Inspection Findings:
Financial Institutions Audit Banking & Insurance companies

Key audit risks
+ Valuation of the loan book and other parts of the banking book
+ Other financial assets (e.g. derivative), especially illiquid financial instruments
+ IT systems
+ Complex accounting rules (e.g. IFRS 9)
+ Fraud and related party transactions

“Banks’ and Insurances’ financial statements are stacked with accounting estimates. While the auditor is aware of the risk inherent with such estimates, the professionals are failing to perform sufficient and adequate audit procedures. Especially in such an area with possible management bias, a high degree of critical skepticism and professional judgment is needed to effectively address the assessed risks of material misstatements and make sure that the relevant disclosures explain the risk and derivation of the estimates to the stakeholders.”

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