

Certified Bank Auditor®

Certified Bank Auditor® (CBA) – Exam Guide



INFORMATION. INTELLIGENCE. INNOVATION.

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Overview of the CBA Program

Offered by the BAI Center for Certification since 1968, the Certified Bank Auditor® (CBA) designation is recognized throughout the financial services industry as the only audit certification program that thoroughly tests candidates in four distinct bank-specific areas:

- Accounting
- Auditing Principles and Bank Laws/Regulations
- Auditing Practices
- General Business

Once you pass the exam, you will join over 5,000 professionals who have received this designation since its inception and a current network of over 1,000 active financial audit professionals from the United States and around the world. This prestigious network will give you access to key professionals in the financial services industry.

Expand Your Visibility

With the business landscape in the financial services industry constantly changing, CBA credentials are a valuable asset for you and your organization. Your recommendations will have more impact with senior management and examiners because you have demonstrated a mastery level of knowledge and a commitment to your profession by passing the CBA examination.

Increase Your Value

The CBA designation gives you a level of professional credibility and distinction in the financial services arena that others cannot proclaim. When you become a CBA, you not only distinguish yourself from your peers, but you also position yourself for future leadership opportunities.

Candidate Requirements

Only candidates who complete a Program Application, submit Application Fees, and are accepted into the Program may sit for the examination. Candidates must successfully pass all four-examination parts within a three-year eligibility period.

Waiver of Part 1- Accounting

- A Certified Public Accountant (CPA) applying to the CBA program can waive Part 1 – Accounting. Attach a copy of the CPA certificate when submitting your CBA application.
- A Certified Internal Auditor (CIA) applying to the CBA program can waive Part 1 – Accounting. Attach a copy of the CIA certificate when submitting your CBA application.

Eligibility Period

Candidates must successfully pass all four-exam parts within a three-year eligibility period. The three-year eligibility period begins when a candidate passes their first exam part. A "rolling" three-year eligibility period can be used to complete the program if a candidate does not pass all four examination parts in their initial three-year eligibility period. A "rolling" period allows candidates to retain any passing scores received for exam parts taken within the last three years, instead of requiring candidates to retake all four examination parts to complete the program.

Education Requirement

- Candidates are required to possess a bachelor's degree from an accredited college or university to obtain the designation.
- Exceptions to the bachelor's degree requirement are considered by the BAI Center for Certifications on an individual basis. This policy is detailed in the following section titled, Admissions Exception Policy.

Experience Requirement

Candidates must have a minimum of two years of bank auditing experience at the time of certification. Completion of the experience requirement may be in progress while sitting for the examination. No exceptions are made for this experience requirement.

The experience requirement can be met through:

- Employment at a financial institution or bank regulatory agency.
- Bank auditing as a staff member of a public accounting firm, or other private bank audit/examination firm.
- A master's degree in Business or Accountancy from an accredited college or university can be substituted for one year's work experience.

Admissions Exception Policy

Applying for an Exception to the Education Requirement and Acceptance into the Program

To gain acceptance into the Certified Bank Auditor Program without a bachelor's degree, potential candidates must apply for an exception to the Education Requirement. To do so, potential candidates must meet the following criteria:

- 1.) At date of application, possess a minimum of **four years of banking experience**. The required banking experience can be obtained in any functional area of a bank.
- 2.) At date of application, possess a minimum of **two years of internal audit experience**, in addition to the four years of required banking experience (a total of six years is required). The required internal audit experience can be met through employment at a financial institution, bank regulatory agency, public accounting firm, private bank audit/examination firm, or any other private or publicly-owned organization operating an internal audit function.

The completion of an associate's degree from an accredited college or university can be substituted for two years of the required banking or internal audit experience. Proof of completion of an associate's degree (an official transcript, written proof of completion of the degree program, or a photocopy of a diploma demonstrating completion of the associate's degree) must be attached to the Certified Bank Auditor Exam Application.

Candidates must submit the following to the BAI Center for Certification to apply for an exception to the education requirement and acceptance into the program:

- Completed Certified Bank Auditor exam application
- Application fee

- Signed letter from candidate's immediate supervisor, documenting candidate's years of banking and internal audit experience
- Signed letter of recommendation from a Certified Bank Auditor or the candidate's immediate supervisor, recommending the candidate for acceptance into the program

Communication of Acceptance/Non-Acceptance into the Program

BAI Center for Certification will respond back to potential candidates applying for an exception to the Education Requirement and acceptance into the Program via mail, within 30 days of receipt of all required documents and the application fee. In the event that a potential candidate is not accepted into the program, the application fee will be returned to the individual within 30 days.

Application Process

The following candidate requirements must be fulfilled before the CBA designation is awarded to a candidate. Only candidates who complete a program application, submit required documentation and application fees, and are accepted into the program, may sit for the examination.

Application Process Checklist

BAI Center for Certification recommends that you register as early as possible to allow enough time to prepare for the examination. The following must be submitted with the program application:

Please use this checklist as a guide for the application process

- Completed application along with the signed candidate agreement (Available on-line at www.bai.org/cba)
- Proof of completion of a bachelor's degree (A photocopy of an official transcript or a diploma demonstrating completion of a bachelor's degree, or written proof of completion of a degree program.) or an Exception Request
- A résumé that details work history
- The one-time application fee
- Optional: Photocopy of a CPA or CIA certificate to waive Exam Part 1 - Accounting

Experience Requirement

Candidates must possess a minimum of two years of bank auditing experience. Completion of the experience requirement may be in progress while sitting for the examination. Therefore, this experience will be verified after all exams have been successfully completed. No exceptions are made for this experience requirement.

The experience requirement can be met through:

- Employment at a financial services company, bank or thrift regulatory agency

- Bank auditing as a staff member of a public accounting firm, or other private bank audit/examination firm
- A Master's Degree in Business or Accountancy from an accredited college or university can be substituted for one year of work experience

Attention: Professors of Accountancy or Business Administration

All application and examination fees are waived for Professors of Accountancy or Business Administration who are employed on a full-time basis at an accredited college or university. To apply, submit proof of full-time employment at a qualifying college or university, along with your CBA Program Application.

Registration Policies

Registration for Exam Parts

Candidates can register for all four exam parts or as many exam parts as they are ready to take.

Re-registration for Failed Exam Parts

Candidates must re-register for any failed examination parts and pay the corresponding Examination Fee again.

Cancellation/Refund/Transfer Policy

The Program Application Fee is a one-time, non-refundable fee.

Examination Fees will be refunded upon written notice to BAI. This notice must be postmarked by the cancellation deadline. No refunds will be allowed after the cancellation deadline.

Each candidate will be allowed to transfer his/her exam registration once (to the next consecutive examination), without penalty, upon written notice to BAI. This notice must be postmarked by the Cancellation/Transfer Deadline. Additional transfers will not be allowed.

Grading Policy and Examination Awards

Grading/ Notice of Scores

A curved score of **70** is required to pass each of the four exam parts. Examination papers and grades are confidential and the exclusive property of BAI Center for Certification. They will not, in any circumstances, be released for inspection by the candidate and/or the candidate's employer. The candidate will be mailed a copy of their scores within 6 weeks, including notification of whether he or she passed or failed each examination.

Pass Rates

We are often asked about the pass rates for the exams. Rather than focus on how others have done, it is much better to commit to the preparation needed to be ready to take the exams you have signed up to take.

Description of the Examination

Candidates are challenged by four distinct examination parts:

- Part I Accounting
- Part II Auditing Principles and Bank Laws/Regulations
- Part III Auditing Practices
- Part IV General Business

Each examination part consists of 100 multiple choice questions that test candidates on topics outlined in the Certified Bank Auditor Common Body of Knowledge.

The examination test candidates' knowledge at three levels of competency:

Awareness

Candidate exhibits awareness and knowledge. Candidate is able to define terms, recognize issues, and recall facts about the issues.

Understanding

Candidate exhibits sound understanding and ability to apply the competency. Candidates should understand the relationships and problems involving the competency and apply the competency to new and different settings and solutions.

Proficiency

Candidate is able to exhibit the competency in understanding and applying the subject matter in the workplace on a regular basis with skill and expertise.

Candidates are not required to register for a certain number of examination parts in one sitting. Candidates are allowed the flexibility to sit for one, two, three, or all four-examination parts in one sitting. However, BAI highly recommends that candidates register to take Part II – Auditing Principles and Bank Laws/Regulations and Part III - Auditing Practices together at the same examination sitting. Certain topic areas are tested on both Parts II and Part III of the examination. Part II tests an "Awareness" and "Understanding" level of competency and Part III tests a "Proficiency" level of competency.

The examination is administered on the third Thursday and Friday of every June. Candidates are allowed three hours to complete each examination part. The Thursday/Friday examination is administered as follows at each test site:

Thursday

9:00 a.m. - 12:00 p.m.

Part I Accounting

1:00 p.m. - 4:00 p.m.

Part II Auditing Principles and Bank Laws/Regulations

Friday

9:00 a.m. - 12:00 p.m.

Part III Auditing Practices

1:00 p.m. - 4:00 p.m.

Part IV General Business

New Industry Developments Tested on the Examination

Candidates are expected to keep abreast of important new industry developments relevant to the professional practice that is not specifically cited in the Certified Bank Auditor Common Body of Knowledge. New industry developments will not appear on an examination unless they have been public information for six months. New industry developments will only represent a small percentage of the examination.

Candidates will only be tested on new industry developments at an awareness or understanding level. Candidates will not be expected to have a proficiency level mastery of new industry developments. By reading relevant industry publications on a regular basis, candidates will obtain a sufficient high-level knowledge of new industry developments.

BAI recommends that candidates read the following publications:

- American Banker
- CPA Journal (AICPA)
- Federal Reserve Banking Circulars
- Internal Auditor magazine (IIA)
- The Journal of Accountancy (AICPA)
- OCC Banking Circulars

Candidates should also keep abreast of new developments in The Institute of Internal Auditor's Standards for the Professional Practice of Internal Auditing, FASBs and other changes in the regulatory environment.

Recommended Study Schedule and Strategy

Developing a Study Schedule

Candidates are not required to register for a certain number of examination parts in one sitting. Candidates are allowed the flexibility to sit for one, two, three, or all four-examination parts in one sitting. This flexibility allows you to plan a study strategy that realistically fits into your busy schedule. BAI recommends that you spend three to six months studying for the examination if you plan to take all four-exam parts in one sitting. If you are taking one exam part at a time, BAI recommends that you spend two months preparing for each exam part. On average, candidates report that they spend 5 - 10 hours per week studying and preparing for the examination.

Topics You Should Study

BAI recommends that you concentrate on mastering the topics outlined on the Certified Bank Auditor Common Body of Knowledge, which is printed in this guide. Initially, you should examine the Certified Bank Auditor Common Body of Knowledge to identify the topics that are most challenging for you and focus your efforts on mastering those. As in any examination of this type, not all subtopics can be tested on any one examination. Candidates should also understand that the Certified Bank Auditor Common Body of Knowledge is not an all inclusive document. The

Common Body of Knowledge that a bank internal auditor needs is continually undergoing change. Therefore, BAI reserves the right to test a small percentage of new industry developments on each examination to ensure that candidates are keeping abreast of industry developments.

Study Materials

We recommend that you utilize the BAI Center for Certification CBA Examination Review Guides, which discuss all the information tested on the examinations. Allow at least two weeks to order the Certified Bank Auditor study materials from BAI. Your self-study program can be supplemented with professional publications, manuals, textbooks, periodicals and journal articles listed on the Certified Bank Auditor bibliography included in this packet.

CBA Review Guides, Fifth Edition (updated in 2004) – Nine Volume Set

The only examination review available for the CBA Examination, this nine volume set of review guides provides an all-inclusive discussion of the topics tested on the CBA Examination. Subject matter is covered in the same order as outlined in the Certified Bank Auditor Common Body of Knowledge (CBOK). Key concepts are placed in highlight boxes to minimize study time. Candidates with minimal training and experience will find that the guides substantially improve their understanding of critical audit, regulatory and accounting issues. These guides are designed to help candidates fine-tune their self-study efforts and pass the CBA Examination.

- Volume 1 - Financial Accounting
- Volume 2 - Managerial Accounting
- Volume 3 - Auditing Principles (Auditing Principles and Bank Regulations)
- Volume 4 - Bank Laws and Regulations (Auditing Principles and Bank Regulations)
- Volume 5 - General Audit Practices
- Volume 6 - Auditing Specific Bank Applications
- Volume 7 - Business Law
- Volume 8 - Economics
- Volume 9 - Management Issues

Definition of a Common Body of Knowledge (CBOK)

Q: What is a Common Body of Knowledge?

A: An outline of technical concepts and techniques, core skills and critical issues that should be studied and mastered to succeed in a profession.

Every profession has a Common Body of Knowledge that serves as the framework for educating and testing the competence of those wishing to enter and succeed in the profession. Through continuous dialogue with industry leaders, BAI Center for Certification has developed the Certified Bank Auditor Common Body of Knowledge to reflect the current state of the bank internal audit industry. The Certified Bank Auditor Common Body of Knowledge is an industry standard in training and education.

The Certified Bank Auditor Common Body of Knowledge

Topic Outline (Including the percentage of the exam that covers that area)

PART I/EXAM #1 – ACCOUNTING

A. Financial Accounting (80 - 90%)

1. Accounting Principles
 - a) Conceptual Framework
 - b) Generally Accepted Accounting Principles
2. Bank Accounting
 - a) Financial Statement Presentation
 - b) Specific Accounting Treatment
 - c) Reporting Standards
3. Financial Statements
 - a) Ratio Analysis
 - b) Comparative Statements
 - c) Uses of Financial Statements

B. Managerial Accounting (10 - 20%)

1. Capital Investment Decisions
 - a) Cash inflows/outflows
 - b) Capital budgeting & income taxes
 - c) Net present value & internal rate of return
2. Budgets and Responsibility Reporting
 - a) Types of budgets
 - b) Profit/expense centers
 - c) Controllable and uncontrollable costs
 - d) Cost Accounting
3. Cost-Volume Relationships
 - a) Contribution analysis

- b) Break-even analysis
- c) Cost-benefit analysis

4. Financial Services Instruments and Products

PART II/ EXAM #2 – AUDITING PRINCIPLES AND BANK LAWS/REGULATIONS

A. Auditing Principles (50 - 60%)

1. Standards for the Profession of Internal Auditing
 - a) Independence
 - b) Professional Proficiency
 - c) Scope of Work
 - d) Performance of Audit Work
 - e) Management of the Internal Audit Department
 - f) CBA Code of Ethics

2. Internal Control Structure
 - a) Purpose of Internal Controls
 - b) Responsibility for Internal Control
 - c) Audit Trails
 - d) Organizational/Departmental Structure

3. Evaluation of Internal Control Structure
 - a) Responsibility
 - b) Segregation of Duties and Dual Control
 - c) Compliance with Policies and Procedures
 - d) Cost/Benefit of Controls
 - e) Information Systems Processing

4. Management and Organization of the Audit Function
 - a) Audit Department Charter
 - b) Managing the Audit Department
 - c) Auditor Training
 - d) Communications with Management, Directors and Others
 - e) Audit Committee

5. Internal Audit's Relationship with the External Auditors
 - a) AICPA Statements on Auditing Standards (SAS)
 - b) Objectives, Responsibility and Authority
 - c) Independence and Objectivity

6. Audit Techniques
 - a) Workpapers - Preparation and Review
 - b) Statistical Sampling
 - c) Confirmations
 - d) Audit Software
 - e) Flowcharting
 - f) Work Programs/Questionnaires
 - g) Integrated Audits

- h) Use of Microcomputers
- i) Analytical Review
- j) Audit Evidence
- k) Compliance and Substantive Testing

B. Bank Laws and Regulations (40 - 50%)

1. Overview of the Regulatory Environment

- a) Federal Reserve System
- b) Office of the Comptroller of the Currency
- c) FDIC
- d) State Regulatory Systems
- e) Other

2. Consumer Protection

- a) Truth in Lending - Reg Z
- b) Equal Credit Opportunity Act - Reg B
- c) Electronic Funds Transfer Act - Reg E
- d) Fair Credit Reporting Act
- e) Fair Debt Collection Practices Act
- f) Community Reinvestment Act - Reg BB
- g) Consumer Leasing

3. Mortgage Lending

- a) Home Mortgage Disclosure Act - Reg C
- b) Fair Housing Act
- c) Real Estate Settlement Procedures Act
- d) Other Real Estate Owned

4. Bank Organization

- a) Bank Holding Company Act - Reg Y
- b) Transactions with Affiliates - FRB Sections 23 A&B

5. Monetary Policy

- a) Borrowing by Depository Institutions - Reg A
- b) Reserve Requirements - Reg D
- c) Interest on Deposits - Reg Q

6. Bank Operations

- a) Bank Protection Act - Reg P
- b) Edge Act - Reg K
- c) Depository Institution Management Interlocks Act - Reg L
- d) Loans to Executive Officers - Reg O
- e) Bank Secrecy Act
- f) Foreign Corrupt Practices Act
- g) Credit by Banks for Purchase of Margin Stocks - Reg U
- h) Collection of Checks and other Items - Reg J
- i) Availability of Funds and Collection of Checks - Reg CC

7. Other

- a) Tax Equity and Federal Responsibility Act (TEFRA)
- b) Financial Institution Reform, Recovery and Enforcement Act (FIRREA)
- c) Bank Bribery Act
- d) Trust 12 CFR Part 9
- e) FDIC Bank Improvement Act of 1991
- f) Miscellaneous

PART III/EXAM #3 – AUDITING PRACTICES

A. General Practices (20 - 40%)

1. Application of Audit Techniques
 - a) Statistical Sampling
 - b) Confirmations
 - c) Audit Software
 - d) Analytical Review
 - e) Flowcharting
 - f) Auditor's Use of Microcomputers
 - g) Risk Analysis
 - h) Computer Assisted Audit Techniques
2. Evaluating the Internal Control Structure
 - a) Internal Control Development
 - b) Input/Processing/Output Controls
 - c) Segregation of Duties
 - d) Separation of Processing and Development
 - e) Reconciliation of Input to Output
 - f) Control of Data Files
 - g) Authorization of Transactions
 - h) Physical and Data Security Access Control
 - i) End-User Computing - Including Microcomputers
 - j) Contingency Planning
3. Communications with Management, Directors, and Others
 - a) Board of Directors/Audit Committee
 - b) External Auditors and Regulators
 - c) Auditee/Client
4. Audit Process
 - a) Audit Planning and Preliminary Surveys
 - b) Development of Audit Work Programs
 - c) Development of Audit Work Papers
 - d) Review and Evaluation of Findings
 - e) Report of Findings
 - f) Maintenance of Continuing/Permanent Work Papers and Files
 - g) Maintenance of a Key Indicator Program

B. Auditing Specific Bank Applications (60 - 80%) including, Risks/Exposures, Control and Audit Objectives and Audit Procedures

1. Assets/Income
 - a) Cash and Cash Items
 - b) Proof & Transit
 - c) Interoffice Accounts
 - d) Due from and Due to Banks
 - e) Investment Securities and other Investment Vehicles
 - f) Commercial Loans/Leases
 - g) Real Estate Mortgage and Construction Loans
 - h) Installment Loans
 - i) Loan Interest and Fee Income
 - j) Allowance for Loan-losses and Charged off Loans
 - k) Fixed Assets and Depreciation/Other Real Estate Owned

2. Liabilities and Owners Equity
 - a) Checking Accounts
 - b) Money Orders, Drafts, and Official Checks
 - c) Savings Deposits
 - d) Time Deposits
 - e) Capital Accounts & Dividends

3. Other Services
 - a) Payroll and Employee Benefits
 - b) Funds Transfer
 - c) Collections
 - d) Safe Deposit
 - e) Night Depository
 - f) Travelers Checks
 - g) Savings Bonds
 - h) Customer Repurchase and Reverse Repurchase Agreements
 - i) Customer Securities Safekeeping
 - j) Off-Balance Sheet Items
 - k) Trust
 - l) Credit Cards

PART IV/EXAM #4 – GENERAL BUSINESS

A. Business Law (30 - 40%)

1. Uniform Commercial Code
 - a) Article 1 - General Provisions
 - b) Article 2 - Sales
 - c) Article 3 - Commercial Paper
 - d) Article 4 - Bank Deposits and Collections
 - e) Article 5 - Letters of Credit
 - f) Article 8 - Investment Securities
 - g) Article 9 - Secured Transactions

2. General Commercial Law
 - a) Wills, Estates and Trusts
 - b) Insurance
 - c) Guaranty and Suretyship
 - d) Partnerships
 - e) Agency
 - f) Contracts
 - g) Bankruptcy
 - h) Antitrust

B. Economics (15 - 25%)

Macroeconomics

1. Economic System
2. Business Cycles, Growth and Inflation
3. Fiscal Policies and Theories

2. Forecasting

- a) Business Conditions and Trends
- b) Business Cycles

- c) Economic Indicators

3. Money Markets

- a) Role of Money and Commercial Banks
- b) Monetary Management Theories
- c) Role of Interest Rates
- d) Short-term Savings and Debt Instruments
- e) Bond and Stock Markets

C. Bank Management Issues (25 - 35%)

- a) Asset/Liability Management
 - i. Sources
 - ii. Products
 - iii. Matching of products for funding needs
- b) Competitive Strategies
 - i. Products
 - ii. Marketing
 - iii. Customers
- c) Human Resources/Personnel
 - i. Training and development
 - ii. Recruiting
 - iii. Ethics
- d) Planning
 - i. Policies and Strategies
 - ii. Budgets and Standards
- e) Organizing
 - i. Theories of Management
 - ii. Methods
- f) Communicating with Management
 - i. Written
 - ii. Oral

Bibliography of Additional Reference Materials

Many of the textbooks listed below can be found at a public library a college/university bookstore or at some of the online publication retailers. Personal copies of these publications can be obtained by calling the telephone numbers listed below. Organizations who have several candidates sitting for the examination each year should maintain all of the publications listed below in an Audit Department training library.

PART I – Accounting

Audit and Accounting Guide: Depository and Lending Institutions, New York: American Institute of Certified Public Accountants (AICPA,) 2004. (Can be obtained by calling AICPA at 212-596-6200: www.cpa2biz.com)

Cost Accounting: A Managerial Emphasis Horngren, Charles T., Foster, George, and Datar, Srikant M., , 11th ed., Englewood, NJ: Prentice Hall, 2002. (Can be obtained by calling Prentice Hall at 800-947-7700: www.prenhall.com)

Intermediate Accounting, Kieso, Donald E., and Weygandt, Jerry J., 10th ed., New York: John Wiley & Sons, Inc., 2002. (Can be obtained by calling John Wiley & Sons, Inc. at 800-225-5945: Price: \$111.95)

PART II – Auditing Principles and Bank Laws/Regulations

2001 Banking Regulations for Examiners and Banking Laws for Examiners, Comptroller of the Currency, Administrator of National Banks, United States Department of the Treasury, Washington, D.C (Can be obtained by sending a check payable to the Comptroller of the Currency and send to: Comptroller of the Currency, P.O. Box 73150, Chicago, IL 60673-7150. For more information call the Comptroller of the Currency at 202-874-4700. Updated quarterly, 4-volume CD-Rom set for \$20)

Codification of Statements on Auditing Standards, New York: American Institute of Certified Public Accountants (AICPA), 2002. (Can be obtained by calling AICPA at 212-596-6200: AICPA Member Price: \$73.95 Non-Member Price: \$87.00)

FFIEC Information Systems Handbook, Federal Financial Institutions Examination Council, Washington D.C. (Can be obtained by sending a check or money order for \$100 payable to: FDIC, 550 17th St., Room 5009, Washington, D.C. 20429. For more information call the FDIC Service Supervision Office at 202-393- 8400)

Internal Control-Integrated Framework, Committee of Sponsoring Organizations of the Treadway Commission, 1994, 2-volume set. (Can be obtained by calling AICPA at 212-596-6200, AICPA Member's Price: \$28.05, Non-Member's Price: \$33.00)

Regulations, Board of Governors of the Federal Reserve System, Washington, D.C. (Can be obtained by calling the Federal Reserve at 202-452-3000. Individual regulations will be mailed to you free of charge. A full set of regulations – 4-volume set is \$200)

Information Technology & Systems Auditing Vallabhaneni, Rao S., , 2nd ed., Schaumburg, Illinois: SRV Auditing Publications, 2000. (Can be obtained by calling 847-330-0126)

PART III – Auditing Practices

FFIEC Information Systems Handbook, Federal Financial Institutions Examination Council, Washington D.C. (For more information call the FDIC Service Supervision Office at 202-393-8400)

Information Technology & Systems Auditing, Vallabhaneni, Rao S., 2nd ed., Schaumburg, Illinois: SRV Auditing Publications, 2000. (Can be obtained by calling 847-330-0126)

PART IV – General Business

Management, Kreitner, Robert, 8th ed., Boston: Houghton Mifflin Company, 2000. (Can be obtained by calling Houghton Mifflin Company at 617-351-5000: Price)

Smith and Roberson's Business Law, Mann, Richard A., and Roberts, Barry S., 11th ed., 2002 (Can be obtained by calling International Thompson Publishing at 800-354-9706)

Economics, McConnell, Campbell R., and Bruce, Stanley L., 15th ed., New York: McGraw-Hill, Inc., 2002. (Can be obtained by calling McGraw-Hill at 800-338-3987)

Certified Bank Auditor Code of Ethics

A Code of Ethics sets forth a discipline of moral duty and conduct in support of the demanding standards of a profession. Certified Bank Auditors have professional obligations to the organization they serve, its customers, stockholders, directors and the general public. These obligations can best be met through adherence to a code of ethics. In recognition of this, the BAI Center for Certification sets forth this Code of Ethics.

Subscription to the Code of Ethics by Certified Bank Auditors is both a public and a professional acknowledgement of their unique obligations, and provides an enduring test of their integrity, judgment and courage. Individual professional judgment is essential in the application of this Code. Only those individuals that both meet the certification requirements of the BAI Center for Certification Certified Bank Auditor Program and also fully comply with this Code should designate themselves as a “Certified Bank Auditor” or a “CBA”

The Code

As evidence of their pride, loyalty and respect for the principles of their profession, Certified Bank Auditors shall:

1. Discharge auditing responsibilities with thoroughness, competency and objectivity.
2. Examine or review sufficient relevant factual information before presenting a report on any auditing matter.
3. Respect the confidential and proprietary nature of information received in the performance of their duties, refrain from using such information for personal gain, and not knowingly permit any other person to use such information for personal gain.
4. Refrain from entering into any activity, which is in conflict with the interests of the organization. Avoid activities or the acceptance of anything of value, which prejudice their ability to objectively discharge their professional duties and responsibilities.
5. Report organizational and individual misconduct and unlawful practices to the appropriate executive level within the organization. The Director of Internal Audit should assure that the Board of Directors is advised of the existence of and the corrective action taken regarding such situation.
6. Strive to enhance the knowledge and skills necessary to competently and effectively perform their duties.
7. Maintain high standards of ethical conduct and character in both professional and personal activities.
8. Use the “Certified Bank Auditor” or “CBA” designation with pride and in a prudent, dignified and appropriate manner while an active CBA. Discontinue using the designation when not an active CBA.
9. Adopt and comply with The Institute of Internal Auditors’ Standards for the Professional Practice of Internal Auditing.