

AUDIT PLANNING & LFAR

BY
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- AUDIT PLAN
- LFAR





THE LOVE STORY

BAJIRAO MASTANA

A FILM BY SANJAY L. DAVE

AUDIT PLANNING

MALHARI



DELIVERABLES

- INDEPENDENT AUDITORS' REPORT
- AUDITED FINANCIALS
- LFAR
- CERTIFICATES



REFERENCES

- THE BANKING REGULATION ACT, 1949
- RBI MASTER CIRCULARS
- GUIDANCE NOTE ON AUDIT OF BANKS
- ACCOUNTING STANDARDS (AS) AND STANDARDS ON AUDITING (SA)
- CLOSING CIRCULAR



RISK ASSESSMENT

- SIZE OF THE BRANCH
- BUSINESS MIX
- SERVICES RENDERED
- STRUCTURE – CENTRALISED / DECENTRALISED
- AREA OF OPERATION



RESOURCE ASSESSMENT

- SIZE OF TEAM
- TEAM CONFIGURATION
- WORK ALLOCATION BASED ON SKILL SET



- BACKUP ARRANGEMENTS

INHOUSE MEET

- DISSEMINATION OF KNOWLEDGE
- ROADMAP FOR AUDIT
- ASSIGNMENT OF TASKS



PRELIMINARY REQUIREMENTS

- LIST OF TOP BORROWERS / DEPOSITORS
- LIST OF NEW SANCTIONS/ ENHANCEMENTS
- VARIOUS AUDITS/INSPECTIONS REPORTS
- 2% OF THE ADVANCES OF THE BRANCH OR ADVANCES ABOVE RS.1 CRORES
- LIST OF APPLICATIONS USED & REQUEST FOR ACCESS
- ACTIVE USER LIST WITH JOB PROFILE



AUDIT PROGRAMME

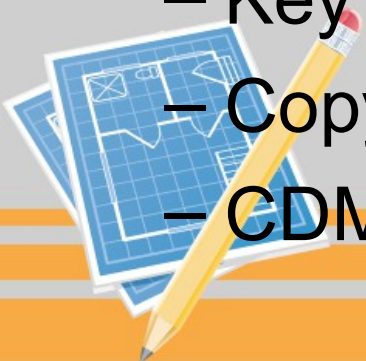


LONG FORM AUDIT REPORT



CASH

- CASH RETENTION LIMITS
 - Letter from CO/RO of Retention Limits
 - Closing Cash Reports
 - Report Exceptions
- Insurance Coverage
- Joint Custody
 - Key movement Register
 - Copy of Signature & Initials of the officer
 - CDMs, ATMs, Recycler & Access Rights



BALANCE WITH RBI, SBI, ETC.

- Balance Confirmation Certificates
- Reconciliation on regular intervals
- Focus on old pending balances



ADVANCES - APPRAISAL

- Loan Sanction/ Disbursement Report
- Loan Policy
- Procedural Circulars
- Product Note
- Delegation of Power
- Renewal Tracker
- Creditworthiness > Security
- Financial Statements, CMA data



ADVANCES – SANCTIONING / DISBURSEMENT

- Adherence to Delegation of Powers
- Process of Ratification
- Prepare master for important disbursement conditions
- YoY Comparison of Disbursement Report



ADVANCES – DOCUMENTATION

- Documents obtained with Master Disbursement Condition
- Document Movement Register
- Security (Finacle – SRM) creation
- Adequacy of Stamp Duty
- Acknowledgement in case document held with other branch (**Report**)
- Scheme code vis-à-vis Security details (**Report**)



ADVANCES – MONITORING

- Overdue Report
- SMA Returns
- Limit Expiry Report
- TOD Reports
- Audited Financials of Borrower
- LTL / SRM for Security /DP updation (**Report**)
- Stock Audit Reports / Inspection Reports



ADVANCES – MONITORING

- Classification of advances (**Report**)
- Laid back attitude in Recovery of Accounts (**Report**)
- SpecialDelayed / non Lodgment of DICGC, ECGC, CGTSME claims
- Valuation of Security in respect on NPA accounts
- Focus on SDR & S4A cases (**Return**)



ADVANCES – GUARANTEES / LCs

- Guarantees / LCs issued report
- Adherence to Terms and Conditions
- Guarantees Invoked / LCs devolved Report
- Mapping of Guarantees/ LCs with margin (Report – CAPAD)



OTHER ASSETS

- Office Accounts
 - Nature of Account
 - Detailed Scrutiny > Long Pending Entries
 - Debit Entries (**Report & MOC**)



LIABILITIES

- KYC (**Report**)
- AML Alerts closure process (**Report**)
- Inoperative to Operative Report
- Large Transactions in Last Month / First month
- Overdue / Matured TD
- Premature TDs
- Death Claim Settlement



OTHER LIABILITIES

- Nature of Account
- Detailed Scrutiny > Long Pending Entries
- Debit Entries (**Report & MOC**)



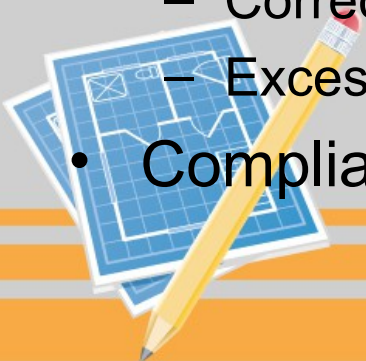
CONTINGENT LIABILITIES

- Suit Filed Against Banks
 - Legal Department Report
 - Public Domain
 - YoY comparison
 - Provisioning Required (**Report & MOC**)



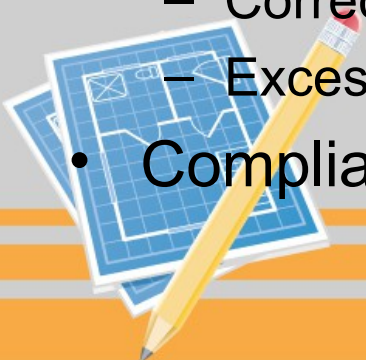
PROFIT & LOSS ACCOUNT

- Interest Computation
 - Master updation
 - Flagging of Penal Interest tag
 - Interest Failure Report
 - Excess / Short (**Report & MOC**)
- Fees / Charges/ Commision / Bill Discounting Computation
 - Master Creation
 - Tenure Calculation
 - Correct Flagging
 - Excess / Short (**Report & MOC**)
- Compliance With IRAC Norms



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FRAUD

- Early Warning Signals of Fraud
- Fraud Reporting to HO/Co
- Vigilance Report
- Trend in other accounts



LFAR – SPECIFIC BRANCHES

- FOREX BRANCHES
 - Comment on NRE/ FCNR/ NRO/NRNR / EEFC/ RFC
 - Comment on Forex Advances/ Bills/ Merchant Trade
- LARGE BRANCHES
- ASSET RECOVERY BRANCHES
 - Comment on Efficiency on execution of decree
- CLEARING HOUSE



DOs & Don'ts

- DOs

- To the point
- Avoid words generally / normally
- Avoid blanket affirmative statements
- Write basis of comment like
 - based on walkthrough,
 - based on sample verification of 8 accounts in 2 accounts namely
- Use simple English
- Give Example
- Check cross Referencing (LFAR to MOC, Certificates, etc. & Vice – Versa)
- Maintain all working papers



DOs & Don'ts

- Don'ts
 - Avoid descriptive Report
 - Be Vague
 - Use shortforms/ terms not defined
 - Refer General Practices



THANK YOU !!!

