SIRC of ICAI

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Bank Branch Audit – Peer Review Perspective

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Caesar's Wife

An **Auditor should be like**

"Caesar's wife"

He/she should be above suspicion

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Scope of Peer Review

- Compliance with Technical Standards
- Quality of Reporting
- Office systems and procedures
- Training Programs for staff

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General Controls

- Independence & Professional Ethics
- Maintenance of Professional Skills & Standards
- Outside Consultation
- Staff Supervision and Development
- Office Administration

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Bank Audit Perspective

- Acceptance of bank where loan or investment is there
- Acceptance without communicating to previous auditor
- Issue an Engagement Letter
- Manpower allocation & training

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Technical standards

- Accounting and Auditing Standards
- General Clarifications & Interpretations
- Guidance Notes
- Self Regulatory Measures
- Relevant Legislations

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Bank Audit Perspective

- RBI master Circular & subsequent circulars
- ICAI guidance Note
- Respective Bank Circulars and closing instructions
- Attending CPE Meetings and training sessions – both Partners and staff
- Branch Portfolio Analysis
- Sending a questionnaire to the branch
- Prepare a detailed audit plan & programme

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Critical SAs-Bank Audit Perspective

- SA 210 – Agreeing to Terms of Engagement
- SA 230 – Audit Documentation
- SA 240 – Auditor's responsibility of Fraud reports
- SA 300 – Planning & Audit of FS
- SA 315 – Risk of Material Misstatement
- SA 320 – Materiality
- SA 500 – Audit Evidence
- SA 520 – Analytical procedures
- SA 530 – Sampling
- SA 580 – Written Representation

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Documentation – Importance – SA 230

- Is the only way to prove that he planned and performed an effective audit
- The onus to prove non negligence in the performance of the audit lies on the auditor
- The documentary evidence must be clear, unambiguous and must substantiate the opinions and conclusions of the auditor
- **Working papers maintenance is paramount importance for Peer Review Evaluation on effective audit**

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Permanent File

- Appointment Letter from Bank
- Acceptance & declaration filed
- Branch Profiling & analysis
- Evaluation of controls
- Record communication with previous auditor

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Current File

- Working files :
  - Borrower Data Sheets
  - NPA computation Sheets
  - Sampling data and methodology
  - Test Check computations
  - Loan Analysis sheets
  - Subvention computations
  - Maturity Pattern computations
  - Capital Adequacy computation
  - Back up computation for certifications
  - Tax Audit particulars – wherever applicable

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Current File

- Balance sheet, profit and loss account, Other Certifications
- Reports & Final papers
- Audit plan
- Audit programme
- Systems testing results
- Statistical information
- Critical account – stock / security reports
- Audit Checklists for various advances
- Management Representation Letter

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Questions ?!

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