Delivering greater value and meeting higher expectations through expertise, collaboration and continuous sharing by Moore Stephens Internal Audit Services

**Your challenges**

With the introduction of the regulatory regime for stored value facilities and retail payment systems under the Payment Systems and Stored Value Facilities Ordinance (the “Ordinance”) on 13 November 2015, the Hong Kong Monetary Authority (“HKMA”) is empowered to implement a mandatory licensing system for multi-purpose stored value facilities and perform relevant supervision and enforcement functions. The HKMA granted 16 SVF licences in August 2016 and November 2016 to SVF issuers (including licensed banks) to operate SVF business under the Ordinance in Hong Kong.

As a SVF licensee, you are required to maintain adequate systems and controls over SVF business, the Board of directors and senior management are responsible to monitor and assess whether the internal control systems are adequate, particularly in relation to ensuring effective governance and risk management, reliable and timely reporting of financial and management information, and compliance with relevant laws and regulations, supervisory guidelines, as well as internal policies and procedures.

Furthermore, you should maintain an effective internal audit function (“IA”) to assess the effectiveness of the Company’s internal control systems and ensure timely rectifying actions to address control deficiencies.

To add value and meet the evolving and changing expectations from the HKMA, Audit Committee and/or the Board of Directors, IA function must deploy an increasingly wide range of skills and capabilities. Internal auditors need to widen and deepen their expertise in various areas (e.g. risk management, corporate governance, regulation, process improvement, information technology) as well as addressing the HKMA’s concerns related to SVF business.

In meeting these challenges, an increasing number of SVF licensees have recognised the benefits of working with an independent professional advisory firm to support them in their IA needs.
How Moore Stephens can help
A critical element of good corporate governance is ensuring that procedures and controls are operating effectively across all operations. Internal audit provides such assurance and also identifies areas of improvement within key operations of the business, thus empowering management to enhance performance.

At Moore Stephens, we have developed a suite of solutions that help organisations address current IA challenges. These solutions may take the form of guidance on how to approach a particular challenge and resource to support your team. Our internal audit services consist of a systematic review of all the important processes in an organisation, including finance, HR, IT, sales, purchasing and other operational departments. Internal audit evaluates policies, procedures and controls, to ensure they address:

- the achievement of objectives;
- the management of risk;
- the effective and efficient use of resources;
- compliance with external laws and regulations;
- the safeguarding of assets from fraud, irregularity or corruption;
- the integrity and reliability of information.

Delivering tailored value added services

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<th>Option 1: Full outsourcing of the IA function with a team dedicated to work with you</th>
<th>Option 2: IA Co-sourcing by partnering in audits, not just delivering but learn from each other</th>
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<td>Compared to the size of your company, maintaining a permanent in-house IA department may not be cost effective. You need to count on a team of experts to receive added value services and advices. To you, the internal auditor should be a trusted business advisor. Moore Stephens carries out and takes the responsibility of the IA function (or provides full support to the Board member in charge of IA). A dedicated team is established to help you to manage all aspects of the IA function, from risk assessment to audit planning, audit execution, reporting and follow-up, as well as keeping regular communication with HKMA as required. Our IA experts, understanding your strategy and underlying risks, we will help your company to enhance the way to meet your objectives.</td>
<td>You have a limited number of resources but you have to ensure that all major risk areas are covered. You need to update the Audit Plan through reassessment of risks, taking into account the company’s wide risk management framework and new regulatory requirements related to SVF licensees; your IA team should be able to cover new, technical and numerous aspects such as specific regulatory focus, processes/activities or business industries. You may need assistance of specific expertise such as cyber security. In co-sourcing arrangements, Moore Stephens works directly with the head of your IA team to assist in aspects of audit planning, risk assessment or execution, that are considered as the most relevant to the organisation. We aim at building a strong and deep relationship in order to deliver the most benefits for your organisation as well as for the IA team members, through sharing knowledge and experience.</td>
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Why Moore Stephens

- Our team includes professionals with substantial knowledge and experience in payment business, HKMA licensing, AML/KYC, client money controls, outsourcing, technology and operations, security and controls. Our professionals participated in the independent assessments of two SVF licensees during the licensing application process with the HKMA. This enables us to provide practical and tailored IA solutions to the wide range of challenges facing by SVF licensees today.
- We have developed a mature internal audit methodology and approach which addresses the regulator’s expectations and concerns.

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