Department of Co-operative Audit Long Form Audit Report

………………………… URBAN CO-OPERATIVE BANK LTD NO …….

…………………. District

Audit Report for the year 20…- 20….

1 a) Name of the Bank : The ……………. Urban Co-op Bank Ltd No……

Taluk :

District :

No.of Branches : … Nos.

b) Area of operation :

No.of Branches : … Nos.

2. (a) Registration No. and Date of Registration : … dated …………………

(b). RBI Licence No. and date : ……………. dated ………..

3. Name of the Office bearers of the bank : ………………… General Manager

4. Name and Designation of the officer Who last audited the accounts of the Bank and the period covered by such Audit. : …………………… Sr. Concurrent Auditor 20…-20…

5) 9(a)Name and Designation of the Officer conducting the present audit : ……………………… ………………………

(b) Authorisation No &Date for audit :

6) Period covered by the present audit. : 01.04.20.. to 31.03.20…

Date of commencement and date of Completion of audit. No. of days taken For audit. :……………………….. : ….. Months

7) Rectification of defects. :

i) Has the rectification report in respect of last audit been furnished by the bank. : Yes

ii) Are all observations noted in the audit report attend to ? (Note the details of important pending items) : Yes.

8) Does the bank maintain on its record Authentic copies of Bye-law, Act and Rules? Have there been any infringements Of bye-laws or breach of Act and Rules If, so, please give details. . : Yes

9)Membership.	20..-20..	20…-20…	20…-20…
(a) Members at the beginning of the year			
(b) Members admitted during the year :			

(c) Members removed during the year :
(d) Members at the end of the year
(Give comparative figures for the previous Two years)

10 Comments regarding membership : No irregularities were noticed during the Verification of share register.

11. Authorised Share Capital. : 20…-20.. 20..-20.. 20..-20.. 20..-20..
Paid up share capital
(Give comparative figures for the last Three years) :

12 Comments regarding membership : Bank generally adhered to the norms on linking of share capital to borrowing.
\

13. Does the outstanding share capital Shown in the balance sheet agree with The total of the share capital appearing Against individual members in the Share ledger ? : Yes

14. CAPITAL
1. Share Capital

Category	**No. of Members**	**Amount of Share Capital**	**% to total Share Capital**	**Increase in % with respect to previous years**
Individuals				
Societies				
Government				
Total				

15. Share linking to borrowings

a) Member Societies - Ratio (NIL)

b) Individual borrowers - Ratio (- %)

For Secured Advances
For Unsecured Advances

16. Arrears in collection of share capital

Category	No. of shares	Amount	Remarks
Member Societies		NIL	
Individuals			

*17. Net worth as percentage (%) to total assets =

Net worth = Own funds – Accumulated loss + Short fall in provisions, if any.

18. Capital to risk assets ratio (CRAR) as percentage (%)

$$\text{CRAR} = \frac{\text{Total Capital funds x 100}}{\text{Risk weighted assets.}} =$$

19) Compliance report on provision of section (11) of BR Act 1979 (AACS) as per Guide lines of RBI/NABARD/RCS- Give a narrative report.

No Pending Compliance

20) Give auditors positive observation/remarks on the above item 14 to 19 including the progress made during the year.

14. The paid up share capital which stood at Rs. 1524.80 lakh as on the audit period 2017-2018 increased to Rs.1656.70 lakh as on the current audit period ended 31.03.2019 which shows an increase of Rs.131.90 lakh compared to previous years audit period.

15.Share linking to borrowers.

Share linking to borrowings was as per the norms laid down in the bye laws. Banks track record in the adhering to the RBI norms on share liking to borrowings is satisfactory.

16. Arrears in collection of share capital: Bank has no arrears in the collection of Share capital.

17. Banks net worth has been assessed as on 31.03.20…was Rs. ……… lakh. But as on 31.03.20.. is Rs. ……. lakh.

18. Bank having CRAR of …….. as against minimum prescribed level of 9% .

19. As per the RBI inspection report dated ………………. with reference to the position of ……….. bank had send compliance report ………….. . Regarding the suggestions noted in the RBI inspection report dated ………… the board of directors of the bank agree to comply the report as per the BR No…. dated ………… the details observations have been incorporated in the report.

I ADVANCES

(i) Loan Policy

The ……………… Urban Cooperative Bank Ltd No …. is a leading Financial Cooperative Institution. It was established nearly … years ago, under the Co-operative Societies Law. Now it is functioning strictly under the provision of Banking Regulation Act. Reserve Bank of India has given Banking License to the Bank. It provides finance to housing, business, commerce, maintenance of building, marriage, gold loan, vehicle loan, cash credit/Over Draft etc., to its members who are living in and around ……………………………………. area. Thus while granting loans to the members of The …………………… Urban Cooperative Bank has to ensure the safety, security and profitability of such investment even while catering to the best needs of the borrowers. The Reserve Bank of India has from time to time issues guidelines to be followed in regard to sanction of loans, post-sanction monitoring and the recovery specification in regard to this matter. The ………………… Urban Cooperative Bank formulates the following Loan Policy based on the above to safeguard the loans issued to the members.

All members of The ………….. Urban Cooperative Bank are eligible for being granted loan facility. Members include nominal members who have no voting rights as specified in the Bye-Laws. These nominal members will be granted such loans as loans against gold ornaments & against their own deposits with the Bank and also can stand as surety for other loans in specific cases. However the Bank should not extend credit facilities to any of the directors, their relatives or the Firms or Concerns in which they are interested except against their own deposits in the Bank and Life Insurance Policies.

TYPES OF LOANS

The following are the different types of loans that are granted by The ………………….. Urban Cooperative Bank Ltd No ….

	Type of Loan	Maximum Amount admissible	Details of Security/ Guarantee Surety	Interest rate %	Terms of Loan
1	HCL		Mortgage		
2	Overdraft		Mortgage		
3	STU		Personal Surety		
4	DCL		Mortgage		
5	MTS		Mortgage		
6	MTU		Personal Surety		
7	MTSE		Personal Surety with Salary Certificate		
8	Vehicle Loan		Vehicle		
9	Education Loan		Mortgage		
10	Real Estate & shopping complex construction Loan		Mortgage		

11	Staff OD		Personal Surety		
12	Staff V L		Personal Surety		
13	Staff HCL		Personal Surety		
14	Gold Loan		Gold		
15	FD loan		FD Receipt		

SECURITY

- Hypothecation or mortgage of immovable properties (land & building) pledge of gold ornaments, personal surety, bank Fixed Deposit Receipts, Government securities, etc. They are generally accepted as security.
- Advances against land & building are extended as registered deed or by creating a valid equitable mortgage by deposit by title deeds.
- In personal surety loans, the salary certificate produced by the applicant & sureties should be verified and should collect the confirmation regarding issuance of the certificate from the issuing authority.
- With regard to gold loans & deposit loans, branch managers of The ………………….. Urban Cooperative Bank should verify the Ornaments/FD Receipts before sanctioning the advance. The Ornaments/FD Receipts should remain in the effective joint custody of two responsible officials
- With regard to vehicle loan proof of purchase of vehicle should be obtained. In case of cash credit account Financial statement and stock statement should be obtained.
- In case of housing scheme loan plan, estimate, permission/NOC etc., should be obtained

VALUATION:-

The valuation of the properties pledged with the bank up to 10 lakhs should be done by the Branch Manager of The ……………. Urban Cooperative Bank. And above 10 lakhs up to 25 lakhs should be done by the board approved valuator and above 25 lakhs valued by Branch manager, General Manager and approved valuator jointly.

MARGIN:- Advance against:
1. Gold Loan - 70% of the average of closing price of 22 carat gold.
2. Land & Building - 50% of valuation certificate
3.Housing Scheme Loan - 75% of the estimate value Area of land below 5 cents shall not be accepted as security. Shop rooms can be exempted from the minimum area clause.

In The ……………… Urban Cooperative Bank , certain features of loan policy and procedures of loan are changed at regular intervals by the Director Board. Further some changes in future, it will make in the Directives of RBI from time to time.

(ii) <u>Credit Appraisal</u>

In The ……………….. Urban Cooperative Bank, the General Manager/Branch Manager should conduct a detailed interview with loanees and sureties separately and should assess the repayment capacity of the applicant. Past unsatisfactory conduct of the loan account by the borrower to be assessed effectively in scrutinizing loan proposals. A scrutiny note at the section level regarding the liability and past performance of the customer should be prepared. So the credit appraisal of loan is adequate.

(iii)Sanctioning/Disbursement

Authorized limits	Up to Branch Managers	Regional Managers	GM/MD	Director Board	Whether limits are strictly adhered	Whether limits to be revised (suggested)
Individual						
Institutions						
Co-operative Institutions						
Others						

The powers for sanctioning loans are utilized by the General Manager and branch managers. All loans above 10 lakhs disbursed only after getting sanction by the board of directors of the bank. The present limit for sanctioning loans and advances are satisfactory and there is no need for enhance the limits.

(iv) Documentation

Brief narration on the system of documentation and suggestions to improve with reference to the following points.

a) System of ensuring that documents are executed as per terms of sanction.
Documents are executed before sanctioning of loan is satisfactory.

b) Defects in documentation observed and suggestions to avoid such defects.
Present system of documentation is satisfactory

c) System of documentation in respect of Joint/Consortium loans/advances.

System of documentation are same as in the case of term loan mentioned above. In addition to all steps for mortgage loans, particulars of business, stock verification etc. are to be specially reported by the branch managers. Deed of hypothecation of stock are to be obtained.

d) Renewal of documents.

At the time of renewal of loan, the documents are renewed.

e) Acknowledgement of details.
A loan sanction order is issued to the borrower in the details showing terms and conditions of loans sanctioned.

f)Custody of documents.

Branch managers are custodian of loan documents and title deed of property deposited by the borrower.

(v) Review/Monitoring/Supervision of Credit

Auditor shall make detailed narration on credit/advances in the following points and non-compliances noticed shall be specified. Random check shall be conducted in all types of loans/advances.

All the loan outstanding is checked during the audit period.

1. Periodical balance confirmation of advances/loan.

   Periodical balance of loans and advances are confirmed by checking balance of each loan account in the loan register with loan schedule balance .In addition to confirmation statement of loan balance as on 31.03.2019 is obtained from few borrowers of the branches, found correct and agree with loan schedule and register maintained in the branches.

2. Receipt of regular information, stock/book debt statements, balance sheet etc. are obtained.
   At the time of receiving loan application, balance sheet stock statement are obtained for high value advances. In the case of overdrafts and DCL loan accounts stock statements are collecting by the branches in every three months.

3. Whether audited accounts of borrowers are obtained in the case of direct advances.

   Audited balance sheet are obtained in the case of overdraft accounts . In some cases stock statements are not obtained.

4. System scrutiny on the periodical review and follow up action by the Bank.
   Periodical review and follow up action is done in some overdue loans and timely action is taken.
   Recovery committee meets periodically and takes necessary steps to reduce overdue.

5 System followed by the Bank in periodical verification or inspection of stocks, equipments, machineries and other securities.
Even though, Branch Managers are directed to collect stock statement quarterly and verifying the same and report to Head Office.

6 Inspection reports/enquiry reports of RCS and follow up.
NA

7 Overall monitoring of advances through maturity/age/industry wise analysis.
Maturity /age wise analysis is done frequently.

8 Computation and preparation of DCB(Demand, Collection & Balances) as per guide lines of RCS, NABARD and State Co-operative Bank.

Done Properly.

9 Timely auction of gold/pledged loans – specify instances of loss etc.

In the case of overdue of gold loans, send registered notices for informing due date and amount to close the loan by that due date. Also contact over telephone or personally requesting to close or renew the loan at the earliest. If no response is giving to these requests, send registered notices for taking steps to auction the pledged ornaments for closing the loan account. Immediate steps may be followed for auction and sale to settle the overdue account. During the audit period there is no auction is conducted by the bank hence there is no loss is occurred.

10. The Details of unsecured advance
At present bank have practice of issue unsecured advance on the strength of 2
. sureties as guarantors and salary certificate .

11 The details of exposure to the commercial real estate and housing sector
Banks advance limit in the housing sector as on 31.03.20.. is RS. …………../-for the Period of .. years.

12. The details of loans to directors and their relatives
Loans and advances to directors and their relatives as on 31.03.20.. is nil.

13. The details of loan against shares & debentures

Bank does not grant loans against shares and debentures.

14 . The details of loans to share brokers.

Bank does not grant loans to share brokers.

(vi)Recovery Policy in respect of Bad/Doubtful debts/NPA

1. Intimate the defaulter through oral reminders.
2. Follow them up with a written reminder.
3. Send a legal notice asking for all pending dues to be cleared within a specific period or else face legal proceedings.
4. Ask the Board of Directors for a resolution empowering the Bank officials to file a recovery suit against the defaulter.
5. File recovery proceedings to initiate the recovery process.
6. Serve notice of prosecution and summons to the Loanee and the Sureties. The Sureties also known as Guarantors are treated as joint Loanees in the matter of loan recovery, because according to the relevant law, they remain Guarantors as long as the loanee is regular in repaying his loan instalments, but the moment he becomes a defaulter and is served with a demand notice, his Guarantors assume the status of a joint borrower.
7. Convince the competent authorities with supporting documentation, to issue an award to recover the loans from the defaulters.
8. After receiving the competent authority's award, the degree for execution of the award or order is decided. The outstanding payments can be recovered by attaching the movable and immovable properties of the Borrower and Guarantors with the right to sell the properties thus attached.
9.If total receivables from a borrower above 1 lakhs and his loan account become an NPA , the bank take action through SARFAESI Act

OTS(one Time Settlement) schemes are implemented by banks to help them recover long-pending bad loans. Under the scheme, banks waive off certain portions of the loan as well the compound interest on the loan to facilitate recovery. Such schemes help banks clean up bad loans and also help loanees to improve their credit history. Boards of directors take decision about running such schemes at regular intervals

NPA and its provisions

Extent of NPA Rs.	Amount of provision required Rs.	Amount actually provided Rs.	Short fall in provision, if any Rs.

(vii) Large advances

Test check at least 20 (top twenty cases at random) large advances and note the results with respect to the following points. (as on 31.03.20..)

a) Adverse features, if any, in respect of large advances considered significant and requiring management attention.

   Management attention is given to large advances.

b) Compliances to exposure norms as per provisions of KCS Act and rules/norms by NABARD/RBI/RCS etc.

   Exposure norms for issue of loans is strictly followed by the bank.

II. LIQUIDITY AND FUNDS MANAGEMENT

(i)Investments

Give brief description on the following items regarding investment management.

1. System of assessing surplus funds.

   Bank had formulated an investment policy. It was very comprehensive covering all areas of investments in respect of RBI guide lines. The bank has investment committee to look into affairs of investment portfolio. Bank Maintained a fluid register and in every fortnight they find out net demand and time liabilities. On the basis the bank maintained the CRR and SLR level promptly.

   For the purpose of meeting SLR requirement and also for utilizing any part of this investment for the immediate requirement of fund for the bank at any time.

2. Purchase and sale of investments.

   During the audit period bank purchased Government security for Rs. ………../- and securities redeemed Rs…………….. /-.

3. Delegation of powers.
   The General Manager and any officer of middle level committee may jointly given authority to deal any transaction of the government security up to Rs. …………/- The Chairman and General Manager can jointly exercise the power of attorney for transaction of government security above Rs. ……………/- Powers are not delegated to Branch Managers.

4. Reporting system.
   A detailed report on the transactions in government securities done in a month is placed in the next board meeting of the bank for ratification. A quarterly and half yearly report may also be placed before the board meeting for the detailed discussion and review of investment portfolio of the bank.

   All the decision taken by the investment committee or authorized officers are to be recorded and preserve as a minutes book for investments is a system prevailing in the bank.

5. System relating to SGL/BR, its control, outstanding at the end of an year subsequent clearance, reconciliation of balances etc.

   Bank have GILT account with Federal Bank, and has an amount of Rs. 9695.29 lakhs is outstanding in the audit period. Interest due on the securities are credited in the CD account maintained with Federal Bank. The operation and control of the account is vested in the General Manager subject to control of the Board of Management. The outstanding in the account is reconciled and tallied with the investment account.

6. Purchase and sale of government securities, profit/loss incurred in trading, remedial action taken by management in the case of loss.

   Bank is not done Trading.

7 Details of non SLR investments.

   Shares of EDCB
   CD With Federal Bank
   ESAF Bank
   FINCARE SFB
   UJJIVAN SFB
   EDCB EKM FD

(ii)SLR/CRR Requirements – System of ensuring compliance

Test check DTL and calculate SLR (…….%) and (..% at least on 12 days during one year comment of auditor on the records maintained for the above purpose, compliances of guidelines, review of position by Director Board etc. violations shall be specified.

- There is no default in the maintaining of CRR &SLR limit. The board of directors review the position of CRR &SLR limit in every month at the board of directors meeting. No violation is noticed.

(iii) Cash

a) Retention limit - …….. Branch Rs………../-

Retention limit - …………… Br. Rs………../-

…………… Br. Rs…………../-

a) Specify instances of violations noticed with details of responsible officers.

Limits are violated some instances due to the working hours of the branches, the excess cash balances can not be deposited in the DCB in the same day itself. It is deposited in the next working day.

b) Comment on the system and procedure followed for physical custody of cash, its insurance cover, lapses, if any, etc.

Cash balance is maintaining under the joint custody of Branch Manager and Cashier of the Bank. Adequate insurance coverage is taken from Oriental Insurance Company.

(iv)Call Money Operations

The bank shall consider investing in Call / Term Deposits, whenever it has surplus money for short period (up to 181 days). The bank shall consider the following factors while investing in call / term deposits.

1) No brokers are involved for call / term money operations.

2) Call money / term deposits to be made with KSC Bank/DCB/Commercial Bank only.

3) ALM of the Bank to match short-term requirements of the Bank.

4) Money intended for call / term deposits can be remitted by way of

a) DD drawn on dealing Bank.
b) TT through commercial Bank / DCB (RTGS)
c) Debit of the Current Account with KSC Bank)
d) Any other mode as may be deemed fit by the Bank.

5) The Bank in consultation with the executives of the Dealing Bank (treasury section) will give instructions for investment in Call / Term Deposit, including number of days and agreed rate of interest followed by Confirmation signed by authorized official, over fax.

6) The Bank shall monitor repayment of principal and periodical interest on such money invested in Call / term deposits on the due dates.

(v)Asset Liability Management

Comment on the system adopted in dealing with the following risk profiles of the Bank.

1. Liquidity risk

The bank had comfortable liquidity, there is no default in maintenance of CRR and SLR during the audit period. Though the system of preparing maturity wise liabilities and assets were and prepared and submitted in the board of directors in every month to detect possible mismatches, there is lot of scope for improvement. The residual maturity of deposits and advances should be found out to improve the quality of ALM

2 Credit Risk

Appropriate and suitable credit risk management policy should be adopted to minimize risk Though the valuation amount as per valuation is enough to cover the security of advances the other liabilities of the borrower are not collected for assessing the genuineness , credit worthiness and repaying capacity. Income declared by the applicant is accepted with out any detailed enquiry or sufficient supporting documents. In order to escape the credit risk for the large amount of advances the valuation of security done by qualified approved valuer . Proper system of NPA management is essential to overcome the credit risk.

3 Exposure risk

Loans are sanctioned by the board of management as per the exposure limit. This exposure limit is calculated by the bank as per the direction issued by the RBI from time to time. Bank does not exceed the exposure limit during the audit period.

4 Interest risk

Proper scientific and effective system should be introduced for the management of interest risk to increase the profitability of the bank. Rate of interest on deposit is fixed after considering the rate offered by other banks. The pricing of loans should be done in accordance with the interest of the depositor and profitability of the bank

5 Operational risk

Proper and effective system should be introduced for the operational efficiency. Putting in place the system of fixing annual target for the branches and review of their performance at half yearly intervals. The Branch managers should allot the work to each staff and he/she rotate the work of each staff, except the work of the accountant and cashier one in every six months.

III. INTERNAL CONTROL

(i)Written Guidelines/Instructions/manual for accounting aspects

1. Comment of auditors on the written guidelines/instructions on loans and advances covering appraisal, issue of sanction letter, follow-up etc.

   The present system of credit appraisal is done by the branch managers and approved valuer. Other liabilities of the borrowers are not collected for assessing the genuineness, credit worthiness and repaying capacity. Suerty loans are issued on the basis of two sureties who are invariably borrowers under the same scheme and on the basis of security of stocks. No detailed appraisal is done this case.. Qualified valuation officer is appointed to value the security of the loan . A loan sanction order is issued to the borrower in the details showing terms and conditions of loans sanctioned.

2 A brief description on accounting policies, time taken for finalization of accounts, computerization and automation of accounts etc.

Bank has seven branches and head office . Branches are functioned according to the accounting policies formulated by the head office subject to the directions issued from RBI and RCS from time to time. There is no cash transaction in the Head Office. All Bank accounts are reconciled properly during the audit period . Branch accounts are computerized. The Core Banking software is implemented using a server in Main Branch and customers can make any credit transaction from any Branch.

3. Compliance with KYC

The Bank had already framed a KYC policy. The same was submitted to RBI. The deficiencies in adherence to KYC norms in the old accounts will be got rectified immediately by contacting them on a continuous basis.

(ii)Balance of Books/Reconciliation of Control and subsidiary records

Balancing of books of accounts were generally satisfactory . The bank accounts maintained by the bank are reconciled periodically. How ever there is good progress in reconciliation of inter Bank- MASK Account. The bank is a sub member of Federal Bank in the Chennai Clearing House of CTS Clearing. The Bank received 4123 instruments for an aggregate amount of Rs. 2872.26 lakhs for inward clearing, out of which Nos 92 instruments involving Rs. 37.46 lakhs were returned un paid for want of sufficient fund. Under the MASK account 7 credit entries for Rs. 0.12 lakhs and 10 debit entries for 2.81 lakhs were outstanding for more than two years.

(iii)Inter-Branch Reconciliation

Before the period of computerization there was no systematic inter branch reconciliation. At present bank introduced the system of inter branch reconciliation properly. While verifying the head office and branch no unusual entries was noticed . Branch and head office accounts should be settled every month.

Under the MASK account 7 credit entries for Rs0.12 lakhs and 10 debit entries for 2.81 lakh outstanding for more than two years. Entries in other bank accounts are reconciled properly.

(iv)Branch Inspections

There was a system of internal inspection system . Deputy General Manager is entrusted the work of carrying out the inspection of branches. Inspection is done primarily to ensure the accuracy of figures. The periodicity of the inspection was once in three months. The statutory audit is duly conducted and approved audit report published as per the direction of RCS/RBI and there is no arrears in the audit. The audit report is placed before the board meeting and annual general body meeting for discussion and approval. Defects noted in the report discussed by the board of management and in the general body meeting.

(v)Frauds/Vigilance

During the audit period no case of fraud had been detected or reported by the bank.

(vi)Suspense Accounts, Sundry Deposits etc.

There is an amount of Rs. …………….. is pending in suspense liability account. This accounts include partly paid share capital and remittance of excess amount of loan recovery amount collected from loanees . This is a running account and not in a permanent nature.

IV. CAPITAL ADEQUACY

V. AUTOMATION AND COMPUTERISATION

1. Whether Bank having a IT/EDP policy and legal validity, RCS sanction, Byelaw Provision etc.

   Bank has not implemented IT/EDP policy. Hence bank has not been seeking RCS sanction and Bye Law provision in this regard. Bank should try to all effort to fully computerize its operation. Bank has got sanction from RCS for preparing and keeping the accounts and records by using computer as the form prescribed by the RCS & RBI

2. Agreement between the Bank and supplier of Hardware and Software contains all aspects and AMC is provided.

Yes, AMC for one year has been provided to hardware and software.

3. Physical security of computers, UPS are ensured.

   Physical security of computers and UPS are ensured though AMC and Insurance.

4. Locked server room, Authority to access it.

   Server is installed in a locked room. Authority to access the same is provided.

5. Register/Inventory of Hard wares, Printers.

   Separate register maintained.

6. Insurance coverage of Hardware for fire, theft etc.

   Insurance coverage of Rs. 1500000/-is provided for electronic equipments

7. Password security and handling of confidential information.

   Password is provided to each staff for access the same

8. Data-base security, Back-up policy, implementations and checking of disaster recovery plan-ensuring its fail-proof methods.

   Software have a automatic backup system with store the data base to another computer at every one hour. The Core Banking software is implemented using BSNL Lease Line .Server in HO is also taking physical backup to two other PCs at every day. External hard disk is also used for taking back up on regular interval.

9 Anti-Virus and Anti-Piracy Policy.
Anti virus soft ware is installed

10 Accountability by specific work allotment order.
Accountability of the staff is fixed as per the work order issued to each branch from the Head office.

11. Training to all employees ensured.

    Bank should depute untrained employees in suitable training programs in a phased manner.

VI. PROFITABILITY

1. Analysis of variations in major items of income and expenditure compared to previous year.

	31-03-20..	31-03-20…
Interest income		
Interest expenditure		
Deference		

2. Narrative report on accounting policy adopted for the year.

   Bank has ….. branches namely …. Branch, ….. Branch , …... Branch. Branches are functioned according to the accounting policies formulated by the head office subject to the directions issued from RBI and RCS from time to time. There is no cash transaction in the Head Office. All bank accounts are reconciled properly during the audit period . Branches are computerized accounting procedure . The software is implemented using Core Banking system, through which all transactions can be made from any Branch with the HO Server.

3. Mention results of test check (in random for at least 10 cases each) of application of interest rates on various advances, borrowings and deposits.
Comment on revenue loss and specify the names of responsible officers.

All receipts and payments are checked and there is no revenue loss occurred during this period.

4. Overdue interest

Interest receivable as on 31.03.2019 Rs.	Overdue interest as on 31.03.2019 Rs.	Provision made for overdue interest Rs.	Amount of overdue interest taken to P&L account Rs.
P A NPA. ---------------			Nil

5. Disposal of net profit as per provisions of KCS Act/ BR Act/ Byelaws.

a) Trade profit - NIL

b) Gross Profit - NIL

c) Net Profit - Rs. …………….

d) Appropriation of Net Profit -

Reserve Fund - Rs………../-
Member Relief fund - Rs…………/ -

Education fund - Rs. …………/-

Balance available - Rs……………../-

To declare dividends - -----------------

VII. SYSTEM AND CONTROLS

1 Comment of auditors on the written guidelines/instructions on loans and advances covering appraisal, issue of sanction letter, follow-up etc.

The present system of credit appraisal is done by the branch managers and approved valuer. Other liabilities of the borrowers are not collected for assessing the genuineness, credit worthiness and repaying capacity. Suerty loans are issued on the basis of two sureties who are invariably borrowers under the same scheme and on the basis of security of stocks. No detailed appraisal is done this case.. Qualified valuation officer is appointed to value the security of the loan . A loan sanction order is issued to the borrower in the details showing terms and conditions of loans sanctioned.

2 A brief description on accounting policies, time taken for finalization of accounts, computerization and automation of accounts etc.

Bank has seven branches and head office . Branches are functioned according to the accounting policies formulated by the head office subject to the directions issued from RBI and RCS from time to time. There is no cash transaction in the Head Office. All Bank accounts are reconciled properly during the audit period . Branch accounts are computerized. The Core Banking software is implemented using a server in Main Branch and customers can make any credit transaction from any Branch.

3. Compliance with KYC

The Bank had already framed a KYC policy. The same was submitted to RBI. The deficiencies in adherence to KYC norms in the old accounts will be got rectified immediately by contacting them on a continuous basis.

4.Management Information System

There is proper management system in the bank. The various internal and external returns were submitted to the RBI /RCS timely by the head office. All details relating to the bank were also submitted to the board of management in every month.

VIII. OTHER MATTERS

1. Establishment and Employees details

Name	Scale of Pay	Basic Pay	Date of Joining	Qualifications	Completed years of service	Security offered	Date of Birth

2. Borrowings

a) Maximum borrowing power – … times of paid up share capital + reserves - BDDR - accumulated losses

b) Various types of borrowings – NIl

c) High cost borrowings – Specify with details of approving authority

N A

d) Maintenance of due date register – Scrutinize the repayment, defaults, reasons, number of occasions of default and comment upon it.

N A

3. Deposit

a) Comment on the system, norms, guidelines for conduct and operation of inoperative accounts and its violations.
Total number of accounts and amount of inoperative accounts in DEAF A/c is 2067 and Rs. 11,71,791/-as on 31.03.2019. In FY 2018-19 Rs. 447864/- (17 A/c) transfer to the RBI DEAF A/C No 2103 as per the direction of Reserve Bank of India. Violation is not noticed.

b) Comment on any unusual large movement of aggregate deposits held by Head Office/Branch at the year end and window dressing.

There is no large movement of aggregate deposit is held by the bank. Transactions exceeding Rs. 1000000/- is properly communicate to FIU New Delhi in every month.

c) Comment on the system of insurance coverage of deposits.
As per the directives of the DICGC premium is calculated on every half yearly basis and send to DICGC. During the audit period an amount of RS. …………/- by way of premium along with D1, statements. Premium is calculated on the basis of total deposits

along with the interest payable account as on close of business on the previous half year ended, and find out total assessable deposit. Premium is @5 paise for every Rs. 100/-

d) Specific comment of auditor on new deposit schemes, composition and growth of deposits and the extent of low cost deposits.

Total deposit stood at RS ………………. as on 31.03.20… increased to Rs. …………………. as on the current year audit period ended as on 31.03.20.. which shows an increase of Rs. ………….. compared to the previous year audit period and increase in percentage of ….. %. Low cost saving bank and current deposit account together constituted ….% of the aggregate deposit. The bank should strive to further increase its low cost deposits with a view to increase its profitability. New suitable deposit scheme may be introduced to increase the deposit of the bank.

e) Comment of auditor, on FCNR and NRI accounts, if any.

At present bank have not maintaining FCNR or NRI accounts.

Other Assets

Brief description about the depreciation policy according to the directions of RBI/RCS/NABARD

As per the RCS circular depreciation is charged @ 10% for furniture, 2.5% for Building for computers 34% for the first year, 33% for the second year and 33 % for the third year, and for Vehicles 30%, 25%,20%,15% and 10% on the Original cost during the first, second, third, fourth and fifth year respectively taking 5 years as working of the assets. The balance of depreciation fund account as on 31.03.20… is Rs. ……………….

2) Details of non banking assets.

Bank have no such assets.

Application of Prudential Norms

A Certificate by auditor to the effect that implementation of prudential norms are satisfactory or otherwise, the short-comings to be listed out.

Specific comments of auditor on the following points.

1. Whether income recognition norms are implemented as per direction of RBI.

   Yes
2. Procedure followed by Bank for accounting de-recognized income.
   Interest receivable on Non performing account is not taken as income for the year. It is separately shown on the balance sheet as interest receivable on NPA account.

3. Asset classification whether norms for asset classification and provisioning have been complied by the Bank.
   Yes.
4. NPA Management strategy of Bank.

   RBI Guidelines strictly followed.

5. Effectiveness of the system for computation of provision.

   System for computation for provision has been properly maintained. During the previous year 20…-20… total provision of NPA was Rs. …… Lakhs. Current audit period 20..-20.. an amount of Rs. …… lakhs has been made. In addition to this provision, bank made Rs. …… lakhs as provision for standard asset.

IX. OBSERVATIONS ON THE WORKING OF SUBSIDIARIES OF THE BANK, IF ANY

X. COMPLIANCE TO DEA FUND CHEME 2014

Total number of accounts and amount of inoperative accounts in DEAF A/c is …… and Rs. ……………../-as on 31.03.20…. In FY 20..-20… Rs. ………/- (17 A/c) transfer to the RBI DEAF A/C No …… as per the direction of Reserve Bank of India. Violation is not noticed.

XI. MANAGEMENT

1. **Names and addresses of Directors**.

Name	Designation	Address

2 Date of election : ………..
3 Term of Committee : 5 Years

4 violation of byelaws by the directors : NIl

5 Names of defaulting directors : Nil

6 Details of disqualification of Directors as per standing instructions of RCS, Act and Rules, RBI/NABARD. : Not noticed

7 Name and details of members of audit committee.
Audit committee consist of

1.

2.

3.

4.

5.

8 Name and details of members in investment committee.

1.

2.

3

4.

5.

9 Number of Board meetings held …... Nos.

10 Number of sub-committees meetings held. :

Investment committee : .. Nos.
Branch sub committee : .. Nos
Recovery Committee : .. Nos.

Audit Committee : .. Nos.

11 Comment of auditor, whether proper authority is established by the director board, sub-committees on all matters and positive suggestions.

Proper authority is established by the director board. During the audit period sub committee such as investment, recovery ,audit and branch sub committees are functioned. For the smooth functioning and getting better result the holding of all sub committees should be increased.

12. Director Board shall review the performance of a number of Bank Branches in each month so that review all branches and head offices are completed within one year

Board of directors review the position of deposits and advance, NPA position, Investments, CRR & SLR in every month closely monitoring the position of branches Also held branch managers meeting to review the functioning of the branches, and direct branch managers to reduce the overdue level by introducing the field collection and steps to take securitization, arbitration and execution against loan defaulters.

Competence of CEO:-

Specific comments on the competence of CEO in managing the Bank and in implementation of policies according to the guidelines by GOIGOK/RCS/RBI/NABARD as per the following valuation strategy

1. Whether agenda notes of Director Board meetings are prepared well in advance and circulated among members and meetings are held accordingly.

   Yes

2. Whether financial statements are placed in all Director Board meetings without fail.

   Yes

3. Periodic meetings are conducted by CEO between Branch Managers and staff.

   Yes
4. Are the proposals placed before Director Board in consultation with D.G.Ms and Branch Managers.

   Yes

5. Guidelines of RBI/GOI, NABARD,RCS/GOK, are placed before Director and got implemented.

   Yes
6. Action taken report of previous Director Board resolution to be placed in the next meetings.

   Yes.

Competence of second line management

Detailed narrative report of auditor on the following subjects after, due verification.

1. Autonomy allowed in second line management (managerial, Financial)

All sanctioning authority is vested with the General Manager subject to the control of the board of directors. Financial and managerial powers are not delegated to branch mangers except gold loan ,deposit loan ,DCL up to 2 lakh and any other loan up to Rs.25000/-(Subject to the board approval). At present autonomy is not allowed to second line management.

2. Job chart of all employees.
   Depending up on the volume of transaction separate work order is issued to all staffs from the Head Office.

3. Recruitment policy
   Appointment is done as per the provision of the Kerala co-operative societies act and rules (Section 80B) and the bye laws of the societies of the sanctioned post.
   After obtaining the sanction order from the Joint registrar of Co-op. Societies, board takes resolution to apply to the co-operative service examination board to fill the vacancies. The Board shall conduct written examination of the candidates to be interviewed to the committee of the bank with in a period of three months from of the requisition of the bank, and after the interview final list will be published.

4. Training policy

   Bank should depute untrained employee in a phased manner.

5. Performance appraisal of staff

   Satisfactory

6. Rotation of staff
   Branch Manager should allow the work to each staff and he/she should rotate the works of the staff except the work of the account and cashier on ever six months and inform it to the head office

7. Accountability among staff
   Any loans are irrecoverable due to willful negligence or lapse of responsibility branch managers are accountable

8. Service register of staff
   Service books are separately maintained in the head office

9. Probation of staff
   The Newly recruited staffs are undergoing one year as probation.

10. Sanctioning of increments
    Authority of sanctioning the increment to staffs are vested with the Director Board.

11. Violations if any in the above items against the guidelines of RCS/RBI/NABARD/GOI/GOK shall be specified.

    Violations are not noticed

LONG FORM AUDIT REPORT AS AT 31-03-20…

LONG FORM AUDIT REPORT (LFAR) TO MANAGEMENT IN CASE OF BANK BRANCHES

The following paragraphs list the matters which the branch auditors of banks are expected to comment upon in their Long Form Audit Reports. The appendix to this questionnaire contains questions which are relevant to specialized branches dealing in foreign exchange transactions, recovery of non-performing assets, clearing house operations and branches having very large advances. Auditors of foreign branches of Indian Banks should also furnish this report. In the case of such branches, reference to the Reserve Bank of India should be construed to include the Reserve Bank of India, as well as the relevant regulating authority of the foreign country where the branch is located.

Where any of the comments made by the auditors in their LFAR is adverse, they should consider whether a qualification in their main report is necessary. It should not, however, be assumed that every adverse comment in the LFAR would necessarily result in a qualification in the main report. In deciding whether a qualification in the main report is necessary, the auditors should use their judgement in the facts and circumstances of each case. Where the auditors have any reservation or adverse remarks with regard to any of the matters to be dealt with in their Long Form Audit Reports, they may give the reasons for the same. Also, where relevant, instances of situations giving rise to their reservations or adverse remarks may also be given.

QUESTIONS	COMMENTS
I. Assets **1. Cash**	
a) Does the branch generally carry cash balances, which vary significantly from the limits fixed by the controlling authorities of the bank? Whether excess balances have been reported to the controlling authorities of the bank?	
b) Does the branch hold adequate insurance cover for cash-on-hand and cash-in-transit?	
c) Is cash maintained in effective joint custody of two or more officials, as per the instructions of the controlling authorities of the bank?	
d) Have the cash balances at the branch been checked at periodic intervals as per the procedure prescribed by the controlling authorities of the bank?	
2.BALANCES WITH RESERVE BANK OF INDIA, STATE BANK OF INDIA AND OTHER BANKS	
a) Were balance confirmation certificates obtained in respect of outstanding balances as at the year-end and whether the aforesaid balances have been reconciled? The nature and extent of differences should be reported.	
b) Your observations on the reconciliation statements may be reported in the following manner	

(i) Cash transactions remaining unresponded(give details)	
(ii) Revenue items requiring adjustment/write-off(give details)	
(iii)Old outstanding balances remaining unexplained / unadjusted. Give details for -outstanding between six months and one year; and -one year and above	
c) In case any item deserves special attention of the management, the same may be reported	
3.MONEY AT CALL AND SHORT NOTICE	
Has the branch kept money-at-call and short notice during the year? If so, whether instructions / guidelines, if any, laid down by the controlling authorities of the bank have been complied with?	
4.INVESTMENTS (A) For Branches in India	
a) Are there any investments held by branches on behalf of head office/other offices of the bank? If so, whether these have been made available for physical verification or evidences have been produced with regard to the same where these are not in possession of the branch?	
b) Whether any amounts received as income on such investments have been reported to the Head Office?	
c) In respect of investments held by branches on behalf of head office/other offices of the bank whether any income is accrued/received and recognized as income of the branch contrary to the instructions of the controlling authorities of the bank?	
d) Whether there are any matured or overdue investments which have not been encashed? If so, give details	
e) Whether the guidelines of the Reserve Bank of India regarding transactions in securities have been complied with?	
f) Whether the guidelines of the Reserve Bank of India regarding valuation of investments have been complied with?	
(B) For Branches Outside India	

a) In respect of purchase and sale of investments, has the branch acted within its delegated authority, having regard to the instructions/guidelines in this behalf issued by the controlling authorities of the bank?	
b) Have the investments held by the branch whether on its own account or on behalf of the Head Office/other branches been made available for physical verification? Where the investments are not in the possession of the branch, whether evidence with regard to their physical verification have been produced?	
c) Is the mode of valuation of investments in accordance with the RBI guidelines or the norms prescribed by the relevant regulatory authority of the country in which the branch is located whichever are more stringent?	
d) Whether there are any matured or overdue investments which have not been encashed? If so, give details	
5. ADVANCES	
(The answers to the following questions may be based on the auditor's examination of all large advances and a test check of other advances. In respect of large advances, all cases of major adverse features, deficiencies, etc., Should be reported. In respect of other advances, the auditor may comment upon the relevant aspects generally, along with instances of situations giving rise to his reservations or adverse remarks. For this purpose large advances are those in respect of which the outstanding amount is in excess of 5% of the aggregate advance of the branch or Rs.2 crores, whichever is less).	
a) CREDIT APPRAISAL	
In your opinion, has the branch generally complied with the procedures/instructions of the controlling authorities of the bank regarding loan applications, preparation of proposals for grant/renewal of advances, enhancement of limits, etc., Including adequate appraisal documentation in respect thereof.	
b) SANCTIONING/DISBURSEMENT	
i) In the cases examined by you, have you come across instances of credit facilities having been sanctioned beyond the delegated authority or limit fixed for the branch?Are such cases promptly reported to higher authorities?	
ii) In the cases examined by you, have you come across instances where advances have been disbursed without complying with the terms and conditions of the sanction? If so, give details of such cases.	
c) DOCUMENTATION	
i) In the cases examined by you, have you come across instances of credit facilities released by the	

branch without execution of all the necessary documents? If so, give details of such cases.	
ii) In respect of advances examined by you, have you come across instances of deficiencies in documentation, non-registration of charges, non-obtaining of guarantees, etc., If so, give details of such cases.	
iii) Whether advances against lien of deposits have been properly granted by marking a lien on the deposit in accordance with the guidelines of the controlling authorities of the bank	
d) REVIEW/MONITORING/SUPERVISION	
i) Is the procedure laid down by the controlling authorities of the bank, for periodic review of advances including periodic balance confirmation / acknowledgement of debts, followed by the branch? Provide analysis of the accounts over due for review/ renewal. -between 6months and 1year, and -over 1 year	
ii) Are the stock/book debt statements and other periodic operational data and financial statements, etc., Received regularly from the borrowers and duly scrutinized? Is suitable action taken on the basis of such scrutiny in appropriate cases?	
iii) Whether there exists a system of obtaining reports on stock audits periodically? If so, whether the branch has compiled with such system?	
iv) Indicate the cases of advances to non-corporate entities with limits beyond Rs.10 lakhs where the branch has not obtained the accounts of borrowers, duly audited under the RBI guidelines with regard to compulsory audit or under any other statute.	
v) Has the inspection or physical verification of securities charged to the bank been carried out by the branch as per the procedure laid down by the controlling authorities of the bank?	
vi) In respect of advances examined by you, have you come across cases of deficiencies in value of securities and inspection thereof or any other adverse features such as frequent/unauthorized over drawing beyond limits, inadequate insurance coverage, etc.,?	
vii) In respect of leasing finance activities, has the branch complied with the guidelines issued by the controlling authorities of the bank relating to security creation, asset inspection, insurance, etc.,? Has the branch complied with the accounting norms prescribed by the controlling authorities of the bank relating to such leasing activities?	
viii) Are credit card dues recovered promptly?	

ix) Has the branch identified and classified advances into standard/sub-standard/doubtful/loss assets in line with the norms prescribed by the Reserve Bank of India?	
x) Where the auditor disagrees with branch classification of advances into standard/sub-standard/doubtful/loss assets, the details of such advances with reasons should be given. Also indicate whether suitable changes have incorporated/suggested in the memorandum of changes.	
xi) Have you come across cases where the relevant controlling authority of the bank has authorised legal action for recovery of advances or recalling of advances but no such action was taken by the branch? If so, give details of such cases.	
xii) Have all non-performing advances been promptly reported to the relevant controlling authority of the bank? Also state whether any rehabilitation programme in respect of such advances has been undertaken, and if so, the status of such programme.	
xiii) Have appropriate claims for DICGC and export credit guarantee/insurance and subsidies, if any, been duly lodged and settled? The status of pending claims giving year wise break-up of number and amounts involved should be given in the following format.	
PARTICULARS	Number Amount(Rs.)
CLAIMS AS AT THE BEGINNING OF THE YEAR (GIVE YEAR WISE DETAILS)	
FURTHER CLAIMS LODGED DURING THE YEAR	
TOTAL A	
AMOUNT REPRESENTING:	
(a) CLAIMS ACCEPTED/SETTLED (GIVE YEAR WISE DETAILS)	
(b) CLAIMS REJECTED (GIVE YEAR WISE DETAILS)	
TOTAL B	
BALANCE AS AT THE YEAR END (GIVE YEAR-WISE DETAILS)	
A-B	
xiv) In respect of non-performing assets, has the branch obtained valuation reports from approved valuers for the fixed assets charged to the bank, once in three years, unless the circumstances warrant a shorter duration?	
xv) In the cases examined by you has the branch complied with the recovery policy prescribed by the controlling authorities of the bank with respect to compromises/settlement and write-off cases? Details of the cases of compromises / settlement and write-off cases involving write-offs / waivers in excess of Rs.50.00 lakhs may be given	

xvi) List of major deficiencies in credit review, monitoring and supervision	
e) GUARANTEES AND LETTERS OF CREDIT	
i) Details of outstanding amount of guarantees invoked and funded by the Branch at the end of the year may be obtained from the management and reported in the following format:	

Guarantees invoked, paid but not adjusted:

Sr.N.	Date of Invocation	Name of the Party	Name of Beneficiary	Amount	Date of Recovery	Re-mark

NIL

(b) Guarantees invoked, but not Paid:

Sr. No.	**Date of Invocation**	**Name of the Party**	**Name of Beneficiary**	**Amount**	**Date of Recovery**	**Remark**

NIL

(c) **Details of the outstanding amount of letters of credit and co-acceptances funded by the Branch at the end of the year may be obtained from the management and reported in the following format:**

Sr. No.	**Date of Funding**	**Name of the Party**	**Nature(LC/ Co-acceptance,etc.)**	**Amount**	**Date of Recovery**	**Remark**

NIL

6. OTHER ASSETS	
a) STATIONERY AND STAMPS	
i) Does the system of the bank ensure adequate internal control over issue and custody of stationery comprising security items (term deposit receipts, drafts, pay orders, cheque books, traveller's cheques, gift cheques, etc)? Whether the system is being followed by the branch?	
ii) Have you come across cases of missing/lost items of such stationery?	
b) SUSPENSE ACCOUNTS/ SUNDRY ASSETS	
i) Does the system of the bank ensure expeditious clearance of items debited to suspense account? Details of old outstanding entries may be obtained from the branch and the reasons for delay in adjusting the entries may be ascertained. Does your scrutiny of the accounts under various sub-heads reveal balances, which in your opinion are not recoverable and would require a provision/write-off? If so, give details in the following format:	
Year	

Amount Rs.	
Remarks	
ii) Does your test check indicate any unusual items in these accounts? If so, report their nature and the amounts involved.	
II. LIABILITIES	
1. DEPOSITS	
i) Have the controlling authorities of the bank laid down any guidelines with respect to conduct and operations of inoperative accounts? In the cases examined by you, have you come across instances where the guidelines laid down in this regard have not been followed? If yes, give details thereof.	
ii) After the balance sheet date and till the date of audit, whether there have been any unusual large movements (whether increase or decrease) in the aggregate deposits held at the year-end? If so, obtain the clarifications from the management and give your comments thereon.	
iii) Are there any overdue/ matured term deposits at the end of the year? If so, amounts thereof should be indicated.	
2. OTHER LIABILITIES - BILLS PAYABLE, SUNDRY DEPOSITS,ETC.,	
i) The number of items and the aggregate amount of old outstanding items pending for three years or more may be obtained from the branch and reported under appropriate heads. Does the scrutiny of the accounts under various sub-heads reveal old balances? If so, give details in the following format:	
Year	
No of items	
Amount Rs.	
Remarks	
ii) Does your test check indicate any unusual items or material withdrawals of debits in these accounts? If so, report their nature and the amounts involved.	
3. CONTINGENT LIABILITIES	
List of major items of the contingent liabilities (other than constituent's liabilities such as guarantees, letters of credit, acceptances, endorsements, etc.) Not acknowledged by the branch?	
III. PROFIT AND LOSS ACCOUNT	
1. Whether the branch has a system to compute discrepancies in interest/discount and for timely adjustment thereof in accordance with the guidelines laid down in this regard by the controlling authorities of the bank? Has the test checking of interest	

revealed excess/short credit of a material amount? If so, give details thereof.	
2. Has the branch complied with the income recognition norms prescribed by RBI?	
3. Whether the branch has a system to compute discrepancies in interest on deposits and for timely adjustment of such discrepancies in accordance with the guidelines laid-down in this regard by the controlling authorities of the bank? Has the test check of interest on deposits revealed any excess/short debit of material amount? If so, give details thereof.	
4. Does the bank have a system of estimating and providing interest accrued on overdue/matured term deposits?	
5. Are there any divergent trends in major items of income and expenditure, which are not satisfactorily explained by the branch? If so, the same may be reported upon. For this purpose, an appropriate statement may be obtained from the branch management explaining the divergent trends in major items of income and expenditure.	
IV.GENERAL	
1.BOOKS AND RECORDS	
a) In case any books of accounts are maintained manually, does general scrutiny thereof indicates whether they have been properly maintained, with balances duly inked out and authenticated by the authorised signatories?	
b) In respect of Computerised branches:	
- Whether hard copies of accounts are printed regularly?	
- Indicate the extent of computerization and the areas of operation covered.	
- Are the access and data security measures and other internal controls adequate?	
- Whether regular back-ups of accounts and off-site storage are maintained as per the guidelines of the controlling authorities of the bank?	
- Whether adequate contingency and disaster recovery plans are in place for loss/encryption of data?	
- Do you have any suggestions for the improvement in the system with regard to Computerised operation of the branch?	

2. RECONCILIATION OF CONTROL AND SUBSIDIARY RECORDS	
Have the figures, as at the year end, in the control and subsidiary records been reconciled? If not, the last date upto which such figures have been reconciled should be given under the respective heads, preferably in the following format	
A/C	NIL
Date	NIL
General ledger balance (Rs.)	NIL
Subsidiary balance (Rs.)	NIL
Last date on which balanced	NIL
3. INTER BRANCH ACCOUNTS	
i) Does the branch forward on a daily basis to a designated cell/head office, a statement of debit/credit transactions in relation to other branches?	
ii) Does a check of the balance in the head office account as shown in the said statement during and as at the year-end reveal that the same is in agreement with the head office account in the general ledger?	
iii) Are there any outstanding debits in the head office account in respect of inter – branch transactions?	
iv) Does the branch expeditiously comply with respond to the communications from the designated cell/head office as regards unmatched transactions? As at the year-end are there any unresponded / uncomplied queries or communications? If so, give details	
v) Have you come across items of double responses in the head office account? If so, give details.	
vi) Are there any old/ large outstanding transactions/ entries at debts as at year end which remain unexplained in the accounts relatable to inter-branch adjustments?	
4. AUDITS/INSPECTIONS	
i) Is the branch covered by concurrent audit or any other audit inspection during the year?	
ii) In framing your audit report, have you considered the major adverse comments arising out of the latest reports of the previous auditors, concurrent auditors, stock auditors, or internal auditors or in the special audit report or in the inspection report of the Reserve Bank of India? State the various adverse features persisting in the branch, though brought out in these audit /inspection reports.	

5. FRAUDS	
i) Furnish particulars of frauds discovered during the year under audit at the branch, together with your suggestions. If any, to minimise the possibilities of their occurrence. ii) Comments on status of compliance of Gosh committee recommendations.	
6. MISCELLANEOUS	
i) Does the examination of the accounts indicate possible window dressing?	
ii) Does the branch maintain records of all the fixed assets acquired and held by it irrespective of whether the values thereof depreciation thereon have been centralized? Where documents of title in relation to branch or other branches are available at the branch, whether same have been verified	
iii) Is the branch in compliance with Anti Money Laundering Laws	
iv) Is the branch in compliance with Know Your Customer (KYC) Norms	
v) Are there any other matter, which you as a branch auditor would like to bring to the notice of the management or the Central Statutory Auditors?	

Date:-
Place:-

……………………

Sr. CONCURRENT AUDITOR

…………………….. URBAN CO-OP BANK LTD. NO…..

Office of the Assistant Director of Co-Op Audit, ……………………