

⇒ CAVINAY MITAL
GHAZIABAD
9910691575

Annex II - Long Form Audit Report (LFAR) to the Management and the Statutory Central Auditors of the bank by the branch auditors in case of bank branches

The following paragraphs list the matters which the branch auditors of the bank are required to comment upon in their Long Form Audit Reports (LFAR). The appendix to this questionnaire additionally contains questions, which are relevant to the specialized branches dealing in foreign exchange transactions, branches having very large advances, recovery of non-performing assets (NPA) and clearing house operations, if any. Auditors of foreign branches of Indian banks should also furnish this report. In the case of foreign branches, reference to Reserve Bank of India should be construed to include Reserve Bank of India, as well as the relevant regulating authority of the foreign country where the branch is located.

A. Guiding principles on objective, strategy, scope and coverage of LFAR for branch auditors

- i. The overall objective of the branch audit should be to have transaction testing and provide inputs to the Statutory central Auditors on adequacy of implementation of various policy and regulatory requirements, including efficacy of the system and assurance functions (risk management, compliance and internal audit) at branch level.
- ii. The threshold fixed for different purposes for comments in the LFAR will decide that above the threshold, the transaction detailing needs to be seen and commented upon. However, below the threshold, the system and processes should be checked and commented upon.
- iii. Verification of data integrity and data related control systems and processes should be carried out and commented upon, with the special thrust on those data inputs which are to be used for MIS at corporate office level and for supervisory reporting purposes.
- iv. Where any of the comments made by the auditors in their LFAR is adverse, they should consider whether a qualification in their main report is necessary. It should not, however, be assumed that every adverse comment in the LFAR would necessarily result in a qualification in the main report. In deciding whether a qualification in the main report is necessary, the auditors should use their professional judgment in the facts and circumstances of each case.

B. Indicative Format / Coverage in the Long Form Audit Report (LFAR) by the Statutory Branch Auditors (SCB)

Name of Bank

Name of Branch

Branch Code

Zone / Circle Code

Financial Year

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I. ASSETS

1.	Cash	
(a)	Does the system ensure that cash maintained is in effective joint custody of two or more officials, as per the instructions of the controlling authorities of the bank?	: - Check Day Book
(b)	Have the cash balances at the branch/ATMs been checked at periodic intervals as per the procedure prescribed by the controlling authorities of the bank?	: - ATM Book Day Book
(c)	(i) Does the branch generally maintain / carry cash balances, which vary significantly from the limits fixed by the controlling authorities of the bank?	: <u>Cash Retention Limit</u> Prepare Annexure
	(ii) Does the figure of the balance in the branch books in respect of cash with its ATM(s) tally with the amounts of balances with the respective ATMs, based on the year end scrolls generated by the ATMs? If there is any difference, same should be reported.	: Ask - no of ATM attached with Branch, taken Certificate, then check Generally
(d)	Whether the insurance cover available with the branch adequately meets the requirement to cover the cash-in hand and cash-in transit?	: Insurance at HO

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2.	Balances with Reserve Bank of India, State Bank of India and other banks (For branches with Treasury Operations)		
(a)	Were balance confirmation certificates obtained in respect of outstanding balances as at the year-end and whether the aforesaid balances have been reconciled? The nature and extent of differences should be reported.	: - <u>if Bal maintained.</u> <u>Yes</u> Taken Balance Confirmation letter and if there are some difference - Enquire reason of difference	
(b)	Observations on the reconciliation statements may be reported in the following manner:	:	
(i)	Cash transactions remaining un-responded (give details)	:	<u>if difference due to cash transaction</u>
(ii)	Revenue items requiring adjustments / write-off (give details)	:	<u>Revenue Items</u>
(iii)	Other credit and debit entries originated in the statements provided by RBI/other banks, remaining un-responded for more than 15 days:	:	
(iv)	Where the branch maintains an account with RBI, the following additional matter may be reported: Entries originated prior to, but communicated / recorded after the year end in relation to currency chest operations at the branch/other link branches, involving deposits into/withdrawals from the currency chest attached to such branches (Give details)	:	<u>if maintained</u>
(c)	In case, any matter deserves special attention of the management, the same may be reported.	:	<u>if you want to disclose some other points, please mentioned here.</u>
3.	Money at Call and Short Notice		
			<u>Generally, The audit has found money at call and short notice in Branch if found then reported</u>

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(a)	Has the branch kept money-at-call and short notice during the year?	:	
(b)	Has the year-end balance been duly confirmed and reconciled?	:	
(c)	Has interest accrued up to the year-end been properly recorded?	:	
(d)	Whether instructions/guidelines, if any, laid down by the controlling authorities of the bank have been complied with?	:	
4.	Investments (for branches outside India)		
(a)	In respect of purchase and sale of investments, has the branch acted within its delegated authority, having regard to the instructions/guidelines in this behalf issued by the controlling authorities of the bank?	:	NOT APPLICABLE Because the Branch is situated in India
(b)	Have the investments held by the branch whether on its own account or on behalf of the Head Office/other branches been made available for physical verification? Where the investments are not in the possession of the branch, whether evidences with regard to their physical verification have been produced?	:	
(c)	Is the mode of valuation of investments in accordance with the RBI guidelines or the norms prescribed by the relevant regulatory authority of the country in which the branch is located whichever are more stringent?	:	
(d)	Whether there are any matured or overdue investments which have not been encashed and / or has not been serviced? If so, give details?	:	

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5. Advances	
General Instructions	
<p>(i) The answers to the following questions may be based on the auditor's examination of all large advances.</p> <p>For this purpose, large advances are those in respect of which the outstanding amount is in excess of 10% of outstanding aggregate balance of fund based and non-fund based advances of the branch or Rs.10 crores, whichever is less.</p> <p>Care- For all accounts above the threshold, the transaction audit/account specific details to be seen and commented, whereas below the threshold, the process needs to be checked and commented upon. Comments of the branch auditor on advances with significant adverse features, which might need the attention of the management / Statutory Central Auditors, should be appended to the LFAR.</p>	<p>: <u>New point</u> 10% of outstanding aggregate of fund and non fund based advance of BLO/CR, which is 10%.</p> <p><u>Emp. Transaction Audit - Check</u> DP flow in Acc Dummy Entries. Cont. & charges posted. Debited Acc properly reviewed. Stock Statement & financial statements timely submitted. Report.</p> <p>Unwanted transaction i.e. transaction with associate/sist. Concerns. Justification of trans. in comparison of limit.</p>
<p>(ii) The critical comments based on the review of the above and other test check should be given in respective paragraphs as given in LFAR given below.</p>	<p>: <u>if found some deficiencies please report as below</u></p>
(a) List of accounts examined for audit	<u>New point</u>

Account No.	Account Name	Balance as at year end - <u>Funded</u>	Balance as at year end - <u>Non-funded</u>	Total
Total		A	B	C = A + B

All Acc in same customer id for mentioned here

From :
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 F-7, Nehru Nagar-III,

Total Outstanding of the branch	1000, Chaziabad-201001 Mob-9910691575	X	Y	Z = X + Y
Percentage examined		A as % of X	B as % of Y	C as % of Z

(b)	Credit Appraisal	
(i)	In your opinion, has the branch generally complied with the procedures / instructions of the controlling authorities of the bank regarding loan applications, preparation of proposals for grant/ renewal of advances, enhancement of limits, etc., including adequate appraisal documentation in respect thereof. What, in your opinion, are the major shortcomings in credit appraisal, etc.	: - <u>Old</u> check power of Branch Managers and check that whether loan sanctioned by proper authority. also check in the case of renewal, renewal is done by proper authority
(ii)	Have you come across cases of <u>quick mortality</u> in accounts, where the facility became non-performing within a period of 12 months from the date of first sanction? Details of such accounts may be provided in following manner:- <ul style="list-style-type: none"> Account No. Account Name Balance as at year end 	: <u>quick mortality</u> in advance is DNP and new point change acc become NPA within 12 months. Please mentioned that acc. I think that the purpose of that point to fix liability of that loan
(iii)	Whether in borrowal accounts the applicable interest rate is correctly fed into the system?	: - Please take JD things before starting the audit. Convert it into Excel and check with file/ sanction letter before found any deficiency reported
(iv)	Whether the interest rate is reviewed periodically as per the guidelines applicable to floating rate loans linked to	: immediately and passed a revenue leakage. - Please open master in system

or ask to Branch offices where we can see the changes done in CRR rate.

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	MCLR / EBLR (External Benchmark Lending Rate)?	
(v)	Have you come across cases of frequent renewal / rollover of short-term loans? If yes, give the details of such accounts.	: The Bank can maximum short review 50% today. If bank done rollover of short term loan attached list of such cases.
(vi)	Whether correct and valid credit rating, if available, of the credit facilities of bank's borrowers from RBI accredited Credit Rating Agencies has been fed into the system?	: <u>New point</u> There are 7 rating agencies and so many types of rating done. We check only authorized rating agency and bank loan rating only and check whether
(c)	Sanctioning / Disbursement	fed in system or not.
(i)	In the cases examined by you, have you come across instances of: (a) credit facilities having been sanctioned beyond the delegated authority or limit fixed for the branch? (b) Are such cases promptly reported to higher authorities?	: - sanction beyond the limit is Please also check CIBIL, in some cases on low Cibil Branch has no power to sanction such loan to please take Branch manager's view in advance
(ii)	Whether advances have been disbursed without complying with the terms and conditions of the sanction? If so, give details of such cases.	: sanction letter carefully and ensure that all compliances mentioned in sanction letter complying or not.
(iii)	Did the bank provide loans to companies for buy-back of shares/securities?	: <u>Emp.</u> Please check BLS & Data available on MCA.
(d)	Documentation	<u>old point</u>
	In the cases examined by you, have you come across instances of:	
(i)	Credit facilities released by the branch without execution of all the necessary documents? If so, give details of such cases.	: - <u>If check carefully.</u> Generally Bank has not been complete all documents and after some times there may be house some problems. - Please noted such deficiency immediately
(ii)	Deficiencies in documentation, including non-registration of charges,	: <u>Registration</u> - MCA - in case of Private Limited c - Sarvai - V.V. EMP - RTO - in case of vehicle loan - if

New point

Please also been - advise limit charge should be created. if
 - if loan paid - Discharge in charge. should also be done - EMP

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	non-obtaining of guarantees, etc.? If so, give details of such cases.	211001 8860091575
(iii)	Advances against lien of deposits have been granted without <u>marking a lien on the bank's deposit receipts</u> and the related accounts in accordance with the guidelines of the controlling authorities of the bank.	: Lien should be checked.
(e)	Review/Monitoring/Supervision	OD
(i)	Is the procedure laid down by the controlling authorities of the bank, for <u>periodic review of advances, including periodic balance confirmation / acknowledgement of debts</u> , followed by the branch? Provide analysis of the accounts overdue for review/renewal. What, in your opinion, are major shortcomings in monitoring, etc.	: CC/Limit should be renewed every year. The Bank's maximum done short review for 10 days - in case of short review a penal interest should be charge. Balance confirmation is very very imp if balance confirmation error, in my opinion, Bank cannot recover the loan. If auditors found some irregularities, please mentioned in
	a) between 3 to 6 months, and	: ↓
	b) over 6 months	: -
(ii)	a) Are the <u>stock/book debt statements</u> and other periodic operational data and <u>financial statements, etc.</u> , received regularly from the borrowers and duly scrutinized? Is suitable action taken on the basis of such scrutiny in appropriate cases? b) Is the DP properly computed? c) Whether the latest audited financial statements are obtained for accounts reviewed / renewed during the year?	: <u>Emp</u> Please take Jottings/loan Balance Book. - Please check that in case of CC/OD, Stock Statement & Book debts statement properly design submitted to Bank timely. Please check in Stock Statement the figure of stock with details, credits and debts should be written. Generally the Borrower give stock statement only mentioning stock. Please check sanction letter carefully whether loan disbursed on stock and/or Sundry debts. If only mentioned stock then too DP purpose will take paid stock. Stock - Sundry Credits

Emp Please also check period which are acceptable for stock and Book debts

(iii)	<p>a) Whether there exists a system of obtaining reports on <u>stock audits</u> periodically?</p> <p>b) If so, whether the branch has complied with such system?</p> <p>c) Details of:</p> <ul style="list-style-type: none"> ➤ cases where stock audit was required but was not conducted ➤ where stock audit was conducted but no action was taken on adverse features 	<p>5. See above all should be under stock audit, if audit not found stock audit report please mentioned is LFAE</p> <p>check Jottings - and ask the Branch manager the stock audit report.</p>
(iv)	<p>Indicate the cases of advances to <u>non-corporate entities</u> with limits beyond that is set by the bank where the branch has not obtained the <u>duly audited accounts of borrowers</u>.</p>	<p>Audited B/L with all annex and Tax Audit report. Branchal documents should be self attested by Borrowers. UDN is must on Audited B/L. Please also check DP and flow of</p>
(v)	<p>Does the branch have on its record, a due diligence report in the form and manner required by the Reserve Bank of India in respect of advances under <u>consortium</u> and <u>multiple banking arrangements</u>. Give the list of accounts where such certificate/report is not obtained or not available on record.</p> <p>(In case, the branch is not the lead bank, copy of certificate/report should be obtained from lead bank for review and record)</p>	<p>funds on the basis of Audited B/L if DP not available, then please check last 2 audited B/L if there is DP not match with limit, audit can slip at that as sub standard</p> <p>Consortium - a lead bank and other follow lead bank.</p> <p>multiple - all are on equal platform.</p> <p>Please see Jottings and call discuss about loan nature and please mentioned is flow excel sheet</p>
(vi)	<p>Has the inspection or physical verification of securities charged to the bank been carried out by the branch as per the procedure laid down by the controlling authorities of the bank?</p>	<p>Pre inspection & Post Certificate is must at the time of sanction of any loan, please check inspection register maintains by Branch and please check some last reports on sample basis</p>

Comp

New point

In CC/OD - The Branch do periodically inspect the unit.

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	<p>← <u>New point</u> If you found that there is decrease trend's value of security mentioned immediately in that point valuation should be entered in system also</p>
<p>(vii) In respect of advances examined by you, have you come across cases of <u>deficiencies</u>, including in value of securities and inspection thereof or any other adverse features such as frequent/ unauthorized overdrawn beyond limits, <u>inadequate insurance coverage</u>, etc.?</p>	<p>: Please Run a Command to check whether all Insurance has been entered in system If you found some deficiency, please affix an annexure that in the following case, Insurance cover note is not entered in system and we are unable to verify all due to mismatching of files.</p>
<p>(viii) Whether the branch has any red-flagged account? If yes, whether any deviations were observed related to compliance of bank's policy related with Red Flag Accounts?</p>	<p>: - <u>New point</u></p>
<p>(ix) Comment on adverse features considered significant in <u>top 5 standard large advances</u> and which need management's attention.</p>	<p>: <u>New point</u> Been Jotting select 5 top standard advance scouting case fully and in depth.</p>
<p>(x) In respect of <u>leasing finance activities</u>, has the branch complied with the guidelines issued by the controlling authorities of the bank relating to security creation, <u>asset inspection</u>, <u>insurance</u>, etc.? Has the branch complied with the <u>accounting norms prescribed by the controlling authorities of the bank relating to such leasing activities?</u></p>	<p>: Generally, Branches not have leasing finance activities in large/ special Branch Check - Security creation Assets inspection Insurance.</p>

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(f)	Asset Classification, Provisioning of Advances and Resolution of Stressed Assets	
(i)	a) Has the branch identified and classified advances into standard / substandard / doubtful / loss assets through the computer system, without manual intervention?	without manual intervention is new point RBI want to stop manual intervention
	b) Is this identification & classification in line with the norms prescribed by the Reserve Bank of India.	if you found cases where classification is not proper, please mentioned herewith. Please also ensure if you mentioned here, MoC also be mentioned
	c) Whether the branch is following the system of classifying the account into SMA-0, SMA-1, and SMA-2. Whether the auditor disagrees with the branch classification of advances into standard (Including SMA-0, SMA-1, SMA-2) / sub-standard / doubtful / loss assets, the details of such advances with reasons should be given.	<u>New point</u> SMA-0 - SMA-1 - SMA-2 - Please attached list of such cases
	d) Also indicate whether required changes have been incorporated/ suggested in the Memorandum of Changes.	- MoC
	e) List the accounts (with outstanding in excess of Rs. 10.00 crore) which have either been downgraded or upgraded with regard to their classification as Non-Performing	<u>New point</u> Outstanding > Excess of 10 crores ↓ emp not sanction limit if any acc downgraded or upgraded during the year, please attached

List of such loan. Acc

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	Asset or Standard Asset during the year and the reason thereof.	
	f) Whether RBI guidelines on income recognition and provisioning have been followed.	Provision, Accrued Intt Interest of Standard Acc, Sub Standard Acc properly mentioned as per RBI guideline
(ii)	a) Whether the branch has reported accounts restructured or rephased during the year to Controlling Authority of the bank?	: <u>General point</u> take letter from Bank
	b) Whether the RBI Guidelines for restructuring on all such cases have been followed.	<u>New a CUP</u> Please go on Restructuring norms
	c) Whether the branch complies with the regulatory stance for resolution of <u>stressed assets</u> , including the compliance with board approved policies in this regard, <u>tracking/reporting of defaults for resolution purposes among others?</u>	<u>Stressed assets means</u>
(iii)	a) Whether the upgradations in non-performing advances is in line with the norms of Reserve Bank of India	: <u>New</u> upgradation is now Referring as per RBE
	b) Where the auditor disagrees with upgradation of accounts? If yes, give reasons thereof.	if Disagree, Please mentioned.
(iv)	Have you come across cases where the relevant Controlling Authority of the bank has authorized legal action for recovery of advances or recalling of	: Please take a Certificate mentioning the case lodged against Bank and Borrower

	advances, but no such action was taken by the branch? If so, give details of such cases.																						
(v)	<p>Whether there are any accounts wherein process under IBC is mandated but not initiated by the branch?</p> <p>Whether there are any borrowers at the branch against whom the process of IBC is initiated by any of the creditors including bank? If yes, provide the list of such accounts and comment on the adequacy of provision made thereto?</p>	: <u>TBC</u>																					
(vi)	<p>a) Have appropriate claims for credit guarantee (ECGC and others), if any, been duly lodged and settled?</p> <p>b) Give details of claims rejected? (As per the given table)</p> <p>c) Whether the rejection is appropriately considered while determining the provisioning requirements</p>	: <u>Imp</u>																					
		<table border="1"> <thead> <tr> <th>Particulars</th> <th>Number</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Claim at the beginning of the year</td> <td></td> <td></td> </tr> <tr> <td>Further claim lodged during the year</td> <td></td> <td></td> </tr> <tr> <td>Total A</td> <td></td> <td></td> </tr> <tr> <td>Amounts representing</td> <td></td> <td></td> </tr> <tr> <td>(i) Claims accepted/s settled</td> <td></td> <td></td> </tr> <tr> <td>(ii) Claims rejected</td> <td></td> <td></td> </tr> </tbody> </table>	Particulars	Number	Amount	Claim at the beginning of the year			Further claim lodged during the year			Total A			Amounts representing			(i) Claims accepted/s settled			(ii) Claims rejected		
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(ii) Claims rejected																							

Take list of New Case

Imp

Generally The Bank sanctioned the loan without complete proper compliance and after some times if that loan become NPA then ECGC and other reject the case and Bank will Book a loss so this is our duty to check whether documents of loan are proper and if there are some deficiencies. Please mentioned immediately

From :
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 VINAY NAVEEN & CO.

For: Vinay Mittal, Chartered Accountant, Member-201001
 No. 3, Sector-91, Gurgaon

			<table border="1"> <tr> <td>Total B</td> <td></td> <td></td> </tr> <tr> <td>Balance as at year end (A-B)</td> <td></td> <td></td> </tr> </table>	Total B			Balance as at year end (A-B)		
Total B									
Balance as at year end (A-B)									
(vii)	In respect of non-performing assets, has the branch obtained <u>valuation reports</u> from approved valuers for the immovables charged to the bank, once in <u>three years</u> , unless the circumstances warrant a shorter duration?	:	<u>Self explanatory</u>						
(viii)	In the cases examined by you, has the branch complied with the <u>Recovery Policy</u> prescribed by the <u>controlling authorities of the bank with respect to compromise/settlement and write-off cases</u> ? Details of the cases of <u>compromise/settlement and write-off cases involving write-offs/waivers in excess of Rs. 50.00 lakhs</u> may be given.	:	<u>Self explanatory</u>						
(ix)	Is the branch prompt in ensuring execution of <u>decrees</u> obtained for <u>recovery from the defaulting borrowers</u> ? Give <u>Age-wise</u> analysis of decrees obtained and pending execution.	:	<u>Age wise list of decrees</u>						
(x)	Whether in the cases concluded the recoveries have been properly appropriated against the principal / interest as per the policy of the bank?	:	<u>Recovery Related</u> In case of NPA, legal action has been properly taken if not please mention here.						
(xi)	In cases where documents are held at <u>centralized processing centres / office</u> , whether the auditor has received the	:	<u>New point</u> Auditor can check the loan documents kept at CPC, the bank can not denied. If denial reported here.						

If denial reported here.

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	relevant documents as asked by them on test check basis and satisfied themselves. Report the exceptions, if any													
(xii)	List the major deficiencies in credit review, monitoring and supervision.	: all other irregularities not Disclose above, mentioned here.												
(g)	Non-Fund Based facilities	← <u>New point</u>												
(i)	List of borrowers with details of LCs devolved or guarantees <u>invoked</u> during the year. Self explanatory Depute a staff to collect that data	: maximum fraud happened in non fund facilities <table border="1"> <thead> <tr> <th>Sr. No.</th> <th>Invocation Date</th> <th>Party Name</th> <th>Beneficiary Name</th> <th>Amount</th> <th>Recovery Date</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	Sr. No.	Invocation Date	Party Name	Beneficiary Name	Amount	Recovery Date						
Sr. No.	Invocation Date	Party Name	Beneficiary Name	Amount	Recovery Date									
(ii)	List of borrowers where the LCs have been devolved or guarantees have been <u>invoked but not paid</u> with amount thereof. Self explanatory List attached, Depute a staff to collect that data	: <table border="1"> <thead> <tr> <th>Sr. No.</th> <th>Invocation Date</th> <th>Party Name</th> <th>Beneficiary Name</th> <th>Amount</th> <th>Reason for non Payment</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	Sr. No.	Invocation Date	Party Name	Beneficiary Name	Amount	Reason for non Payment						
Sr. No.	Invocation Date	Party Name	Beneficiary Name	Amount	Reason for non Payment									
(iii)	List of instances where <u>interchangeability</u> between fund based and non-fund-based facilities was allowed subsequent to devolvement of LC / invocation of BG.	: <u>Imp</u> Generally, you were not found such case, if found please Report												
6.	Other Assets													
(a)	Suspense Accounts/Sundry Assets													

From :
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(i)	Does the system of the bank ensure expeditious clearance of items debited to <u>Suspense Account</u> ? Details of outstanding entries in excess of <u>90 days</u> may be obtained from the branch and the reasons for delay in adjusting the entries may be ascertained. Does your scrutiny of the accounts under various sub-heads reveal balances, which in your opinion are not recoverable and would require a provision/write-off? If so, give details.	: <u>Suspense Acc very very important</u> Generally all misappropriations happened through Suspense Acc. Please take Suspense Acc and discuss with Branch manager. I have opinion that SR. Person discuss this matter.
(ii)	Does your test check indicate any <u>unusual items in these accounts</u> ? If so, report their nature and the amounts involved. Are there any intangible items under this head e.g. losses not provided / pending investigation?	: <u>Unusual Items found then report immediately.</u>

II. LIABILITIES

1.	Deposits	
(a)	Does the bank have a system of identification of <u>dormant/ inoperative accounts</u> and internal controls with regard to operations in such accounts? In the cases examined by you, have you come across instances where the guidelines laid down in this regard have not been followed? If yes, give details thereof.	: <u>Take list of dormant/inoperative Acc.</u> Please check that whether the Branch is not allowing operation in dormant/inoperative Acc.
(b)	After the balance sheet date and till the date of audit, whether there have been any unusual large movements (whether	: <u>Camp</u> Please take copy Book 3-4 days before and after 6/03/2021 and check carefully.

Please identify unjustified movement in that days '6
 you found. Immediately reported here.

	increase or decrease) in the aggregate deposits held at the year-end? If so, obtain the clarifications from the branch and give your comments thereon.									
(c)	Whether the scheme of automatic renewal of deposits applies to <u>FCNR(B) deposits</u> ? Where such deposits have been renewed, report whether the branch has satisfied itself as to the 'non-resident status' of the depositor and whether the renewal is made as per the applicable regulatory guidelines and the original receipts / soft copy have been dispatched.	: <u>Auto Renewal</u> Please take document of loan against own deposit and check whether FDR are matured during the year auto renew or not, is not renew check interest rate in system if you found any deficiency calculate revenue leakage and report here.								
(d)	Is the branch complying with the regulations on <u>minimum balance requirement</u> and levy of charges on non-maintenance of minimum balance in individual savings accounts?	: <u>Report taken</u>								
2.	Other Liabilities - Bills Payable, Sundry Deposits, etc.	<u>Emp.</u>								
(a)	The number of items and the aggregate amount of <u>old outstanding items</u> pending for <u>one years or more</u> be obtained from the branch and reported under appropriate heads. Give details thereof.	: <table border="1" data-bbox="877 1478 1412 1612"> <thead> <tr> <th>Year</th> <th>Number of Items</th> <th>Amounts</th> <th>Remarks</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	Year	Number of Items	Amounts	Remarks				
Year	Number of Items	Amounts	Remarks							
(b)	Does your test check indicate any <u>unusual items</u> or material withdrawals or debits in these accounts? If so, give details thereof.	:								

Self explanatory

Self explanatory

3.	Contingent Liabilities	TDS Defaults of the Branch
	List of major items of the contingent liabilities (other than constituent's liabilities such as guarantees, letter of credit, acceptances, endorsements, etc.) not acknowledged by the branch?	- Severe Tax Defaults is applicable on Branch - Any other Contingency liabilities

III. PROFIT AND LOSS ACCOUNT

In large A/c please check Interest Rate and Panel Interest

(a)	Has the test checking of interest/discount/ commission/ fees etc. revealed excess/short credit of a material amount? If so, give details thereof.	- Revenue leakage - Jotting check Interest rate at a glance - <u>Imp.</u> - Processing charges - Renewal charge
(b)	Has the branch complied with the Income Recognition norms prescribed by R.B.I.? (The Auditor may refer to the instructions of the controlling authorities of the bank regarding charging of interest on non-performing assets).	- Documentation charge - Inspection charge - Minimum Balance charge - Expensive charge - Locker charge etc. - Panel Interest please check whether any flag not mentioned in system to have borrower
(c)	Has the test check of interest on deposits revealed any excess/short debit of material amount? If so, give details thereof.	Self explanatory
(d)	Does the bank have a system of estimating and providing interest accrued on overdue/matured/ unpaid/ unclaimed term deposits including in respect of deceased depositors?	Check whether auto calculation of interest accrued on overdue - - - - - Scrutiny
(e)	Are there any divergent trends in major items of income and expenditure, in comparison with corresponding previous year, which are not	Compare P/L with last year figures.

Self explanatory

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satisfactorily explained by the branch? If so, the same may be reported.	
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IV. GENERAL

1.	GOLD/ BULLION / SECURITY ITEMS	<p><u>New</u></p>
(a)	Does the system ensure that <u>gold/bullion</u> is in effective <u>joint custody</u> of two or more <u>officials</u> , as per the instructions of the controlling authorities of the bank?	<p>: <u>check</u> Physical verification <u>cash</u> <u>Token</u> if available <u>Securities</u>, <u>D.D.</u>, <u>Cheques</u> etc. <u>Gold/Bullion</u>.</p>
(b)	Does the branch maintain adequate records for <u>receipt, issues and balances</u> of <u>gold/bullion</u> and <u>updated regularly</u> ? Does the <u>periodic verification</u> reveal any <u>excess/shortage</u> of stocks as compared to book records and if any discrepancies observed have been promptly reported to controlling authorities of the bank?	<p>: <u>The Branch should maintain a register for that.</u> <u>Call inspection report</u> from <u>Bank offices</u></p>
(c)	Does the system of the Bank ensure adequate internal control over issue and custody of security items (Term Deposit Receipts, Drafts, Pay Orders, Cheque Books, Traveller's Cheques, Gift Cheques, etc.)? Whether the system is being followed by the branch? Have you come across cases of missing/lost items?	<p>: <u>Security documents</u> <u>Check carefully</u> whether <u>properly maintained</u> or not, issued <u>serialwise</u>, <u>cutting</u> is not allow, if any <u>modification</u> found <u>login</u> of <u>proper officer</u> should be done.</p>
2.	Books and Records	
(a)	Whether there are any <u>software / systems</u> (manual or otherwise) used at the branch which are not integrated with the CBS? If yes, give details thereof.	<p>: <u>Generally all are Computerised</u> <u>if not CBS</u>, please mentioned <u>here</u></p>

Call Report
DB DB
CS
Audit

(b)	<p>i) In case the branch has been subjected to IS Audit whether there are any adverse features reported and have a direct or indirect bearing on the branch accounts and are pending compliance? If yes give details.</p>	<p>Self Explanatory</p>
	<p>ii) Whether branch is generating, and verifying <u>exception reports</u> at the periodicity as prescribed by the bank</p>	<p>N.V. CMP take Exceptional report and seen carefully.</p>
	<p>iii) Whether the system of bank warrants expeditious compliance of <u>daily exception reports</u> and whether there are any major observations pending such compliance at the year end.</p>	<p>Self Explanatory</p>
	<p>iv) Whether the bank has laid down procedures for manual intervention to system generated data and proper authentication of the related transactions arising there from along with proper audit trail of <u>manual intervention has been obtained.</u></p>	<p>Call Audit Trail in case manual intervention to system generated data</p>
	<p>v) Furnish your comments on data integrity (including data entry, checking <u>correctness/integrity of data, no back ended strategies etc.</u>) which is used for <u>MIS at HO / CO level.</u></p>	<p>CA Creator and checker applicable</p>
3.	<p>Inter-Branch Accounts</p>	<p>old point</p>
	<p>Does the branch expeditiously comply with/respond to the communications from the designated cell/Head Office as regards unmatched transactions? As at the year-end are there any un-</p>	<p>Self explanatory</p>

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	<p>responded/un-complied queries or communications beyond 7 days? If so, give details?</p>	
<p>4.</p>	<p>Frauds</p>	<p><u>V.V. CMP</u> <u>News</u></p>
	<p>Furnish particulars of:</p> <p>(i) Frauds detected/classified but confirmation of reporting to RBI not available on record at branch.</p> <p>(ii) Whether any suspected or likely fraud cases are reported by branch to higher office during the year? If yes, provide the details thereof related to status of investigation.</p>	<p>: Call a Certificate from Branch head that no fraud has been happened during the year. taken list of fraud happened in past and discuss current situation of that and report them</p> <p><u>Self explanatory</u></p>
	<p>(iii) In respect of fraud, based on your overall observation, please provide your comments on the <u>potential risk areas</u> which might lead to perpetuation of fraud (e.g. <u>falsification of accounts/false representation by the borrower; misappropriation of funds especially through related party/shell company transactions; forgery and fabrication of financial documents like invoices, debtor lists, stock statements, trade credit documents, shipping bills, work orders and encumbrance certificates and avail credit; Use of current accounts outside consortium where Trust and Retention Account (TRA) is maintained, to divert funds; List</u></p>	<p>: <u>V.V. CMP</u> <u>New point</u></p> <ul style="list-style-type: none"> - potential risk areas falsification of accounts/ false representation by the Borrower - Example list debits - Stock statement not matching with audited Bk - turnover not match with limit availed - Units does not exist - KYC not properly done - Transaction with sister/ associates concern to increase DR/CR in system - etc

is Auditor fraud Report immediately

Very wide range given to Auditor to stop fraud

	<p>of Debtors/ Creditors were being fabricated and receivables were not followed up/ write off of debt of related parties; Fake export/shipping bill, etc.; Over statement of invoice amounts, stock statements, shipping bills, turnover; fly by night operations -including the cases where vendors, related/ associate parties, manufacturing units etc. aren't available on the registered addresses; Round Tripping of funds, etc.)</p>	<p>1575</p> <p style="text-align: center;">←</p>
	<p>(iv) Whether the system of <u>Early Warning Framework</u> is working effectively and, as required, the <u>early warning signals form the basis for classifying an account as RFA.</u></p>	<p><u>Self Explanatory</u></p>
<p>5. Implementation of KYCAML guidelines</p>		
	<p>Whether the branch has adequate systems and processes, as required, to ensure adherence to KYC/AML guidelines towards prevention of money laundering and terrorist financing</p>	<p>: KYC/AML are entering in system at the time of sanction any loan. Checkup of genuineship of KYC/AML Generally, Asset liability management</p>
	<p>Whether the branch followed the KYC/AML guidelines based on the test check carried out by the branch auditors</p>	<p>: However is not attached proof of net worth Report that immediately</p>
<p>6. Management Information System</p>		
<p>(a) Whether the branch has the proper systems and procedures to ensure data</p>		

From :
 CA VINAY KITTAL
 Chartered Accountant
 13/10/2017
 10:00:00
 1001
 1575

	<p>integrity relating to all data inputs which are to be used for <u>MIS</u> at corporate office level and for <u>supervisory reporting</u> purposes. Have you come across any instances where data integrity was compromised?</p>	<p><u>Self Explanatory</u></p>
7.	Miscellaneous	
(a)	<p>In framing your audit report/LFAR, have you considered the major adverse comments arising out of the latest reports such as:</p> <ul style="list-style-type: none"> i) Previous year's Branch Audit Report / LFAR; ii) Internal audit/ Snap Audit/ concurrent audit report(s); iii) Credit Audit Report; iv) Stock audit Report; v) RBI Inspection Report, if such inspection took place; vi) Income and Expenditure (Revenue) Audit; vii) IS/IT/Computer/Systems Audit; and viii) Any special inspection / investigation report? 	<p>taken and compliance letters compliances has been done or not in some cases, MoC of last year not passed in system</p>
(b)	<p>Are there any other matters, which you, as branch auditor, would like to bring to the notice of the management or the Statutory Central Auditors?</p>	<p>All other suggestion matters, which are not covered above.</p>

taken in the beginning

FIRST QUARTERLY REPORT
OF THE
RESERVE BANK OF INDIA
FOR THE
QUARTER ENDED
31st MARCH 2011

Additional Questionnaire Applicable to Specialised Branches

A. For Branches dealing in Foreign Exchange Transactions

1. Are there any material adverse features pointed out in the reports of concurrent auditors, internal auditors and/ or the Reserve Bank of India's inspection report which continue to persist in relation to NRE/ NRO/ FCNR-B/ EEFC/ RFC and other similar deposits accounts. If so, furnish the particulars of such adverse features.
2. Whether the branch has followed the instructions and guidelines of the controlling authorities of the bank with regard to the following in relation to the foreign exchange and, if not, state the irregularities.
 - (a) deposits
 - (b) advances
 - (c) export bills
 - (d) bills for collection
 - (e) dealing room operations (where a branch has one)
 - (f) any other area

3. NOSTRO Accounts

Obtain from the branch management, a list of all NOSTRO Accounts maintained/ operated by the branch.

- (a) Whether the bank has a system of periodic confirmation/ reconciliation of the balances in NOSTRO accounts maintained with each overseas bank/ correspondent? Has such confirmation been received and account reconciled at year end in each case. If not, give details.
- (b) Whether the system of the bank ensures that all entries originated by overseas banks/correspondents, have been duly responded promptly in the respective NOSTRO accounts maintained by the bank?
- (c) Are there any dormant/closed NOSTRO accounts in respect of which balances continue to exist in the books of the branch, at year end?
- (d) Have the NOSTRO balances been converted at year end at the rates of exchange as prescribed by controlling authorities?
- (e) In case, any matter deserves special attention of the management, the same may be reported