
IS Audit Worksheets, Standards & Reporting (Module - 5 : DISSA Course)

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RBI bars Paytm Bank from Customer onboarding

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- RBI has barred Paytm Payments Bank from onboarding new customers with immediate effect due to supervisory concerns.
- RBI directed the bank to appoint an **IT audit firm to conduct a comprehensive audit of its IT system.**
- “RBI has today (March 11), in exercise of its powers, inter alia, under section 35A of the Banking Regulation Act, 1949, directed Paytm Payments Bank Ltd to stop, with immediate effect, onboarding of new customers,” RBI circular.
- RBI : Tough stand on IT Audt & CyberSec= Dec 2020 = RBI barred HDFC Bank from issuing new credit cards & digital initiatives under Digital 2.0.
- Ban on credit cards lifted, ban on digital expansion continues

IS Audit - documentation

- ***Documentation should include, at a minimum, a record of***
- - Planning and preparation of the audit scope and objectives
- - Audit steps performed and audit evidence gathered
- - Audit findings, conclusions and recommendations
- - Reports issued as a result of the audit work
- - Supervisory review
- **Audit Accelerators**
- Divided into 2 categories:
- **1. Audit Facilitators** : Tools that help support overall management of an audit (e.g., an electronic workpaper management tool, project management software, flow- charting software & open issue tracking software.
- **2. Testing Accelerators** : Tools automate performance of audit tests (e.g., data analysis tools).

Using Work of Others- SA 620

- IS Auditors should, where appropriate, consider using work of other experts for audit
- ii. They should assess, and then be satisfied with:
 - ☐ professional qualifications,
 - ☐ competencies,
 - ☐ relevant experience, resources,
 - ☐ independence and
 - ☐ quality control processes, prior to engagement
- IS Auditors to determine & conclude whether:
- the work of experts is adequate & competent to enable them to conclude on current audit objectives.
- Such conclusion should be documented
- IS Auditor's views, relevance & comments on adopting expert's report should form a part of IS Auditor's Report

Draft Report & Follow-up

- Professional bodies like ISACA, IIA, ICAI have issued guidance
- *Reporting and follow-up entails following activities or steps :*
 1. - Drafting audit summary and memorandum
 2. - Discussing findings with management
 3. - Finalising and submitting reports
 4. - Reviewing the Actions taken report
 5. - Undertaking follow-up procedures
 6. - Archiving documents
- **Evidences and Documentation**
- - **Detailed review of working paper** prepared by less experienced member of the IS Audit team, by a more experienced member, who did not participate in the preparation of such working paper

ASM

- **Audit Summary and Memorandum :**
- **An IS Auditor should perform audits** or reviews of control procedures and form a conclusion about, and reporting on, the design and operating effectiveness of the control procedures based on the identified criteria.
- **The conclusion for an audit** is expressed as a positive expression of opinion and provides a high level of assurance.
- **The conclusion for a review** is expressed as a statement of negative assurance and provides only a moderate level of assurance.

SA 560 – Subsequent Events

- Events sometimes occur, **subsequent to point in time or period of time of the subject matter being tested, but prior to the date of the IS Auditor's report**, that have a material effect on the subject matter -- require adjustment or disclosure in presentation of subject matter or assertion.
- **Update Audit Summary Memorandum**
- Conclusion about specific risk
- The result of subsequent reviews and conclusion

IS Audit Report

- IS Auditors should review & assess conclusions drawn from evidence obtained as basis for forming an opinion on effectiveness of control procedures based on identified criteria.
- **Major findings identified during an audit** = definite time line indicated for remedial actions, these should be followed up intensively and compliance should be confirmed
- **ATR**
- After reporting of findings & recommendations, IS Auditors should request and evaluate relevant information to conclude whether appropriate action taken by management in timely manner
- **Follow-up Procedures**

IS Audit Report coverage

- Description of **scope of audit**, including :
 - > Identification or description of area of activity
 - > Criteria used as a **basis for IS Auditor's conclusion**
 - > A statement that **maintenance of effective internal control structure, including control procedures for area of activity, is the responsibility of management**
- - A statement that **IS Auditors have conducted the engagement to express an opinion on the effectiveness of control**

IS Audit Report content format

1. Identification of auditee (Address & contact information)
2. Dates and Location(s) of audit – IS Audit period
3. Terms of reference (as agreed between auditee and auditor), including standard for IS audit, if any
4. IS Audit plan
5. Explicit reference to key auditee organisation documents (by date or version) including policy and procedure documents
6. Additional mandatory or voluntary standards applicable to auditee
7. Summary of IS audit findings including identification tests, tools used and results of tests performed
8. Risks associated with Gaps, deficiencies, vulnerabilities and Analysis of the same.
9. Detailed report of network, application audit including VAPT with recommendations and suggestions.
10. Summary of audit findings including identification tests, tools used, results of tests performed during IS Audit and recommendations for corrective action.
11. Personnel involved in the audit