

All banks

De Nederlandsche Bank N.V.
Resolutie

Subject

DGS regulations based audit

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Dear managing board,

On 30 September 2019, we evaluated the DGS regulations based audits with a delegation of banks and accountancy firms. This evaluation and subsequent discussion with accountancy firms on October 30, 2019, result in a revision of our letter of September 3, 2019.

Datum

18 november 2019

Uw kenmerk

At the request of banks and accountancy firms, the period of the reporting year has shifted to 1 April - 31 March. This means that the reporting year from the next reports onwards, from both the internal auditor and the external auditor (ISAE 3402 type II) runs from 1 April 2019 to 31 March 2020. Based on the DGS regulations, each bank must submit the audit reports with DNB no later than five months after the end of the reporting year. In concrete terms, this means that the next auditor's reports will be submitted to DNB no later than 31 August 2020.

Ons kenmerk

T052-85402729-318

Behandeld door

Kooy, H.M. (Hans)

During the evaluation meeting, a number of banks suggested to see whether it is possible to conduct a Type I audit for another year, so that more time is allowed for resolving findings. We decided not to acknowledge this request. We realize that as of 31 March 2019 there were findings with regard to setup and existence at many banks. Nevertheless, we would like to have determined as much as possible during the coming audit whether the controls were operating effectively in the current reporting year. In addition, an ISAE 3402 type II report provides sufficient opportunity to describe in a nuanced manner which improvements have been achieved during the year under review, including the moment the controls are implemented and effective.

Telefoonnummer:

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Bijlagen

Enclosed with this letter is a new overview with control objectives and control measures that must at least be part of the ISAE 3402 audit based on Article 12 of the IKB policy rule. This overview has been revised on the basis of the revision of the DGS regulations published earlier in 2019. In addition, the overview has been clarified on a number of points, for example with regard to the level of detail of customer acceptance checks and the calculation of eligible and covered deposit amounts and their inclusion in the quarterly DGS report.

Furthermore, a clarification has been given with regard to the option to keep the regular banking processes and general IT controls out of scope for the ISAE 3402 audit. The conditions for this have been clarified. In addition, a specific internal control objective and control have been included with regard to reporting by the IAD to DNB. This gives the external auditor the opportunity to report on this in the ISAE 3402 report.

We also ask your attention for the following points:

- Based on its risk analysis a bank may conclude that control measures from the published overview are not necessary to achieve the audit objectives. A bank

may also define additional control measures. Despite some deviations, most banks presented a clear link with the published overview in their ISAE 3402 report. This helps us to assess the findings. From the banks that have deviated from this, we request to also make a clear connection in subsequent reports.

- If banks deviate from the published overview with control objectives and controls, we would like to see an explanation of the background of the deviations, including an assessment of the external auditor based on their own risk analysis.
- Together with the ISAE 3402 type II report we would like to receive a management response with the measures and accompanying planning to resolve any findings. This was often missing in the last report. This management response can be included in an additional chapter or in a cover letter with the report.

During the evaluation meeting a request was made to evaluate whether the ISAE 3402 standard meets the purpose of this audit. DNB is open to this, but only after the first type II audit has been completed at the earliest. The current standard remains in force for the time being.

If you have any questions or comments regarding this letter, please let us know.

Kind regards,



Mw. G.F.T. Tiellemans
Head of Department Resolution

Datum

18 november 2019

Ons kenmerk

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