



Inspection Findings:

Financial Institutions Audit Banking & Insurance companies



Banking Findings – outer circle
Insurance Findings – inner circle

Analysis results

# Findings Banking	154
# Findings Insurance	194
# Jurisdictions	19
# Networks	8
Most affected Financial - Loans and Loan Statement line items	Loss Provision - Insurance Claims and other Insurance Expenses

Based on inspection findings between 2018 and 2022

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

Key inspection findings

- + Most findings tracked are within ISA 330, which are related to inadequate response to the assessed risk and then insufficient audit procedures performed
- + By far the most common theme within ISA 540 is related to the auditor's response to the assessed risk, resulting in inadequate and /or insufficient audit procedures
- + Findings concerning ISA 315/330 are often related to the audit of IT systems, which are crucial for business processes in banks and insurance companies

"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."

