

American Bank and Trust

TO: Auditee
FROM: Internal Auditor (input auditor name here)
DATE: September 2, 2003
SUBJECT: *[Topic of Audit] Regulation Z – Open-End Credit, or Official Checks, or Disaster Recovery/BRCP*
CC: Appropriate management

Purpose

This will be the “As of” date of your audit, along with the date range the audit covered. Briefly describe the purpose of your audit. Examples are shown below.

“During the month of May, a review was conducted to ensure compliance with all applicable laws in relation to the issuance of Open End Credit. Open End credit transactions are specifically governed by the Federal Reserve’s, Regulation Z: Truth in Lending.”

“During the month of May, a review was conducted to determine the adequacy of internal controls over Official Checks.”

“During the month of May, a review was conducted to ensure compliance with Bank policies in relation to the Bank’s Disaster Recovery policy”.

Note: Always make the distinction between auditing for compliance, internal control, or policy/procedures. Sometimes more than one of these objectives will apply, therefore simply state it as such.

Objectives

[EXAMPLES]

The objectives of this review were to determine that:

- All required information is disclosed timely pursuant to **§226.6, Initial Disclosure Statement.**

- Each consumer receives a copy of the Billing Rights, pursuant to **§226.9, Subsequent disclosure Requirements.**
- Billing errors were handled in accordance with **§226.13, Billing-error Resolution.**
- All Official Check reserves are maintained in safekeeping, under dual control.
- Signature authorizations adhered to pre-established limits.
- Department employees were knowledgeable regarding their role in the disaster recovery/business resumption of activities in their area/department.
- Department procedures have adequately addressed the needs to resume operations at an off-site location. (This would include reserve supplies, forms, procedures manuals, etc.)
- Departments Contingency Plan/BRCP is current and addresses all major operating functions of the bank/department.

Scope

- Obtained Board Reports indicating all new Executive Reserve accounts opened since January 1st, 2003.
- Obtained a copy of a bank statement to evidence compliance with Error Resolution.
- Obtained a copy of the DDA 9601245 statement for March to select a sample of Cashiers checks for testing.
- Compared 20 cashiers checks to bank policy to ensure proper authorization limits were complied with.
- Reviewed the bank's current Contingency plan to determine if new information systems were addressed, since prior audit.
- Performed visual verification of rotation of backup tapes to offsite locations. (Drive-In & City Security).