

THE CONTROL ACTIVITY EXERCISED BY PERMANENT CONTROL COMPARTMENTS IN CREDIT INSTITUTIONS

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Abstract:

Permanent control is defined as a permanent means acting and providing knowledge, control and monitoring of risks. Supervision of control permanent compartments includes: constant supervision through a set of dispositions applicable at the operational level to ensure legality, security and validity of transactions; control operational risks, including further activity and management of crisis situations; control of compliance, including know your customer, prevent money laundering and terrorist financing and professional ethics.

Among the permanent internal control objectives in the bank network are: exercise proper permanent supervision to the bank network; identification and evaluation of operational risks; strengthening security and improving the quality of operations; respect the program of customer identification, money laundering and combating the use of bank for financing the terrorism.

Key words: Bank, permanent control compartments, supervision, risk

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Credit institutions are responsible for the organization and internal control over their work, to manage significant risks, and for the organization of their internal audit activity.

Internal control objectives are: carrying out activities in an efficient and effective, providing credible, relevant, complete and timely decision making structures involved in the credit institution and external users of information, ensuring compliance of credit institutions with the legal and policies and procedures.

To have an effective internal control system of credit institutions must continuously identify and evaluate significant risks that could jeopardize the objectives of internal control.

Permanent control is defined as a permanent means acting and provides knowledge, control and monitor risks.

This instruction covers the permanent internal control of the bank and its branches network in terms of permanent control objectives, organizational structures involved and their responsibilities.

Supervision of Permanent Control compartments include:

- Continuous surveillance, all the provisions that applied at the operational level to ensure the legality, validity and security operations;
- Control of operational risks, including further activity and management of crisis situations;
- Control of compliance, including know your customer, prevent money laundering and terrorist financing and professional ethics.

Identify and assess significant risks must be done with consideration of internal factors (ex. complexity of organizational structure, nature activities, quality staff and its turnover) and

external factors (ex economic conditions, legislative changes related to competitive environment in the banking sector, technological progress).

Credit institutions must review control activities to identify and properly evaluate any new risks or that reached from which they consider significant risks.

Permanent control objectives are to exercise proper supervision to the permanent bank network, identifying and assessing operational risk, strengthen security and increase the quality of operations, improve customer service quality, preventing the risk of non-compliance, the risk that judicial sanctions, administrative or disciplinary, financial losses, reputation or achievement, compliance program due diligence, money laundering and combating the bank to finance terrorism, the legal provisions relating to disclosure of professional secrecy, observance of professional ethics.

Responsibility to organize and exercise permanent internal control is group management / Branches.

Permanent Control Department:

- Is organized in groups,

- Reports to Director of Group

Has functional relationships with: Central bank and the group entities (attached units) and branch compartments Group / Branch

- Staff is appointed by the Directors Group and has responsibility for operational risk, continuous monitoring, compliance and AMLO(Anti-Money Laundering Officer).

Local compliance officer may perform the function of local AMLO.

Depending on the activity, the bank's subsidiaries operate similar structures or designated staff with responsibility for exercising permanent control, according to its own regulations in this area.

Control department has the following permanent staff responsibility:

1. Operational risks:

- Alert notifies persons authorized when a risk or a serious incident, according to duty alert;
Identifies, assesses, monitors and updates EN events and set up their closing, together with the Group's management, the necessary corrective measures;
- Sheet drawn up operational risk loss events (for fraud - any amount) and for other events for > 10.000 EUR and forward them by email at RISK for collection;
- Present Director of Group and reported quarterly / as many times as necessary - the RISK synthetic sheet operational risk findings on operational risk profile of the Group's business lines, causes and proposed measures;
- Report file updated with events declared RO (amount, financial status of sum, evolutionary event, stage performance measures proposed - their analysis and monitoring information required);
- Perform monthly accounting data scores (according to the list of accounts suspected of operating losses) in the trial balance of the entity, and scores of off balance sheet data (complaints, litigation in the Group) with stock management operational risk events;
- Statements to ensure completeness and quality of information;
- Investigate incidents of fraudulent nature can damage the bank and report to the RISK / INS, create database of all fraud and monitor;
- Identify risks inherent and intrinsic to elaborate, update or improve work procedures and systems / endowments (in terms of their safety) - needed to cover risk areas;
- Permanent surveillance on the results;
- Make observations on the quality of prevention and control device, compliance with rules, instructions and procedures, the effectiveness of organizational structure, the quality of staff training;
- Participate in training activities and organize specific actions RO training all staff on operational risk group (contributing to the implementation of operational risk culture across the Group);

- Monitor the effectiveness of appropriate monitoring of policies and procedures for risk assessment;
 - Collaborates with the lawyer litigation group to update the situation;
 - Administrative Director works with the accounting RO events;
 - Controller works with the risk of the Group arising from RO border credit risk; Register of events drawn separately register for fraud;
 - Makes timely actions required by the management entity / private risk identification,
- assessment and monitoring operational risks;
- Provides audit trail by keeping in good condition and archiving of all documents and reports;

2. Permanent surveillance:

- Implement permanent monitoring in its area of activity;
- Track implementation and proper application of permanent supervision on the whole entity;
- Forms and sensitize staff involved in continuous surveillance;
- Analyzes and consolidates monthly / quarterly results of checks carried out by officers with constant surveillance;
- Prepares summary reports monthly / quarterly results permanent supervision, including the action plan to remedy the defects found;
- Send a monthly, Group Director, summary reports on constant surveillance procedures and accounts;
- Send quarterly (electronic and paper), the Directorate risk management summary report of monitoring results procedures approved by the Standing Group Director / Directors / Branch;
- Pursue the action plan to remedy the defects found;
- Perform missions on achieving permanent supervision;
- Ensure the completeness of reporting, device reliability and quality control information;
- Alerts Director Group/Direction / Risk Management Branch and the Department on matters likely to affect the whole system coherent continuous surveillance;
- Archives (electronic) files control officers from the Permanent Monitoring Reports synthesis and monthly / quarterly.

3. Compliance Control:

- Follow the risk of non-compliance, including compliance with the rules of professional conduct in its area of activity (Group / Subsidiaries);
- Examine malfunctions found or reported, together with the management entity establishes measures to remedy them, according to report malfunctions to structure the bank;
- Examine requests for disclosure of professional secrecy, in terms of potential legal risks, reputation or image of the bank;
- Performs tasks required by the management point Group / Subsidiaries.

4. AML(Anti-Money Laundering):

- Coordinate prevention and combating money laundering bank use to finance terrorism, the entity;
- Analyze suspicious transactions identified or reported in a formalized procedures and prepare the necessary documentation to substantiate the decision to report suspicious transactions;

- Resolves requests for data and information on issues of combating money laundering and terrorist financing, to the National Office for Preventing and Combating Money Laundering and other competent state bodies in accordance with the laws, it transmits Compliance Division (DCO);
- Assists management entity in exercising its powers regarding compliance of all regulations to prevent money laundering and combating financing of terrorism;
- Prepare reports required by the DCO on the issue of fight against money laundering and financing terrorism acts;
- Performs arranged by the management entity and participating in resolution of inquiries, complaints, crime and possible infringements of rules related to money laundering and combating financing of terrorism;
 - Participate in developing and implementing training programs in preventing money laundering and combating terrorist financing.

Permanent Control Department to transmit the following reports:

- To the Risk
 1. Continuous surveillance
Synthesis report on implementation activities Continuous surveillance procedures, approved by the Group Manager – quarterly
 2. Operational risk
 - Sheets of operational risk loss - for reporting operational risk events, when their identification;
 - Data synthesis operational risk - quarterly.
 - To the Compliance Division
 - Report on activity under control – quarterly
 - The reports required by external bodies and regulatory oversight - according to legal and regulatory legal framework.

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