Bank Branch Audit Program / Illustrative Checklist Time & Manpower planning

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| Sr. No. | Name of the person | Designation & Qualifications | Estimated time for work | Initials of the Person |
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Audit Program

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| Sr. No. |  | Area of Work | Person responsible at the Branch for that area | Done by  whom | Date |
| A | General - Pre Audit Work | | | | |
|  | 1 | Review of Latest available inspection reports of Internal/Concurrent/RBI/Statutory Auditors and compliance thereof |  |  |  |
|  | 2 | Review of Closing Circular issued by Head Office |  |  |  |
|  | 3 | Study of Significant accounting policies of the Bank & computer system |  |  |  |
|  | 4 | Study of Business mix of the Branch & determination of the sample size and percentage of checking in each area |  |  |  |
|  | 5 | Compliance of Mandatory Accounting Standards / Auditing Standards and RBI circulars |  |  |  |
|  | 6 | Intimation in writing whether given to the Branch Manager regarding requirements for audit and documents to be kept ready for audit |  | , |  |
| B | Physical Verification | | | | |
|  | 1 | Physical verification of Cash (in branch and in ATM), Adhesive stamp documents and postage and cross verification of the same with GL balances. |  |  |  |
|  | 2 | Physical verification of Investments. (if lodged at Branch) |  |  |  |
|  | 3 | Physical verification of valuable stationery like cheque books, Demand Drafts, Pay -Orders etc. |  |  |  |
| C | Verification of Returns and Reconciliation | | | | |
|  | 1 | Verification of returns submitted to RBI / HO / ZO ( Monthly/ Quarterly / Half Yearly / Yearly ) |  |  |  |
|  | 2 | Verification of Annual Closing Returns |  |  |  |
|  | 3 | Verification of HO / Branches / Other Banks  Reconciliation, Branch Adjustment Account, Suspense account etc. |  |  |  |
|  | 4 | Verification of Statement of Fraud |  |  |  |
|  | 5 | Verification of NOSTRO reconciliation |  |  |  |

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| Sr. No. |  | Area of Work | Person  responsible at the Branch for that area | Done by  whom | Date |
| D | Verification of Balances | | | | |
|  | 1 | Checking of opening balances in GL with previous year audited Balance Sheet and Profit & Loss Account |  |  |  |
|  | 2 | Cross Verification of Trial Balance, Profit & Loss Account and Balance Sheet figures as on 31' March with GL figures |  |  |  |
| E | Balance Sheet | | | | |
|  | 1 | Advances |  |  |  |
|  |  | 100 % coverage of advances in respect of which outstanding amount is in excess of 5% of the aggregate advances of the branch or Rs. 2 crores whichever is less |  |  |  |
|  |  | 1. Credit Appraisal |  |  |  |
|  |  | 1. Sanctioning and Disbursement |  |  |  |
|  |  | 1. Documentation - Pre-sanction & Post Sanction |  |  |  |
|  |  | 1. Monitoring/ Review/ Supervision by the Branch |  |  |  |
|  |  | 1. Submission of financial statements |  |  |  |
|  |  | 1. Submission of I.T. Returns |  |  |  |
|  |  | 1. Timely submission of stock statements |  |  |  |
|  |  | 1. 4.Calculation of Drawing Power |  |  |  |
|  |  | 1. Inspection of Godowns |  |  |  |
|  |  | 1. Operations in the account - overdue/ sticky accounts / diversion of funds/ cheques duly honoured/ limit not exceeded frequently |  |  |  |
|  |  | 1. Renewal of documents due |  |  |  |
|  |  | 1. Penal interest for default |  |  |  |
|  |  | 1. Insurance coverage |  |  |  |
|  |  | 1. Registration and Mortgage of property |  |  |  |
|  |  | 1. Verification of data in CBS |  |  |  |
|  | 2 | Analysis of entries outstanding in suspense Account, Sundry Debtors, Sundry Creditors |  |  |  |
|  | 3 | 1. Verification of assets classified as NPA. 2. Verification of Upgraded Accounts earlier classified as NPA |  |  |  |
|  | 4 | Review of suit filed accounts / Decreed accounts & their follow - up |  |  |  |
|  | 5 | Checking of additions, deductions, transfer of fixed assets with relevant supporting |  |  |  |
|  | 6 | Verify that all balances are shown under proper heads |  |  |  |

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| Sr. No. |  | Area of Work | Person  responsible at the Branch for that area | Done by whom | Date |
|  | 7 | Verify that credit balances in OD, CC, inoperative current accounts are not netted off with advances and are shown separately under demand deposits |  |  |  |
|  |  | Verify that Interest accrued but not due on loans is not included in advances |  |  |  |
|  | 9 | Deposits |  |  |  |
|  |  | 1. After the Balance Sheet date & till the date of audit whether there have been any unusual large movements in the aggregate deposits held at the year end |  |  |  |
|  |  | 1. Verification of Staff Accounts |  |  |  |
|  |  | 1. Check that guidelines issued by RBI for in­operative & dormant accounts are strictly followed |  |  |  |
|  |  | 1. Verify that overdue, matured time deposits are shown in demand deposits |  |  |  |
|  |  | 1. Verify that interest accrued but not due is not included in deposits but shown under other liabilities |  |  |  |
|  | 10 | Analysis of entries outstanding in Bills Payable/ Sundry Deposits etc. |  |  |  |
|  | 11 | Obtain list of contingent liabilities not acknowledged as debts by the branch. Check for correct reporting. |  |  |  |
| F | Profit & Loss Account | | | | |
|  | 1 | Verification of provision of interest on standard , substandard, doubtful & loss assets and appropriate accounting treatment thereof |  |  |  |
|  | 2 | Checking of proper classification of revenue and expenditure items |  |  |  |
|  | 3 | Ratio Analysis and comparison with previous year figures |  |  |  |
|  | 4 | Verify whether there is any divergent trend in major items of income & expenditure and analysis of reasons thereof |  |  |  |
|  | 5 | Test checking of interest on deposits and advances |  |  |  |
|  | 6 | Test checking of commission and discount on bills etc. |  |  |  |
|  | 7 | Verification of accounts of major heads of income & expenditure Verification of provisions for prepaid and outstanding income & expenditure |  |  |  |
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|  | 9 | Verification of locker rent received and due and provision thereof |  |  |  |

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|  | 10 | Verification of provision for depreciation on fixed assets |  |  |  |
|  | 11 | Checking of prior period expenses and income and provisioning thereof |  |  |  |
|  | 12 | Checking of provisions for ECGC/ DICGC claims |  |  |  |
| G | LFAR | | | | |
|  | 1 | Checking of items as per LFAR checklist |  |  |  |
|  | 2 | Preparation of annexures to LFAR |  |  |  |
|  | 3 | Preparation of LFAR |  |  |  |
|  | 4 | Special emphasis on restructured accounts / NPAs |  |  |  |
| H | Tax Audit Report | | | | |
|  | 1 | Check the followings in detail- |  |  |  |
|  |  | 1. Payments made to clubs |  |  |  |
|  |  | 1. Details of revenue expenditure capitalised |  |  |  |
|  |  | 1. Whether TDS has been remitted before the due date |  |  |  |
|  |  | 1. Particulars of Income and Expenditure of earlier years debited / credited to Profit & Loss Account which are of material nature |  |  |  |
|  |  | 1. Verify whether any repayment of deposits have been made in violation of section 269 T of the Income Tax Act 1961. |  |  |  |
|  | 2 | Checking of Tax Audit Schedules |  |  |  |
|  | 3 | Preparation of Tax Audit Report |  |  |  |
| I | Verification of Checklist of Jilani Committee Recommendations | | | | |
|  |  |  |  |  |  |
| J | Verification of Checklist of Ghosh Committee Recommendations | | | | |
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| K | Collection of following certificates and statements from Branch | | | | |
|  | 1 | Physical verification of cash |  |  |  |
|  | 2 | Physical verification of Adhesive Stamp Documents, Postage, Security etc. |  |  |  |
|  | 3 | Physical verification of Investments |  |  |  |
|  | 4 | Physical verification of Fixed Assets carried out by Branch |  |  |  |
|  | 5 | NPA Statement, Profit & Loss Account, Balance Sheet, Trial Balance certified by Branch Manager |  |  |  |
|  | 6 | Management Representation Letter |  |  |  |
|  | 7 | Certificate from Branch Manager for attendance of Audit |  |  |  |

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| L | Issue of Certificates | | | | |
|  | 1 | Certificate for Review of Loan Portfolio |  |  |  |
|  | 2 | Certificate relating to recoveries in claim paid accounts under small loan Guarantee Scheme 1971 and Small Loan (SSI) Guarantee Scheme, 1981 |  |  |  |
|  | 3 | Certificate in respect of subsidy utilised under the scheme Prime Minister's Rojgar Yojana (PMRY) and correctness of claim made |  |  |  |
|  | 4 | Certificate regarding the implementation of Jilani & Ghosh Committee recommendations |  |  |  |
|  | 5 | Certificate regarding possession of investment documents on behalf of Head Office |  |  |  |
|  | 6 | Certificate for DICGC Claim |  |  |  |
|  | 7 | Movement of NPAs |  |  |  |
|  | 8 | Certificate of BASEL-II, if any |  |  |  |
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|  | 8 | Advances to sensitive sectors |  |  |  |
| M | Finalisation | | | | |
|  | 1 | Preparation of Draft of the following- |  |  |  |
|  | 1 | 1. Audit Report |  |  |  |
|  |  | 1. LFAR & Annexures |  |  |  |
|  |  | 1. Tax Audit Report |  |  |  |
|  |  | 1. Jilani Committee Recommendations |  |  |  |
|  |  | 1. Ghosh Committee Recommendations |  |  |  |
|  |  | 1. Memorandum of Changes |  |  |  |
|  | 2 | Discussion of Draft Report with Branch Manager |  |  |  |
|  | 3 | Preparation of Final Report |  |  |  |
|  | 4 | Submission of Final Report along with Copies of Signed Balance Sheet, Profit & Loss Account and certificates. |  |  |  |
| N | Review of work done by Audit Team | | | | |
|  | 1 | Senior |  |  |  |
|  | 2 | Junior |  |  |  |
|  | 3 | Articled Clerks |  |  |  |
|  | 4 | Employee |  |  |  |