

To: All the members, who have been allotted Bank Branch Audit for the year 2007-08.

Dear Members,

We are sure that, by this time, you all must have planned or are planning to undertake your bank branch audit assignments more efficiently and effectively, this year. The standards to be followed and the deadlines would have been set. But to complete the bank audit assignments on time, thereby, meeting all the quality standards set has always been a challenging task for all of the auditors.

Banking Industry works under various threats and barriers to trust like NPA's, frauds etc. Therefore, the role of auditors becomes more difficult, cumbersome and all the very important, to disclose all these. The auditors are always under pressure to meet the set deadlines, while countering the constraints like staff strength, different level of knowledge of staff, pressure from bankers etc. along with the pressure of meeting with all the existing Auditing and Assurance Standards relating to the bank branch audit, coupled with the responsibility to meet the expectations of the users of these financial statements i.e. the public and the regulators.

In consideration of the overall scenario, the Continuing Professional Education Committee and the Professional Development Committee of the Institute of Chartered Accountants of India, thought to express following suggestions/important points to be focused on, to all the members empanelled for the year 2007-08, for their ready reference while planning the bank branch audit assignments/reviewing the existing plan formulated:

1. Refer to the guidance note on audit of banks issued by ICAI, all the relevant study material and latest available audio / video CD's published by ICAI.
2. Refer the provisions of RBI Act 1934 and Banking Regulation Act 1949, relevant to bank branch audit.
3. Plan your audit meticulously, considering checklists for:
 - a. Pre visit work to be done
 - b. Work to be done during the audit
 - c. Work to be done after completion of audit

4. Ensure that the Team members are properly trained and updated on all aspects relating to the audit of bank branches, either by giving them In-House Training or by way of ensuring that they attend programmes conducted by the Institute or its branches on Bank Branch Audit.
5. Maintain proper working papers and retain them for the purpose of peer review/quality review. These working papers would serve the purpose to justify that the audit has been conducted with due care and diligence.

We hope that all of you will conduct your respective bank branch audit assignments with total dedication, comprehensiveness and cohesiveness to further enhance the confidence of the clients, customers and society as a whole, on our profession.

Warm regards,

CA. K. Raghu,
Chairman,
Continuing Professional Education Committee

CA. Rajkumar S. Adukia
Chairman,
Professional Development Committee