

# *Checklist for Internal Audit Documentation in India*

## **PRE-AUDIT PLANNING PHASE**

### **Risk Assessment and Planning Documents**

- ☐ Annual Internal Audit Plan prepared and approved by Audit Committee
- ☐ Risk Assessment Matrix completed with scoring methodology documented
- ☐ Audit Universe defined covering all business processes and locations
- ☐ Resource allocation plan aligned with audit scope and complexity
- ☐ Coordination with statutory auditors documented and scheduled
- ☐ Previous year findings reviewed and incorporated in current planning
- ☐ Regulatory changes assessment completed and documented
- ☐ Budget approval obtained from appropriate authority
- ☐ Audit Committee Charter updated and approved
- ☐ Independence assessment completed for internal audit function

## Engagement Planning Documents

- ☐ Audit engagement letters prepared for specific audits
- ☐ Audit objectives clearly defined and documented
- ☐ Scope limitations identified and approved by management
- ☐ Key personnel identified for audit coverage
- ☐ Preliminary business understanding documented
- ☐ Audit timeline established with milestone dates
- ☐ Audit team assignments completed with skill assessments
- ☐ Access permissions obtained for systems and locations
- ☐ Confidentiality agreements executed where required
- ☐ Quality control procedures defined for engagement

## AUDIT EXECUTION PHASE

### Fieldwork Documentation

- ☐ Audit programs customized for specific audit areas
- ☐ Walkthrough procedures documented with process flows
- ☐ Internal control evaluation completed with testing evidence
- ☐ Risk and control matrices prepared for key processes
- ☐ Sampling methodology documented with statistical basis
- ☐ Test of controls performed with adequate documentation
- ☐ Substantive testing completed with supporting evidence
- ☐ Analytical procedures performed with variance analysis
- ☐ Management interviews documented with key discussions
- ☐ Observation procedures recorded with time and date stamps



## Working Papers Standards

- ☐ Unique reference numbers assigned to all working papers
- ☐ Audit objectives clearly stated for each section
- ☐ Procedures performed described in sufficient detail
- ☐ Source of information identified and cross-referenced
- ☐ Conclusions reached clearly documented with supporting rationale
- ☐ Exceptions identified properly documented with impact assessment
- ☐ Preparer signatures and dates included on all papers
- ☐ Reviewer signatures evidencing supervisory review
- ☐ Cross-references maintained between related working papers
- ☐ File organization following standard indexing system

## Evidence Collection

- ☐ Original documents obtained or copies authenticated
- ☐ Electronic evidence secured with proper validation
- ☐ Management representations obtained in writing
- ☐ Third-party confirmations secured where applicable
- ☐ Photographic evidence captured with proper authorization
- ☐ System screenshots taken with date and time stamps
- ☐ Interview records maintained with participant signatures
- ☐ External expert reports obtained and filed appropriately
- ☐ Legal documents reviewed and copies maintained
- ☐ Regulatory correspondence filed and cross-referenced

# COMPLIANCE TESTING DOCUMENTATION

## Statutory Compliance

- ☐ Companies Act compliance testing documented
- ☐ SEBI regulations compliance verified for listed companies
- ☐ RBI guidelines compliance checked for banking entities
- ☐ Industry-specific regulations testing completed
- ☐ Tax compliance verification documented
- ☐ Labor law compliance assessed and documented
- ☐ Environmental compliance testing performed where applicable
- ☐ Foreign exchange regulations compliance verified
- ☐ Data protection compliance assessed under IT Act
- ☐ Corporate governance requirements compliance tested

## Internal Policy Compliance

- ☐ Code of conduct compliance testing documented
- ☐ Delegation of authority compliance verified
- ☐ Procurement policies adherence tested
- ☐ HR policies compliance assessed
- ☐ IT policies compliance verified
- ☐ Risk management policies implementation tested
- ☐ Anti-fraud policies effectiveness assessed
- ☐ Whistle-blower mechanism functionality tested
- ☐ Related party transaction policies compliance verified
- ☐ Investment policies adherence documented



# REPORTING PHASE DOCUMENTATION

## Draft Report Preparation

- ☐ Executive summary prepared with key findings
- ☐ Detailed findings documented with supporting evidence
- ☐ Root cause analysis completed for significant issues
- ☐ Risk ratings assigned to each finding
- ☐ Impact assessment quantified where possible
- ☐ Recommendations provided with implementation guidance
- ☐ Management comments sought on draft findings
- ☐ Legal review completed for sensitive matters
- ☐ Technical review performed by senior personnel
- ☐ Quality assurance review completed before finalization

## Management Response Documentation

- ☐ Formal management responses obtained for all findings
- ☐ Action plans documented with specific steps
- ☐ Implementation timelines agreed and documented
- ☐ Responsible persons identified for each action
- ☐ Resource requirements assessed and approved
- ☐ Alternative solutions considered and documented
- ☐ Disagreements properly documented with rationale
- ☐ Escalation procedures followed for unresolved issues
- ☐ Board/Audit Committee approval obtained where required
- ☐ Follow-up schedules established and documented



## Final Report Standards

- ☐ Professional formatting following organizational standards
- ☐ Clear and concise language used throughout report
- ☐ Appropriate classification of findings by severity
- ☐ Executive summary highlighting key issues
- ☐ Detailed recommendations with implementation guidance
- ☐ Management responses included in final report
- ☐ Distribution list approved by audit committee
- ☐ Confidentiality markings applied appropriately
- ☐ Version control maintained for report revisions
- ☐ Electronic signatures obtained where required

## FOLLOW-UP AND CLOSURE DOCUMENTATION

### Implementation Tracking

- ☐ Status tracking system established for recommendations
- ☐ Regular follow-up schedules maintained
- ☐ Progress reports prepared for management
- ☐ Verification procedures documented for completed actions
- ☐ Evidence collection for implemented recommendations
- ☐ Re-testing performed where control improvements claimed
- ☐ Closure documentation prepared for resolved findings
- ☐ Outstanding items regularly reported to audit committee
- ☐ Aging analysis maintained for overdue items
- ☐ Escalation triggers activated for delayed implementations



## Quality Assurance Documentation

- ☐ Internal quality reviews completed and documented
- ☐ External quality assessments conducted as required
- ☐ Peer reviews performed for complex audits
- ☐ Client satisfaction surveys completed
- ☐ Lessons learned documented for future improvement
- ☐ Best practices identified and shared
- ☐ Training needs assessment completed
- ☐ Continuous improvement initiatives documented
- ☐ Performance metrics tracked and reported
- ☐ Benchmarking studies conducted where applicable

## REGULATORY AND GOVERNANCE DOCUMENTATION

### Audit Committee Reporting

- ☐ Quarterly reports submitted to audit committee
- ☐ Annual summary of internal audit activities prepared
- ☐ Significant findings promptly communicated
- ☐ Meeting minutes maintained with action items
- ☐ Presentations prepared for committee meetings
- ☐ Committee feedback documented and addressed
- ☐ Resource adequacy assessments reported
- ☐ Independence confirmations provided annually
- ☐ External party communications approved by committee
- ☐ Regulatory interactions reported to committee



## Regulatory Compliance Documentation

- ☐ Statutory filings completed with internal audit inputs
- ☐ Regulatory inspections preparation and support documented
- ☐ Compliance certificates prepared as required
- ☐ Management certifications supported with audit evidence
- ☐ Disclosure requirements fulfilled with proper documentation
- ☐ Regulatory correspondence maintained and filed
- ☐ Penalty assessments documented with corrective actions
- ☐ Industry submissions completed with audit support
- ☐ Professional body requirements compliance documented
- ☐ International standards alignment assessed and documented

## RECORD RETENTION AND STORAGE

### Document Management

- ☐ Filing system organized with proper indexing
- ☐ Retention schedules established per regulatory requirements
- ☐ Access controls implemented for confidential documents
- ☐ Backup procedures established for critical documents
- ☐ Archive systems maintained for historical records
- ☐ Disposal procedures following legal requirements
- ☐ Electronic storage with proper security measures
- ☐ Version control maintained for all documents
- ☐ Retrieval procedures established for efficient access
- ☐ Disaster recovery plans covering audit documentation





## Legal and Compliance Archival

- ☐ Legal hold procedures established where required
- ☐ Litigation support documentation maintained
- ☐ Regulatory examination files readily accessible
- ☐ Statutory periods compliance for document retention
- ☐ Confidentiality protection maintained throughout retention
- ☐ Professional privilege considerations documented
- ☐ Data protection compliance for stored information
- ☐ Cross-border data storage compliance addressed
- ☐ Third-party access controls and approvals documented
- ☐ Destruction certificates maintained for disposed documents

