



**PRESENTATION ON
BANK BRANCH AUDIT –
Planning & Execution in CBS**

PRESENTED BY:

CA. JASMINDER SINGH

B.Com; FCA; DISA; CCAB; FAFD; INDAS; MSME; Peer Reviewer

098141-60550; jasingh123@yahoo.co.in

[PRE-AUDIT WORK]

- NOC to the Previous Auditor
- Address & Contact of the Branch
- Deposit Oriented or Advance Oriented
- Composition of Advances
- Visit Branch prior to Audit, if possible
- Checklist of LFAR
- Mitra, Ghosh & Jilani Committee Recommendations

[PRELIMINARY FOR AUDIT]

- Selection of Team
- Allocation of Work
- Defining Work Subset for each Day
- Mail to Branch for the Required Documents & Reports
- Get the Bank Audit Circulars handy in Mail or Phone or Hard File.

[Pre-Requisite Documents]

- CC/OD & Loan Balance File
- List of Top 5 Standard Accounts
- List of Accounts above 10 Crores
- List of SMA Accounts
- List of NPA Accounts
- List of Accounts Restructured during the year.
- List of LC/BG devolved & Invoked
- List of Decree Cases & status of execution
- List of IBC mandated Accounts
- List of Frauds detected & Reported by Branch
- List of Corporate Accounts where Buy Back happened

[Pre-Requisite Documents]

- List of Accounts with ECGC & CGTMSE Cover.
- List of ATMs Attached with Branch with Address
- Changes in MCLR with dates during the year.
- Approved Methodology of Renewal & Review.
- Policy for External Credit Rating.
- Policy of Red Flagging & such accounts.
- List of FCNR (B) FDRs
- List of SB accounts with below Minimum Balance.

[Documents to be held Ready]

- Balance Confirmation Certificates from other Banks.
- ATM Feeder Agency Cash holding Certificate.
- CC/OD and Loan Balance File.
- Inter- branch Reconciliation Report.
- CTR & STR Reports for the year.
- Reports & Lists as discussed above.
- Previous Statutory Audit Report
- Latest Concurrent Audit Report(s) / RBIA / Stock Audit Reports / Credit Audit Reports, etc.

[TEAM COMPOSITION]

- 1-2 CAs
- 1-2 Ex-Banker/Sr. Auditor
- 1-4 Articles



[DAY-1]

Chartered Accountant

- **Going through the Reports** of Last Stat audit, Latest RBIA, Revenue Audit, Stock Audits, Credit Audits etc.
- **List of Advances above 10%** of the Aggregate or 10 crores whichever is less.
- **Listing of SMA Accounts** as on 31.12.2023 – 92D, 01.01.2024 - 91D & 02.01.2024 – 90D
- Comparison & Analysis of Trend of Key Figures in the **Financial Statements with that of Previous year.**

[Day -1]

Ex-Banker/ Sr. Auditor

- Checking of Loan Documents related to **Top 5 Standard Accounts** above 10 Crores Exposure & Rest CC/OD Sample on ABC basis.
- Verification of **Renewed Accounts**
- Verification of **Vouchers on sampling basis** especially from 25.03.2024 to the date of Audit.

[Day - 1]

Article

- Cash Verification (Vault + ATMs)
- Security Items Verification
- KYC Verification in CASA Deposits

Article

- **Checking of Revenue Leakage** from System for all Sanctions and Renewals during the year in aid to Ex-Banker/Sr. Auditor.

[DAY-2]

Chartered Accountant

- Scrutiny of **Rent Deeds, Decree Files** & other Legal documents
- Checking of **LC/BG** issued & invoked
- **TDS Compliance**: Expenses eligible for TDS from P&L, TDS deducted as required, Deposited in time & Returns & Form 15G/H duly filed.
- **GST Compliance**: Regular & Reverse Charge, Compliance of Rule 42/43, Filing Mechanism, etc.
- **Upgradation** of Accounts & **Recovery** in NPA Accounts & its mode/source

[Day - 2]

Ex-Banker/ Sr. Auditor

- Checking of Loan Documents pertaining to **Term Advances & Staff Loans** on 10% Criteria & also Sample on ABC Basis
- Reconciliation of **Other Bank's Accounts**
- **Restructured** Accounts, Income from NPA Accounts, DICGC/ECGC claims, etc.
- **Verification of Valuations** of Properties mortgaged & Red Flagged Accounts

[Day - 2]

Article

- Verification of **Stock Statements, Audited Balance Sheets, Insurance Covers and ROC Charges of Corporate Borrowers**
- Physical Verification of **Pledged Gold Articles**

Article

- Checking of **Inoperative** Accounts & Deposit accounts with **Debit Balance**
- Accounts with **Minimum Balance** Charges
- **Pending Renewals**

[Day - 3]

Chartered Accountant & Articles

- **Visit to the Borrower** Premises along with Bank Officials.
- Mitra Committee Recommendations Verification
- Ghosh/Jilani/Mitra checking
- Notice Boards, Missing Tokens, Password sharing/Gunman License
- **Overall Internal Controls** of Branch

[Day - 3]

Ex-Banker/ Sr. Auditor & Articles

- Discussion of all the Observations pointed out from Loan Documents
- Checking of Fraud Cases, if any
- Checking of Time Barred Documents
- Checking of Subvention Claims
- Checking of Provisions & Contingencies
- Long Outstanding Entries in Sundry/ suspense & HO accounts

[DAY-4]

Chartered Accountant

- Putting down of **Comments & Observations** wrt working done in previous sessions.
- **Discussion** of the same with Incumbent incharge.
- Getting the **Revenue Leakage** discussed & recovered.
- Checking of **Interest Reversal in NPAs**
- **Asset Classification and Income recognition** to be checked and commented upon.
- **Management Representation** from Branch Head

[Day - 4]

Ex-Banker/ Sr. Auditor

- **Feeding of Observations in LFAR** on the basis of Checking done of Loan Documents, Appraisal Analysis, Monitoring Verification and other relevant documents.
- **Discussion with Branch** any Suspicious Transactions in Office Accounts

[Day - 4]

Articles

- **Filing of Long Form Audit Report** and its Annexures
- **Preparation of 3CA & 3CD** along with Annexures with Comments of Auditor
- Making of sets



THANK YOU

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