

Seminar on Statutory Audit of Bank Branches

WIRC Mumbai

Session 3 LFAR Reporting & Other Certification

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Agenda

LFAR Reporting

Certification

Statutory Audit Report

Format as per SA 700

Addressed to SCA

Compliance with Accounting Standards to be mentioned in main report.

Qualifications can be through Memorandum of Changes or Specific remarks in the last para.

Illustrative Format Bank Audit Guidance Note 2016

Long Form Audit Report

LFAR is a effective tool to the auditors to keep the Bank informed about the important matters arising out of the statutory audit exercise.

LFAR for Branches is a question answer format,

LFAR for HO is a narrative format.

Annexure to be given along with the LFAR which is applicable for branches having large/ irregular/ critical advance accounts having large limits.

LFAR introduced in 1985, subsequent revision in 1992-1993 and 2003.

Long Form Audit Report

The Branch is responsible for compiling the information / statements required for LFAR and the auditors should verify the same.

Auditors should ensure that the documentation of files is adequate and the records and working papers are planned and filed systematically in respect of matters included in the LFAR.

Regional Office / Zonal Office / Head Office / Statutory Central Auditors / External Auditors / RBI auditors etc. are the various users of the LFAR

Long Form Audit Report

Internal control evaluation questionnaire

Comprehensive in scope and coverage

Covers Balance Sheet & Profit & Loss A/c

Important check list for Audit Plan

LFAR Audit Approach

Read All questions in LFAR

Plan & Design Audit Program to cover all aspects of LFAR

Prepare separate checklists for each point to be reported.

Record the extent of checking / sample selected.

Proper documentation & collecting SAAE during the audit.

Write descriptive answers. Avoid Y/N/NA

Include facts, figures and examples to the extent possible in all answers to the questions.

LFAR Audit Approach

Observations resulting in adjustments to account heads needs to be reported along with MOC

Discuss the contents of report with Branch Management

Obtain Management Representation from Branch Manager on various matters based on Audit.

LFAR is an independent report, hence do not give cross reference or qualifications or MOC in LFAR.

It's a very important report for readers such as SCA and Management of Bank.

I – Assets

1. Cash

I – Assets

1. Cash

I – Assets

2. Bank Balances

I – Assets

3. Money at Call and Short Notice

I – Assets

4. Investments

I – Assets

5. Advances

I – Assets

5. Advances

I – Assets

5. Advances

I – Assets

6. Other Assets

II – Liabilities

1. Deposits

II – Liabilities 2. Other/Contingent

III – Profit and Loss Account

IV – General

IV – General

IV – General

LFAR for Specialised Branches

Certification

Audit Report is a reasonable Assurance

Audit Certificate is Absolute Assurance

Types of Certificates

- **Branch Returns**
- **Audit Reports**
- **Memorandum of Changes**
- **LFAR**
- **Tax Audit Reports**
- **Jilani & Ghosh Certificate**

Other Certificates

Capital Adequacy – BASEL I, II, III

DICGC Claims

PMRY Certification

Service Tax

Cash Balance 12 odd days

Investment – Behalf of Head Office

Maturity Pattern (Bucket)

Fixed Assets & Depreciation

Interest Subvention

(Exports/ Agriculture)

Other Certificates

IRAC / NPA Related Certificates

Interest Subvention

Restructured Advances / SMA

Foreign Liabilities Currency Assets &

Questions





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