

# AUDIT REPORT & CERTIFICATES

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# Audit Reports & Certificates

- Deliverables by branch auditor includes –
  - The Audit Report as prescribed by the Banking Regulation Act
  - Long Form Audit Report (LFAR)
  - Tax Audit Report
  - Memorandum of Changes (MOC), if any.
  - Certificates as prescribed by the Appointment Letter

# Certificates

- ❑ Quality of the Audit Report, Financial Statements and Certificates issued by the CSAs depend on the quality of the same issued by the Bank Branch Auditors
- ❑ Branch Auditors to perform their duties and responsibilities with utmost skill, knowledge and expertise and with due diligence

# Certificates

- ❑ Compare the details provided in the various certificates with those of the immediately preceding year – For significant changes and/or inconsistencies
- ❑ State extent and manner of checking, limitations, disclaimers etc.
- ❑ For certificates not applicable to the branch – issue 'NIL' certificates for CSA to keep count

# Certificate on DICGC Claims

- Claims lodged, Claims received and remittance of proportionate recovery to DICGC
- Year-wise break-up of outstanding claims to determine recoverability
- Correspondence with DICGC for reduction or rejection of claim



# Certificate on PMRY Subsidy

- Refer Circular of the Bank on Prime Minister Rojgar Yojana
- Understand eligibility of borrower
- Refer claims filed
- Check credit of claims to Borrower's account or as Fixed Deposits in the name of the Borrower

# Certificate on Cash and Bank Balances

- Required to arrive at CRR/SLR position of the bank
- Twenty Six non-reporting Fridays' details
- Not required when branch is fully computerized
- Balances to include ATM if attached to Branch
- Unaccounted balances in bank reconciliation need MOC

# Certificate of Investments held

- Certificate regarding investments held by branches on behalf of H.O.
- Cross check with GL Head
- Physical Verification and confirmation of amount with GL
- Checking DMAT account
- Valuation and provisioning



# Certificate on Risk Weighted Assets for Basel - CRAR

- ❑ Refer RBI Circular for Risk Weights
- ❑ Pre-printed weights against relevant GL items and GL amounts need verification with RBI circular
- ❑ Mistakes in manual compilation

# Certificate of NPAs

- Use computerized output received from H.O.
- Check appropriateness of allocation of recoveries
- Check new slippages
- Check upgradations
- Report Movements in Gross and Net NPA.
- Check provisioning require

# Certificates based on Computer Data Compilation

- ❑ Certificate with compliance with Asset Liability Management (ALM) Norms
- ❑ Certificate regarding classification of advances
- ❑ Certificate in respect of Segment Reporting

# Certificate on Compliance of Ghosh & Jilani Committee Recommendation

- ❑ Ghosh Committee recommendation relate to Frauds and malpractices in Bank
- ❑ Jilani Committee recommendations relate to review of internal inspection and audit system in banks with a view to strengthen supervisory system and to an ensure reliability of data



# Certificate on Compliance of Ghosh & Jilani Committee Recommendation

- ❑ Reporting relates to continuous and effective compliance of recommendations during the entire period under reporting – Onerous and high risk task – to be dealt with very carefully and diligently
- ❑ Format provides answers as Yes, No, N.A., Remarks – Manner and extent of checking not included
- ❑ Auditor must not solely rely on representation even by the branch manager



# Certificate on Compliance of Ghosh & Jilani Committee Recommendation

- ❑ Certificate regarding EDP Environment, Inspection/Internal Audit in Banks and Miscellaneous matters.
- ❑ Jilani Committee Recommendation in implemented/ not implemented format
- ❑ Maintain adequate documentation in support of audit procedures performed and outcome thereof

**Thank You.**