

Audit Program

Project Code

HP-01-2025

Project Name

Audit of Repossessed Vehicles Reapplying for Hire Purchase Loans

Objective

To assess the adequacy of the control process for hire purchase loan approvals in cases where vehicles that have previously been repossessed or auctioned by the bank are re-submitted for financing. This includes reviewing the accuracy of vehicle information, valuation assessments, and the loan approval process, in order to mitigate the risks of duplicate financing, potential fraud, or financial loss to the bank.

Scope

1. Hire purchase loans within the past 12 months  
2. List of vehicles previously repossessed or auctioned by the bank and subsequently re-financed  
3. Related dealers and loan officers involved  
4. Leasing and auction systems (Leasing Core System, DMS)

References

Hire Purchase Act B.E. 2565 (2022), Bank of Thailand (BOT) Lending Guidance,

Audit Duration

xxx-xxx

Auditor

xxxx

Reviewer

xxxx

No.	Audit Procedure	Description of Procedures	Status			Risk Level			Ref. WP	Remark
			Completed	Incomplete	Skipped	H	M	L		
Planning Phase										
1	Retrieve data of vehicles that were repossessed and auctioned	1. Collect data from the DMS, Core Leasing system, or BI reports that show the history of repossessed or auctioned vehicles (e.g., VIN, license plate number, repossession date, auction date, original dealer) to be used as a reference for comparison.								
2	Compare with newly approved loan records	1. Use the VIN or license plate number from step 1 to verify in the loan system whether duplicate financing has been issued. 2. Analyze related information such as loan disbursement date, responsible loan officer, and approved loan amount.								
Fieldwork & Testing Phase										
3	Analyze related dealers	1. Group the data by dealer and review the number of vehicles that were repossessed and later resubmitted for financing, in order to identify high-risk dealers and potential connections with loan officers.								
4	Verify the loan amount against the market value	1. Analyze the Loan-to-Value (LTV) ratio by comparing the approved loan amount with the market value or standard appraisal sources, to identify cases where the loan amount may be unreasonably high.								
5	Review loan approval documents	1. Review loan approval documents such as the loan application form, approval memo, overrides, or exception cases to assess whether they comply with internal policies and to identify any potential control risks.								
6	Analyze frequency and trends	1. Analyze the number and rate of repossessed vehicles that have been resubmitted for new financing. Calculate the percentage based on the total number of repossessed vehicles, and observe whether the trend is increasing or decreasing over specific time periods.								
7	Review internal control system	1. Check the system to determine whether there are configurations in place to flag or block repossessed vehicles. For example, if a duplicate VIN is detected, the system should automatically trigger an alert or prevent loan approval.								
Evaluation & Reporting Phase										
8	Summarize risks and recommendations	1. Summarize the identified risks, such as system-related risks or human-related risks, and provide additional control recommendations, such as implementing a VIN verification system or enhancing related policies.								
9	Follow-up and report the results	1. Prepare a summary audit report for management, clearly identifying the responsible parties for corrective actions and the follow-up plan for remediation, in accordance with IIA Standards.								
Documentation Phase										
10	Prepare Working Papers	1. Collect audit evidence such as VIN matching files, reports from the DMS system, and all supporting loan approval documents, and organize them as working papers according to the audit steps.								

Risk Analysis - Potential Risks and Impacts to the Bank

No.	Risk	Potential Impact to the Bank
1	The loan system lacks a flag/block mechanism for previously repossessed vehicles	May result in duplicate financing and financial loss
2	No alert when duplicate VINs are detected	Loan officers may unknowingly approve duplicate loans
3	Data between DMS and Core Leasing systems are not integrated	Inaccurate historical tracking, resulting in audit blind spots

Process & Human Risks

No.	Risk	Potential Impact to the Bank
1	Staff or dealers intentionally resubmit repossessed vehicles	Fraud risk and reputational damage
2	Overrides made without proper approval documentation	Weakens internal control, increases risk of audit findings
3	Manipulated or inaccurate vehicle market valuation	Inflated LTV ratios, financial exposure in the loan portfolio