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DECREE
of the National Bank of Slovakia
of 3 March 2009

on report on activities results and on activities plan of internal audit department of an insurance company, branch of a foreign insurance company, reinsurance company and branch of a foreign reinsurance company

In accordance with Article 36 paragraph (11) of Act No. 8/2008 Coll. on insurance and on amendments and supplements to certain laws (hereinafter referred to as the “Act”) and Article 35 paragraph (2) of Act No. 747/2004 Coll. on financial market supervision and on amendments and supplements to certain laws the National Bank of Slovakia hereby lays down as follows:

Article 1

(1) The report on results of internal audit department activities for the preceding calendar year shall be divided into

- a) summary assessment of internal audit department activities,
- b) assessment of fulfilment of the internal audit department activities plan,
- c) assessment questionnaire,
- d) information about found defects and about recommendations of the internal audit department.

(2) The summary assessment of internal audit department activities shall include

- a) brief description of internal audit department activities,
- b) description of internal audit department integration into the company’s organizational structure,
- c) assessment of adequacy of the internal audit department staffing and material equipment,
- d) summary assessment of performed audits, their implications and the rightness of auditing work aiming at the respective field,
- e) assessment of risks related to significant changes in the activities or processes of the insurance company, branch of a foreign insurance company, reinsurance company and branch of a foreign reinsurance company (hereinafter referred to as the “Submitter”) provided that such changes have occurred in the period of time under consideration,
- f) scope of the internal audit department activity for, at least, the subsequent calendar year drawn up upon results of audits performed in preceding periods of time,
- g) other facts significant for the Submitter.

(3) Assessment of fulfilment of internal audit department activities plan shall include

- a) description of the activities or processes of the Submitter audited in the preceding calendar year divided according to particular performed audits,

- b) description of the activities or processes of the Submitter, which were to be audited, but were not audited in the preceding calendar year divided according to particular performed audits,
- c) objectives achieved upon the audits performance divided according to particular performed audits,
- d) scope of performed audits divided according to particular performed audits with reference to whether the performed audit was planned or not,
- e) pointing out of audits of the activities pursued upon a contract to entrust activities pursuant under Article 14 of the Act with reference to audited subjects divided according to particular performed audits,
- f) reasons for non-performance of planned audits divided according to particular non-performed audits,
- g) reasons for performance of unplanned audits divided according to particular performed audits,
- h) total number of recommendations divided according to particular performed audits,
- i) number of accepted recommendations divided according to particular performed audits,
- j) number of unaccepted recommendations proposed upon the audit divided according to particular performed audits,
- k) number of accepted but not fulfilled recommendations proposed upon the audit divided according to particular performed audits,
- l) name of the Submitter's body to which the audit report has been submitted divided according to particular performed audits,
- m) other facts significant for the Submitter divided according to particular performed audits.

(4) The assessment questionnaire shall be drawn up minimally within the scope in accordance with the specimen questionnaire referred to in Annex.

(5) The information about found defects and about recommendations of the internal audit department shall include

- a) description of the activities or processes of the Submitter in which the defects have been found upon the audit performance,
- b) description of found defects,
- c) list of corrective measures taken to remove the defects,
- d) assessment of efficiency of the corrective measures taken to remove the defects,
- e) other facts significant for the Submitter.

Article 2

(1) Plan of activities of the internal audit department for the subsequent calendar year shall include

- a) description of the activities or processes of the Submitter to be audited divided according to particular performed audits,
- b) objectives to be achieved upon the audits performance divided according to particular performed audits,
- c) scope of planned audits divided according to particular performed audits,
- d) time schedule of planned audits divided according to particular performed audits,
- e) organizational and technical ensuring of the planned audits performance,
- f) other facts significant for the Submitter.

(2) For the purposes hereof the “subsequent calendar year” shall mean the calendar year, in which the report on results of internal audit department activities for the preceding calendar year is submitted.

Article 3

The report on results of internal audit department activities and the plan of internal audit department activities shall be submitted to the National Bank of Slovakia in electronic form by means of the application system of the National Bank of Slovakia STATUS DFT – Collection, Processing and Holding of Statistical Data on the Subjects in the Slovak Republic Financial Market such as Ppr(VKS)83-01 Report on Internal Audit Department Activity as well as in writing signed by a statutory body and the head of the Submitter’s internal audit department.

Article 4

This Decree shall come into effect on 15 March 2009.

**Viliam Ostrožlík, in his own hand
Vice-Governor**

acting on behalf of

**Ivan Šramko
Governor**

Annex to the Decree No. 1/2009

SPECIMEN
ASSESSMENT QUESTIONNAIRE

No.	Assessment questions related to internal audit department activities	YES	NO
1.	Is the internal audit department functionally subordinated to the audit committee or the supervisory board?		
2.	Is the internal audit department subordinated to the board of directors or to a member of the board of directors within the company's organizational structure?		
3.	Does the audit committee or the supervisory board appoint the head of the internal audit department?		
4.	Does the audit committee or the supervisory board remove the head of the internal audit department?		
5.	Does the audit committee or the supervisory board agree the wage of the head of the internal audit department?		
6.	Did the head of the internal audit department take part in more than 50 per cent of the Submitter's board of directors meetings during the period of time under consideration?		
7.	Has the head of the internal audit department access to all materials discussed at the board of directors meetings and to the minutes of the board of directors meetings?		
8.	Did the head of the internal audit department take part in more than 50 per cent of the Submitter's supervisory board meetings during the period of time under consideration?		
9.	Has the head of the internal audit department access to all materials discussed at the supervisory board meetings and to the minutes of the supervisory board meetings?		
10.	Is at least one employee of the internal audit department a holder of an internal auditor certificate valid internationally?		
11.	Has the Submitter drawn up a risk map?		
12.	Did the internal audit department take into account the results of the risk map within the plan of internal audit department activities?		
13.	Does the internal audit department dispose of the Submitter's processes scheme?		
14.	Does the Submitter's processes scheme reflect the actual state of processes in your company upon the internal audit department findings?		
15.	Did the internal audit department contribute to the Submitter's processes improvement within the period of time under consideration?		
16.	Does the head of the internal audit department take part in the audit committee meetings regularly?		
17.	Has the external assessment of internal audit quality been performed?		

