

Trust Department Audit-General Program

Audit Procedures

W/P Initial

1. Audit Overview

Perform the following steps and document the results in the Audit Overview.

1. Obtain the most recent state, FDIC, and other Examination reports received since the previous audit. Review for significant items and document the status of each **significant** item related thereto.
2. Review the prior year audit report, response, and response evaluation. Indicate status of audit report comments.
3. Document all pending or threatened litigation or fines imposed. Discuss any litigation settled or fines paid since the previous audit. For both pending, threatened or settled litigation, documentation should include nature of claim, potential liability, and impact/exposure to other areas.
4. Review the Trust Department=s Customer Complaint file for any key issues.
5. Obtain and review the bank=s trust policy and procedures manual, noting any amendements made since the previous audit.
6. Obtain the Trust Committee and any sub committee minutes since the prior audit and document only items of significance in the Audit Overview. Prepare a separate workpaper Documenting the following:
 - a. Members of CommitteesCreview for external members. The FDIC recommends the Trust Committee consist of at least

three directors, at least one of which should **not** be an officer of the bank.

- b. Frequency of meetings.
 - c. Determine if the following are being reviewed by the Committee(s) and documented in the minutes:
 - (i) Annual reviews for all accounts for which the bank has investment responsibility.
 - (ii) Approval of new and closed accounts.
 - (iii) Approval of all discretionary payments of income and principle.
 - d. Determine if any major issues noted in the planning process have been appropriately discussed in the Trust Committee minutes.
 - e. If committees exist beyond the Trust Committee, determine that the members have been appropriately appointed and duties documented in the Trust Committee minutes or policy manual.
 - f. Conclude whether the committees are functioning properly.
7. Obtain the Board of Directors minutes since the prior audit and determine if the following has been done:
- a. Trust Committee minutes have been reviewed and accepted.
 - b. Annual audit report and examination reports have been reviewed.
 - c. Trust Committee and its members have been appointed.
8. Review audit approach previously planned and consider scope changes for

items of significance. Communicate items of significance to staff performing audit steps in those areas.

2. **Financial Overview**

1. Obtain the Annual Report of Trust Assets filed for the most recent year. Determine the accuracy of the report by testing footings and agreeing to supporting system reports. Review for timeliness of filing (due 2/15 each year).
2. Review the Department Statement of Condition as of the audit date and determine that the report balances. If the Department Statement of Condition is manually prepared, trace accounts and balances to supporting documentation.

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