

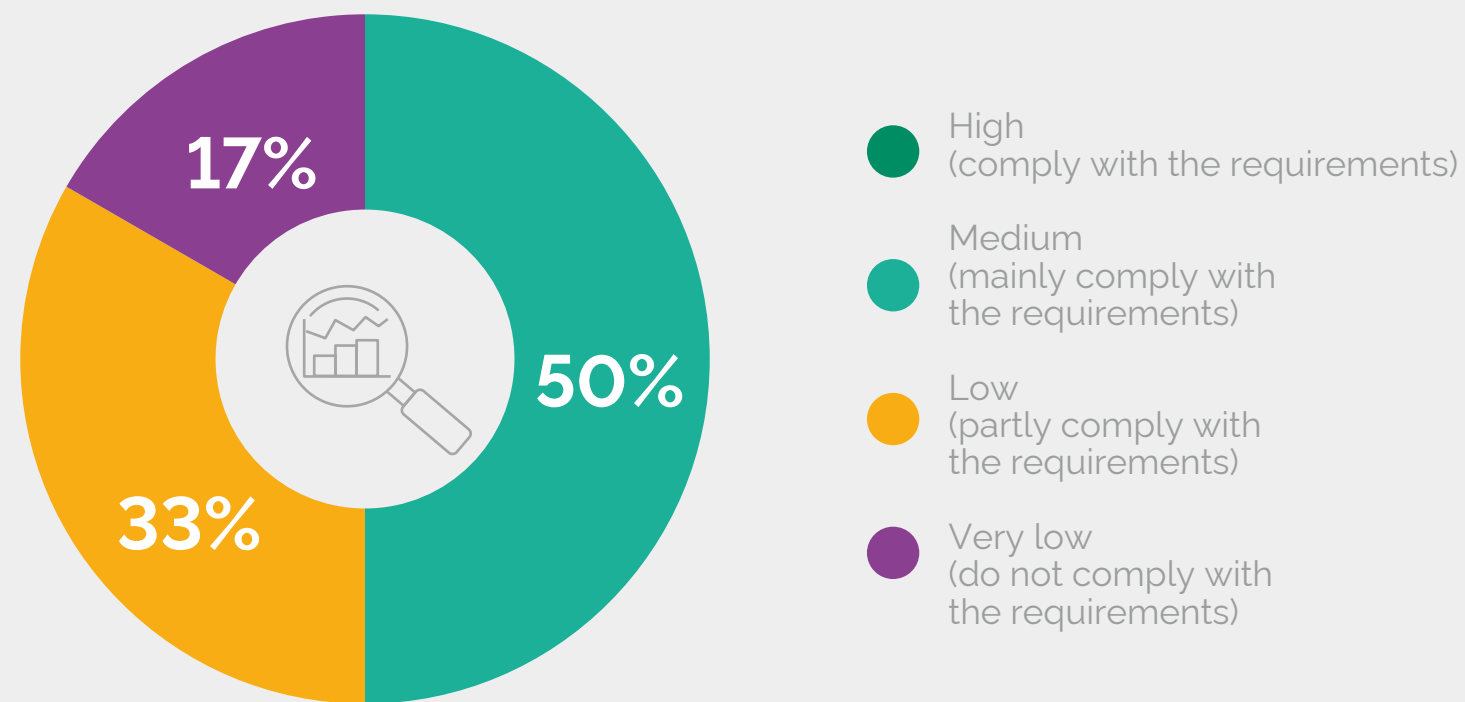
Analysis of the implementation of the reliability requirements of the internal control and governance arrangements of EMI and PIs



6 selected institutions that were already operating

Assessment of documents and other information submitted

Assessment whether the institutions' governance arrangements comply with the general requirements for governance arrangements set by the Bank of Lithuania (requirements of Resolution No 03-106 of the Board of the Bank of Lithuania of 23/07/2020)

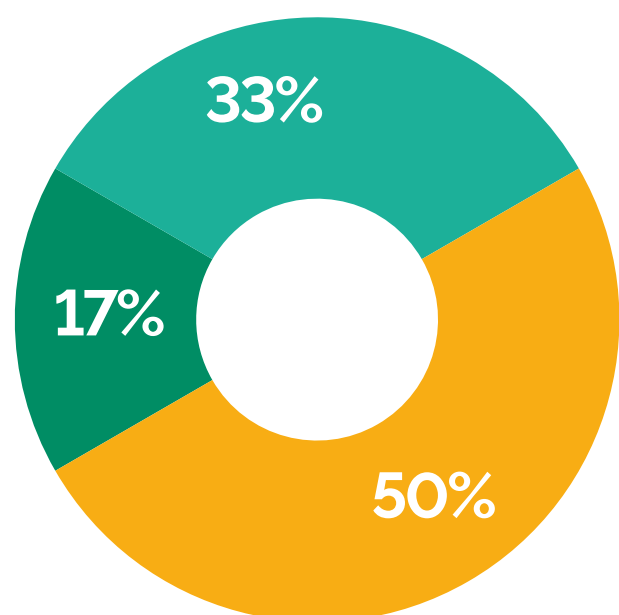


Main shortcomings

- Documents are not approved by the management body and are not regularly reviewed.
- The functions, responsibilities and accountability of managers and employees are not regulated.
- No designated persons responsible for control functions.
- Activities of the institutions' supervisory body are not regulated and performance of its functions is not defined.
- System management and data processing, transfer and storage are not regulated.
- Risk management strategy is not regulated, there are no risk management maps, risk and incident registers and risk management improvement and communication plans.
- No risk analysis and assessment is performed.

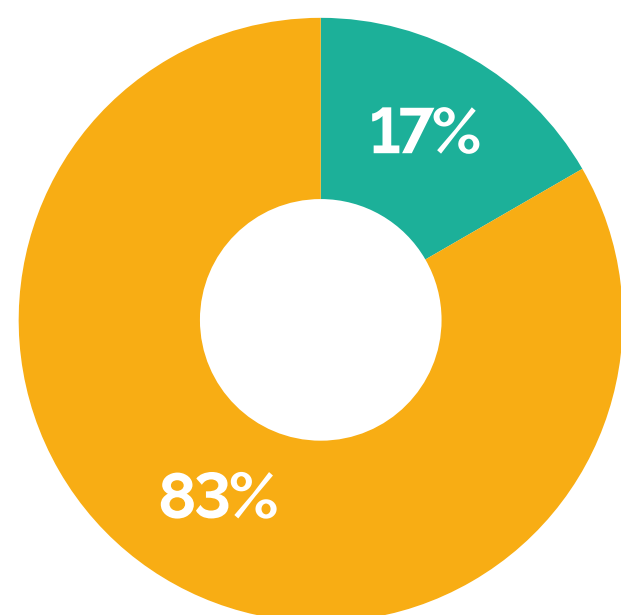
Assessment of institutions by area

	Organisational structure	Governance arrangements	Functions of the management body	Risk management environment	Implementation of risk management
Institution 1	High	Low	High	Low	Very low
Institution 2	Low	Low	Very low	Very low	Very low
Institution 3	High	High	Low	High	High
Institution 4	High	High	Low	High	High
Institution 5	Low	High	Low	High	High
Institution 6	Low	Low	Low	Low	Low



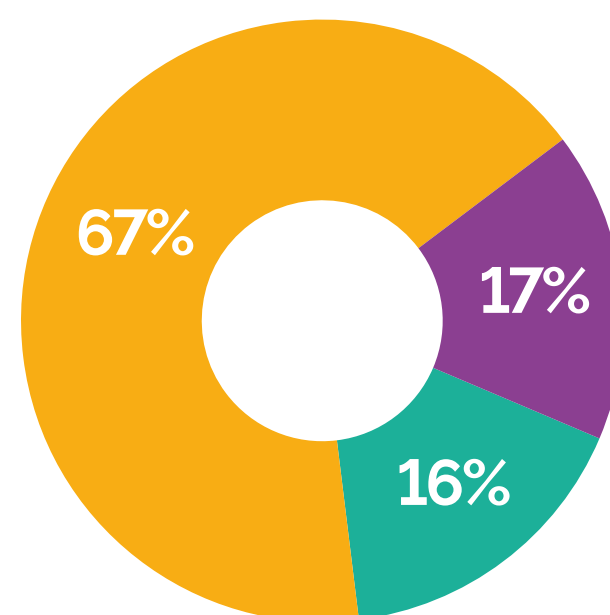
✓ Employees are informed about the staff policy and related procedures. This action is documented and retained.

⚠ Procedures for reviewing, updating and amending the organisational structure and other documents related to internal governance are not regulated.



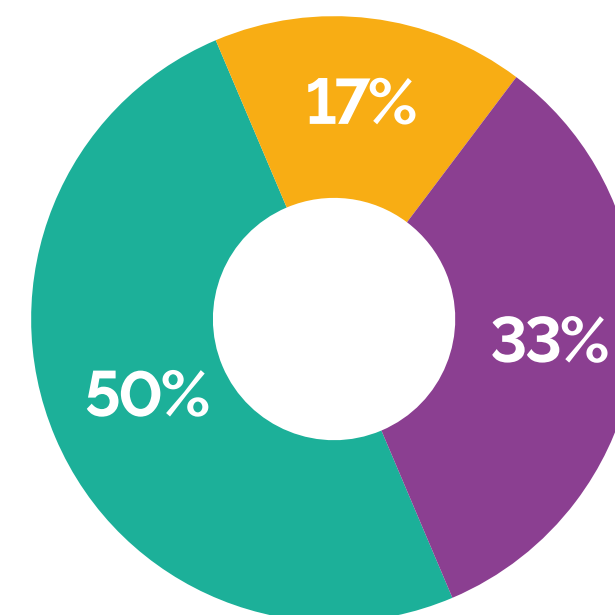
✓ Assessment of possibilities of using new or emerging IT technologies in business to ensure timely collection, processing and presentation of information.

⚠ Institutions do not have or do not use the reporting calendar provided by the Bank of Lithuania or similar internal tools to keep track of the time frames for the collection and submission of information.



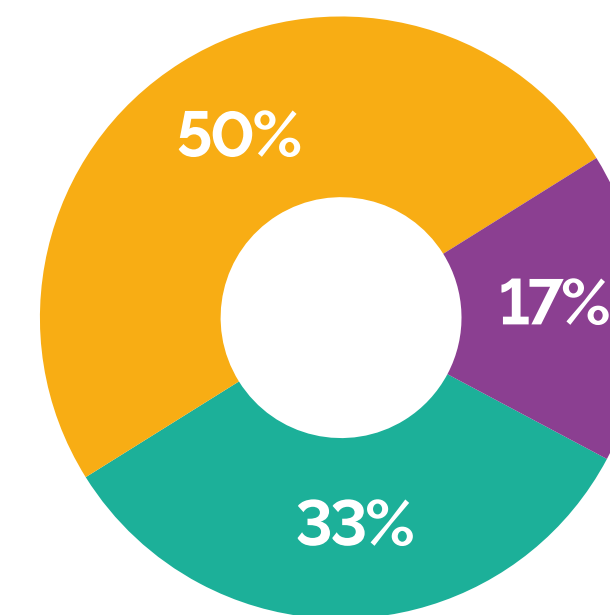
✓ Internal control policies and procedures to secure the functions of the management bodies of institutions are regulated.

⚠ The periodicity of reporting to the supervisory and management body of the institution and the place for storing and containing the information are not specified.



✓ Drawing up of risk management policy and submission of risk management report to the management body of the institution at least once a year, and quarterly presentation of risk management map.

⚠ Failure to ensure that risk management in the institutions is carried out, reviewed and updated regularly.



✓ Informing the employees about the risk assessment procedure and its changes in order to ensure that they understand the process, its steps and their own functions.

⚠ Risk assessment processes are not well established: regulation of risk management methods, development of new risk tools, etc.