IFRS 9 for banks – 10 focus questions for audit committees

These questions will help audit committees focus their discussions with management on IFRS 9 implementation

Key decisions and interpretations of IFRS 9

1. What plans are in place to conclude on key decisions, build and test necessary models and infrastructure, execute dry/parallel runs and deliver high quality implementation by 2018?

2. What are the key accounting interpretations and judgements and why are they appropriate?

3. How will implementation decisions be monitored to ensure they remain appropriate?

Transparency

4. What KPIs and management information will be used to monitor drivers of ECLs and support effective governance over key judgements?

5. How will the IFRS disclosure requirements be met and how will those disclosures facilitate comparability?

Expected credit loss modelling

6. What are the planned levels of sophistication for different portfolios and why are these appropriate?

7. How will a ‘significant increase in credit risk’ be identified and why are the chosen criteria appropriate?

8. How will a representative range of forward-looking scenarios be used to capture non-linear and asymmetric impacts?

Systems and controls

9. Has the bank identified all changes to existing systems and processes, including data requirements and internal controls, to ensure they are appropriate for use under IFRS 9?

10. How will reporting processes and controls be documented and tested, particularly where systems and data sources have not previously been subject to audit?