

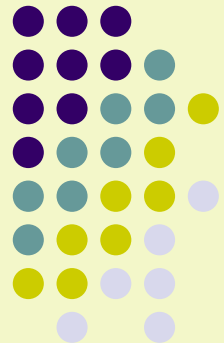
# CONCURRENT AUDIT OF BANKS

VIRTUAL MEETING OF  
KOTTAYAM, ALAPPUZHA, KOLLAM,  
PALAKKAD, KANNUR, TRICHUR,  
TRIVANDRUM OF SIRC

On 24<sup>TH</sup> NOV 2021

By

**A. MONY FCA DISA**



## Object of Concurrent Audit...

- concurrent audit is an examination, which is contemporary to the occurrence of transaction or is carried out as near to it as possible. Thus concurrent audit is a regular process that has to be carried out round the year at a branch on an on going basis. Concurrent audit is an independent appraisal activity conceived as a systematic examination of all financial transactions at a branch to ensure accuracy and compliance of internal systems and procedures as laid down by the bank. It aims at minimizing the incidence of serious errors and fraudulent manipulations.
- Every function of the bank related to the branch under audit is covered in the concurrent audit.





# MACRO ANALYSIS.

- **Audit to 50% Of Total Exposure**  
Covering
- **Exceptional Branches**
- **Very Large Branches**
- **Specialised Branches**
- **Branches with poor rating**
- **Other branches decided by management**
- **Scope to be decided by Individual Banks.**
- **Report Format designed/structured**



# CLASSIFICATIONS

- **Revenue Audit**
- **Stock and Debtors Audit**
- **Depository Participants Audit**
- **Computer System Audit**
- **System Audit**
- **RBIA Platform**



## **CENTRALISED ACTIVITIES**

- **KYC & ACCOUNT OPENING**
- **LOAN PROCESSING**
- **INTEREST APPLICATION**
- **BASE RATE SETTING**
- **A1 , A2 REPORTING OF FOREIGN EXCHANGE TRANSACTIONS**
- **XOS STATEMENT TO RBI**
- **CLEARING OPERATIONS UNDER CTS**

## **EMERGENCE OF TECH & OTHER VERTICALS**



- ▣ **ATMS**
- ▣ **DEBIT CARD/ CREDIT CARDS**
- ▣ **REVERSE MORTGAGE**
- ▣ **INTERNET/MOBILE BANKING**
- ▣ **APPLICATION BASED LOAN APPRAISAL.**
- ▣ **OUTSOURCING OF FUNCTIONS.**
- ▣ **CENTRALISED CLEARING**
- ▣ **RACPC, ARM, RASMAC**



# **LATEST DEVELOPMENTS**

- **COVID REGULATORY PACKAGE**
- **RESTRUCTURING OF LOANS**
- **GECL LOANS.**
- **BUSINESS VERTICAL CONCEPT**
- **MERGER AND MIGRATRION OF BANKS**
- **PHYSICAL CASH MANAGEMENT**
- **RISK PROFILING OF ACCOUNTS**

## **FADED OUT BUSINESS & TRANSACTIONS**



- **DIVIDEND INTEREST WARRANT**
- **INWARD BILLS FOR COLLECTION**
- **DOMESTIC DISCOUNTING OF BILLS**
- **SAFE KEEPING SERVICES**
- **CLEARING OPERATIONS**
- **CHEQUE DISCOUNTING**
- **PHYSICAL INTER BRANCH VOUCHERS**



# AREAS TO BE COVERED

- CASH
- DEPOSITS
- ADVANCES
- HOUSE KEEPING
- REPORTING
- ALLIED ACTIVITIES
- LEGAL COMPLIANCE
- FOREIGN EXCHANGE TRANSACTIONS



## PHYSICAL VERIFICATION

- ▣ CASH AT BRANCH
- ▣ CASH AT ATM
- ▣ CASH WITH ATM REPLENISHER
- ▣ STATIONARY
- ▣ FURNITURE
- ▣ SECURITIES
- ▣ GOLD / BULLION ON HAND
- ▣ GOLD PLEDGED UNDER GOLD LOAN



## **SPECIALISED BRANCHES**

- ▣ **OVERSEAS/NRI**
- ▣ **SSI**
- ▣ **IFB**
- ▣ **ARM**
- ▣ **RACPC**
- ▣ **RASMAC**
- ▣ **RFC**
- ▣ **CAPS**



## **SENSITIVE AREAS**

- ▣ **SUSPENSE ACCOUNT**
- ▣ **CLEARING ACCOUNT**
- ▣ **ROUTING ACCOUNTS**
- ▣ **INTER BRANCH ITEMS**
- ▣ **TRANSFER SCROLL**
- ▣ **RTGS/NEFT SUSPENSE**
- ▣ **CREDIT CARD TRANSACTIONS**
- ▣ **DORMANT ACCOUNTS**



# **SENSITIVE ACCOUNTS**

- **GROUP WITH LARGE EXPOSURES**
- **BORROWER ENJOYING MULTIPLE FACILITIES**
- **SHARING AND EXTENTION OF COLLATERAL TO MANY LOANS**
- **COMPANY CUSTOMERS**
- **TRUST/POLITICAL PARTY ACCOUNTS**
- **LOANS TO CO-OPERATIVE BANKS**
- **STAFF LOANS OF BIG CORPOPORATES**



## **BRANCH PROFILE**

- ▣ **DEPOSIT INCLUDING CASA**
- ▣ **ADVANCES INCLUDING PRIORITY**
- ▣ **BUDGET Vs ACTUAL FIGURES**
- ▣ **SPURT IN ADVANCES / DEPOSITS**
- ▣ **SPURT IN NUMBER OF ACCOUNTS**
- ▣ **PREVIOUS AUDIT REPORTS COMPLIANCE**
- ▣ **STATUS / RATING OF BRANCH**



## **ROUTINE MATTERS**

- ▣ **GENERATION OF PRINT OUTS**
- ▣ **VOUCHERS PASSED AND GENERATED**
- ▣ **CASH TRANSACTIONS ABOVE Rs 10 LAKHS**
- ▣ **KYC / AML**
- ▣ **TRANSFER SCROLL**
- ▣ **CERSAI REGISTRATION**
- ▣ **SMA REPORTS**



## **COMPUTERISED ENVIRONMENT**

- ▣ **GENERATION OF ROUTINE REPORTS**
- ▣ **MASTER OF MAIN LOAN ACCOUNT**
- ▣ **EXCEPTION REPORTS**
- ▣ **INTEREST FAILURE REPORT**
- ▣ **TOD / TAL**
- ▣ **DEBIT BALANCE IN SB / CA**
- ▣ **LOAN OVERDUE REPORT**
- ▣ **MASTER MODIFICATIONS**





# **ADVANCE ACCOUNTS**

- ▣ **NEW LOAN ACCOUNTS**
- ▣ **REVIEWED LOAN ACCOUNTS**
- ▣ **LARGE ADVANCES**
- ▣ **COMPANY BORROWINGS**
- ▣ **POTENTIAL NPA'S**
- ▣ **RECOVERY MECHANISM**
- ▣ **EXPORT ADVANCES**
- ▣ **DEBIT BALANCE IN SB / CA**
- ▣ **NPA MOVEMENT**
- ▣ **NFB EXPOSURES OF POTENTIAL NPAs/NPAs**



# **VALUE ADDITIONS by CONCURRENT AUDITOR**

- **ANALYSIS OF FINANCIAL STATEMENTS**
- **ANNUAL REPORTS AND NOTES**
- **MCA/ROC/COMPANY LAW MATTERS**
- **GST/IT VERIFICATION**
- **LOAN APPRAISAL**
- **SECURITY EVALUATION.**
- **HOUSE KEEPING AND SECURITY**
- **SYSTEM SECURITY ISSUES.**



# DECRETION POWERS

- ▣ **TOD / TAL**
- ▣ **PURCHASE OF CHEQUES**
- ▣ **PURCHASE OF BILLS**
- ▣ **ISSUE BG**
- ▣ **ADHOC LIMITS**
- ▣ **SHORT REVIEW**



# DOCUMENTATION

- ▣ **DEFECTS / INSUFFICIENCY**
- ▣ **BANK HO INSTRUCTIONS**
- ▣ **SCHEME SPECIFIC DOCUMENTATION**
- ▣ **DUE DATE DIARY**
- ▣ **INSURANCE REGISTER**
- ▣ **MOVEMENT PASS BOOK**
- ▣ **DP REGISTER**
- ▣ **STOCK STATEMENT REGISTER**



## **NON FUND EXPOSURE**

- ▣ **BG**
- ▣ **LC**
- ▣ **COLLECTION CHEQUE'S**
- ▣ **COLLECTION BILLS**
- ▣ **LETTER OF COMFORT**



## **REVENUE ITEMS**

- ▣ **PROFIT AND LOSS ABSTRACT**
- ▣ **INTEREST MASTER**
- ▣ **CHARGES AND COMMISSION**
- ▣ **DEBIT TO INCOME LEDGER**
- ▣ **PENAL INTEREST CHARGING AND REVERSAL**
- ▣ **INTEREST ON PRECLOSURE OF DEPOSITS.**

# ALLIED BUSINESS



- ▣ PUBLIC PROVIDENT FUND.
- ▣ SENIOR CITIZEN SAVINGS SCHEME.
- ▣ INCOME TAX COLLECTION.
- ▣ GOVERNMENT PENSIONS.
- ▣ MINISTRY ACCOUNTS.
- ▣ CURRENCY CHEST.
- ▣ ADMINISTRATIVE OFFICE ACCOUNTS

# STATUTORY COMPLIANCE



- ▣ INCOME TAX.
- ▣ GST.
- ▣ CORPORATION TAX.
- ▣ TDS ON DEPOSITS.

# STATUTORY & MIS RETURNS



- ▣ **RBI, HO, NODAL OFFICES**
- ▣ **RECONCILIATION OF FIGURES**
- ▣ **TIMELY SUBMISSION**
- ▣ **CERTIFICATION OF RETURNS**
- ▣ **QUARTERLY REVIEW**

## WORKING PAPERS



- ▣ **PERMANENT FILE**
- ▣ **CURRENT FILE**
- ▣ **GLB**
- ▣ **EXCEPTION REPORT**
- ▣ **DISCUSSION NOTE**
- ▣ **SENSITIVE ACCOUNT NOTE**
- ▣ **CHECK LIST**



# HITCHES

- ❑ IMPRACTICAL OPINIONS.
- ❑ MAIN/OTHER CERTIFICATES.
- ❑ HOST OF CERTIFICATION.
- ❑ OTHER ALLIED AUDIT.
- ❑ REPORTING.

A close-up photograph of a hand holding a black pen, poised to sign or check a document. The document features a checklist with a square box containing a checkmark. The background is a soft, out-of-focus light color.

*Thank You*

**By** A. MONY FCA DISA