

The Institute of Chartered Accountants of India Eastern India Regional Council (EIRC)

DOCUMENTATION BANK AUDIT

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01

Introduction

Audit documentation is necessary for evaluating the effectiveness of internal controls.

02

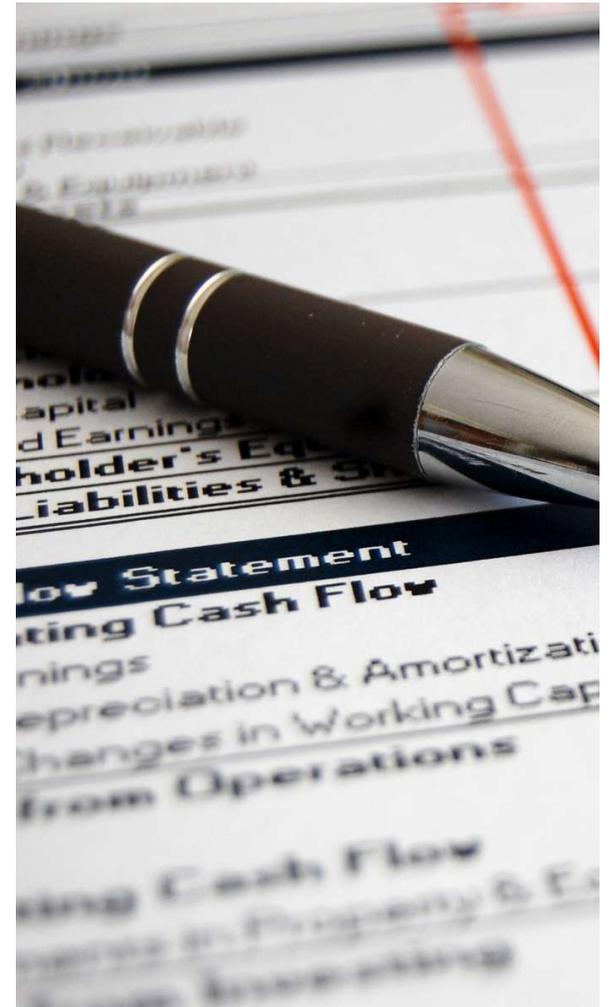
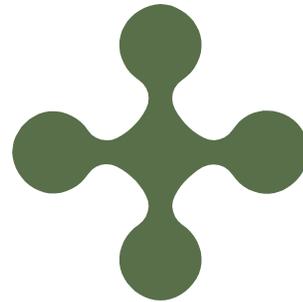
A checklist for bank branch audits should include supporting documents for transactions, correspondence, and legal matters.

03

Audit documentation should be retained for a period of at least seven years.

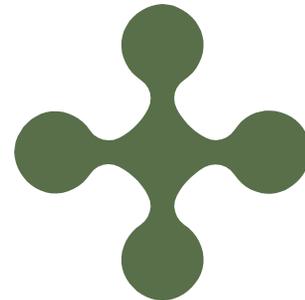
Objectives of Bank Branch Audit

Bank branch audit aims to ensure that financial statements are true and fair, transactions are accurate, and controls are effective.



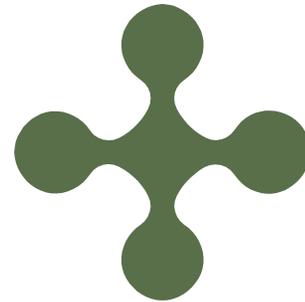
Types of Audit Documentation

The three types of audit documentation are working papers, supporting documents, and summarization documents. Each serves a specific purpose.



Purpose of Audit Documentation

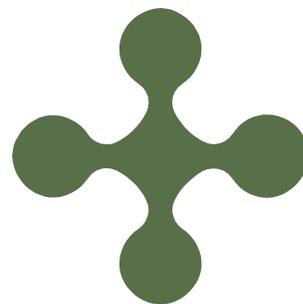
Audit documentation provides evidence of audit work performed and conclusions reached. It supports the basis for the audit report issued.



Purpose of Audit Documentation

Ethical Requirements

Audit documentation provides evidence of audit work performed and conclusions reached. It supports the basis for the audit report issued.



Integrity

Objectivity

**Professional
competence
and due care**

Confidentiality

**Professional
Behaviour**

Be straightforward and honest in all professional and business relationships

Don't allow bias, conflicts of interest, or the undue influence of others to compromise sound judgement

Always apply an appropriate level of professional knowledge, skill, and diligence

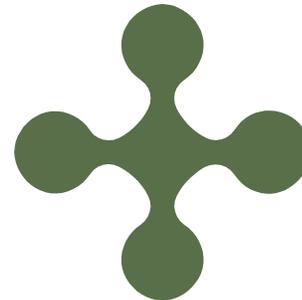
Respect the confidentiality of information acquired because of professional and business relationships, subject to applicable laws

Comply with all laws and regulations and don't act in a way that could discredit the profession

Purpose of Audit Documentation

Risk Mitigation

Audit documentation provides evidence of audit work performed and conclusions reached. It supports the basis for the audit report issued.





Self Interest - What's in it for me and does this impact my decision making?



Self Review - Am I reviewing my own work or evaluating recommendations I previously made



Advocacy - Am I at risk of promoting my client's or employer's position in a way that is inappropriate

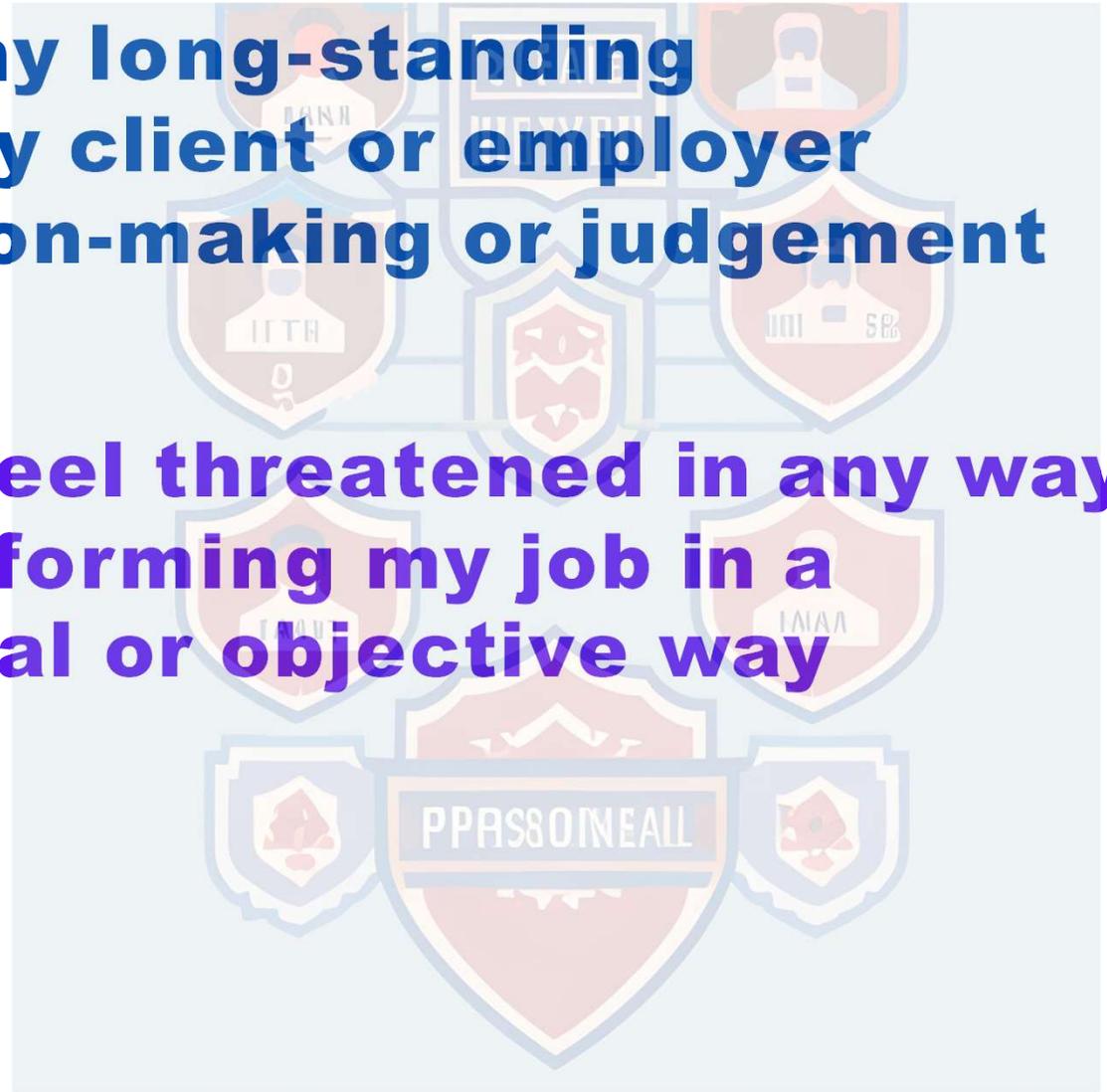




Familiarity - Does my long-standing relationship with my client or employer threaten my decision-making or judgement



Intimidation - Do I feel threatened in any way with respect to performing my job in a diligent, professional or objective way

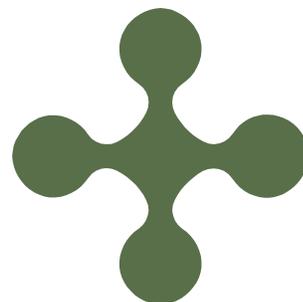


Purpose of Audit Documentation

Peer Review

For Bank Branch Auditors - Mandatory from 1.4.2025 (now extended)

Audit documentation provides evidence of audit work performed and conclusions reached. It supports the basis for the audit report issued.





Effective Audit Planning and Documentation for Conducting a Bank Branch Audit

01

Understanding the Business of Bank Branch

02

Documenting Audit Plan

03

Internal Financial Controls over Financial Reporting (IFCoFR)

04

Audit Procedures/Understanding Forms and Content of Financial Statements/Reporting

05

Key Audit Documentation

Effective Audit Planning and Documentation for Conducting a Bank Branch Audit

01

Understanding the Business of Bank Branch

- **SA 315 "Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment"** by understanding the nature of activities carried out at the bank branch.
- Understanding not just the core business of banks of accepting deposits and sanctioning advances, but **newer banking products should also be taken into consideration e.g. Digital Loans etc.**
- Before commencing the audit, the SBA should also have a basic understanding of **the Core Banking Solution (CBS) used** by the bank.
- The Auditor should also understand the **internal controls in operation, authority levels** and the **role and responsibilities of the branch officials.**



Effective Audit Planning and Documentation for Conducting a Bank Branch Audit

02

Documenting Audit Plan

- The auditor should **conduct a preliminary enquiry** to know the **nature, size and category of the bank branch** to be audited and based on the above assess the **risk involved** in the branch being audited.
- The SBA should document the audit plans accordingly. **General branches** will have one set of the audit plan and **specialised branches** will have different audit plans **based on the nature of transactions executed at branch**.



Effective Audit Planning and Documentation for Conducting a Bank Branch Audit

03

Internal Financial Controls over Financial Reporting (IFCoFR)

- If the branch allotted to SBA is selected for **testing of IFCoFR** then SBA would be **required to report on IFCoFR of that Branch**.
- The SBA should include **procedures to test the IFCoFR controls** along with the regular branch audit procedure on selected areas.
- The SBA should conduct a preliminary meeting with the branch management to understand **the structure and nature of the branch**. The SBA should document in the Audit plan **Direction, Supervision and Review strategies**.



Effective Audit Planning and Documentation for Conducting a Bank Branch Audit

04

Audit Procedures/Understanding Forms and Content of Financial Statements/Reporting

- Before carrying out the audit at the branches, the SBA should carefully **make a list of all the annual returns/financial statements and certificates to be verified and certified** as part of the branch audit.
- The SBA should **set materiality level in accordance with SA 320, "Materiality in Planning and Performing an Audit"** and carry out substantive audit procedures for all material transactions.
- SBA should **understand the objective of various closing forms and certificates which are to be certified** by the statutory auditors.
- Final audit report and Long form Audit Report are two documents that are issued by the statutory auditor to the bank management along with **reporting on IFCoFR**, in case the branch is selected for verification of IFCoFR.



Effective Audit Planning and Documentation for Conducting a Bank Branch Audit

05

Key Audit Documents

- In order to satisfy the requirements of SA 230, "Audit Documentation", SBA is required to **duly prepare and maintain** audit documentation for an audit of financial statements.
- The SBA should also **prepare a tracker to list down** the queries raised, responses received from the branch management, further queries and responses (if any), the final conclusion of the SBA.
- SBA should maintain audit documentation in such a way **that will serve as satisfactory evidence that the audit was planned and performed in accordance with SAs.**



Documents required for Audit

01

At the Initial Stage

02

During Audit

03

Audit Conclusion



Documents required for Audit

01 At the Initial Stage

- *Appointment Formalities - Appointment letter, NOC,*
- *the terms of the engagement - Engagement Letter*
- *objectives of the audit - RBI Directions, Circulars*
- *the scope of the work - Directions given by banks*
- *Detailed Audit Plan and Program*



Documents required for Audit

02 During Audit

- *Financial Statements Comparison*
- *Summary of Various Reports*
- *Advances Verification - Check lists*
- *Sampling Methods and Conclusion*
- *Any Representation from Bank*
- *Supporting Documents*
- *ATM Verification*
- *KYC AML*
- *Management Representation*



Documents required for Audit

03

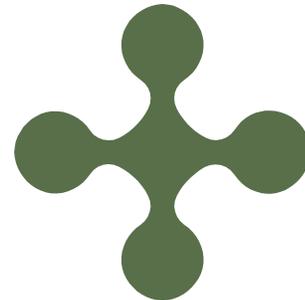
Audit Conclusion

- *Evidences Collected*
- *Reports and Certificates*
- *Analytical Reviews*
- *LFAR Reported WP*
- *Assembling Final Audit File*



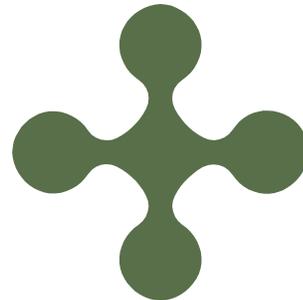
Audit Tests and Results Documentation

To ensure completeness and accuracy in bank branch audit, auditors must maintain a detailed checklist of audit tests and results documentation.

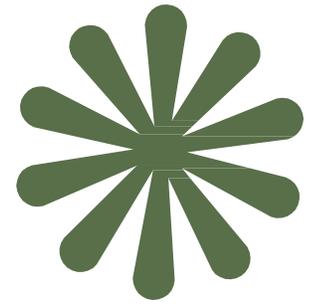


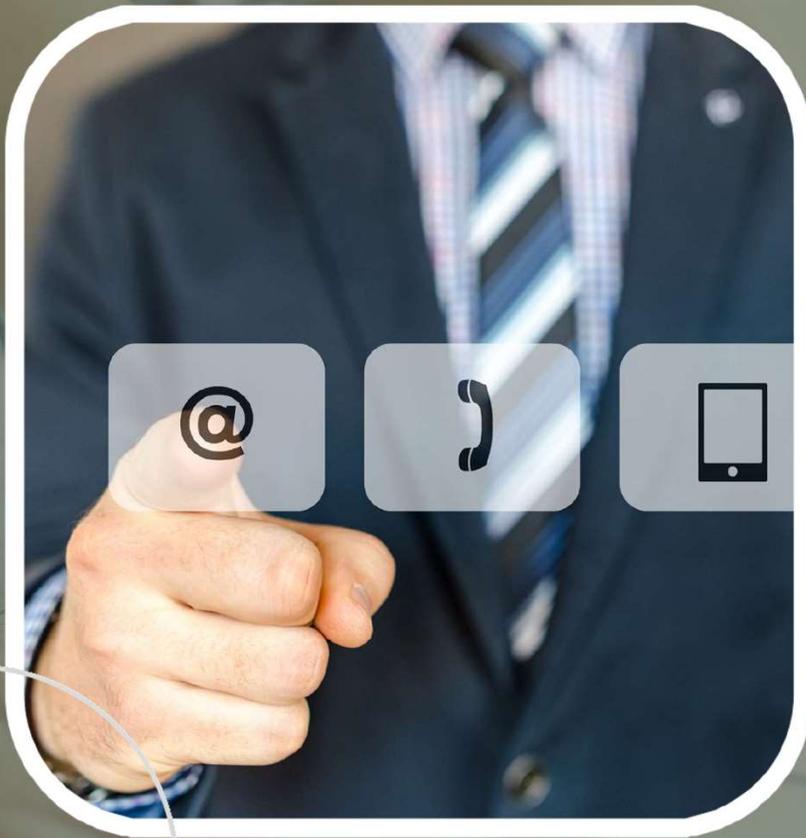
Audit Conclusions and Review Documentation

The review process includes analyzing and evaluating audit findings, preparing audit conclusions, and documenting the review process for future reference.



Thank you for allowing me to present on this important topic. If you have any further questions or concerns, please do not hesitate to reach out to me.





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