts of interest, and code of conduct; b. Assignment of responsibility and delegation to deal with such matters as organisational goals and objectives, operating functions, and regulatory requirements; c. Employee job descriptions delineating specific duties, reporting relationships, and constraints; d. Computer systems documentation indicating the procedures for authorising transactions and approving systems changes; e. How certain duties are assigned, e.g., no one person should have authority to perform or approve all aspects of a particular function; f. Whether the duties associated with the requisition, approval, execution, and recording of a particular transaction are assigned to the same person; g. Whether the duties concerned with the custody of resources are performed by someone who also maintains the records of those resources; and h. The extent to which overlapping duties are limited to control the ability of one person to make significant errors or perpetrate significant irregularities without timely detection. 		
<p>4. Determine the effect of personnel policies and practices on the organisation's internal control environment by considering the following factors:</p>		

a.	The ability to employ sufficient competent personnel to accomplish the organisation's goals and objectives; and		
b.	The hiring, training, evaluation, promoting, and compensating of employees, and giving them the resources necessary to discharge their assigned responsibilities.		
5.	Determine whether management has established an adequate performance evaluation system to hold employees accountable for their performance.		
6.	Evaluate the impact of external influences on the organisation's internal control environment by considering the following factors and their effect on operations:		
a.	The influence exercised by external auditors, BCE Centres, Candidates and regulatory agency;		
b.	The competitive environment;		
c.	The extent to which the personal financial interests of key officers or employees depend directly on the operating results or financial condition of the organisation; and		
d.	Any other circumstances that may lead employees, officers, and management to pursue actions that could adversely affect the organisation.		
7.	Summarise findings from the audit of the internal control environment.		
8.	Identify the factors that have a significant effect, either positive or negative, on the effectiveness of management processes or functions.		
9.	Advise those responsible for the affected processes or functions of the factors identified and potential effect.		
10.	Determine the collective effect of the various factors identified above on establishing, enhancing, or mitigating the effectiveness of management processes and functions.		
3.4.2 Internal Control Review (ICR) Process			
<i>(Note: Steps 1 through 5 typically are completed to determine the scope of evaluation, while steps 6 through 12 are completed in conjunction with the area examined.)</i>			
1.	Review the internal control policy for adequacy and compliance with BCE regulations.		
2.	Identify the major operating areas within the organisation.		
3.	Assess each major operating area and determine which aspects of operations expose the organisation to the greatest risks.		
4.	Review internal audit/review reports and management letters submitted by the external auditor for any weaknesses disclosed in the organisation's operations and internal control systems.		
5.	Select those areas of operations that pose the greatest risks to the organisation and assess the adequacy of internal control systems established to control those risks.		
6.	Assess the adequacy of the internal control system established in each area of		

<p>operations examined by determining if sufficient controls are in place to prevent unacceptable performance, weaknesses, or irregularities. Such controls could include:</p> <ul style="list-style-type: none"> • Strategic and operating plans; • Organisational policies; • Management procedures; • Delegated authorities; and • Audit and review programmes. 		
<p>7. Assess the adequacy of the internal control system established in each area of operations examined by determining if sufficient controls are in place to detect unacceptable performance, weaknesses, or irregularities. Such controls could include:</p> <ul style="list-style-type: none"> • MIS and reportings to the board; • Supervisory review; and • Audit and review programmes. 		
<p>8. Obtain any flowcharts that outline internal control systems established in each area examined to document and describe the components of the system. An example of flowcharting an internal control system for a particular area of operations is provided in (Supplement 1 of Management Handbook).</p>		
<p>9. Consider the effect, or potential effect, of the internal control environment on the internal control system established and determine the prospects for the system's continued effectiveness or ineffectiveness.</p>		
<p>10. Substantiate the effectiveness of both preventive and detective critical control components through observation and testing. (Note: The level of observation and testing needed can be reduced to the extent the work performed by the auditor/reviewer is found to be reliable and sufficient.)</p>		
<p>11. Discuss any weaknesses with personnel assigned to other areas which may be affected.</p>		
<p>12. Summarise and conclude on the adequacy of the internal control system established for the area of operations examined.</p>		

3.4.3 Audit and Review		
1. Determine if the internal audit and review programme provides the Board ongoing oversight and feedback on the adequacy of operations by considering the following factors: <ul style="list-style-type: none"> a. Annual internal audits/reviews; b. Operation of an effective programme of internal audit and review; and c. Regular reporting to the board on the results of audits/reviews. 		
2. Review the internal audit and review reports to determine if weaknesses are detected in a timely manner and appropriate corrective actions are taken.		
3. Discuss the internal qualification review process with the Responsible Person assigned to examine this area to determine the adequacy of this aspect of the internal audit and review programme.		
4. Evaluate compliance with BCE Financial policies which requires the adoption of internal audit procedures that evidence responsibility for the review of internal controls.		
5. Determine if BCE uses the internal audit and review programme to make appropriate inquiries into the following areas: <ul style="list-style-type: none"> a. The high-risk areas of operations and those areas of high concern; b. Compliance with applicable laws, rules, and regulations; c. Compliance with BCE policies; d. Adequacy of BCE policies; e. Efficiency of operations; and f. The adequacy of internal controls established in each functional area of the operations. 		
6. Review the auditor/reviewer's working papers to determine if the scope and work completed was sufficient to attain the audit and review objectives.		
7. Determine if the frequency of internal audit/review activities are sufficient by considering the following factors: <ul style="list-style-type: none"> a. The risk associated with each area of audit/review interest; b. The nature of the specific operation and related resources and liabilities; c. The existence and effectiveness of appropriate policies, procedures, and internal controls; d. The potential materiality of errors and irregularities associated with the specific operation/function; and 		

e.	Coverage in previous or planned internal and external audit/review activities.		
8.	Determine if the internal auditor/reviewer and audit/review staff are competent by reviewing the following factors: a. Educational background; b. Participation in courses sponsored through in-house training programme; c. Work experience in various functional units of an organisation; d. Certification as Auditor/Internal Auditor, Public Accountant or relevant qualification; e. Commitment to continuing education; f. Use of techniques such as internal control and other questionnaires, testing (including statistical sampling), flowcharting, and computer programming; <i>and</i> g. The quality of work performed and the ability to communicate the results of that work.		
9.	Determine if the audit function and auditor are independent by reviewing the following factors: a. Where and to what level the results of the work performed are reported; b. Whether the internal audit function is under the direct supervision of the Board of Advisors; and c. The audit function's involvement in developing and installing procedures, preparing records, or engaging in any other activity which they would normally review and appraise.		
10.	Compare deficiencies identified by BCE evaluation and monitoring activities to weaknesses disclosed by the internal audit and review programme.		
11.	If the internal audit/review programme failed to identify deficiencies similar to those disclosed by BCE, determine the cause for such discrepancy.		
12.	Determine the adequacy of actions taken by the Board to correct deficiencies identified by the internal audit/review programme.		
13.	Conclude on the overall adequacy of the internal audit and review programme.		
14.	Notify Persons responsible for examining other areas of operations of weaknesses in		

the internal audit/review programme that may affect their evaluation activities.		
15. Determine if the board requires auditors to submit engagement letters before commencing their work.		
16. Review the board and/or audit committee meeting minutes to determine if: <ul style="list-style-type: none"> a. A discussion of the engagement terms for the external audit is included; b. All internal and external audit and review reports are provided to the board or audit committee; c. The board or audit committee adequately follows up to ensure management properly responds to findings in a timely manner; and d. A reporting mechanism is established to allow the board or audit committee to track the status of all outstanding audit and evaluation findings at any given time. 		
17. Determine if the terms of engagement established by the board were based on factors such as: <ul style="list-style-type: none"> a. The organisation's risk areas and other areas of concern; b. The audit coverage of the internal audit and review programme; and c. The reliability of the internal audit and review programme. 		
18. Where the internal audit function lacks the expertise needed to audit high-risk or specialised areas, such as asset/liability management, taxation, and MIS, determine if BCE's use of external auditors is appropriate.		
19. Review the terms of engagement to determine the time period to be covered and the reports to be rendered. Also, determine if the audit coverage is adequate, complements the organisation's internal audit and review programme, and assists Executive Management in meeting its fiduciary responsibilities.		
20. Determine if there are any limitations on the scope of the audit and whether any financial auditing procedures are to be omitted, such as confirmation of loans or investments.		
21. Conclude on the overall adequacy of the financial audit and review programmes in determining and reporting to the Board whether management and personnel are performing their duties in a prudent manner and in compliance with applicable policies, procedures, laws, and regulations.		
21. Based on evaluation procedures completed above, conclude on whether the audit and review programmes substantially reduces the risk of potentially serious problems not being detected by the organisation.		

3.4.4 Management Information System		
1. Review BCE's policies to determine if they identify the organisation's information needs and the most effective means of obtaining the needed information.		
2. Review BCE's plans and policies to determine if they adequately address the information needed to monitor and oversee operations, including the frequency of such reporting.		
3. Evaluate the adequacy of policy direction to ensure that information is accurate, complete, and presented in a usable format.		
4. Determine if BCE policies address the extent to which automation/integration of the various information sources should be pursued to enhance reliability, usability, and efficiency.		
5. Determine if the information reported to the Board of Advisors is sufficient to monitor and oversee the following areas: <ul style="list-style-type: none"> a. Performance relative to business plan and policy objectives; b. Compliance with the operating parameters, delegated authorities, and reporting requirements outlined in policies; c. Compliance with laws, regulations, and sound business practices; d. Financial condition and performance of the organisation; e. Risks and asset/liability management practices; f. Assessment management conditions and other major resources; g. Operational deficiencies that increase the risk of loss or reduce efficiencies; h. Status of corrective actions on previously identified weaknesses. 		
6. Confer with the Persons assigned to other areas of evaluation to determine if the specific information needs and reporting requirements for each functional area of operations are adequate.		
7. Determine if the Board periodically reviews the adequacy of the MIS in meeting the organisation's objectives.		
8. Complete the Information Systems Evaluation programme to determine the adequacy and effectiveness of internal controls over information systems environment and security.		
9. Summarise findings and conclude on the adequacy of the MIS as an internal control.		

10. Discuss evaluation findings with Responsible Persons assigned to other areas affected by the MIS and ensure findings and conclusions are consistent.		
3.4.5 Internal Control Overall Evaluation		
1. Weigh the results of evaluation work in the areas of the internal control environment, internal control systems, audit and review, and MIS. Draw tentative conclusions on the overall adequacy of internal controls, giving consideration to cause, effect, materiality, and results of other related evaluation work.		
2. Discuss items of concern, scope of work performed, and conclusions with the Responsible Person. Obtain a response regarding the cause(s) of deficiencies or weaknesses and anticipated corrective actions.		
3.5 Human Resources		
1. Review all previously reported HRM weaknesses recorded in the workpapers and reports of previous evaluations. Determine their current status and identify continuing areas of concern and risk.		
2. Review HRM policies and the business plan to determine if HRM policies are consistent with the overall management system and the organisation's goals and objectives.		
3. Review Board of Advisors minutes to ensure the board receives reports that reflect how consistently HRM policies are adhered to throughout the organisation.		
4. Review HRM plan/forecast to determine if it: <ul style="list-style-type: none"> a. Adequately considers the future need for employees brought about by turnover and changes to the organisation's mission and function; b. Relates to the long-term planning function; c. Includes a succession plan for key personnel; and d. Effectively uses performance appraisals and employee development to meet future needs. 		
5. Review HRM policy with respect to recruiting and employment practices to determine if it: <ul style="list-style-type: none"> a. Identifies job-related qualifications for all positions; b. Requires vacancies to be advertised; c. Includes a career-planning programme to assess employee potential and assure development; and d. considers long-range career planning development, counselling, 		

	and other non-salaried employment aspects.		
6.	<p>Review training and development programme to determine if it:</p> <ol style="list-style-type: none"> Utilises the human resources plan/forecast to assure development results in the right numbers and skill levels of employees; Prepares employees for activities beyond current job responsibilities; Uses performance evaluations to identify performance deficiencies that may be corrected by training; Requires training to be planned through the use of Individual Development Plans (IDPs); and Requires the results and effectiveness of training be evaluated. 		
7.	<p>Review performance evaluation programme to ensure it:</p> <ol style="list-style-type: none"> Is documented in writing, and is timely and objective; Documents standards, which are related to and consistent with the organisation's goals and objectives, for all employees; Provides for a means to measure performance; Requires performance discussions between supervisors and employees, at least annually, and that these discussions be documented; and Is used to determine reasons for weak performance, identifies corrective action, and utilises IDPs to address weaknesses. 		
8.	<p>Coordinate the HRM evaluation activities with the Responsible Person to determine if evidence of weaknesses was developed in connection with other evaluation activities. If so, emphasis should be on ensuring sufficient work is completed to conclude on HRM, and to avoid duplication of evaluation effort.</p>		
9.	<p>Weigh the results of the HRM evaluation work and draw tentative conclusions giving consideration to cause, effect, materiality, and results of other related evaluation work.</p>		
3.6 Standards of Conduct			
1.	<p>Review all previously reported conflict-of-interest situations recorded in the workpapers and reports of previous evaluations; determine their current status; and, when such situations continue to exist, take appropriate action.</p>		
2.	<p>Review and evaluate policies and internal controls related to standards of conduct to provide reasonable assurance of compliance with BCE Regulations.</p>		

<p>3. Review selected aspects of procedures for reporting, approving or disapproving, and final disposition of reported cases of conflicts of interest and evaluate compliance with BCE regulations. Specific evaluation procedures to be followed will be dependent on the organisation's procedures; however, the following are representative procedures that may be employed:</p> <ul style="list-style-type: none"> a. Review written reports submitted by management and employees and compare them with other available information, including Centres or other stakeholders involved, and evaluate the adequacy and accuracy of reporting. b. Determine that reported cases were subsequently reported to the Board of Advisors, Standards of Conduct Official, and others as required by BCE policy. c. Review the actions taken on reported cases and evaluate the adequacy of documentation and the basis for the approval or disapproval at each reporting level. d. Review insiders qualifications to ensure they are not using their position, or information acquired in connection with their position, to obtain favourable treatment or derive personal benefit. e. Review a representative candidate list of assessment related services records to ensure management and employees are not deriving any personal benefit from those records. f. Review Board of Advisors meeting minutes to ensure management are not deliberating on any matter affecting their own or any selected Centres' interests. g. Review the annual statements filed with the standards of conduct official as required by BCE regulation Statement of Private Interest. If evidence of conflict exists, determine if it was addressed in accordance with the regulations and policy. 		
<p>4. Coordinate the standards of conduct evaluation activities with the Responsible Person to determine if evidence of clearly prohibited situations or probable violations was developed in connection with other evaluation activities. If so, emphasis should be on determining whether such relationships, transactions or activities were reported and handled in accordance with policies and BCE regulations, ensuring sufficient work is completed to conclude on standards of conduct, and avoiding duplication of evaluation effort.</p>		
<p>5. Weigh the results of the standards of conduct evaluation activities and draw tentative conclusions giving consideration to cause, effect, materiality, and results of other related evaluation work.</p>		

3.7 Compliance		
Coordinate compliance evaluation activities with the Responsible Person. Emphasis should be on identifying violations of law and regulation in other areas (e.g., eligibility, scope of qualification levels, general conditions of recognition checklist, Centre procedures, qualifications development and assessment management, etc.); integrating those findings with the evaluation of candidate records protection, assessment security and financial reporting; etc. and concluding on management's compliance with laws and regulations.		
1. Review and evaluate the adequacy of policies, procedures, and internal controls that are in place to ensure compliance with the requirements of BCE regulations.		
2. Determine through discussion with management and appropriate personnel and a review of pertinent files that the following regulatory requirements were met: a. Requests from candidates to access their records are fulfilled; b. Candidates are provided examination result slip (or Certificate where relevant) when examinations are marked; c. Requests from Appellant or Appellant's legal representatives for copies of assessment documents and appraisals are fulfilled; d. Articles of incorporation or charter and bylaws are available for inspection in the organisation's offices;		
3. Review the controls used by the organisation to ensure compliance with access to information regulations.		
4. Complete workpapers, in conjunction with the evaluation of compliance with the requirements of this regulation.		
5. Utilise discussions with organisation line managers as needed to gather information and discuss procedures and practices followed by personnel to ensure compliance with laws and regulations.		
6. Conclude whether the organisation is adequately complying with regulations. If not, ascertain whether the conclusion of noncompliance is supported by adequate documentation of the specific noncompliance.		
7. Consider the possibility of issuing Centres/learners with penalties if significant, repeated violations surface as per BCE policies.		