ICAI issues advisory on joint auditors' work allocation in bank audits

The allocation of work should be in agreement with the management of the bank, said ICAI

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Pedestrians walk past a Punjab National Bank office in Mumbai (Photo: Reuters)

Chartered accountants should ensure that allocation of work during joint audits at banks should be done in agreement with respective managements, the ICAI has said following certain issues flagged by the RBI.

The ICAI's latest advisory to the members came after it received information from the RBI that there have been "certain issues between the banks' joint auditors and the banks' management regarding the allocation of work among the joint auditors".

The move, though unrelated, also comes at a time when the role of auditors have come under the lens in the wake of the nearly Rs 127 billion Punjab National Bank (PNB) scam, the biggest in the Indian banking sector.

The Institute of Chartered Accountants of India (ICAI), the apex body of chartered accountants, has the Standard on Auditing (SA) 299 about 'Responsibility of Joint Auditors'. This standard also touches upon allocation of work among the joint auditors.

Following the central bank flagging issues with respect to banks' joint auditors and respective

managements, the institute has issued the advisory to its members.

While allocating work among themselves, all efforts should be made that the allocation of work should be in agreement with the management of the bank, the advisory said.

"When so required, the said allocation may be carried out in consultation with those charged with governance of the bank," it noted.

As per SA 299, where joint auditors are appointed, they should, by mutual discussion, divide the audit work among themselves.

The division of work among joint auditors as well as the areas of work to be covered by all of them should be adequately documented and preferably communicated to the entity, according to the standard.